FRANCHISE DISCLOSURE DOCUMENT

NANA'S GREEN TEA USA CORPORATION
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The franchise offered is for a single Nana's Green Tea® store (including a kiosk) offering Japanese green tea, matcha green tea and other Japanese sweets and beverages to promote Japanese food culture and traditions in the form of a new Japanese style that suits modern lifestyles. We offer a franchise programs for a single Nana's Green Tea® store.

The initial investment necessary to begin operation of a Nana's Green Tea® store franchise ranges from $496,500 to $2,017,500, excluding purchase of land. This includes the initial franchise fee of $30,000 for a store that is not a kiosk or $15,000 for a store that is a kiosk and between $10,000 and $30,000 for pre-opening inventory that must be paid to approved suppliers that may include affiliates or companies that function similarly to affiliates.

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 disclosure in different formats, contact Kutami Kazuto at 990 W. 190th Street, Suite 450 Torrance, California 90502.

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: July 4, 2019; Amended February 10, 2020

How to Use This Franchise Disclosure Document

Here are some questions that you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 and Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor and at the franchisor's direction; Item 7 lists the initial investment to open, and Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 and Exhibit E include financial statements. Review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the 3-year history of the number of company-owned and franchised outlets.
Will my business be the only Nana's Green Tea business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings
What's it like to be a Nana's Green Tea franchisee?	Item 20 and Exhibit D list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchised business or may harm your franchised business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, most franchise agreements do not allow you to renew on the same terms and conditions. You may have to sign a new agreement with different terms and conditions in order to continue to operate your franchised business.

When you franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit F.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider about *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by arbitration in Tokyo, Japan.

2. **Governing Law.** The franchise agreement states that the law of the state of California governs this agreement, and this law may not provide the same protections and benefits as local law. You may want to compare laws.

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

To simplify the language in this disclosure document, "we", "us" or "Nana's USA" means NANA'S GREEN TEA USA Corporation, the franchisor. "You" means the individual, corporation, partnership, limited liability company, or other entity who buys the franchise. If the franchisee will operate through a corporation, partnership, limited liability company or other entity, "you" also includes the franchisee's owners or partners.

Our principal business address is 990W. 190th Street, Suite 450 Torrance, California 90502. We conduct business under the name of our corporation. The principal business address of our agent for service of process in California is Nagano Morita LLP, 990W.190th Street, Suite 450 Torrance, California 90502. Our agents for service of process are attached as Exhibit F.

We are a California corporation, incorporated on March 14, 2018. We will franchise businesses that operate "Nana's Green Tea®" store (each a "**Store**"). We have not previously engaged in any line of business, nor do we intend to operate Stores. We have not previously offered franchises in any other line of business.

Our parent is Nanaha CO., LTD. ("**Nanaha Japan**") a Japanese corporation with a principal business address of 29-18 Jiyugaoka 1 Chome, Meguro-ku Tokyo, Japan, has operated Stores in Japan since 2001. Nanaha Japan has been offering franchises for "Nana's Green Tea®" stores in Japan since 2007. As of November 30, 2018, Nanaha Japan had 60 franchises in Japan. Our affiliate, Nana's Green Tea Honolulu LLC ("**Nana's Honolulu**"), a Hawaii limited liability company, with a principal business address of 2250 Kalakaua Ave., Lower Level, Honolulu, Hawaii 96815 operates a "Nana's Green Tea®" Store in Hawaii. Our affiliate, nana's supply CO., LTD., a Japanese corporation ("**Nana's Supply**"), supplies raw materials to our franchisees. Nana's Supply's principal business address is the same as Nanaha Japan. Our affiliate Rinca CO., LTD., a Japanese corporation ("**Rinca**"), with principal address at 18-5 Okusawa 7 Chome, Setagaya-ku Tokyo, Japan, supplies certain cakes to our franchisees and provides certain aspects of training. Neither Nana's Supply nor Rinca, operate "Nana's Green Tea®" stores and none have offered franchises for "Nana's Green Tea®" stores or franchises in any other line of business. Our affiliate, Nana's Green Tea PTE. ("**Nana's Singapore**"), with a principal business address at 1 Irving Place, #09-12, the Commerze@Irving, Singapore 369546, has been offering franchises for "Nana's Green Tea®" stores in Malaysia and Singapore since 2013. As of January 1, 2018, Nana's Singapore has four (4) franchises in Malaysia.

The "Nana's Green Tea®" concept was developed by Nanaha Japan which opened the first "Nana's Green Tea®" Store in March 10, 2001. As described in Item 13, we have the right to offer "Nana's Green Tea®" franchises pursuant to a Trademark and Intellectual Property License Agreement with Nanaha Japan.

"Nana's Green Tea®" Stores feature matcha, green teas, and other Japanese teas, and Japanese foods and sweets under certain trademarks, service marks, logotypes, and other commercial symbols (the "**Marks**"). Stores will be developed and operated using the Marks and our specified and distinctive business formats, trade dress, practices, specifications, techniques, confidential information, training programs, methods, marketing materials and techniques, recipes, ingredients, copyrights, procedures, menus, uniforms, signs, designs, layouts, and Standards (defined as our then-current specifications, standards, policies, procedures, methods of operation, and rules we prescribe for the development, ownership and operation of Stores and the offer and sale of products and services from a Store, as modified by us from time to time in writing) (the "**System**").

We offer one franchise program by this disclosure document. You will sign a Franchise Agreement (Exhibit A), to operate a single **"Nana's Green Tea®"** Store at a location which you choose and which we approve.

We believe that the market for coffee shop and cafe services is mature and consists of the general public. You will compete with other fast-casual restaurants, cafes, nationwide chains and other food vendors. As with all retail food service businesses, your choice of location is critical to your success, no matter how good the concept. The typical "Nana's Green Tea®" Store (that is not a Kiosk) will contain approximately 1,300 square feet and have seating for 60 to 70 persons. We refer to Stores of less than 300 square feet that do not serve food (except sweets such as parfaits and cakes) as "**Kiosks**." Kiosks are typically located in food courts, office complexes, shopping malls or at specific street locations and specialize mainly in drinks and sweets carryout menus and may only be able to sell a portion of the approved product line. The Stores other than Kiosks will most likely be located in suburban areas in business districts and lifestyle centers. The Stores other than Kiosks will have both carryout and eat-in customers. With the exception of downtown locations, the Stores will be open year-round, closing only on selected holidays.

A wide variety of Federal, state, and local laws, rules, and regulations have been enacted that may impact the operation of your Store, and may include those which (a) establish general standards, permitting restrictions and requirements and other specifications and requirements for the construction, design, maintenance and operation of the business premises; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for Stores; employee practices concerning the storage, handling, cooking, and preparation of food; restrictions on smoking; availability of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; (d) establish procedures for the disposal of hazardous wastes; and (e) regulate advertisements. State and local agencies inspect food services business to ensure that they comply with these laws and regulations. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your business and should consider both their effect and cost of compliance.

ITEM 2
BUSINESS EXPERIENCE

Director and Chief Operating Officer, Treasurer and Secretary: Kutami Kazuto

Mr. Kutami has been our director and Chief Operating Officer, Secretary and Treasurer, since we were incorporated. Mr. Kutami has also been the Representative Director of Nanaha Japan since its corporation in July 2003, Representative Director of Nana's Supply since its corporation in June 2007, Representative Director of Maruguro CO., LTD. since March 2015, Representative Director of Rinca since August 2017 (Director since February 2009), Representative Director of RICO CO., LTD. since April 2014, Legal Representative of Shanghai Qingfangxi Nana's Co.,Ltd since April 2010, Director of Nana's Singapore since January 2010 and President of PJ NANA'S USA INC., the parent company of Nana's Honolulu, since October 2015.

ITEM 3
LITIGATION

There is no litigation that is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

There is no bankruptcy that is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Agreement

You must pay a $30,000 lump sum initial franchise fee for a Store that is not a Kiosk (or $15,000 lump sum initial franchise fee for a Store that is a Kiosk) when you sign the franchise agreement. The initial franchise fee is not refundable under any circumstances.

Before you open your Store, you must purchase pre-opening inventory that includes certain proprietary products that you must purchase from approved suppliers, which may include affiliates or companies that are similar to affiliates. We estimate that the pre-opening inventory will not exceed $30,000.

ITEM 6
OTHER FEES[1]

(1) Type of fee	(2) Amount	(3) Due Date	(4) Remarks
Continuing Royalty	4% of Gross Sales	Payable by the 7th calendar day following each Account Period during the term of the Franchise Agreement.	"Accounting Period" means each of the one-month calendar month periods in a calendar year. "Gross Sales" means the total of all revenues received or receivable by you as payment, whether in cash or for credit or barter, or other means of exchange (and, if for credit or barter, whether or not payment is received), on account of any and all goods, merchandise, services or products sold in or from your Store, or which are promoted or sold under any of the Marks, during Accounting Period of the term of your Franchise Agreement, whether or not we offer the services or products in other locations. "Gross Sales" does not include: (i) sums

(1) Type of fee	(2) Amount	(3) Due Date	(4) Remarks
			representing sales taxes collected directly from your customers, and any sales, value added or other tax, excise or duty charged to customers which is levied or assessed against you by any Federal, state, municipal or local authority, based on sales of specific goods, products, merchandise or services sold or provided at or from your Store; (ii) sums representing tips, gratuities or service charges paid directly by customers to your employees or paid to you and promptly turned over to your employees in lieu of direct tips or gratuities; and (iii) proceeds from isolated sales of equipment and trade fixtures not constituting any part of your products and services offered for resale at your Store nor having any material effect upon the ongoing operation of your Store. With respect to items sold pursuant to coupons or other discounts (which we must approve), Gross Sales shall not include the amount discounted from the purchase price of such items. Revenues received on account of sales of pre-paid gift cards and certificates are not included as "Gross Sales." However, franchisees must pay royalties on revenues received on redemption of gift cards and/or certificates at their Stores.
On-Site Training	Our out-of-pocket expenses and Daily Allowances for Trainer(s)	Upon demand	We charge a fixed daily allowance ($150-$250) per day for each trainer for our On-Site Training. You must pay the travel and living expenses we incur for the On-Site Training.

(1) Type of fee	(2) Amount	(3) Due Date	(4) Remarks
Staffing and Staff Training & Assistance	The then-current charge	Prior to beginning of training	We provide our initial training program for up to 4 persons at no charge; but you will incur fees of $300 per day (usually for 3 days) for cooking training conducted by Rinca. We may charge a fee for any additional personnel that attend the initial training program. Also, we may charge a fee for any other optional and/or mandatory training courses which we may periodically offer, in our sole discretion. In addition to any training fee, you must pay all transportation costs, lodging and similar costs incurred in connection with attendance at any additional training courses.
Transfer / Assignment	**25**% of our then-current initial franchise fee plus our out of pocket costs associated with the transfer/assignment, including attorneys' fees	Upon submission of your request to transfer or assign	Payable when you transfer your franchise or upon any "Assignment" as defined in the Franchise Agreement. No charge if franchise is transferred to an entity which you control, but you must reimburse us for our out-of-pocket costs.
Audit	Cost of audit plus interest[2] on the underpayment at the highest rate allowable by law (not to exceed 18%).	Upon demand	You must pay the cost of the audit if the audit shows an under-reporting or under-recording of 2% or more.
Late Fee	Interest of 18% per annum, or the highest interest rate allowable by law, on any unpaid amounts.	Upon demand	Due only if you are late in paying any amounts owed to us.

(1) Type of fee	(2) Amount	(3) Due Date	(4) Remarks
Charges for unpaid checks, drafts or electronic payments	Our costs and expenses arising from the non-payment, including bank fees in the amount of at least $50.00 and other related fees incurred by us	Upon demand	Payable only if any check, draft, electronic or other payment is unpaid because of insufficient funds or otherwise
Renewal Fee	Half of our then-current initial franchise fee	Upon signing a successor franchise agreement.	
Insurance	Cost of insurance plus our costs in obtaining the insurance for you.	Upon demand, see Remarks	If you do not obtain and maintain the requisite insurance coverage, we may, at our option, purchase such insurance for you and you must pay us the premiums and our costs in obtaining such insurance.
Intranet Service Fee	Our then-current Intranet service fee	No later than 30 days after notice by us	At our request, you must contribute a reasonable amount toward the cost of the Intranet's maintenance for the preceding year. We may adjust the amount you pay based upon the services provided by or through the Intranet.
Information Systems	Our then-current reasonable charges	Upon demand	We may sell, license or sublicense Information Systems provided by us or third parties. Currently, you must acquire and license your Information Systems from third parties.

(1) All fees are imposed by and are payable to us or our affiliates as we designate. All fees are non-refundable. Franchises sold prior to the date of this franchise disclosure document may require the franchisees to pay fees on a basis other than as described in this Item, otherwise, the fees are uniform for franchise currently being offered in this state.

(2) Interest begins from the date of the underpayment.

ITEM 7
ESTIMATED INITIAL INVESTMENT

The following chart describes the estimated initial investment for a single "Nana's Green Tea®" Store.

YOUR ESTIMATED INITIAL INVESTMENT

Category of investment	Amount		Method of Payment	When Due	To Whom Paid
	Low	High			
Initial Franchise Fee[1]	$15,000	$30,000	Lump Sum	When you sign your Franchise Agreement	Us
Leasehold Improvements[2]	$130,000	$850,000	As incurred or per construction contract	Before opening	Approved Suppliers
Rent - 3 months (Common Area Maintenance)	$6,000	$90,000	As incurred	As incurred	Landlord
Furniture, Fixtures and Equipment [3]	$200,000	$450,000	As Incurred	As Incurred	Supplier or Leasing Company
Signage	$9,000	$30,000	As incurred	Before opening	Approved suppliers
Kitchen Supplies	$10,000	$30,000	As incurred	As incurred	Approved suppliers
Uniforms	$500	$2,000	As incurred	As incurred	Approved suppliers
Computer Equipment & Information Systems[4]	$10,000	$10,000	As incurred	As incurred - must purchase before opening	Approved supplier
Wages, Travel and Living Expenses for Your Operating Owner, Your Store Manager and Your Associate Manager and Daily Allowances for Trainers During Training[5]	$8,000	$42,000	As incurred	During Training	Airlines, hotels, Stores, employees and us
Opening Inventory and Supplies[6]	$10,000	$30,000	As incurred	When delivered	Approved **Suppliers**

Category of investment	Amount		Method of Payment	When Due	To Whom Paid
	Low	High			
Pre-Opening Advertising[7]	$5,000	$20,000	As incurred	As incurred	Local advertising agency
Prepaid Expenses, Insurance, Licenses and Permits	$3,000	$18,500	As incurred	Before opening	Insurance companies, state county and city governments
Utilities – 3 Months	$3,000	$9,000	As incurred	As incurred	Governmental agencies, suppliers
Security Deposits	$6,000	$100,000	As incurred	As incurred	Landlord
Additional Funds[8] – 3 Months	$81,000	$306,000			
Total	**$496,500.00**	**$2,017,500.00**	**(exclusive of land costs)**		

Note: Actual costs will vary for each franchisee and each location depending on a number of factors. Payments to us are not refundable. We are not able to represent whether or not amounts that you may pay to third parties are refundable.

1. The initial franchise fee is $15,000 for a Kiosk and $30,000 for Store that is not a Kiosk.

2. We estimate the cost of construction for a "vanilla shell" leased 200 - 3,000 square foot space to be between $280 to $650 per square foot using conventional on-site construction methods. These figures may vary considerably depending on such factors as material and labor costs in your area. The leasehold improvement fees include design costs. These estimates are for a new building and do not include tenant improvement allowances, if any. If you remodel an existing facility, we expect your remodeling costs to be substantially lower depending on the condition of the premises.

3. These figures include kitchen equipment installation costs and are based on whether or not you purchase all or some of your equipment and fixtures. The costs may vary considerably if you lease your equipment.

4. See Item 11 regarding the computer system hardware and Information Systems you must purchase. We have not included the cost of required hardware and software maintenance agreements, if any. This figure also does not include any technical support costs associated with operating the hardware or software. The estimate includes Information Systems maintenance and support fees for your first three (3) months of operation, namely approximately $900 fees.

5. These figures include your costs of wages, travel and living expenses during your initial training program in Japan or other places, the fee for cooking training paid to Rinca, and On-Site Training fees. In general, the cost for initial training program in Japan or other places is

approximately $5,000 per participant and the number of people who participate in the initial training program is one (1) to three (3). The costs of On-Site Training held at the location of your store directly before and after opening includes a daily allowance of $150 to $250 per trainer per day and expenses such as travel costs and accommodation. These figures also include Franchisor's expenses for travel and lodging in connection with the approval of your site.

6. Before you open your Store, you must purchase pre-opening inventory that includes certain proprietary products that you must purchase from approved suppliers. The pre-opening inventory includes, among other things, tea leaf, coffee beans, sugar, anmitsu, rice, cakes, chocolate, paper napkins, tea whisk, plastic bags, plastic utensils, paper cups.

7. This estimate includes the cost of marketing research, advertisement for recruitment and advertisements.

8. The estimate of additional funds does not include an owner's salary or draw. The additional funds required will vary by your area; how much you follow our methods and procedures; your management skills, experience and business acumen; the relative effectiveness of your staff; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period. You must provide security deposits for utilities and possibly for other items**.** This item includes labor cost before opening (except for labor cost during training), telephone and Internet, legal, accounting and other service fees, supplies, equipment & tools, hygiene and cleaning services costs and commission for credit card; as well as three months' worth of inventory.

General

In compiling these estimates, we rely on the experience of our affiliate in the construction and development of Stores. These amounts are the minimum recommended levels to cover your operating expenses for 3 months. However, we cannot guarantee that such an amount will be sufficient. Additional working capital may be required if sales are low or fixed costs are high. The disclosure laws require us to include this estimate of all costs and expenses to operate your franchise during the "initial phase" of your business, which is defined as 3 months or a longer period if "reasonable for the industry." We are not aware of any established longer "reasonable period," so our disclosures cover a 3 month period. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Real Estate

You are solely responsible for locating your Store site, the Location, subject to our acceptance. Unless we notify you in writing that the proposed site is acceptable within 30 days after you have submitted a site review request package for a proposed site (or 15 days after receipt of additional information which we request), the site will be deemed rejected. You may not relocate your Store without our prior written consent.

If you do not already have a location when you sign your Franchise Agreement, you must promptly purchase or lease a site for your Store. You must submit your proposed lease to us for acceptance at least 15 days before you sign it. Our acceptance of your lease is based solely on our own interests and does not represent any guarantee or endorsement by us of the Location or confirmation that the lease complies with applicable law or that the terms of the lease are favorable to you. If we accept the proposed lease, we will notify you of our acceptance of the lease. Your lease must not (a) obligate us in any manner, (b) contain any provision inconsistent with your Franchise Agreement, or (c) contain a non-competition covenant which restricts us or our affiliates. In addition, your lease must provide for a term at least as long as the term of your Franchise Agreement and must include the lease addendum attached to the Franchise Agreement as Exhibit D.

If you purchase the Location, you must submit the purchase contract to us for approval at least 15 days before you sign it, and provide a fully signed copy within 15 days following signing.

You must cause your Store to be constructed, equipped and improved in compliance with our current design criteria. You may employ any architects and general contractors you desire; however, all plans and modifications to the Location must be submitted to us for our review and acceptance before you start construction. Unless we notify you in writing that the plans and modifications are accepted, they will be deemed rejected. You may not open your Store until you receive written authorization from us to do so, which may be subject to our satisfactory inspection of your Store.

<u>Merchandise, Materials, Supplies and Services</u>

You must advertise, sell and serve all and only the products we authorize. You must purchase, and maintain in inventory as needed to meet reasonably anticipated consumer demand, the teas and other beverages, sweets and other food items and ancillary related products, which may include specialty foods, packaged foods, books, hats, t-shirts and novelty items, as specified by us from time to time in the Manual(s), or as otherwise directed by us in writing, for sale at your Store, which are prepared, sold and/or manufactured in strict accordance with our recipes, standards and specifications, including specifications as to ingredients, brand names, preparation and presentation ("**Authorized Products**"). You must purchase all products that you offer from your Store, including products which bear any of our trademarks, solely and exclusively from us or our affiliates, or our designated suppliers. As of the date of this disclosure document, we are not the only approved supplier for any goods or services, but a trading company, which may be considered our affiliate for these purposes, is the only approved supplier for tea leaves, ingredients for certain Japanese sweets, paper and plastic cups and other utensils, napkins, chopsticks, aprons and uniforms, menus and other printed posters, and similar items. Our sole officer and director, Mr. Kazuto Kutami, through ownership in our various affiliates owns an interest in our affiliates that supply our franchisees, including Rinca and Nana's Supply.

We may specify (i) certain proprietary products, sauces, dressings, condiments, beverages, food products and other ingredients and raw materials, which are grown and produced or manufactured in accordance with our Trade Secrets (defined as proprietary and confidential information, including, recipes, ingredients, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies, and methods and techniques of operating the Store and producing and preparing Authorized Products, excluding information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation or that you can show was already lawfully in your possession before receipt from us), proprietary recipes, specifications and/or formulas or which we designate as "proprietary" and (ii) certain packaging, Information Systems or other products, supplies, services and equipment ("**Proprietary Products**"). You may purchase Proprietary Products only from us or our affiliates (if they sell them), or our designated Supplier. If you purchase Proprietary Products from an affiliate or us, we or they may derive profits from such purchases. We will not be obligated to reveal our trade secrets, recipes, specifications and/or formulas of such Proprietary Products to you or any third party. You must purchase, use and maintain in stock Proprietary Products in quantities needed to meet reasonably anticipated consumer demand.

We may designate certain non-proprietary products condiments, merchandise, beverages, raw materials, fixtures, furnishings, equipment, uniforms, supplies, paper goods, services, menus, packaging, forms, Information Systems, and other products, supplies, services and equipment, other than Proprietary Products, which you may or must use and/or offer and sell at your Store ("**Non-Proprietary Products**"). You may use, offer or sell only those Non-Proprietary Products that we expressly authorize. You may purchase Non-Proprietary Products from us or our affiliates, if we sell the same, or from producers, manufacturers, suppliers or service providers we designate ("**Supplier**").

If you wish to procure authorized Non-Proprietary Products from a Supplier other than us or one we have previously approved or designated (and not subsequently disapproved), you must seek our approval of the Supplier by written notice which (i) identifies the name and address of such Supplier, (ii) contains the information we request or require to be provided in the Manuals (e.g. financial, operational and economic information regarding its business), and (iii) identifies the authorized item you seek to purchase from the Supplier. Upon request, we will furnish you with specifications for the Non-Proprietary Products if they are not in the Manuals. The proposed Supplier must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure, and must demonstrate to our reasonable satisfaction: (a) its ability to supply products meeting our specifications, (b) its reliability with respect to delivery and consistent quality of products or services, and (c) its ability to price the proposed products competitively. The proposed Supplier must, at our request, furnish at no cost product samples, specifications and other information we may require, and allow us or our representatives to inspect the proposed Supplier's facilities and establish economic terms, delivery, service and other requirements consistent with our other distribution relationships for other Stores.

We will use our good faith efforts to notify you of our decision within 60 days after we receive your request for approval and all requested back-up information.

Among the other factors we may consider in deciding whether to approve a proposed Supplier, we may consider the effect that such approval may have on our and our franchisees' ability to obtain the lowest distribution costs with the quality and uniformity of product offered system-wide by "Nana's Green Tea®" franchisees. We may also require a Supplier to agree in writing: (i) to provide us free samples on request of any Non-Proprietary Product it intends to supply, (ii) to faithfully comply with our specifications, and (iii) to sell any product bearing our trademarks only to our franchisees and only pursuant to a Trademark and Intellectual Property License Agreement in form we provide (which may require payment of a royalty), and (iv) to provide to us duplicate purchase invoices for our records and inspection.

You or your proposed Supplier must pay us in advance (or if we request, reimburse us) our reasonably anticipated costs to review the Supplier's application and all current and future reasonable costs and expenses, to inspect and audit the Suppliers' facilities, equipment, and food products, and all product testing costs paid by us to third parties.

The total sales of Nana's Supply, our affiliate, from required purchases and leases from Nanaha Japan's franchisees, was approximately $1,700,000 for its fiscal year ended. Because we were formed in March, 2018 and began franchising, we have not had any revenue derived from required purchases or leases from franchisees.

We have not negotiated purchase agreements with suppliers or established purchasing or distribution cooperatives. We do not provide any material benefits to you upon your use of any approved suppliers. We do not currently derive revenue or other material consideration based on your purchases of products, merchandise and services from unaffiliated suppliers. If we do receive any payments from a supplier based on purchases by franchisees from that supplier, we reserve the right to use the payments as we deem appropriate.

We estimate that over 50%, of your expenditures for purchases of products and supplies in establishing your Store and substantially all of your expenditures on an ongoing basis during the operation of your Store will be for goods and services which are subject to sourcing restrictions (that is, which must meet our standards and specifications, or which must be purchased from suppliers which we designate or approve).

We may periodically require you to participate in test programs and market research to determine the salability of new products and services. Such test programs may include selling certain products and offering specific services. If you are requested to participate in a test program, you must provide timely reports and other relevant information regarding such test program.

You must operate your Store in compliance with the standard procedures, policies, rules and regulations contained in the Manuals. We do not provide material benefits to you based on your use of designated suppliers, but doing so is one of your obligations under the franchise agreement and we may either require you to purchase replacement products from a designated supplier or terminate your franchise agreement if you purchase from unapproved sources in violation of your agreement.

Computer Equipment & Information Systems

As more fully described in Item 11, you must obtain the "POS System" as detailed in the Manuals. The POS System must be connected via a high-speed connection at all times and be capable of accessing the Internet. You must obtain certain Information Systems that we specify. You must also obtain related service contracts, support contracts and other similar arrangements.

Records

All of your bookkeeping and accounting records, financial statements, and all reports you submit to us must conform to our requirements.

Insurance

You must maintain suitable insurance coverage and minimum amounts specified in the Franchise Agreement, Manuals or by written notice, including all risk property and casualty insurance for the replacement value of your Location; business interruption insurance providing for continued payment of all amounts due (or to become due) to us under your Franchise Agreement or any other agreement with us; workers compensation insurance as required by applicable law. All policies must name us as an additional insured. You may obtain additional insurance coverage as you feel necessary.

You may purchase your insurance from any carrier subject to our approval, not to be unreasonably withheld.

Advertising

In addition to your advertising contribution, you must endeavor to spend at least 2% of Gross Sales on local advertising and promotion ("**Local Advertising**"), conforming with our policies and standards. At our request, you must provide us, for review and approval, an advertising plan which details the Local Advertising to be provided over a 12 month period.

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	Sections 5.1, 5.2 and 5.3 of Franchise Agreement	Items 8 & 11
b. Pre-opening purchases/leases	Sections 5.3 and 5.4 of Franchise Agreement	Item 8
c. Site development and other pre-opening requirements	Section 5.4 of Franchise Agreement	Items 7 & 11
d. Initial and ongoing training	Article 6 of Franchise Agreement;	Item 11
e. Opening	Section 5.4.4 and 5.5 of Franchise Agreement	None
f. Fees	Article 4 of Franchise Agreement	Items 5 & 6
g. Compliance with standards and policies/Operating Manual	Article 7 of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Article 11 and 12 of Franchise Agreement	Items 13 & 14
i. Restrictions on products/services offered	Sections 7.6, 9.1, 9.2, 9.3 and 9.4 of Franchise Agreement	Item 16
j. Warranty and customer service requirements	Section 9.6 and 13.3 of Franchise Agreement	Not applicable

Obligation	Section In Agreement	Disclosure Document Item
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	Sections 9.1, 9.2, 9.3 and 9.4 of Franchise Agreement	Item 8
m. Maintenance, appearance, and remodeling requirements	Section 5.6 of Franchise Agreement	Item 7 & 11
n. Insurance	Article 16 of Franchise Agreement	Items 6 & 8
o. Advertising	Article 8 of Franchise Agreement	Items 6, 8 & 11
p. Indemnification	Sections 13.2.4,17.1 and 17.2 of Franchise Agreement	Not Applicable
q. Owner's participation/ management/staffing	Section 7.2 of Franchise Agreement	Items 11 & 15
r. Records/reports	Section 10.1 and 10.4 of Franchise Agreement	Item 6, 8 & 17
s. Inspections/audits	Sections 10.2 and 10.3 of Franchise Agreement	Items 6 & 8
t. Transfer	Section 13 of Franchise Agreement	Item 6 & 17
u. Renewal	Sections 3.2, 3.3 and 3.4 of Franchise Agreement	Item 6 & 17
v. Post-termination obligations	Article 15 of Franchise Agreement	Item 17
w. Non-competition covenants	Section 12.1 of Franchise Agreement	Item 17
x. Dispute resolution	Article 18 of Franchise Agreement	Item 17

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 Obligations

Before you open your business, we will:

Site Review. If you have not found a location for your Store when you sign the Franchise Agreement, you must promptly locate one or more proposed sites which meet our current standards and specifications. For each proposed site, you will submit to us certain information regarding the site that we request. Upon receiving the information regarding a proposed site, we will review the information and either accept or reject the proposed site. We will review one proposed site at no charge. However, for the second site that we review, and for each additional site, you must reimburse us for all costs and expenses that we incur in reviewing the site. If we do not approve your proposed site within 30 days after your submission (or 15 days after you provide any supplemental information we request), the site will be deemed rejected. (Franchise Agreement, § 5.1.) Your Store location will be purchased or leased by you from independent third parties. If you do not locate a site which is acceptable to us, within 90 days of signing the Franchise Agreement, we may terminate the agreements, as applicable. If we cannot agree on a site for your Store, you will be in default and we may terminate the franchise agreement.

Site Selection Assistance. You are solely responsible for selecting the site of your Store, which will be subject to our review and acceptance. We do not locate sites for you. However, we may, without obligation, assist you in locating or evaluating a site. You may not construe any assistance we may provide, or our acceptance as a guarantee or other assurance that the site will be successful. The factors we consider in accepting sites include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. (Franchise Agreement, § 5.2)

Site Design Assistance. We will designate designers that will provide required and suggested advice to Franchisee regarding the design and layout of the Franchised Store and required and suggested fixtures, equipment, furnishings, decor, trade dress, and signs. You are responsible for the costs of preparing architectural, engineering and construction drawings and site plans, which you must submit to us for our review and approval before you begin construction of your Store. You are responsible for the costs of construction and remodeling. (Franchise Agreement, § 5.4.)

Training. We provide an initial training program and on-site training described below. (Franchise Agreement, §§ 6.1 and 6.2)

Manuals. We will loan to you one copy of our confidential Manuals to use during the term of the Franchise Agreement. The Manuals contain our standard operational procedures, policies, rules and regulations with which you must comply. (Franchise Agreement, § 7.4) As of the date of this disclosure document, our manuals have not been completed. Attached as Exhibit G to this disclosure document is a copy of the table of contents of our Manuals that indicates the number of pages devoted to each subject.

Time to Open

We estimate the typical length of time between signing a Franchise Agreement and opening a "Nana's Green Tea®" Store is between six and nine months, assuming that a location can be obtained and leased within one month after you sign the Franchise Agreement. If there are unforeseen delays, it could take considerably longer for you to open your Store. Factors that may affect the length of time it takes you to open your Store include the process of negotiating a lease, construction delays, drafting architectural plans, obtaining permits, weather conditions, shortages, and delayed installation of equipment, fixtures and signs. Before you open your Store, you must have properly developed and equipped the Store in accordance with our Standards and applicable law; have all appropriate personnel completed all pre-opening training to our reasonable satisfaction; obtained all permits to operate the Store; and we must have provided you with our written authorization to open and commence operation of the Store.

Obligations After Opening.

During the operation of the franchise business:

1. Upon reasonable request, we will give you additional assistance and advice to help you run your Store. In our sole discretion, we may send a representative to your Store to discuss your operations. If provided at your request, you must reimburse our expenses and pay our then current training charges. (Franchise Agreement, § 6.4)

2. We will periodically designate Authorized Products which you must stock and provide. We or our affiliate(s) will sell you such products, as long as we supply them. (Franchise Agreement, § 7.6)

3. We may, at our option, establish an Intranet through which our franchisees may communicate with each other, and through which we may communicate with you and may disseminate the Manuals, updates to the Manuals, and other confidential information to you. We will have sole discretion and control over all aspects of the Intranet, including content and functionality. (Franchise Agreement, § 7.14)

4. We will approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose to use in connection with local advertising. (Franchise Agreement, § 8.1)

Marketing (Franchise Agreement, § 8)

Marketing Fund

We do not have a Marketing Fund and do not require you to contribute to a Marketing Fund.

Other Advertising Information

There is no obligation for us to maintain any advertising program or to spend any amount on advertising in your area or territory.

You may develop advertising materials for your own use, at your own cost. You must submit to us all advertising materials not prepared or previously approved by us, for our approval. If we do not approve your advertising materials within 15 days, the proposed advertising will be deemed disapproved. (Franchise Agreement § 8.1)

You must endeavor to spend at least 2% of your Gross Sales on local advertising ("**Local Advertising Expenditure**") and promotion of your Store, conforming to our specifications in the Manuals. At our request, you must submit, for our acceptance, a local advertising plan that details the local advertising you will conduct over a 12 month period. You may not use your Local Advertising Expenditure for the cost of advertising your Store in the white pages or yellow pages of telephone directories. Without our express written consent, you may not use your Local Advertising Expenditure for market-wide research, seminars, entertainment, fees paid to consultants not approved by us, incentive programs, charitable contributions, press parties or specialty items (unless part of a market-wide program approved by us and the cost is not recovered by the promotion). (Franchise Agreement § 8.2)

Advertising Council

There is no advertising council composed of franchisees that advises the franchisor on advertising policies. The Franchise Agreement does not give us the power to form, change or dissolve an advertising council.

Advertising Cooperatives

We have not established any local or regional advertising cooperatives ("**Co-op**"). We do not have the right to require you to participate in any advertising Co-op for the region in which your Store is located.

Point of Sale/Information Systems (Franchise Agreement, § 7.3)

Before you commence operating your Store, you must purchase the required computer and point-of-sale hardware and software, remote control software, Internet connections and service, required dedicated telephone lines and other computer-related accessories, software, peripherals and equipment (the "**Information Systems**"). The Information Systems must at all times be connected to one or more high-speed communications media reasonably acceptable to us and permit access to the internet 24 hours per day, 7 days per week. At our direction, you must electronically link the Information Systems to us or our designee. We will have access to the Information Systems and stored files and data, including customer information, daily sales information and sales mix information (the "**IS Data**"), and can independently access the Information Systems, including the IS Data, via any means including electronic polling and uploads, with or without notice. You must acquire and incur the costs of obtaining and implementing the hardware, software and other components and devices comprising the Information Systems (including additions, upgrades, updates and modifications) and all support services, service and maintenance agreements and subscriptions prescribed by us from time to time. Information Systems may be provided directly by third parties or may be sold, licensed or sublicensed by or through us at a reasonable one-time or recurring charge, and pursuant to forms of agreement prescribed by Franchisor. Currently, the approximate initial cost to you for the required point of sale system (presently Clover, NCR Aloha POS or NCR Silver Pro) is estimated to be approximately $8,800. You must also pay the vendor an ongoing license fee, help-desk fee and management fee. Currently, the monthly license fee payable to the point of sale system provider is estimated to be $70 per month; the help desk fee is estimated to be $60 per month; and the management fee is estimated to be $120 per month. You must obtain high-speed communications access for your point-of-sale system, such as broadband, DSL or other high-speed capacity.

You must only use, display, transmit, and broadcast advertising, promotion and marketing materials provided or approved by us and only use and display all material in accordance with the Standards. You must obtain our prior written approval to use and/or display any advertising, promotion or marketing materials regarding your Store or the System, including, all print and electronic advertising, networking or social media postings or listings (including on sites such as Facebook, Instagram, Twitter, Pinterest, Linkedin, Yelp, and YouTube), website postings or listings, newspaper and magazine advertisements, direct mailers and mail coupons, not provided by us.

You must provide all assistance we require to bring your point of sale system on-line with our headquarters computer at the earliest possible time and to maintain this connection as we require. We may retrieve all information that we consider necessary, desirable or appropriate. There are no contractual limitations on our right to access information.

Neither we nor any of our affiliates have an obligation to provide ongoing maintenance, repairs, upgrades or updates to the system. Currently you must pay for support relating to the point of sale system software from our current vendor as described above. There are no contractual limitations on our ability to require you to update, upgrade or replace the Information Systems, add components to the Information Systems, and upgrade, update or replace components of the Information Systems. We may require you to update, upgrade or replace the Information Systems, including hardware and/or software, upon written notice, and these costs might not be fully amortizable over the time remaining in the term of your Franchise Agreement. We cannot estimate the cost of maintaining, updating or upgrading the Information Systems or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time.

Training (Franchise Agreement, Article 6)

Before opening your Store to the public, we will train up to 4 persons at our training facilities in Japan; or at some other location that we determine (the "**Designated Training Facility**"). The initial training program consists of approximately 40 hours per week of training over a 14 day period (subject to extension if deemed necessary by us). The following table describes our initial training program:

TRAINING PROGRAM*

Subject	Hours of Classroom Training	Hours of On-The- Job Training
Orientation	8	0
Drink & Sweet Cook	0	8
Food Cook	0	8
Cake Cook	0	24
General Customer Service	0	8
To-Go	0	2
Dishwashing	0	2
Quality Management of Ingredients and Materials; Inventory Control	0	12
Ordering	3	3
In-Store Cleaning	0	4
Preparation for Opening &Closing Store	0	4
Review of Each Subject	4	14
Final Test	0	8
Total	15	97

* The Table above represents the approximate duration and elements of our initial training program. Because you and the other trainees may learn at varying speeds, the actual length of training may different.

We will hold training as frequently as we determine necessary. If you are an individual, you must attend, and satisfactorily complete, the training program. If you are an entity, your Operating Principal, must attend and satisfactorily complete the training program. In either case, if you have a separate Store manager, your Store manager must also attend, and satisfactorily complete, the training program. We do not have a formal training staff. Training is conducted by various members of our staff and management personnel under the supervision of our staff or management personnel who have at least 3 years' experience in the Store industry and at least 6 months of experience in the operation of "Nana's Green Tea®" Stores. Specialized teaching materials will be used including manuals.

Except as described below, we will provide the initial training program for up to four persons at no charge, but you must pay fees of $300 per day (usually for 3 days) for cooking training conducted by Rinca and travel and living expenses for you and your employees during that training. We may charge you our then-current training fee for any additional personnel that attend the initial training program.

Before and after each Store opens to the public, we will provide approximately 10 days of On-Site Training to your Operating Principal and Store manager, if different. You must pay the travel and living expenses we incur for the On-Site Training. Also, we charge a fixed daily allowance ($150-$250) per day for each trainer for our On-Site Training.

We will provide additional assistance and training to you and your employees upon your request or as we deem necessary to instruct you and your employees with regard to new procedures or programs which we deem important to the operation of your Store. We may also provide optional additional assistance for you and your employees. Such additional assistance may be held on a national or regional basis at locations that we choose. We may establish charges for the additional assistance, and in addition to any charges we establish, you must pay all transportation costs, lodging and other similar costs that you and your employees incur in connection with attending any additional training.

ITEM 12
TERRITORY

Franchise Agreement

The location of your franchise will be specified in the franchise agreement. However, if you and we have not agreed upon the location of your Store when you sign your franchise agreement, you must secure a location for your Store at a site accepted by us. Our acceptance of a proposed location is not a guarantee that your store will be successful. You may not relocate the Store without our prior written approval. You may apply for the right to open additional Stores pursuant to separate franchise agreements, but we have no obligation to allow you to open additional Stores. The franchise agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises.

Your Protected Area will be described in Exhibit "A" to your Franchise Agreement. Your Protected Area will be determined by us, in our sole discretion as we consider appropriate under the circumstances, and will typically be (a) a protected radius of three (3) mile(s), or (b) some other geographic area described by attaching a map, or by reference to streets, natural boundaries or zip codes. During the term of your Franchise Agreement, we will not open or operate, or license others to own or operate, any "Nana's Green Tea®" Traditional Store (defined below) in your Protected Area.

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

We reserve all rights not expressly granted in the franchise agreement. For example, we or our affiliates may own, operate and authorize others to own or operate "Nana's Green Tea®" Stores at (a) any location outside of your Protected Area, (b) Non-Traditional Venues (described below) at any location (without regard to the proximity to your Store) and we or our affiliates may own, operate and authorize others to own or operate (c) Stores or other businesses operating under names other than "Nana's Green Tea®" at any location, and of any type at all, within or outside the Protected Area, without regard to the proximity to your Store.

A "Non-Traditional Venue" is a facility operated under the "Nana's Green Tea®" trademarks located within another primary business or in conjunction with other businesses or at institutional settings, including toll roads, hotels and motels, ships, ports, piers, casinos, stadiums, airports, colleges and universities, schools, hospitals, military and other governmental facilities, office or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, grocery stores, supermarkets and convenience stores and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider. A "Traditional Store" is a business premises that exists primarily as a Store, at other than a Non-Traditional Venue, however, a Traditional Store may also have other types of approved co-branded businesses located in it, but in which the Store is the primary business.

We and our affiliates may sell products under the "Nana's Green Tea®" trademarks or any other trademarks, regardless of proximity to your Store, through any method of distribution; including, sales through such channels of distribution as grocery stores, supermarkets, convenience stores, the Internet, delivery, catering, catalog sales, telemarketing, or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales and you will receive no compensation for our sales through alternative distribution channels.

You may solicit or accept business from customers located anywhere, but you may not use alternative distribution channels. You may not offer or provide food delivery services or catering services without our written consent. If we consent to you providing catering or similar type services, the services must be provided in strict accordance with our specifications, standards and policies, which we may modify from time to time. Our catering specifications, standards and policies may include restrictions on the types of products and services you may offer and the geographic area in which you can provide the services. We and our affiliates and other franchisees may solicit or accept orders from customers located anywhere, without compensation to you, and may offer and provide catering services within your assigned Protected Area.

ITEM 13
TRADEMARKS

We license you the right to operate a Store under the name "Nana's Green Tea®". You may also use our other designated current or future trademarks to operate your Store. By principal trademark we mean primary trademarks, service marks, names, logos, and commercial symbols used to identify your Store. Nanaha Japan has licensed us to offer and sell franchises, and to sublicense the right to use the principal mark in connection with the operation of Stores. Nanaha Japan has registered following principal trademark on the Principal Register of the U.S. Patent and Trademark Office:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
nana's green tea	4201115	September 4, 2012

Except as stated above, there are no agreements that limit our rights to use or license the use of the trademarks listed above. All required affidavits have been filed.

As of the date of this disclosure document, there are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceeding; or any pending material federal or state court litigation involving the trademarks. As of the date of this disclosure document, we know of no prior rights or infringing uses that could materially affect your use of the principal trademarks.

You must follow our rules when you use these principal trademarks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

You must notify us immediately when you learn about an infringement of or challenge to your authorized use of our trademarks. We will take the action we deem necessary and appropriate to protect and defend you against any such claim by any third party. We will have sole discretion to take the action we deem appropriate and will have the right to control exclusively any litigation or U.S. Patent and Trademark Office proceeding arising out of any infringement, challenge or claim relating to any principal trademark.

You must sign all documents, render assistance and do all things that our counsel deems necessary to protect our interests in any litigation or U.S. Patent and Trademark Office proceeding or otherwise to protect our interests in the principal trademarks. As of the date of this disclosure document, we are not aware of any superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

You must modify or discontinue the use of a principal trademark if we modify or discontinues it. If this happens, we will reimburse you for your tangible costs of compliance (for example, changing signs). You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents material to the franchise. We will loan you one copy of our Manuals for confidential use in your Store. The Manuals are our property and you may not duplicate, copy, disclose or disseminate the contents of the Manuals at any time, without our express written consent. We may modify or supplement the Manuals upon notice or delivery to you. You must keep the Manuals current at all times, and upon the termination or non-renewal of your Franchise Agreement return all Manuals to us. Although neither we nor our affiliates have filed an application for a copyright registration for the Manual(s), we claim common law copyrights in the Manual(s).

You may not copy, divulge or use any confidential information, which may include our Policies and the contents of our Manuals, marketing concepts, and operating methods and techniques (the "**Confidential Materials and Practices**") during or after the term of your Franchise Agreement, except in connection with the operation of your Store pursuant to a valid Franchise Agreement. You must follow all reasonable procedures we prescribe to prevent unauthorized use and disclosure of our Confidential Materials and Practices. You must inform your employees to whom the information, or any of it, is made available of this obligation of confidence, and have them sign a written non-disclosure, and submit a copy to us for our files.

There are no infringing uses actually known to us that could materially affect your use of the copyrights, trade secrets, processes, methods, procedures, or other proprietary information described above. There are no agreements currently in effect that limit our rights to use or license the above-mentioned copyrights in any manner.

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

If you are an individual, you must directly supervise the franchise business on its premises. If you are not an individual, you must designate an "Operating Principal" acceptable to us who will be principally responsible for communicating with us about business, operational and other ongoing matters concerning your Store. The Operating Principal must have the authority and responsibility for the day-to-day operations of your Store.

You (or your Operating Principal) must be adequately trained and you must have an adequate staff of employees who have in our judgment, been fully and adequately trained. Your Operating Principal, if applicable, must (a) devote his or her full time and best efforts solely to the operation of your Store; (b) meet our educational, experience, financial and other reasonable criteria for the position, as contained in the Manuals or otherwise in writing; (c) be an owner with 10% or more (direct or indirect) of your equity or voting rights; (d) be accepted by us.

At our request, your Operating Principal and Store manager(s) must sign a written statement to confidentiality agreement regarding the trade secrets described in Item 14 and to conform with the covenants not to compete described in Item 17.

Each individual who owns a 10% or greater interest in the franchisee entity must sign an agreement (Exhibit C - Guaranty) assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell and offer all and only those products that we authorize at or from your Store. Authorized products may differ among our franchisees, and may vary depending on the operating season and geographic location of your Store or other factors. Upon receipt of written notice from us, you must sell and provide additional authorized products according to the instructions and within the time specified in the notice. You must stop selling and providing any previously approved or discontinued authorized products upon notice from us. There is no limit on our right to change the authorized products that you must sell. You may not stop offering any authorized product without our express written approval. At our request, you must also sell certain test products and/or offer certain test services. If you are asked to do so, you must provide us with reports and other relevant information regarding the test products and services.

Unless specifically directed by us in writing, you must participate in all advertising, marketing, promotions, research and public relations programs.

You may not offer, sell or provide any authorized products in connection with any trademark, service mark, logo type or commercial symbol of any other person or business entity without our express written consent.

You may not use alternative distribution channels to solicit or fill orders.

ITEM 17
RENEWAL, TERMINATIONS, 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 Agreement	Summary
a. Length of the franchise term	§ 3.1	Five **(5)** years.
b. Renewal or extension of the term	§ 3.2	If you are in good standing, you may enter into 2 successor franchise agreements, each with a five (5) year term. You may be asked to sign a contract with materially different terms and conditions that your original contract. You have no further right to enter into additional successor franchise agreements, but may apply for the right to operate a Store pursuant to a new franchise agreement.
c. Requirements for franchisee to renew or extend	§§ 3.2 - 3.4	We use the term "renewal" to refer to extending our franchise relationship at the end of your initial term (and any other renewal or extension of the initial term) and you must, at our option, sign a new franchise agreement that may have materially different terms and conditions than your original contract. You must have complied with your obligations during the term of your Franchise Agreement, must undertake remodeling to comply with our then-currents standards, must not have committed 3 or more material defaults of your Franchise Agreement during any 36 month period, must comply with our then-current training requirements, must sign a general release and successor franchise agreement, which may differ from the current form of franchise agreement, must pay the renewal fee in the amount of one-half the then-current initial franchise fee.
d. Termination by franchisee	§ 14.8	You may terminate if we materially default, and if we do not cure the default within 60 days after our receipt or written notice from you detailing the alleged default.

Provision	Section in Franchise Agreement	Summary
e. Termination by Franchisor without cause	None	
f. Termination by Franchisor with cause	§§ 14.1 – 14.7	We can terminate only if you default under your Franchise Agreement.
g. "Cause" defined – curable defaults	§ 14.4	You have 5 days to cure non-payment of fees and 10 days to cure defaults not listed in Section 14.2 and 14.3 of your Franchise Agreement.
h. "Cause" defined – non-curable defaults	§14.2 – 14.3	Non curable defaults: (i) bankruptcy or insolvency; (ii) unsatisfied judgment; (iii) seizure, take-over or foreclosed upon; (iv) a levy of execution of attachment up on Franchise Agreement or upon any property used in the Store; (v) unreleased mechanics lien or if any person commences any action to foreclose; (vi) if you allow or permit any judgment to be entered against us or any of its our affiliates, arising out of or relating to the operation of the Store; (vii) a condemnation or transfer in lieu of condemnation has occurred; (viii) imminent danger to the public health / health and safety violations; (ix) conviction, pleads guilty or nolo contendere to a felony or any other crime or offense (including any crime or offense that is reasonably likely to adversely affect our reputation, System, Marks or goodwill); (x) failure to comply with your confidentiality or non-competition provisions of your franchise agreement; (xi) abandonment; (xii) Assignment without our consent; (xiii) repeated defaults, even if cured; (xiv) violation of law which is not cured within 10 days; (xv) sale of unauthorized products; (xvi) knowingly maintaining false books, underreporting or under recording of Gross Sales, certain underreporting or under-recording; (xvii) trademark and confidential information misuse; (xviii) misrepresentations in connection with the acquisition of the Agreement; and (xix) failing to complete training.

Provision	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Article 15	You must stop using our Marks; pay all amounts due to us; return the Manuals, all training and promotional material to us; makes cosmetic changes to your Store so that it no longer resembles our proprietary design; at our election, sell such equipment and furnishings that we designate to us, assign to us or our designee (or, at our election, terminate) all voice and data telephone numbers used in connection with your Store; authorize and instruct the telephone company and all listing agencies of the termination of your right to use any telephone number or listing associated with your Store and authorize and instruct the telephone companies and listing agencies to transfer and assign the telephone numbers and directory listing to us, sign and deliver to us all documents that must be filed with any governmental agency indicating that you are no longer licensed to use our Marks. See also "r" below.
j. Assignment of contract by Franchisor	§ 13.1	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	§ 13.2.1	Includes transfer of the agreement or change in ownership of a franchisee which is an entity.
l. Franchisor approval of transfer	§§ 13.2	Transfers require our express written consent.
m. Conditions for franchisor approval of transfer	§ 13.2 - 13.4	New franchisee: must qualify, assume the Franchise Agreement or sign a new Franchise Agreement, complete training and pay our training fee, refurbish the Store. You must provide us with an estoppel agreement and a list of all persons having an interest in the Franchise Agreement or in the Franchisee, pay all amounts then-due to us, sign a general release, provide us with all documents relating to the transfer, disclose to us all material information that we request regarding the transferee, the purchase price, and the terms of the transfer, must not be in default of the Franchise Agreement, and pay a transfer fee. (See also "r" below).

Provision	Section in Franchise Agreement	Summary
		With our written consent, you may transfer a franchise agreement to an entity of which you directly own 100% interest for convenience of ownership. If the new franchisee is a business entity, all holders of a 10% or greater interest in the new franchisee must sign a guaranty. You must reimburse us for all costs and expenses that we incur in connection with such a transfer, including attorneys' fees. Before shares of a Franchisee which is a business entity may be offered by private offering, you must provide us with copies of all offering materials; indemnify us, our Affiliates, officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each in connection with the offering; and pay us a non-refundable fee of $5,000 or a greater amount if necessary to reimburse us for our costs and expenses associated with reviewing the proposed offering.
n. Franchisor's right of first refusal to acquire franchisee's business	§ 13.2.3(c)	We can match any offer for your business.
o. Franchisor's option to purchase franchisee's business	N/A	Not Applicable
p. Death or disability of franchisee	§ 14.3.2	Your heirs have 9 months after your death or legal incapacity to enter into a new franchise agreement, if the heirs meet our standards and qualifications. If your heirs do not meet our standards and qualifications, the heirs may sell to a person approved by us. See "m" above.
q. Non-competition covenants during the term of the franchise	§12.1	Cannot engage in "Competitive Activities" defined as: owning, operating, lending to, advising, being employed by, or having a financial interest in any Store or business that engages in the production or sale at retail or wholesale of any food product or featured menu item which is now or in the future an Authorized Product, other than **"Nana's Green Tea®"** Store. "Competitive Activities" do not

Provision	Section in Franchise Agreement	Summary
		include: the direct or indirect ownership, solely as an investment, of securities of any entity which is traded on any national securities exchange if the owner of the securities (i) is not a controlling person of, or a member of a group which controls, such entity; and (ii) does not, directly or indirectly own 5% or more of any class of securities of such entity.
r. Non-competition covenants after the franchise is terminated or expires	§ 12.1	Except with our express written consent, no involvement in any Competitive Activities, as defined above, for 24 months within the Protected Area or within a 10 mile radius of any then existing Store.
s. Modification of the agreement	§ 19.8	The Franchise Agreement may be modified only by written agreement between the parties.
t. Integration/Merger clause	§19.8	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 18	Subject to state law, you and we agree that any disputes in connection with the franchise agreement shall be finally settled by arbitration in Tokyo, Japan.
v. Choice of forum	§19.14	Subject to state law, to the extent not governed by arbitration, you and we agree that Los Angeles, California will be the venue for any litigation under the Franchise Agreement, and you and we both waive the right to a trial by jury.
w. Choice of law	§19.7	Subject to state law, California law, except for the provisions respecting non-competition, which are governed by local law.

ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote this 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with 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 Kutami Kazuto at 990W.190th Street, Suite 450 Torrance, California 90502, +81-3-6421-1752; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2016 through 2018 (U.S. only)

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	2016	0	0	0
	2017	0	0	0
	2018	0	1	+1
Company- and Affiliate-Owned	2016	0	1	1
	2017	1	1	0
	2018	1	1	0
Total Outlets	2016	0	1	1
	2017	1	1	1
	2018	1	2	+1

Table No. 2
Transfers of Outlets from Franchisee to New Owners (other than the Franchisor)
For Years 2016 through 2018 (U.S. only)

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2016	0
	2017	0
	2018	0

Table No. 3

Status of Franchised Outlets

For Years 2016 through 2018 (U.S. only)*

Col. 1 **State**	**Col. 2** **Year**	**Col. 3** **Outlets at Start of Year**	**Col. 4** **Outlets Opened**	**Col. 5** **Termin-ations**	**Col. 6** **Non-Renewals**	**Col. 7** **Reacquired by Franchisor**	**Col. 8** **Ceased Opera-tions – Other Reasons**	**Col. 9** **Outlets at End of the Year**
Washington	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
Totals	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1

*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4

Status of Company- and Affiliate-Owned Outlets

For Years 2016 through 2018 (U.S. only)

Col. 1 **State**	**Col. 2** **Year**	**Col. 3** **Outlets at Start of 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**
Hawaii	2016	0	1	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
Totals	2016	0	1	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1

Table No. 5

Projected Openings During 2019 (U.S. only)

Column 1 **State**	**Column 2** **Franchise Agreements Signed in 2018 But Outlet Not Opened**	**Column 3** **Projected New Franchise Outlets in 2019**	**Column 4** **Projected New Company or Affiliate-Owned Outlets in 2019**
California	0	1	0

Column 1 State	Column 2 Franchise Agreements Signed in 2018 But Outlet Not Opened	Column 3 Projected New Franchise Outlets in 2019	Column 4 Projected New Company or Affiliate-Owned Outlets in 2019
Washington	0	1	0
Total	**0**	**2**	**0**

There were no franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during 2018 or who have not communicated with us within 10 weeks of the date of this disclosure document.

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

Neither we nor any affiliate has entered into any confidentiality clauses with a franchisee that would restrict their ability to discuss his or her personal experience as a franchisee.

In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with the Nana's Green Tea® franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

No trademark specific franchisee association has been sponsored by us, or has requested to be included in this franchise disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Our audited financial statements as of June 30, 2019 and June 30, 2018 are attached as Exhibit E. Also attached as Exhibit E are unaudited financial statements as of November 30, 2019.

THE UNAUDITED FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

ITEM 22
CONTRACTS

Attached as Exhibit A is a copy of our current form of Franchise Agreement.
Attached as Exhibit B is a copy of our current form of General Release
Attached as Exhibit C is a copy of our current form of Guaranty
Attached as Exhibit H is a copy of our current form of Closing / Franchisee Questionnaire

ITEM 23
RECEIPTS

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

Exhibit A

Franchise Agreement

NANA'S GREEN TEA
FRANCHISE AGREEMENT

BY AND BETWEEN

NANA'S GREEN TEA USA CORPORATION

AND

____

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NANA'S GREEN TEA
FRANCHISE AGREEMENT

THIS **FRANCHISE AGREEMENT** ("**Agreement**") is made this _____ day of _______________, 20____ (the "**Effective Date**") by and between **NANA'S GREEN TEA USA Corporation,** a California corporation ("**Franchisor**"), and _______________________, a __________________ ("**Franchisee**"), with reference to the following facts:

A. Franchisor and/or its Affiliates have developed (and may continue to develop and modify) a system for the operation of restaurants and kiosks operated under the Marks (as defined below) that offer authorized matcha, green teas, and other Japanese teas, and authorized Japanese foods and sweets, and other authorized and/or approved products and services (individually, a "**Store**" and collectively, the "**Stores**").

B. Franchisor and/or its affiliates use, promote, and license others to use and promote certain trademarks, service marks, logotypes, and other commercial symbols in operating the Stores, including the "Nana's Green Tea" mark, and may, from time to time, create, use, and license other trademarks, service marks, and commercial symbols to identify and for use in operating Stores and for the offer and provision of foods, beverages and desserts, and other authorized and/or approved services (collectively, the "**Marks**").

C. Stores are developed and operated using the Marks and Franchisor's and its Affiliates' specified and distinctive business formats, trade dress, practices, specifications, techniques, Confidential Information (defined below), training programs, methods, marketing materials and techniques, recipes, ingredients, copyrights, procedures, menus, uniforms, signs, designs, layouts, and Standards (defined below), all of which Franchisor and/or its Affiliates may improve, further develop, or otherwise modify from time to time (the "**System**").

D. Franchisor grants persons whom satisfactorily meet Franchisor's qualifications and whom confirm their willingness to undertake the investment and effort, a franchise to own and operate a single Store. Franchisee has applied for a franchise to obtain a Store and has provided Franchisor with certain information in support of its application.

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Certain Fundamental Definitions and Applicable Information. In this Agreement, in addition to those terms defined in Appendix 1 and elsewhere in this Agreement, the following terms, shall have the meanings set forth below, unless the context otherwise requires:

"**Initial Fee**" means **$**___________________

"**Franchisee Notice Address**" is: __________________________
____
____
Attn:_____________________

"**Location**" means ____.

"**Operating Principal**" means ____________________________, or such other individual hereafter designated by Franchisee, and accepted by Franchisor (and until subsequently disapproved by Franchisor), to serve as the authorized representative of Franchisee, who Franchisee acknowledges and agrees shall act as Franchisee's representative, who shall hold 10% or more of the Equity of Franchisee, and who shall have the authority to act on behalf of Franchisee during the Term.

ARTICLE 2
GRANT

2.1 Grant. Franchisor hereby awards Franchisee, and Franchisee hereby accepts, the right, license and obligation, during the Term, to use and display the Marks, and to use the System, to operate one (1) Store at, and only at, the Location upon the terms and subject to the provisions of this Agreement and all ancillary documents hereto. Franchisee may not operate a mobile unit. The license granted under this Agreement does not include the rights to: (1) offer or sell products or services offered or sold by Stores at any location other than at the Location, or (2) offer or sell products or services offered or sold by Stores through any other channels of distribution, including delivery, catering, telephone, mail order, the internet (or any other existing or future form of electronic commerce), or distribution methods, other than methods of accepting orders that are authorized in writing by the Franchisor.

2.2 No Sublicensing Rights. Franchisee shall not sublicense, sublease, subcontract or enter any management agreement providing for, the right to operate the Franchised Store or to use the System granted pursuant to this Agreement.

2.3 Territorial Rights.

2.3.1 Except as provided in Section 2.3.2 of this Agreement, during the Term, neither Franchisor nor any Affiliate of Franchisor shall open or operate any Store at a Venue, nor license other to do so, within the geographic area described on Exhibit A (the "**Protected Area**").

2.3.2 The license granted to the Franchisee under this Agreement is non-exclusive and Franchisor expressly reserves all other rights including, the exclusive, unrestricted right, in its discretion, directly and indirectly, itself and through its employees, Affiliates, representatives, franchisees, licensees, assigns, agents and others:

(a) to own or operate, and to license others (which may include its Affiliates) to own or operate (i) Stores at any location outside the Protected Area, (ii) Stores located at Non-Traditional Venues, and of any type whatsoever, within or outside the Protected Area, and regardless of proximity to the Store developed pursuant hereto; and (iii) Stores operating under names other than the Marks, at any location, and of any type whatsoever, within or outside the Protected Area and regardless of their proximity to the Store developed pursuant hereto; and

(b) to offer, sell, provide, produce, license, distribute and market products and services identified by the Marks and/or other trademarks or service marks to any Person, at or through any location or outlet (other than a Store, the physical premises of which is located within the Protected Area, except for Stores located at Non-Traditional Venues), regardless of proximity to the Protected Area, and through any distribution channel, at wholesale or retail, including by means of the internet or internet web site, mail order catalogs, direct mail advertising, and other distribution methods, including websites, online retailers, and direct sales through affiliates;

(c) to advertise and promote the System through any means, including the internet or internet web site, temporary or permanent displays of products or services, including those offered or sold through Stores, television, radio, billboards, email, text message, print media, direct mail, demonstrations, seminars, and other forms of advertising and promotion;

(d) to develop or become associated with other concepts (including dual branding and/or franchise systems), whether or not using the System and/or the Marks, and award franchises and/or licenses under other concepts for locations anywhere; and

(e) to engage in any other activities not expressly prohibited by this Agreement.

ARTICLE 3
TERM AND RIGHT TO ENTER INTO SUCCESSOR FRANCHISE AGREEMENT

3.1 Initial Term. The term of this Agreement ("**Term**") shall commence on the Effective Date and shall expire five (5) years from such date, unless sooner terminated or extended pursuant hereto.

3.2 Right to Enter into Successor Franchise Agreements.

3.2.1 Subject to the conditions contained in Section 3.4 of this Agreement and Franchisee's compliance with Section 3.3 of this Agreement, and provided that Franchisor is then currently offering franchises in the same state in which the Franchisee's Store is located, at the expiration of the Term hereof, Franchisee shall have the right (the "**Successor Franchise Right**") to enter into a new franchise agreement in the form then generally being offered to prospective franchisees of the System (the "**First Successor Franchise Agreement**") for a five (5) year period (the "**First Successor Term**"), which Successor Franchise Agreement shall likewise grant Franchisee the right to enter into one additional franchise agreement at the end of the First Successor Term, in the form then generally being offered to prospective franchisees of the System (the "**Second Successor Franchise Agreement**") for a five (5) year period (the "**Second Successor Term**"). Franchisee acknowledges that the terms, including Continuing Royalty payable, during the First Successor Term and Second Successor Term shall be as then generally applicable to new franchisees granted at the time and may differ from those contained in this Agreement.

3.2.2 The term of the First Successor Franchise Agreement and the Second Successor Franchise Agreement, as applicable, shall commence upon the date of expiration of the Term hereof or the First Successor Franchise Agreement, as applicable; provided, however, that notwithstanding the terms of Franchisor's then-current form of Franchise Agreement:

(a) The First Successor Franchise Agreement and the Second Successor Franchise Agreement shall provide that Franchisee must pay, in lieu of an initial franchise fee, a renewal fee in the amount of one-half of Franchisor's then-current initial franchise fee; and

(b) unless otherwise mutually agreed in writing, the First Successor Franchise Agreement and the Second Successor Franchise Agreement shall be modified to conform to the Successor Franchise Rights granted in franchisee's original franchise agreement for the Franchised Store (such that the original franchise agreement would be renewable only twice).

3.3 Form and Manner of Exercising Successor Franchise Right. The Successor Franchise Right shall be exercised, if at all, strictly in the following manner:

3.3.1 Between 9 months and 12 months before the expiration of the Term, Franchisee shall notify Franchisor in writing ("**Notice of Election**") that it intends to exercise its Successor Franchise Right and no sooner than immediately after the expiration of any waiting period(s) by Applicable Law and no more than 30 days after Franchisee receives Franchisor's Franchise Disclosure Document, if applicable, and execution copies of the applicable Successor Franchise Agreement, Franchisee shall execute the copies of said Successor Franchise Agreement and return them to Franchisor.

3.3.2 If Franchisee shall have exercised its Successor Franchise Right in accordance with Section 3.3.1 of this Agreement and satisfied all of the conditions contained in Section 3.4 of this Agreement, Franchisor shall execute the Successor Franchise Agreement, executed by Franchisee and at or prior to the expiration of the Term, deliver one fully executed copy thereof to Franchisee.

3.3.3 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to the provisions of Sections 3.3 or 3.4 of the Agreement, in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise its Successor Franchise Right and shall automatically cause Franchisee's said Successor Franchise Right to lapse and expire.

3.4 Conditions Precedent to Entering into a Successor Franchise Agreement. Franchisee's Successor Franchise Right is conditioned upon Franchisee's fulfillment of each and all of the following conditions precedent:

3.4.1 At the time Franchisee delivers its Notice of Election to Franchisor and at all times thereafter until the commencement of the applicable Successor Term, Franchisee shall have fully performed, in all material respects, all of its obligations under the Agreement, the Manual(s) and all other agreements then in effect between Franchisee and Franchisor (or its Affiliates).

3.4.2 At Franchisor's request, Franchisee shall, prior to the date of commencement of the applicable Successor Term, undertake and complete at its expense, the remodeling, renovation, modernization, or refurbishing of the Premises, Location and the Franchised Store, which may include installation of new or replacement equipment, to comply with Franchisor's then-current Standards for new Store.

3.4.3 Without limiting the generality of Section 3.4.1 of this Agreement, Franchisee shall not have committed and cured 3 or more material defaults of Articles 4, 7, 9, 10, 11 or 12 of the Agreement during any 36 month period during the Term of the Agreement for which Franchisor shall have delivered notices of default, whether or not such defaults were cured.

3.4.4 Franchisee, and Franchisee's employees, as applicable, shall comply with Franchisor's then-current qualification, training and certification requirements at Franchisee's expense.

3.4.5 Concurrently with the execution of the applicable Successor Franchise Agreement, Franchisee shall, and shall cause each of its Affiliates to, execute and deliver to Franchisor a general release, on a form prescribed by Franchisor of any and all known and unknown claims against Franchisor and its Affiliates and their officers, directors, agents, shareholders and employees. The release may cover future consequences of acts, omissions events and circumstances predating the date of the release, but will not release, in advance, future acts, omissions or events which have not occurred at the time the release is executed.

3.5 Notice Required by Law. If Applicable Law requires that Franchisor give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a week to week basis until Franchisor has given the notice required by such Applicable Law. If Franchisor is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or disclosure document, or is not lawfully able to offer Franchisee its then-current form of franchise agreement, at the time Franchisee delivers its Notice of Election, Franchisor may, in its discretion, (i) offer to renew this Agreement upon the same terms set forth herein for a Successor Term determined in accordance with Section 3.2 of this Agreement hereof, or (ii) offer to extend the Term hereof on a week to week basis following the expiration of the Term hereof for as long as it deems necessary or appropriate so that it may lawfully offer its then-current form of franchise agreement.

ARTICLE 4
PAYMENTS

4.1 Initial Fee. Upon execution hereof, Franchisee shall pay to Franchisor the Initial Fee. The Initial Fee is non-refundable, in whole or in part, under any circumstances.

4.2 Continuing Royalty. Franchisee shall pay to Franchisor, as provided in Section 4.4, a continuing royalty (the "**Continuing Royalty**") equal to 4% of Franchisee's Gross Sales during the proceeding Accounting Period.

4.3 Manner of Payment. Franchisee shall calculate the Continuing Royalty due to Franchisor as prescribed above and cause Franchisor to receive payment of all Continuing Royalties and all other amounts then owed to Franchisor, together with a statement of Franchisee's Gross Sales for the applicable Accounting Period (certified as complete and accurate by a duly authorized representative of Franchisee), no later than the 7th calendar day following each Accounting Period during the Term.

4.4 EFT and Pre-Authorized Payments.

4.4.1 At Franchisor's request, Franchisee, at Franchisee's sole cost and expense, shall instruct its bank to pay the amount of its Continuing Royalty and other fees directly to Franchisor from Franchisee's account, by electronic funds transfer or such other automatic payment mechanism which Franchisor may designate ("**EFT**") and upon the terms and conditions set forth in the Manual(s), and promptly upon Franchisor's request, Franchisee shall execute or re-execute and deliver to Franchisor such pre-authorized check forms and other instruments or drafts required by Franchisor's bank, payable against Franchisee's bank account, to enable Franchisor to draw Franchisee's Continuing Royalty and other sums payable under the terms of this Agreement. Franchisor's current form of EFT authorization is attached hereto as Exhibit B. Franchisee shall also, in addition to those terms and conditions set forth in the Manual(s), maintain a single bank account for such payments and shall maintain such minimum balance in such account as Franchisor may reasonably specify from time to time. Franchisee shall not alter or close such account except upon Franchisor's prior written approval. Any failure by Franchisee to implement such EFT system in strict accordance with Franchisor's instructions shall, without limiting the materiality of any other default of this Agreement, constitute a material default of this Agreement.

4.4.2 If Franchisee is delinquent more than 3 times in any continuous 12 month period during the Term in the payment of its Continuing Royalty or other fees, or of other sums due to Franchisor or to its Affiliates including on account of the purchase of goods or services, or fails to report its sales on a timely basis, Franchisor may require Franchisee to implement a system prescribed by Franchisor which shall permit Franchisor unilaterally to estimate and draw down the amounts owed by Franchisee, which system may include EFT systems, automatic debits, use of Franchisee pre-authorized checks, other instruments or authority or any other arrangement Franchisor may prescribe. Franchisor may base its estimates of Continuing Royalties and similar payments which are calculated based on Gross Sales, on Franchisee's historically reported Gross Sales. Franchisee shall, without limiting the materiality of any other default of this Agreement, promptly implement such system in strict accordance with Franchisor's instructions and failure to do so shall constitute a material default of this Agreement.

4.5 Other Payments. In addition to all other payments provided herein, Franchisee shall pay to Franchisor, its Affiliates and designees, as applicable, promptly when due:

4.5.1 All amounts advanced by Franchisor or which Franchisor has paid, or for which Franchisor has become obligated to pay on behalf of Franchisee for any reason whatsoever.

4.5.2 The amount of all sales taxes, use taxes, value added taxes, personal property taxes and similar taxes, which shall be imposed upon Franchisee and required to be collected or paid by Franchisor (a) on account of Franchisee's Gross Sales, or (b) on account of Continuing Royalties or Initial Fees collected by Franchisor from Franchisee (but excluding ordinary income taxes). Franchisor, in its discretion, may collect the taxes in the same manner as Continuing Royalties are collected herein and promptly pay the tax collections to the appropriate Governmental Authority; provided, however, that unless Franchisor so elects, it shall be Franchisee's responsibility to pay all sales, use or other taxes now or hereinafter imposed by any Governmental Authorities on Continuing Royalties or Initial Fees.

4.5.3 All amounts due for any reason, including on account of purchases of goods, supplies or services relating to the Franchised Store.

4.6 Application of Funds. If Franchisee shall be delinquent in the payment of any obligation to Franchisor hereunder, or under any other agreement with Franchisor, Franchisor shall have the absolute right to apply any payments received from Franchisee to any obligation owed, whether under this Agreement or otherwise, including to Franchisee's vendors, Suppliers and landlord, notwithstanding any contrary designation by Franchisee as to application.

4.7 Interest and Charges for Late Payments. If Franchisee shall fail to pay to Franchisor the entire amount of the Continuing Royalty and all other sums owed to Franchisor or its Affiliates, promptly when due, Franchisee shall pay, in addition to all other amounts which are due but unpaid, interest on the unpaid amounts, from the due date thereof, at the rate of 18% per annum, or the highest rate allowable under applicable law, whichever is less. If any check, draft, electronic transfer or otherwise, is unpaid because of insufficient funds or otherwise, then Franchisee shall pay Franchisor's expenses arising from such non-payment, including bank fees in the amount of at least $50.00 and any other related expenses incurred by Franchisor.

ARTICLE 5
CONSTRUCTION AND COMMENCEMENT OF BUSINESS

5.1 Location. Franchisee's Store shall be located at the Location.

5.1.1 If no Location has been inserted in Section 1.1 on the Effective Date, Franchisee shall promptly following the execution hereof locate one or more proposed sites at Venues which meet Franchisor's then-current Standards. Franchisee shall submit to Franchisor such demographic and other information regarding the proposed site(s) and neighboring areas as Franchisor shall require, in the form prescribed by Franchisor ("**Site Review Request**"). Franchisor may seek such additional information as it deems necessary within 15 days of submission of Franchisee's Site Review Request, and Franchisee shall respond promptly to such request for additional information. If Franchisor shall not deliver written notice to Franchisee that Franchisor accepts the proposed site, within 30 days of receipt of Franchisee's Site Review Request, or within 15 days after receipt of such additional requested information, whichever is later, the site shall be deemed rejected. If the Franchisor accepts the proposed site it shall notify Franchisee of its acceptance of the site. Promptly following mutual execution of this Agreement, or Franchisor's acceptance of a proposed site, if no Location has been inserted in the blank space provided above, Franchisee shall proceed to negotiate a Lease or purchase agreement for the site and shall submit to Franchisor a copy of the proposed Lease or purchase agreement, as applicable, to Franchisor. Franchisee shall not enter into any Lease or purchase agreement for the Location unless Franchisor has accepted the proposed site and such site shall be deemed to the "Location" as defined above. Franchisee shall begin operating the Franchised Store within 9 months after the Effective Date. Unless waived by Franchisor in whole or in part, upon submitting a second Site Review Request to Franchisor for review, and for each Site Review Request thereafter, Franchisee shall reimburse Franchisor for all costs and expenses of Franchisor incurred in reviewing the Site Review Requests, including payment to consultants and agents retained by Franchisor to assist in conducting such review and including a reasonable allocation of overhead and administrative expenses.

5.1.2 Franchisee may not conduct any activities associated with Franchisor or the Marks at any location except for operating the Franchised Store in accordance with this Agreement, or other agreement with Franchisor.

5.1.3 Franchisee may not relocate the Franchised Store without Franchisor's prior written consent. If Franchisor shall consent to any relocation, Franchisee shall de-identify the former location in the manner described in Section 15.1.5 of this Agreement with respect to Franchisee's obligations upon termination and expiration, and shall reimburse and indemnify and hold Franchisor harmless from any direct and indirect losses, costs and expenses, including attorney's fees, arising out of Franchisee's failure to do so.

5.2 Franchisor Site Selection Assistance. Franchisor is not required to visit any potential location. However, Franchisor may voluntarily (without obligation) assist Franchisee in obtaining or evaluating an acceptable location. Neither Franchisor's said assistance, if any, its acceptance of Franchisee's proposed site, nor its acceptance of the proposed Lease or purchase agreement shall be construed to insure or guarantee the profitable or successful operation of the Franchised Store by Franchisee, and Franchisor hereby expressly disclaims any responsibility therefor. Franchisor's acceptance of a location is solely an indication that the Location meets Franchisor's minimum Standards at the time of acceptance and such acceptance shall not be construed as any express or implied representation or warranty that the Location will be profitable or successful. Franchisee acknowledges its sole responsibility for finding the Location. Franchisee acknowledges its sole responsibility for finding the site for the Store it develops pursuant to this Agreement.

5.3 Lease or Purchase of Location.

5.3.1 If the Location is leased or subleased, (i) the Lease shall name Franchisee as the sole lessee thereunder and may not be assigned or sublet without Franchisor's prior written consent; (ii) Franchisor shall have the right to review and accept or reject the Lease, a true and correct copy of which shall be delivered to Franchisor at least 15 days prior to the execution thereof; (iii) Franchisee shall neither create nor purport to create any obligations on behalf of Franchisor, nor grant or purport to grant to the lessor thereunder any rights against Franchisor, nor agree to any other term, condition, or covenant which is inconsistent with any provision of this Agreement; (iv) the Lease shall be for a term (including options) which is not less than the Term of this Agreement (plus each Successor Term), unless Franchisor shall approve, in writing, a shorter term of the Lease; (v) the Lease shall not contain a non-competition covenant which purports to restrict the Franchisor, or any franchisee or licensee of the Franchisor (or its Affiliates), from operating a Store or any other retail establishment, unless such covenant is approved by the Franchisor in writing prior to the execution of the Lease; (vi) Franchisee shall duly and timely perform all of the terms, conditions, covenants and obligations imposed upon Franchisee under the Lease; and (vii) a fully executed copy of said Lease, in the form and on the terms previously accepted by Franchisor, shall be delivered to Franchisor promptly following the execution thereof and upon Franchisor's request. The Lease shall, unless Franchisor otherwise consents in writing, include the addendum attached hereto as Exhibit D. Franchisor's review and acceptance of the Lease is solely for Franchisor's benefit and is solely an indication that the Lease meets Franchisor's minimum Standards at the time of acceptance for the Lease (which may be different than the requirements of this Agreement) such review and acceptance shall not be construed as any express or implied representation or warranty that the Lease complies with Applicable Law or represents a lease transaction that is fair or in Franchisee's best interest.

5.3.2 Franchisee hereby authorizes Franchisor to communicate with the lessor under the Lease (and hereby authorizes such lessor to communicate with Franchisor) for any purpose, including de-identification of the Location following the termination or expiration of this Agreement, Franchisee's sales, Franchisee's defaults under this Agreement or the Lease and negotiating a lease for the Location commencing following the termination or expiration of the Franchisee's Lease. Franchisee shall at all times fully perform each and all of its obligations under the Lease.

5.3.3 If the Location is to be purchased by Franchisee, the contract for purchase and sale shall be subject to Franchisor's review and acceptance, a true and correct copy of which shall be delivered to Franchisor at least 15 days prior to the execution thereof, and a true and correct copy of such executed contract shall be furnished to Franchisor within 15 days after execution.

5.4 Construction.

5.4.1 Following the Effective Date and before the renovation or construction of the Franchised Store or the Location, Franchisor shall designate designers that will provide required and suggested advice to Franchisee regarding the design and layout of the Franchised Store and required and suggested fixtures, equipment, furnishings, decor, trade dress, and signs. Franchisee shall at its sole cost and expense promptly cause the Premises and Franchised Store to be constructed, equipped and improved in accordance with such Standards, unless Franchisor shall, in writing, agree to modifications thereof. Franchisee shall employ licensed architects, engineers and general contractors of its own selection, and at its sole cost and expense, to prepare such architectural, engineering and construction drawings and site plans, and to obtain all Permits required to construct, remodel, renovate, and/or equip the Franchised Store and Premises. All such plans, and modifications and revisions thereto, shall be submitted to Franchisor for its prior review and acceptance before Franchisee's commencement of construction (within 60 days after Effective Date, unless Franchisor otherwise agrees in writing). If Franchisor shall not deliver written notice to Franchisee that Franchisor accepts such design criteria, the design criteria shall be deemed rejected.

5.4.2 Franchisor has the right, but not the obligation, to perform inspections of the Franchised Store and Premises during construction and after construction to ensure that the Franchised Store is built in accordance with the drawings and specifications accepted by Franchisor, and all fixtures, signs, furnishings and equipment are in compliance with Standards.

5.4.3 Upon request, Franchisor may provide additional site visits, project management, design work and equipment purchasing services to Franchisee at Franchisee's sole cost.

5.4.4 Subject only to Force Majeure (provided that Franchisee continuously complies with Section 5.4.6 of this Agreement), Franchisee shall complete construction or renovation, as the case may be, of the Premises, the Franchised Store and all improvements therein, including installation of all fixtures, signs, equipment and furnishings as soon as possible, but in any event within 6 months after commencement of construction, unless Franchisor consents in writing to a longer period of time. The operation of the Franchised Store by Franchisee shall commence not later than 9 months following the Effective Date.

5.4.5 The time periods for the commencement and completion of construction and the installation of fixtures, signs, machinery and equipment as referred to in this Section 5.4 are of the essence of this Agreement. If Franchisee fails to perform its obligations contained in this Section, the Franchisor may, without limiting the materiality of any other default of this Agreement, deem the Franchisee's failure to so perform its obligations to constitute a material default of this Agreement.

5.4.6 In the event of the occurrence of an event which Franchisee claims to constitute Force Majeure, Franchisee shall provide written notice to Franchisor in writing within 5 days following commencement of the alleged Force Majeure which notice shall include the words "Force Majeure" and explicitly describe the specific nature and extent of the Force Majeure, and how it has impacted Franchisee's performance hereunder. Franchisee shall provide Franchisor with continuous updates (no less frequently than once each week) on Franchisee's progress and diligence in responding to and overcoming the Force Majeure, and shall notify Franchisor immediately upon cessation of such Force Majeure, and provide all other information as may be requested by Franchisor. If Franchisee shall fail to notify Franchisor of any alleged Force Majeure within said 5 days, or shall fail to provide any such updates during the continuance of the alleged Force Majeure, Franchisee shall be deemed to have waived the right to claim such Force Majeure.

5.4.7 Franchisor's acceptance of Franchisee's plans and specifications for the Location, Franchisor's guidance with the development of the Location, and Franchisor's authorization to open the Franchised Store are to assure that Franchisee complies with Standards, and shall not be construed as any express or implied representation or warranty that the Location complies with any Applicable Laws, codes or regulations or that the construction is sound or free from defects. Franchisor's criteria for acceptance or rejection do not encompass technical, architectural or engineering considerations. Franchisor will have no liability with respect to construction of the Location, nor shall Franchisor be responsible in any way for delays or losses occurring during the design, construction or other preparation of the Franchised Store, whether caused by the condition of the Location, the design, engineering, construction, equipping, decorating, or stocking of the Franchised Store, or any other reason. Franchisee expressly acknowledges and agrees that Franchisor does not, directly or indirectly, warrant or ensure that the design, decor, appearance, fixtures, layout, and/or other improvements of the Franchised Store will guaranty Franchisee's success.

5.5 Opening of the Franchised Store. Franchisee shall not open the Franchised Store to the public until: (a) Franchisee has properly developed and equipped the Franchised Store in accordance with the Standards and Applicable Law; (b) all pre-opening training for Franchisee's personnel has been completed to Franchisor's reasonable satisfaction; (c) Franchisee has obtained all Permits to operate the Franchised Store; and (d) Franchisor has provided Franchisee with its written authorization to open and commence operation of the Franchised Store, which authorization shall not be unreasonably withheld, conditioned or delayed. Franchisor's authorization to open the Franchised Store are to confirm that Franchisee complies with the Standards, and shall not be construed as an express or implied representation or warranty that the Location complies with Applicable Law or that the construction is sound or free from defects. Subject only to Force Majeure, Franchisee shall complete construction or renovation of the Premises and the Franchised Store, obtain all required Permits and Franchisor's written authorization to open, and commence operation of the Franchised Store as soon as possible, but in any event within 9 months after the Effective Date, unless Franchisor consents in writing to a longer period of time. The time periods for the commencement and completion of construction and the commencement of operation of the Franchised Store are of the essence of this Agreement.

5.6 Maintaining and Remodeling of Franchised Store.

5.6.1 Franchisee shall maintain the condition and appearance of the Franchised Store in a "like new" level of cosmetic appearance consistent with the image of Stores as attractive, clean, and efficiently operated, offering high quality food products and beverages, efficient and courteous service, and pleasant ambiance. If at any time in the Franchisor's reasonable judgment, the state of repair, appearance or cleanliness of the Franchisee's Premises (including the Franchised Store and the non-Store portion of Franchisee's Premises, and parking areas) or its fixtures, equipment, furnishings, signs or utensils fail to meet the Standards therefor, Franchisee shall immediately upon receipt of notice from Franchisor specifying the action to be taken by Franchisee (within the time period specified by Franchisor), correct such deficiency, repair and refurbish the Franchised Store and Premises, as applicable, and make such modifications and additions to its layout, decor and general theme, as may be required, including replacement of worn out or obsolete fixtures, equipment, furniture, signs and utensils, and repair and repainting of the interior and exterior of the Franchised Store, the Premises and appurtenant parking areas (if any). Such maintenance shall not be deemed to constitute remodeling, as set forth below.

5.6.2 In addition to Franchisee's obligations under Section 5.6.1 of this Agreement, during the Term, but not more frequently than once every five (5) years during the Term and as a condition to Franchisee's exercising its Successor Franchise Right, Franchisor may require Franchisee, at Franchisee's sole cost and expense, to refurbish, remodel and improve the Franchised Store to conform the Franchisee's building design, trade dress, color schemes, and presentation of Marks to Franchisor's then current specified public image (or image implemented or in development at a Store owned or operated by Franchisor or any of its Affiliates). Such a remodeling may include extensive structural changes to the Franchised Store and replacement or modification of furnishings, fixtures and equipment as well as such other changes as the Franchisor may direct, and Franchisee shall undertake such a program promptly upon notice from the Franchisor, and shall complete any such remodeling as expeditiously as possible, but in any event within 90 days of commencing same (and no later than the commencement of the applicable Successor Term), unless Franchisor expressly agrees to a longer period of time.

5.6.3 If the Franchised Store is damaged or destroyed by fire or any other casualty, Franchisee, within 90 days thereof, shall initiate such repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion) such repairs or reconstruction, in order to restore the premises of the Franchised Store to its original condition prior to such casualty; any such repair and reconstruction shall be completed as soon as reasonably practicable but in any event within 6 months following the event causing the damage or destruction. If, in the Franchisor's reasonable judgment, the damage or destruction is of such a nature or to such extent that it is feasible for Franchisee to repair or reconstruct the Location and the Franchised Store in conformance with Franchisor's then standard System decor specifications for new Stores, the Franchisor may require that Franchisee repair or reconstruct the Premises and Store operated pursuant hereto in conformance with the then standard System decor specifications.

ARTICLE 6
TRAINING

6.1 Initial Training Program. Franchisor shall provide an Initial Training Program in the Franchisor's System and methods of operation (the "**Initial Training Program**") at the Franchisor's training facilities in Japan; or other location specified by Franchisor, to up to four (4) persons selected by Franchisee. The Initial Training Program shall generally consist of approximately one hundred twelve (112) hours of training over a fourteen (14) day period, subject to extension as deemed necessary by Franchisor. Except as provided below, the Initial Training Program will be provided at no additional charge. Franchisee shall pay Franchisor or its designated Affiliate its then-current training fee for the cooking training portion of the Initial Training Program. As of the date hereof, the cooking portion of the Initial Training Program is $300 per day. The Initial Training Program shall be provided by Franchisor prior to the opening of the Franchised Store and must be completed to Franchisor's satisfaction before the Franchised Store opens to the public. Franchisee shall pay all travel, living, compensation, and other expenses (e.g., including all Travel Expenses for its personnel), if any, incurred by Franchisee and/or Franchisee's employees in connection with attendance at training programs. All personnel attending training must have first successfully completed all training certification(s) required by any Governmental Authority. Franchisee acknowledges that because of Franchisor's superior skill and knowledge with respect to the training and skill required to manage the Store, Franchisor's judgment as to whether or not the Franchisee or his manager has satisfactorily completed such training shall be determined by Franchisor in its judgment.

6.2 On-Site Training. Commencing before and ending after the Franchised Store opens to the public, Franchisor shall provide approximately ten (10) days of on-site training to Franchisee's (**"On-Site Training"**). Franchisor shall provide the On-Site Training for which Franchisee shall pay a standard daily allowance for each trainer, plus reimburse Franchisor for all travel and living expenses for each trainer. Notwithstanding the foregoing, if Franchisor determines in its reasonable discretion that more than ten (10) days of On-Site Training is necessary, Franchisee must pay additional daily allowances, and reimburse for additional travel and living expenses incurred as a result of extending the On-Site Training. The On-Site Training shall be provided at Franchisor's sole discretion and control, however, the training will be structured to provide additional practical training in the implementation and operation of a Store.

6.3 Staffing and Staff Training. At all times, Franchisee must actively employ and have working in the Franchised Store at least two (2) persons that has successfully completed the Initial Training Program or that has been fully and adequately trained by the Operating Principal in accordance with the Standards. The Operating Principal shall, to Franchisor's reasonable satisfaction, train each of Franchisee's other employees. At all times during the Term, Franchisee shall employ an adequate staff of employees working in the Franchised Store who shall have been fully and adequately trained, in Franchisor's judgment.

6.4 Additional Training and Other Assistance.

6.4.1 If the Franchised Store is not in compliance with Standards, Franchisor may, in its sole discretion, require Franchisee and its management staff to re-attend and successfully complete, to Franchisor's satisfaction, the Initial Training Program. Franchisee shall pay

Franchisor's then current, reasonable charges (as set forth in the Manual(s)) for any such training performed by Franchisor at Franchisee's request, or which is otherwise required hereunder and not required to be provided by Franchisor at no additional cost. Franchisor may, from time to time, (i) require Franchisee and its management staff to attend additional training courses or programs ("**Additional Training**") during the Term; or (ii) make available to Franchisee and its management staff optional Additional Training. In addition to any charge Franchisor may establish, Franchisee shall pay all Travel Expenses incurred in connection with attendance at such courses. Franchisor shall pay no compensation for any services performed by trainee(s) in connection with the Additional Training.

6.4.2 Franchisee shall have the right, at no additional charge, to inquire of Franchisor's headquarters staff, its field representatives and training staff with respect to problems relating to the operation of the Franchised Store, by telephone, electronic mail, facsimile, or other means of correspondence, and Franchisor shall use its best efforts to diligently respond to such inquiries, in order to assist Franchisee in the operation of the Franchised Store. At no time shall reasonable assistance be interpreted to require Franchisor to pay any money to Franchisee or to defer Franchisees' obligation to pay any sums to Franchisor.

6.4.3 At Franchisee's request, Franchisor may, but shall not be obligated to (a) cause its field representatives to visit the Franchised Store to advise, consult with, or train Franchisee in connection with its performance and operation of the Franchised Store and Franchisee's compliance with the Manual(s); or (b) permit Franchisee or certain of its employees to provide assistance, consultation, or additional training at a Store selected by Franchisor.

6.4.4 In the event of any sale transfer, or Assignment, the transferee/assignee must be trained by Franchisor as a condition of Franchisor's consent to such transfer. The Franchised Store shall not be transferred, opened, or re-opened by the transferee until Franchisor accepts the transferee in writing as being qualified to operate the Store and Franchisor has otherwise consented to the transfer in accordance with this Agreement.

ARTICLE 7
FRANCHISED BUSINESS OPERATIONS AND STANDARDS

7.1 <u>Compliance with Standards and Applicable Law</u>. Franchisee acknowledges and agrees that operating and maintaining the Franchised Store according to the System and Standards are essential to preserve the goodwill of the Marks and all Stores. Therefore, Franchisee shall participate in the System and operate the Franchised Store in strict compliance with the Standards and Manual(s). The Standards and the Manual(s) may regulate any or all aspects of the operation and maintenance of the Franchised Store. Without limiting the foregoing, Franchisee shall operate the Franchised Store as a clean, orderly, lawful and respectable place of business in accordance with the Standards and in accordance with Applicable Law. Franchisee shall not knowingly cause or allow any part of its Franchised Store to be used for any immoral or illegal purpose. Franchisee at all times shall provide high quality and professional, prompt, courteous, and efficient goods and services to customers and at all times at professionally and courteous to members of the public. Franchisee will conform to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee shall not engage in any action (or fail to take any action) which may or will cause Franchisor to be in violation of any Applicable Law. Franchisee shall refrain from engaging in action (or failing to take any action), which in the reasonable opinion of Franchisor, causes or could cause damage, harm or injury to the Marks, and/or System.

7.2 Operating Principal. The Operating Principal shall be principally responsible for communicating and coordinating with Franchisor regarding business, operational and other ongoing matters concerning this Agreement and the Franchised Store. The Operating Principal shall have the full authority to act on behalf of Franchisee in regard to performing, administering or amending this Agreement. The Operating Principal shall be vested with the authority and responsibility for the day-to-day operations of the Franchised Store and all other Stores owned or operated, directly or indirectly, by Franchisee or its Affiliates within a geographic area specified by Franchisor. The Operating Principal shall, during the entire period he or she serves as such, meet the following qualifications: (a) shall devote full time and best efforts solely to operation of all Stores owned or operated, directly or indirectly, by Franchisee or its Affiliates in such geographic area and to no other business activities, unless otherwise permitted in writing by Franchisor; (b) meet Franchisor's educational, experience, financial and other reasonable criteria for such position, as set forth in the Manual(s) or otherwise in writing by Franchisor; (c) be an Owner with 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights in Franchisee; and (d) be an individual acceptable to Franchisor. The Operating Principal shall be responsible for all actions necessary to ensure that all Stores owned or operated, directly or indirectly, by Franchisee in such geographic area are operated in compliance with this Agreement and the Manual(s). If during the Term the Operating Principal is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section (including Franchisor's subsequent disapproval of such person), Franchisee shall promptly notify Franchisor of such occurrence. Thereafter, Franchisee shall promptly, but not later than 30 days after the prior Operating Principal ceases to serve Franchisee, (w) designate a replacement operating principal who meets Franchisor's then-current qualification requirements, (x) provide Franchisor with such information about such new Operating Principal as Franchisor may request, (y) cause such replacement Operating Principal to undergo, at Franchisee's cost, such training as Franchisor may require, and (z) obtain Franchisor's written acceptance of such person as the Operating Principal. Franchisor may, but is not required to, deal exclusively with the Operating Principal in such regards unless and until Franchisor's actual receipt of written notice from Franchisee of the appointment of a successor Operating Principal who shall have been accepted by Franchisor. Franchisor's acceptance of the Operating Principal shall not constitute Franchisor's endorsement of such individual or a guarantee by Franchisor that such individual will perform adequately for Franchisee or its Affiliates, nor shall Franchisor be estopped from subsequently disapproving or otherwise challenging such person's qualifications or performance.

7.3 Computer/Information Systems.

7.3.1 Franchisee shall purchase, use and maintain the Information Systems specified in the Manual(s) in accordance with the Standards. The Information Systems must at all times be connected to one or more high-speed communications media reasonably acceptable to Franchisor and permit access to the internet 24 hours per day, 7 days per week. At Franchisor's direction, Franchisee must electronically link the Information Systems to Franchisor or its designee. Franchisee shall allow Franchisor and/or its designee to access the Information Systems and stored files and data, including customer information, daily sales information and sales mix information (the "**IS Data**"), and to independently access the Information Systems, including the IS Data, via any means including electronic polling and uploads, with or without notice. Franchisee acknowledges that Franchisor owns the IS Data that is stored on Franchisee's Information Systems and Franchisee assigns to Franchisor any and all rights Franchisee may have in the IS Data. Franchisor may periodically establish policies in the Manual(s) respecting the Franchisee's use of the IS Data. Franchisor cannot estimate the future costs of the Information Systems, required hardware, software, or service or support, and although these costs might not be fully amortizable over the time remaining in the Term, Franchisee agrees to acquire and incur the costs of obtaining and implementing the hardware, software and other components and devices comprising the Information Systems (including additions, upgrades, updates and modifications) and all support services, service and maintenance agreements and subscriptions prescribed by Franchisor from time to time. Information Systems may be provided directly by third parties or may be sold, licensed or sublicensed by or through Franchisor at a reasonable one-time or recurring charge, and pursuant to forms of agreement prescribed by Franchisor.

7.3.2 Franchisee shall not use or permit the use of the Information Systems for any unlawful or non-business related activity. Franchisee shall not install or use, and shall prohibit others from installing and using, unauthorized hardware or other components and devices, software on or with the Information Systems. Franchisee shall take all commercially reasonable measures to insure that the Information Systems are used strictly in accordance with the Standards, including security protocols and protective measures including how passwords are assigned and rotated, prescribed limitations regarding which persons Franchisee may permit to access, use, perform support and installation functions and conduct transactions with the Information Systems. Franchisee shall take all commercially reasonable measures to insure that no virus, Trojan horse, malicious code or other unauthorized code or software is installed on, or transmitted by, the Information Systems. Franchisee shall at all times provide Franchisor with all passwords, access keys and other security devices or systems as necessary to permit Franchisor to access the Information Systems and obtain the data Franchisor is permitted to obtain. Franchisor reserves the right to add, control, modify, govern and block any and all network and internet traffic, ports, protocols, and destinations.

7.3.3 If Franchisor shall designate certain computer software or hardware which is owned or licensed by Franchisor ("**Proprietary Systems**"), Franchisee shall at Franchisor's request license or sublicense such hardware or software from Franchisor or its designee and enter into a (sub)license agreement on Franchisor's or such designee's then-current form. From time to time, Franchisee shall purchase any upgrades, enhancements or replacements to the Proprietary Systems. Franchisor and its Affiliates may charge Franchisee reasonable up-front and reasonable ongoing fees for any Proprietary Systems that Franchisor or its Affiliates license to Franchisee. Franchisor may provide to Franchisee, for a reasonable fee, such support services relating to the Proprietary Software as Franchisor deems advisable.

7.3.4 Franchisor may modify the Standards relating to the Information Systems and Proprietary Systems which may require Franchisee, at Franchisee's sole cost and expense, to add, update, upgrade or replace the Information Systems, including hardware and/or software. Franchisee must incorporate any required modifications or additions within a reasonable period days after receiving written notice from Franchisor.

7.3.5 Within a reasonable time upon Franchisor's request, Franchisee shall apply for and maintain systems for use of debit cards, credit cards, loyalty and gift cards and other non-cash payment methods as specified from time to time by Franchisor. Franchisee shall adhere to all PCI (Payment Card Industry), CISP (Cardholder Information Security Program) and SDP (Site Data Protection) compliance specifications, as amended, and similar standards and specifications.

7.4 Manual(s).

7.4.1 As soon as practicable following the execution of this Agreement and Franchisor's completion of its Manual(s), Franchisor shall lend to Franchisee one copy of the Manual(s), unless Franchisee has entered into this Agreement as a Successor Franchise Agreement. The Manual(s) may be delivered to Franchisee in any media utilized by Franchisor for delivery of the Manual(s). The Manual(s) and all amendments to the Manual(s) (and copies) are copyrighted and remain Franchisor's exclusive property. They are loaned to Franchisee for the Term, and must be returned to Franchisor immediately upon the termination or expiration (including nonrenewal) of this Agreement. The Manual(s) are highly confidential documents which contain certain Confidential Information of Franchisor. Franchisee shall not make, or cause or allow to be made, any copies, reproductions or excerpts of all or any portion of the Manual(s) except as reasonably necessary to perform Franchisee's obligations under this Agreement. Franchisee must immediately notify Franchisor if all or any portion of the Manual(s) loaned to Franchisee is lost, or destroyed, or any electronic security measures are violated or breached.

7.4.2 The subject matter of the Manual(s) may include: forms, information relating to product specifications, recipes, purchase orders, hours of operation, Standards, general operations, labor management, Gross Sales reports, reporting requirements, training and accounting; sanitation; staff certification, design specifications and uniforms; display of signs and notices; authorized and required Information Systems, inventory requirements; furniture, fixture and equipment requirements; Mark usage; insurance requirements; lease requirements; ownership requirements; decor; standards for management, personnel and hours of operation; local advertising formats; maintenance and appearance requirements; procedures upon the occurrence of a Crisis Management Event; procedures regarding and notices to customers about complaints and feedback submission; participation in surveys and mystery shopper programs; and such other matters and policies as Franchisor may elect to include.

7.4.3 Franchisor has the right to develop, operate and change the System in any manner, and Franchisor shall have the right to modify the Standards and Manual(s) at any time (by the addition, deletion or other modification to the provisions thereof), but no such modifications shall alter Franchisee's fundamental status under this Agreement. Modifications to the Standards and/or Manual(s) shall become effective upon delivery of written or electronic notice to Franchisee unless a longer period is specified or set forth in this Agreement. Electronic notice may be given through e-mail, postings to the Intranet, or other electronic means. Franchisee agrees that Franchisor reserves the right and privilege, in its discretion, to vary the Manual(s) and Standards for any franchisee or group of franchisees based on the peculiarities of any condition or factors that Franchisor considers important. Franchisee has no right to require Franchisor to grant Franchisee a similar variation or accommodation. The Manual(s) are an integral part of this Agreement.

7.5 Hours. Subject to Applicable Law or subsequent written agreement between Franchisor and Franchisee to the contrary, Franchisor and Franchisee agree that Franchised Store shall be open and operational 7 days per week, every day of the year (except the holidays stated in the Manual(s) on which Franchisee is authorized to close the Franchised Store), and at least during the hours established by Franchisor in the Manual(s). Franchisee shall diligently and efficiently exercise its best efforts to achieve the maximum Gross Sales possible from its Location, and shall remain open for longer hours if additional opening hours are reasonably required to maximize operations and sales. Notwithstanding the foregoing, Franchisor may authorize or direct Franchisee and other franchisees to operate during hours and on fewer or more days than are specified in the Manual(s) and this Agreement.

7.6 Utensils, Fixtures and Other Goods. All tableware, flatware, utensils, glasses, menus and other like articles used in connection with the Franchised Store shall conform to the Standards, shall be imprinted with Franchisor's Marks, if and as specified by Franchisor, and shall be purchased by Franchisee from a Supplier approved in writing by Franchisor. No item of merchandise, furnishings, interior and exterior decor items, supplies, fixtures, equipment or utensils shall be used in or upon any Store unless expressly approved by Franchisor.

7.7 Menus.

7.7.1 Authorized Products shall be marketed by approved menu formats in the Franchised Store. The approved and authorized menu and menu format(s) may include, in Franchisor's discretion, requirements concerning organization, graphics, product descriptions, illustrations, and any other matters related to the menu, whether or not similar to those listed. In Franchisor's discretion, the menu and/or menu format(s) may vary depending upon region, market size, store size, and other factors. Franchisor may change the menu and/or menu format(s) from time to time upon reasonable prior notice, except in the case of exigent circumstances, in which case, no prior notice need be given. Franchisor may also authorize tests for various Stores.

7.7.2 Franchisee shall add, delete, or update any Authorized Products to its menu or change the format of the menu according to the instructions contained in a notice from Franchisor. Franchisee shall have 10 days after receipt of written notice or electronic notice to fully implement any such change. Franchisee shall not remove any Authorized Product from Franchisee's menu without Franchisor's written consent, nor may Franchisee take any action which is intended to diminish the maximum sales potential of any of the Authorized Products. Franchisee shall cease selling any product within 10 days after receipt of notice that the product is no longer approved. Franchisor may instruct Franchisee to remove any item from the menu on an emergency basis and Franchisee must comply with such instruction immediately. Franchisor shall not be liable to Franchisee for any losses sustained by Franchisee in connection with such instruction (or Franchisee's failure to comply with such instruction).

7.7.3 All food products sold by Franchisee shall be of the highest quality, and the ingredients, composition, specifications, and preparation of such food products shall comply with the instructions and other requirements communicated by Franchisor, or contained in Franchisor's Manual(s), and as required by Applicable Law.

7.8 Notification of Legal Proceedings; and Crisis Management Events.

7.8.1 Franchisee shall notify Franchisor in writing within 10 days after Franchisee receives actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other

Governmental Authority that pertains to the Franchised Store or that may adversely affect Franchisee's operation of the Franchised Store or ability to meet its obligations hereunder.

7.8.2 Upon the occurrence of a Crisis Management Event, Franchisee shall immediately inform Franchisor, as instructed in the Manual(s), by telephone and email (or other electronic messaging medium authorized by Franchisor for this purpose). Franchisee shall cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event.

7.9 Signs. Franchisee shall maintain approved signs and/or awnings at, on, or near the front of the Premises, identifying the Location as a Store, which shall conform in all respects to Franchisor's specifications and requirements and the layout and design plan approved for the Location, subject only to restrictions imposed by Applicable Law. On receipt of notice by Franchisor of a requirement to alter any existing sign on its premises, Franchisee will, at its cost, make the required changes within 30 days, subject to the approval of the lessor if required by Franchisee's Lease. Franchisee will not be required to alter or replace the existing sign more than once every five years.

7.10 Uniforms and Employee Appearance. Franchisee shall cause all employees, while working in the Franchised Store, to: (i) wear uniforms of such color, design, and other specifications as Franchisor may designate from time to time, and (ii) present a neat and clean appearance. If Franchisor removes the type of uniform utilized by Franchisee from the list of approved uniforms, Franchisee shall have 60 days from receipt of written notice of such removal to discontinue use of its existing inventory of uniforms and implement the approved type of uniform. Unless Franchisor otherwise consents in writing, Franchisee's employees working in the Franchised Store shall be dedicated solely to the Franchised Store and shall not work at any other business owned or operated by Franchisee. In no case shall Franchisee permit any employee of Franchisee to wear the required uniform except while working at the Franchised Store; without limiting the generality of the foregoing, the uniform may not be worn off Premises for any other purpose (other than while commuting to and from work at the Franchised Store).

7.11 Vending or Other Machines. Except with Franchisor's written approval, Franchisee shall not cause or permit vending, gaming machines, pay telephones, automatic teller machines, Internet kiosks or any other mechanical or electrical device to be installed or maintained at the Location.

7.12 Co-Branding. Franchisee may not engage in any co-branding in or in connection with the Franchised Store except with Franchisor's prior written consent. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by another entity (not Franchisor) that is featured or incorporated within the Franchisee's Premises or is adjacent to Franchisee's Premises and operated in a manner which is likely to cause the public to perceive it to be related to the Store licensed and franchised hereunder. An example would be an independent ice cream store or counter installed within Franchisee's Premises.

7.13 Intranet. Franchisor may, at its option, establish and maintain an Intranet through which franchisees of Franchisor may communicate with each other, and through which Franchisor and Franchisee may communicate with each other and through which Franchisor may disseminate the Manual(s), updates thereto and other confidential information. Franchisor shall have discretion and control over all aspects of the Intranet, including the content and functionality thereof. Franchisor will have no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without liability to Franchisee. Franchisee shall have the mere privilege to use the Intranet, subject to Franchisee's strict compliance with Standards, protocols and restrictions that Franchisor may establish from time to time. At Franchisor's request, Franchisee shall contribute a reasonable amount toward the cost of the Intranet's maintenance, as imposed from time to time by Franchisor. Such contribution shall be established by Franchisor by not later than January 31 of each applicable year and shall be payable 30 days thereafter. If Franchisee shall default under this Agreement or any other agreement with Franchisor or its Affiliate, Franchisor may, in addition to, and without limiting any other rights and remedies available to Franchisor, disable or terminate Franchisee's access to the Intranet without Franchisor having any liability to Franchisee, and in which case Franchisor shall only be required to provide Franchisee a paper copy of the Manual(s) and any updates thereto, if none have been previously provided to Franchisee, unless not otherwise entitled to the Manual(s).

7.14 Franchised Store as Kiosk. If Franchisor has in writing authorized or required Franchisee to operate the Franchised Store as a Kiosk, then, notwithstanding anything to contrary contained herein or the Manual(s), Franchisor may require Franchisee to offer and sell limited menu of food, beverages and other authorized items. A "**Kiosk**" generally refers to a Store of less than 300 square feet and that does not serve food (except sweets such as parfaits and cakes).

ARTICLE 8
MARKETING

8.1 General Advertising Requirements.Franchisee shall only use, display, transmit, and broadcast advertising, promotion and marketing materials provided or approved by Franchisor from time to time and only shall use and display all material in accordance with the Standards. Franchisee must obtain Franchisor's prior written approval, not to be unreasonably withheld, to use and/or display any advertising, promotion or marketing materials regarding the Franchised Store or the System, including, all print and electronic advertising, in-app ads, networking or social media postings or listings (including on sites such as Facebook, Twitter, Instagram, Linkedin, Yelp, and YouTube), website postings or listings, newspaper and magazine advertisements, direct mailers and mail coupons, not provided by Franchisor. The materials shall be deemed disapproved if Franchisor has not approved such materials within 10 days of submission by Franchisee. Any advertising materials or concepts created by Franchisee and approved by Franchisor are the sole and exclusive property of Franchisor and are hereby assigned to Franchisor. Franchisor may, in its reasonable discretion, require Franchisee to cease using any advertising materials which it has previously approved, and Franchisee shall cease using such materials upon written notice. All of Franchisee's advertising, promotion and marketing materials shall be completely clear, factual and not misleading and conform to the highest ethical standards and Standards. Franchisee shall not in any medium: (a) use abusive, slanderous or otherwise offensive language; (b) endorse or encourage default of any licensee's or franchisee's franchise or license agreement, or other agreement with Franchisor or its Affiliates; or (c) take any action or make any statement which would disparage Franchisor, or impair, damage or harm the name, reputation, or goodwill of the Marks and/or the System.

8.2 Local Advertising and Promotion. Each calendar year, Franchisee shall endeavor to expend no less than two (2) percent of its Gross Sales for local advertising of the Franchised Store ("**Local Advertising Expenditure**"). Franchisee acknowledges and agrees that making expenditures of not less than the Local Advertising Expenditure is recommended by Franchisor but is not required. Such local advertising does not include the cost of Franchisee listing the Franchised Store in the white pages or yellow pages of telephone directories. Franchisee shall deliver evidence of local advertising expenditures in the form and manner prescribed by Franchisor from time to time. Upon the request of Franchisor, Franchisee shall provide an advertising plan which details the local advertising to be conducted over a 12 month period. Franchisor hereby reserves the right to reject all or part of such plan and Franchisee shall revise the plan in response thereto. Unless Franchisor shall give its express written consent, Franchisee shall not use the Local Advertising Expenditure for yellow page advertising, market-wide research, seminars, entertainment, fees paid to consultants not approved by Franchisor, incentive programs, charitable contributions, press parties, or specialty items (unless part of a market-wide program approved by Franchisor and the cost of the same is not recovered by promotion). Franchisee's local advertising shall be targeted to reach only consumers within the Protected Area. Franchisor may not approve requests to advertise in a way that aims at a significantly larger market than the Protected Area without a showing of necessity or good cause from Franchisee. Franchisor may, but shall not be obligated to, require that all such advertising that reaches customers outside the Protected Area conspicuously include the contact information of other Stores located in the geographic area covered by the selected advertising media or format, together with one or more legends prescribed by Franchisor, including legends disclosing that the offer is valid only from Franchisee, and may not be valid at non-participating Stores.

8.3 Promotional Campaigns. From time to time during the term hereof, Franchisor shall have the right to establish and conduct promotional campaigns on a national or regional basis, which may by way of illustration and not limitation promote particular products or marketing themes. Franchisee agrees to participate in such promotional campaigns upon such terms and conditions as the Franchisor may establish. Franchisee acknowledges and agrees that such participation may require Franchisee to purchase point of sale advertising material, posters, flyers, product displays and other promotional material.

8.4 Internet. Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including any Internet home page, e-mail address, website, domain name, social media site, mobile application, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's express prior written consent, and then only in such manner and in accordance with Standards as Franchisor may establish from time to time.

ARTICLE 9
DISTRIBUTION AND PURCHASE OF
EQUIPMENT, SUPPLIES, AND OTHER PRODUCTS

9.1 Products and Services the Franchised Store Offers.

9.1.1 The Franchised Store must advertise, use and offer for sale all and only Authorized Products that Franchisor periodically specifies or approves to be advertised, used, offered or sold from the Franchised Store. Franchisee may not use, offer, sell or otherwise distribute from the Franchised Store any products or services that Franchisor has not specified or approved to be offered or sold from the Franchised Store. All Authorized Products must be offered, sold and distributed under the specific name(s) designated by Franchisor and shall be prepared, served, purchased, inventoried, performed, displayed, and stored in accordance with the recipes and Standards. At all times, Franchisee shall (i) purchase and maintain in inventory such types and quantities of Authorized Products (and ingredients for such products) as are needed to meet reasonably anticipated consumer demand; and (ii) have working in the Franchised Store a sufficient number of fully trained employees to meet reasonably anticipated consumer demand for goods and services. All sales by Franchisee shall be for retail consumption only.

9.1.2 Franchisor reserves the right periodically to designate and approve Standards and/or suppliers of furniture, fixtures, equipment, inventory, ingredients, products and services that Franchisor periodically authorizes to be used in, prepared, served or provided from the Franchised Store or provided for use at or sale from the Franchised Store, including services, ingredients, merchandise, displays, fixtures, equipment, uniforms, supplies, packaging, forms, Information Systems and other products, goods and services.

9.2 Proprietary Products. Franchisor may, from time to time throughout the Term, require that Franchisee purchase, use, offer and/or promote, and maintain in stock at the Franchised Store (i) in such quantities as are needed to meet reasonably anticipated consumer demand, certain proprietary products, sauces, dressings, condiments, beverages, food products and other ingredients and raw materials, which are grown and produced or manufactured in accordance with Franchisor's Trade Secrets, proprietary recipes, specifications and/or formulas or which Franchisor designates as "proprietary," and (ii) certain packaging, Information Systems, other products, supplies, services and equipment designated by Franchisor as "proprietary" ("**Proprietary Products**"). Franchisee shall purchase Proprietary Products only from Franchisor or its Affiliates (if they sell the same), or Franchisor's designees. Franchisor shall not be obligated to reveal such Trade Secrets, recipes, specifications and/or formulas of such Proprietary Products to Franchisee, non-designated suppliers, or any other third parties.

9.3 Non-Proprietary Products. Franchisor may designate certain food products, condiments, merchandise, beverages, raw materials, fixtures, furnishings, equipment, uniforms, supplies, paper goods, services, menus, packaging, forms, Information Systems, and other products, supplies, services and equipment, other than Proprietary Products, which Franchisee may or must use and/or offer and sell at the Franchised Store ("**Non-Proprietary Products**"). Franchisee may, but shall not be obligated to, purchase such Non-Proprietary Products from Franchisor or its Affiliate, if Franchisor or such Affiliate, supply the same. Franchisee may use, offer or sell only such Non-Proprietary Products that Franchisor has expressly authorized, and that are purchased or obtained from Franchisor or a producer, manufacturer, distributor, supplier or service provider ("**Supplier**") designated or approved by Franchisor pursuant to Section 9.3.2 of this Agreement.

9.3.1 Franchisee may purchase authorized Non-Proprietary Products from (i) Franchisor or its Affiliates (if they sell the same); (ii) Suppliers designated by Franchisor; or (iii) Suppliers selected by Franchisee and approved in writing by Franchisor prior to Franchisee making such purchase(s). Each such Supplier designated by Franchisor must comply with Franchisor's usual and customary requirements regarding insurance, indemnification, and non-disclosure, and shall have demonstrated to the reasonable satisfaction of Franchisor: (a) its ability to supply a Non-Proprietary Product meeting the specifications of Franchisor, which may include specifications as to brand name, model, contents, manner of preparation, ingredients, quality, freshness and compliance with governmental standards and regulations; (b) its reliability with respect to delivery and the consistent quality of its products or services; and (c) its ability to meet such other requirements as determined by Franchisor to be in the best interest of the system.

9.3.2 If Franchisee should desire to procure authorized Non-Proprietary Products from a Supplier other than Franchisor or one previously approved or designated by Franchisor (and not subsequently disapproved), Franchisee shall deliver written notice to Franchisor of its desire to seek approval of such Supplier, which notice shall (a) identify the name and address of such Supplier, (b) contain such information as may be requested by Franchisor or required to be provided pursuant to the Manual(s) (which may include reasonable financial, operational and economic information regarding its business and its product), and (c) identify the authorized Non-Proprietary Products desired to be purchased from such Supplier. Franchisor shall, upon request of Franchisee, furnish to Franchisee the general specifications, but not manufacturing specifications, for such Non-Proprietary Products if such are not contained in the Manual(s). The Franchisor may thereupon request that the proposed Supplier furnish Franchisor at no cost to Franchisor, product samples, specifications and such other information as Franchisor may require. Franchisor or its representatives, including qualified third parties, shall also be permitted to inspect the facilities of the proposed Supplier and establish economic terms, delivery, service and other requirements consistent with other distribution relationships for other Stores.

9.3.3 Franchisor will use its good faith efforts to notify Franchisee of its decision within 60 days after Franchisor's receipt of Franchisee's request for approval and other requested information and items in full compliance with this Section 9.3; should Franchisor not deliver to Franchisee, within 60 days after it has received such notice and all information and other items requested by Franchisor in order to evaluate the proposed Supplier, a written statement of approval with respect to such Supplier, such Supplier shall be deemed disapproved as a Supplier of the authorized Non-Proprietary Products described in such notice. Nothing in this article shall require Franchisor to approve any Supplier, and without limiting Franchisor's right to approve or disapprove a Supplier in its discretion, Franchisee acknowledges that it is generally disadvantageous to the system from a cost and service basis to have more than one Supplier in any given market area and that among the other factors Franchisor may consider in deciding whether to approve a proposed Supplier, it may consider the effect that such approval may have on the ability of Franchisor and its Franchisees to obtain the lowest distribution costs and on the quality and uniformity of products offered system-wide. Without limiting the foregoing, Franchisor may disapprove a proposed Supplier, if in Franchisor's opinion, the approval of the proposed Supplier would disrupt or adversely impact Franchisor's national or regional distributional arrangements. Franchisor may also determine that certain Non-Proprietary Products (e.g. beverages) shall be limited to a designated brand or brands set by Franchisor. Franchisor may revoke its approval upon the Supplier's failure to continue to meet any of Franchisor's criteria. Franchisee agrees that at such times that Franchisor establishes a regional purchasing program for any of the raw materials used in the preparation of Authorized Products or other Non-Proprietary Products used in the operation of the Franchised Store, which may benefit Franchisee by reduced price, lower labor costs, production of improved products, increased reliability in supply, improved distribution, raw material cost control (establishment of consistent pricing for reasonable periods to avoid market fluctuations), improved operations by Franchisee or other tangible benefits to Franchisee, Franchisee will participate in such purchasing program in accordance with the terms of such program.

9.3.4 As a further condition of its approval, Franchisor may require a Supplier to agree in writing: (i) to provide from time to time upon Franchisor's request free samples of any Non-Proprietary Product it intends to supply to Franchisee, (ii) to faithfully comply with Franchisor's specifications for applicable Non-Proprietary Products sold by it, (iii) to sell any Non-Proprietary Product bearing the Franchisor's Marks only to franchisees and Franchisees of Franchisor and only pursuant to a trademark license agreement in form prescribed by Franchisor, (iv) to provide to Franchisor duplicate purchase invoices for Franchisor's records and inspection purposes and (v) to otherwise comply with Franchisor's reasonable requests.

9.3.5 Franchisee or the proposed Supplier shall pay to Franchisor in advance (or upon Franchisor's request, reimburse Franchisor for) all of Franchisor's reasonably anticipated costs in reviewing the application of the Supplier to service the Franchisee and all current and future reasonable costs and expenses, including travel and living costs, related to inspecting, re-inspecting and auditing the Suppliers' facilities, equipment, and food products, and all product testing costs paid by Franchisor to third parties.

9.3.6 Franchisee shall at all times remain current and fully comply and perform each of its obligations to its landlord, vendors and Suppliers.

9.4 Purchases from Franchisor or its Affiliates.

9.4.1 All goods, products, and supplies purchased from Franchisor or its Affiliates shall be purchased in accordance with Franchisor's (or the applicable Affiliate's) requirements from time to time as set forth. Franchisor (or such Affiliate) may change the prices, delivery terms and other terms relating to its sale of goods, services, products and supplies ("**Goods and Services**") to Franchisee on prior written notice, provided, that such prices shall be the same as the prices charged to similarly situated Franchisees (excluding shipping, transportation, warehousing, insurance and related costs and expenses). Such prices shall be Franchisor's (or the Affiliate's) then-current prices, which may change from time to time. Franchisee further acknowledges that prices the Franchisor (or the applicable Affiliate) charges to Franchisee may include a profit to Franchisor and may be higher than Franchisor's (or its Affiliate's) internal prices allocated or charged to Franchisor or Affiliate owned Store. Presently, Franchisor (or its Affiliate) expects to receive a mark-up based on its or their cost of goods sold. Franchisor (or the applicable Affiliate) in its discretion, may discontinue the sale of any Goods or Services at any time if in Franchisor's (or the applicable Affiliate) judgment its continued sale becomes unfeasible, unprofitable, or otherwise undesirable. Franchisor (or the applicable Affiliate) shall not be liable to Franchisee for unavailability of, or delay in shipment or receipt of, merchandise because of temporary product shortages, order backlogs, production difficulties, delays, unavailability of transportation, fire, strikes, work stoppages, or other causes beyond the reasonable control of Franchisor (or the applicable Affiliate). If any goods or products sold by Franchisor (or the applicable Affiliate) are not in sufficient supply to fully fulfill all orders therefor, Franchisor (or the applicable Affiliate) may allocate the available supply among itself, its Affiliates and others, including Franchisee and other franchisees, in any way Franchisor (or the applicable Affiliate) deems appropriate, which may result in Franchisee not receiving any allocation of certain goods or products as a result of a shortage. All product orders by Franchisee shall be subject to acceptance by Franchisor (or the applicable Affiliate) at Franchisor's (or the applicable Affiliate's) designated offices, and Franchisor (or the applicable Affiliate) reserves the right to accept or reject, in whole or in part, any order placed by Franchisee. Franchisee shall submit to Franchisor (or the applicable Affiliate), upon written request, financial statements which contain sufficient information to enable Franchisor to determine the credit limits, if any, to be extended to Franchisee. Franchisor (or the applicable Affiliate), in its sole discretion, may establish the credit terms, if any, upon which it will accept Franchisee's orders, and may require Franchisee to pay for orders on a cash-in-advance or cash-on-delivery basis.

9.4.2 Each order placed by Franchisee, whether oral or written, for any product shall be deemed to incorporate all of the terms and conditions of this Agreement, shall be deemed subordinate to this Agreement in any instance where any term or condition of such order conflicts with any term or condition of this Agreement, and shall include such information as Franchisor (or the applicable Affiliate) may from time to time specify, and shall be submitted on such form of purchase order as may be prescribed by Franchisor from time to time. No purchase order submitted by Franchisee shall contain any terms except as approved in writing by Franchisor (or the applicable Affiliate), nor be deemed complete unless all of the information required by the prescribed purchase order form, as revised from time to time, is provided by Franchisee. No new or additional term or condition contained in any order placed by Franchisee shall be deemed valid, effective or accepted by Franchisor unless such term or condition shall have been expressly accepted by Franchisor (or the applicable Affiliate) in writing.

9.4.3 Franchisor (or the applicable Affiliate) shall not be liable to Franchisee on account of any delay or failure in the manufacture, delivery or shipment of goods or products caused by Force Majeure or other events or circumstances beyond Franchisor's (or the applicable Affiliate's) reasonable control including such events as labor or material shortages, conditions of supply and demand, import/export restrictions, earthquakes or other natural disasters or disruptions in Franchisor's (or the applicable Affiliate's) supply sources.

9.4.4 Franchisor may collect rebates and credits in the form of cash or services or otherwise from Suppliers based on purchases or sales by Franchisee and Franchisor shall have the right to retain such sums for its own purposes, return such sums to be used by one or more franchisees, including for designated purposes, and use such sums for advertising the System, or one or more of the foregoing purposes in Franchisor's discretion, notwithstanding any designation by the Supplier or otherwise.

9.4.5 Franchisor (or the applicable Affiliate) may act as a Supplier of goods, services, products, and/or supplies purchased by Franchisee, and Franchisor (or its Affiliate) may be designated as the sole Supplier of any such Goods or Services. On the expiration or termination of this Agreement, or in the event of any default by Franchisee of this Agreement, Franchisor (or the applicable Affiliate) shall not be obliged to fill or ship any orders then pending or, in the case of termination or non-renewal, made any time thereafter by Franchisee, and Franchisor may notify its approved Suppliers of any impending termination or expiration of this Agreement and may, among other things, instruct such Suppliers to deliver only such quantity of Proprietary Products as is reasonably necessary to supply Franchisee's needs prior to the expiration or termination date of this Agreement.

9.4.6 From time to time upon Franchisor's (or the applicable Affiliate's) request, Franchisee shall promptly estimate the level of purchases that Franchisee expects to make from Franchisor (or the applicable Affiliate) over the two weeks following the date of the request.

9.5 Test Marketing. Franchisor may, from time to time, authorize Franchisee to test market products and/or services in connection with the operation of the Franchised Store. Franchisee shall cooperate with Franchisor in connection with the conduct of such test marketing and shall comply with the Franchisor's rules and regulations established from time to time in connection herewith.

9.6 Customer Reporting and Comment Cards.

9.6.1 At Franchisor's request, Franchisee shall use reasonable efforts to secure the names, addresses and other information reasonably required by Franchisor, of Franchisee's customers at the Franchised Store and shall allow such information to be used by Franchisor. Franchisee may not divulge such customer names, addresses, email addresses or other information, with or without remuneration, to any third party. Franchisee shall respond promptly to each customer inquiry or complaint and resolve all reasonable complaints to the customer's satisfaction.

9.6.2 At Franchisor's request, Franchisee shall purchase, use and display in the Franchised Store during all operating hours customer comment and other cards in the manner specified in the Manual(s), or use other physical and electronic methods to gather customer information and comments regarding their experience at the Franchised Store, or Stores in general.

ARTICLE 10
REPORTS, BOOKS AND RECORDS, INSPECTIONS

10.1 General Reporting. Franchisee shall, as and when specified by Franchisor, submit to Franchisor statistical control forms and such other financial, operational and statistical information (by paper, facsimile, email, or other method of transmission) as Franchisor may require to: (i) assist Franchisee in the operation of the Franchised Store in accordance with the System; (ii) allow Franchisor to monitor the Franchisee's Gross Sales, purchases, costs and expenses; (iii) enable Franchisor to develop chain wide statistics which may improve bulk purchasing; (iv) assist Franchisor in the development of new authorized products or the removal of existing unsuccessful Authorized Products; (v) enable Franchisor to refine existing Authorized Products; (vi) generally improve chain-wide understanding of the System (collectively, the "**Information**"). Without limiting the generality of the foregoing:

10.1.1 Unless otherwise agreed by Franchisor in writing, Franchisee shall also submit condensed reports (by paper, facsimile, email, or other method of transmission) of daily Gross Sales to Franchisor on a weekly basis in accordance with the guidelines established by Franchisor. Franchisee will electronically link the Franchised Store to Franchisor and will allow Franchisor to poll on a daily basis at a time selected by the Franchisor the Franchised Store Information Systems to retrieve Information including sales, sales mix, usage, and operations data.

10.1.2 On or before the 7th day following each Accounting Period during the Term hereof, Franchisee shall submit a Gross Sales report signed by Franchisee, on a form prescribed by Franchisor, reporting all Gross Sales for the preceding Accounting Period, together with such additional financial information as Franchisor may from time to time request.

10.1.3 On or before the 45th day following each calendar quarter during the Term hereof, Franchisee shall submit to Franchisor financial statements for the preceding calendar quarter, including a balance sheet and profit and loss statement, prepared in the form and manner prescribed by the Franchisor and in accordance with generally accepted accounting principles, which shall be certified by Franchisee to be accurate and complete.

10.1.4 Within 90 days following the end of each calendar year, Franchisee shall submit to Franchisor an unaudited annual financial statement prepared in accordance with generally accepted accounting principles, and in such form and manner prescribed by Franchisor, which shall be certified by Franchisee to be accurate and complete. Franchisee shall submit to Franchisor a copy of the original signed tax form each and every year. Franchisee shall also provide Franchisor with copies of signed original sales and use tax forms contemporaneously with their filing with the appropriate state or local authority. Franchisor reserves the right to require such further information concerning the Franchised Store as Franchisor may from time to time reasonably request.

10.2 Inspections. Franchisor's authorized representatives shall have the right, from time to time, to enter upon the entire premises of the Franchised Store during business hours, to examine same, conferring with Franchisee's employees, inspecting and checking operations, food, beverages, furnishings, interior and exterior decor, supplies, fixtures, and equipment, and determining whether the business is being conducted in accordance with this Agreement, the System and the Manual(s). Franchisor shall use reasonable efforts to avoid materially disrupting the operation of the Franchised Store. If any such inspection indicates any deficiency or unsatisfactory condition with respect to any matter required under this Agreement or the Manual(s), including quality, cleanliness, service, health and authorized product line, Franchisor will notify Franchisee in writing of Franchisee's non-compliance with the Manual(s), the System, or this Agreement and Franchisee shall promptly correct or repair such deficiency or unsatisfactory condition. In accordance with Section 7.4 of this Agreement, Franchisor may require Franchisee to take and thereafter Franchisee shall take, immediate corrective action, which action may include temporarily closing the Franchised Store. Franchisee shall reimburse Franchisor for all costs of inspections (including Travel Expenses) which Franchisor reasonably considers to be necessary, which shall include at least two (2) inspections per calendar year and any follow up inspections required to correct any identified problems.

10.3 Audits. Franchisee shall prepare, and keep for not less than 7 years following the end of each of its fiscal years, or such longer period required under Applicable Law, adequate books and records showing daily receipts in, at, and from the Franchised Store, applicable sales tax returns (if any), all pertinent original serially numbered sales slips and cash register records, and such other sales records as may be reasonably required by Franchisor from time to time to verify Gross Sales and purchases reported by Franchisee to Franchisor, in a form suitable for an audit of its records by an authorized auditor or agent of Franchisor. Such information shall be broken down by categories of goods, foods and beverages sold, where possible. Franchisor, its agents or representatives may, at any reasonable time during normal working hours, audit or review Franchisee's books and records in accordance with generally accepted standards established by certified public accountants. Franchisor may also conduct the audit at a site other than the Location and Franchise shall provide all information to Franchisor, its agents or representatives, promptly upon demand (but not later than 5 days following the date of the request). If any audit or other investigation reveals an under-reporting or under-recording error, then upon demand Franchisee shall pay the amount determined to be owed, plus interest at the highest compound rate permitted by Applicable Law, but not to exceed the rate of 18% percent per annum. In addition, if any such audit or other investigation reveals an under-reporting or under-recording error of 2% or more, then in addition to any other sums due and in addition to any other rights and remedies it may have, including the right to terminate this Agreement as provided in ARTICLE 14, the expenses of the audit/inspection shall be borne and paid by Franchisee upon billing by Franchisor, which shall include Franchisor's travel, lodging, wage expense and reasonable accounting and legal expense. Without limiting the foregoing, if such audit or other investigation reveals an under-reporting or under-recording error of 5% percent or more, Franchisor, in addition to any other rights and remedies it may have, including the right to terminate this Agreement as provided in ARTICLE 14, may require Franchisee to maintain and deliver to Franchisor from time to time, financial statements audited by an independent certified public accountant.

10.4 Books and Records. Franchisee shall maintain an accounting and record keeping system, in accordance with sound business practices, which shall provide for basic accounting information necessary to prepare financial statements, a general ledger, and reports required by this Agreement and the Manual(s). Franchisee shall maintain accurate, adequate and verifiable books and supporting documentation relating to such accounting information.

ARTICLE 11
TRADEMARKS

11.1 Use of Marks. Subject to Section 11.7 of this Agreement, the Franchised Store shall be named Nana's Green Tea with only such additional prefix or suffix as may be required by Franchisor from time to time. Franchisee shall use and display such of Franchisor's trade dress, Marks, and such signs, advertising and slogans only as Franchisor may from time to time prescribe or approve. Upon expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf, any and all documents necessary in Franchisor's judgment to end and cause the discontinuance of Franchisee's use of the trade dress and Marks and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact so to do. Franchisee shall not imprint or authorize any person to imprint any of the Marks on any product without the express written approval of Franchisor. Franchisee shall not use the Marks in connection with any offering of securities or any request for credit without the prior express written approval of Franchisor. Franchisor may withhold or condition any approval related to the Marks, including those described in this Section, in its discretion. During the Term, Franchisee shall identify the Franchised Store as an independently owned and operated franchise of Franchisor, in the form and manner specified by Franchisor, including on all invoices, order forms, receipts, checks, business cards, on posted notices located the Location and in other media and advertisements as Franchisor may direct from time to time.

11.2 Non-Use of Trade Name. If Franchisee is an Entity, it shall not use Franchisor's Marks, or Franchisor's trade name, or any words or symbols which are confusingly phonetically or visually similar to the Marks, as all or part of Franchisee's name.

11.3 Use of Other Trademarks. Franchisee shall not display the trademark, service mark, trade name, insignia or logotype of any other person or Entity in connection with the operation of the Franchised Store without the express prior written consent of Franchisor, which may be withheld in its discretion.

11.4 Non-ownership of Marks. Nothing herein shall give Franchisee, and Franchisee shall not assert, any right, title or interest in Franchisor's trade dress, or to any of the Marks or the goodwill annexed thereto, except a mere privilege and license during the term hereof, to display and use the same according to the terms and conditions herein contained.

11.5 Defense of Marks. If Franchisee receives notice, or is informed, of any claim, suit or demand against Franchisee on account of any alleged infringement, unfair competition, or similar matter on account of its use of the Marks in accordance with the terms of this Agreement, Franchisee shall promptly notify Franchisor of any such claim, suit or demand. Thereupon, Franchisor shall take such action as it may deem necessary and appropriate to protect and defend Franchisee against any such claim by any third party. Franchisee shall not settle or compromise any such claim by a third party without the prior written consent of Franchisor. Franchisor shall have the sole right to defend, compromise or settle any such claim, in its discretion, at Franchisor's sole cost and expense, using attorneys of its own choosing, and Franchisee shall cooperate fully with Franchisor in connection with the defense of any such claim. Franchisee may participate at its own expense in such defense or settlement, but Franchisor's decisions with regard thereto shall be final.

11.6 Prosecution of Infringers. If Franchisee shall receive notice or is informed or learns that any third party, which it believes to be unauthorized to use the Franchisor's trade dress or Marks, is using Franchisor's trade dress or Marks or any variant thereof, Franchisee shall promptly notify Franchisor of the facts relating to such alleged infringing use. Thereupon, Franchisor shall, in its discretion, determine whether or not it wishes to take any action against such third person on account of such alleged infringement of the trade dress and/or Marks. Franchisee shall have no right to make any demand against any such alleged infringer or to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of such infringement.

11.7 Modification of Marks. From time to time, in the Manual(s) or in directives or bulletins supplemental thereto, Franchisor may add to, delete or modify any or all of the Marks and trade dress. Franchisee shall, at its cost and expense, use, or cease using, as may be applicable, the Marks and/or trade dress, including any such modified or additional trade names, trademarks, service marks, logotypes and commercial symbols, in strict accordance with the procedures, policies, rules and regulations contained in the Manual(s) or in written directives issued by Franchisor to Franchisee, as though they were specifically set forth in this Agreement. Except as Franchisor may otherwise direct, Franchisee shall implement any such change within 60 days after notice thereof by Franchisor, at Franchisee's expense.

11.8 Acts in Derogation of the Marks. Franchisee agrees that Franchisor's trade dress and the Marks are the exclusive property of Franchisor and/or its Affiliates and Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of Franchisee's licensed and/or franchised use thereof, or otherwise. Franchisee further agrees that it is familiar with the standards and high quality of the use by Franchisor and others authorized by Franchisor of the trade dress and Marks in the operation of Stores, and agrees that Franchisee will maintain this standard in its use of the Marks and trade dress. All use of the Marks and trade dress by Franchisee inures to the benefit of Franchisor. Franchisee shall not contest or assist anyone in contesting at any time during or after the Term, in any manner, the validity of any Mark or its registration, and shall maintain the integrity of the Marks and prevent their dilution. Franchisee shall not do or permit any act or thing to be done in derogation of any of the rights of

Franchisor or its Affiliates in connection with the same, either during the Term of this Agreement or thereafter, and that it will use the Marks and Franchisor's trade dress only for the uses and in the manner licensed and/or franchised hereunder and as herein provided. Without limiting the foregoing, Franchisee shall not (i) interfere in any manner with, or attempt to prohibit, the use of Franchisor's trade dress and/or the Marks by any other franchisee or licensee of Franchisor; or (ii) divert or attempt to divert any business or any customers of the Franchised Store to any other person or Entity, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks.

11.9 Assumed Name Registration. If Franchisee is required to do so by Applicable Law, Franchisee shall promptly upon the execution of this Agreement file with applicable Governmental Authorities, a notice of its intent to conduct its business under the name "Nana's Green Tea" with only such additional prefix or suffix as may be required by Franchisor from time to time. Promptly upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall promptly execute and file such documents as may be necessary to revoke or terminate such assumed name registration, and if Franchisee shall fail to promptly execute and file such documents as may be necessary to effectively revoke and terminate such assumed name registration, Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact to do so for and on behalf of Franchisee.

ARTICLE 12
COVENANTS REGARDING OTHER BUSINESS INTERESTS

12.1 Non-Competition. Franchisee acknowledges that the System is distinctive and has been developed by Franchisor and/or its Affiliates at great effort, time, and expense, and that Franchisee has regular and continuing access to valuable and confidential information, training, and trade secrets regarding the System. Franchisee recognizes its obligations to keep confidential such information as set forth herein. Franchisee therefore agrees as follows:

12.1.1 During the Term, no Restricted Person shall in any capacity, either directly or indirectly, through one or more affiliated Entities, (i) engage in any Competitive Activities at any location, unless Franchisor shall consent thereto in writing, or (ii) divert or attempt to divert any business or any customers of the Franchised Store to any other person or Entity, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks.

12.1.2 To the extent permitted by Applicable Law, upon (i) the expiration or termination of this Agreement, (ii) the occurrence of any Assignment, or (iii) the cession of any Restricted Person's relationship with Franchisee, each person who was a Restricted Person before such event shall not for a period of 24 months thereafter, either directly or indirectly, own, operate, advise, be employed by, or have any financial interest in any business engaged in Competitive Activities: (a) within the Protected Area, or (b) within an area within 10 miles from any then existing Store, without the Franchisor's prior written consent. In applying for such consent, Franchisee will have the burden of establishing that any such activity by it will not involve the use of benefits provided under this Agreement or constitute unfair competition with Franchisor or other franchisees or area developers of the Franchisor.

12.2 Trade Secrets.

12.2.1 Franchisor possesses and continues to develop, and during the course of the relationship established hereunder, Restricted Persons may have access to, proprietary and confidential information, including the Trade Secrets, proprietary software (and related documentation) recipes, secret ingredients, specifications, procedures, concepts and methods and techniques of developing and operating a Store and producing Authorized Products. Franchisor may disclose certain of its Trade Secrets to Restricted Persons in the Manual(s), bulletins, supplements, confidential correspondence, or other confidential communications, and through the Franchisor's training program and other guidance and management assistance, and in performing Franchisor's other obligations and exercising Franchisor's rights under this Agreement.

12.2.2 Each Restricted Person shall acquire no interest in the Trade Secrets other than the right to use them in developing and operating the Franchised Store during the Term of this Agreement. A Restricted Person's duplication or use of the Trade Secrets in any other endeavor or business shall constitute an unfair method of competition. Each Restricted Person shall: (i) not use the Trade Secrets in any business or other endeavor other than in connection with the Franchised Store; (ii) maintain absolute confidentiality of the Trade Secrets during and after the Term of this Agreement; and (iii) make no unauthorized copy of any portion of the Trade Secrets, including the Manual(s), bulletins, supplements, confidential correspondence, or other confidential communications, whether written or oral. Franchisee shall operate the Store and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use and disclosure of the Trade Secrets, including, implementing restrictions and limitations as Franchisor may prescribe on disclosure to employees and use of non-disclosure and non-competition provisions in employment agreements with employees who may have access to the Trade Secrets. Promptly upon Franchisor's request, Franchisee shall deliver executed copies of such agreements to Franchisor. If Franchisee has any reason to believe that any employee has violated the provisions of the confidentiality and noncompetition agreement, Franchisee shall promptly notify Franchisor and shall cooperate with Franchisor to protect Franchisor against infringement or other unlawful use including, but not limited to, the prosecution of any lawsuits if, in the judgment of Franchisor, such action is necessary or advisable. Without limiting the foregoing, Franchisor may also impose reasonable restrictions and conditions, from time to time, on the disclosure of financial or statistical information in connection with the sale or potential sale of the Franchised Store, including the execution of confidentiality agreements.

12.2.3 In view of the importance of the Marks and the Trade Secrets and the incalculable and irreparable harm that would result to the parties in the event of a default of the covenants and agreements set forth herein in connection with these matters, the parties agree that each party shall have the right in a proper case to obtain specific performance, temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity. Franchisee agrees that Franchisor may have temporary or preliminary injunctive relief without bond, but upon due notice, and Franchisee's sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any the injunction being expressly waived).

12.3 Confidentiality and Press Releases. Franchisee shall not disclose the substance of this Agreement to any third party except as necessary to inform lessors from which it is seeking Leases or lessors which are parties to Leases in order to obtain renewals of, or avoid terminations of, such Leases or as necessary to obtain any Permits or other approvals, or to the extent required by the lawful order of any court of competent jurisdiction or federal, state, or local agency having jurisdiction over Franchisee, provided that Franchisee shall give Franchisor prior notice of such disclosure. Unless disclosure is required by Applicable Law, no public communication, press release or announcement regarding this Agreement, the transactions contemplated hereby or the operation of the Franchised Store or any Crisis Management Event shall be made by Franchisee without the written approval of Franchisor in advance of such press release announcement, or public communication.

12.4 Interference With Employment Relations. Without Franchisor's prior written consent, during the Term and for a period of 24 months following the termination, expiration or nonrenewal of this Agreement, or there shall occur an Assignment, neither Franchisee, its Owner(s) or their respective Affiliates, officers, directors, or managers, or any of them, shall in any capacity whatsoever, either directly or indirectly, hire, solicit or encourage to leave the employment of Franchisor, any of its Affiliates, or any licensee or franchisee of Franchisor, any of its Affiliates, any employee of Franchisor or any of its Affiliates (or any person who such persons knew or should have known was an employee of any licensee or franchisee of Franchisor) or hire any such employee who has left the employment of Franchisor or any of its Affiliates (or Franchisor's licensee or franchisee) within one year of the termination of such employee's employment with Franchisor or any of its Affiliates (or Franchisor's licensee or franchisee).

12.5 Effect of Applicable Law. In the event any portion of the covenants in this Article violates laws affecting Franchisee, or is held invalid or unenforceable in a final judgment to which Franchisor and Franchisee are parties, then the maximum legally allowable restriction permitted by law shall control and bind Franchisee. Franchisor may at any time unilaterally reduce the scope of any part of the above covenants, and Franchisee shall comply with any such reduced covenant upon receipt of written notice. The provisions of this Article shall be in addition to and not in lieu of any other confidentiality obligation of Franchisee, or any other person, whether pursuant to another agreement or pursuant to Applicable Law.

12.6 Business Practices. Franchisee represents, warrants and covenants to Franchisor that:

12.6.1 As of the date of this Agreement, Franchisee and each of its Owners (if Franchisee is an Entity) shall be and, during the Term shall remain, in full compliance with all applicable laws in each jurisdiction in which Franchisee or any of its Owners (if Franchisee is an Entity), as applicable, conducts business that prohibits unfair, fraudulent or corrupt business practices in the performance of its obligations under this Agreement and related activities, including the following prohibitions:

(a) No government official, official of an international organization, political party or official thereof, or candidate is an owner or has any investment interest in the revenues or profit of Franchisee;

(b) None of the property or interests of Franchisee or any of its Owners is subject to being "blocked" under any Anti-Terrorism Laws. Neither Franchisee, nor any of its respective funding sources (including any legal or beneficial owner of any equity in Franchisee) or any of its Affiliates is or has ever been a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Laws or identified by name or address on any Terrorist List. Each of Franchisee and its Owners are in compliance with Applicable Law, including all such Anti-Terrorism Laws;

(c) Neither Franchisee nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act, as amended, and any amendments or successors thereto.

(d) Franchisee is neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo. Nor does Franchisee or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo.

12.6.2 Franchisee has taken all necessary and proper action required by Applicable Law and has the right to execute this Agreement and perform under all of its terms. Franchisee shall implement and comply with anti-money laundering policies and procedures that incorporate "know-your-customer" verification programs and such other provisions as may be required by applicable law.

12.6.3 Franchisee shall implement procedures to confirm, and shall confirm, that (a) none of Franchisee, any person or entity that is at any time a legal or beneficial owner of any interest in Franchisee or that provides funding to Franchisee is identified by name or address on any Terrorist List or is an Affiliate of any person so identified; and (b) none of the property or interests of Franchisee is subject to being "blocked" under any Anti-Terrorism Laws.

12.6.4 Franchisee shall promptly notify Franchisor upon becoming aware of any violation of this Section or of information to the effect that any person or entity whose status is subject to confirmation pursuant to Section 12.6.3 above is identified on any Terrorist List, any list maintained by OFAC or to being "blocked" under any Anti-Terrorism Laws, in which event Franchisee shall cooperate with Franchisor in an appropriate resolution of such matter.

12.6.5 In accordance with Applicable Law, none of Franchisee nor any of its Affiliates, principals, partners, officers, directors, managers, employees, agents or any other persons working on their behalf, shall offer, pay, give, promise to pay or give, or authorize the payment or gift of money or anything of value to any officer or employee of, or any person or entity acting in an official capacity on behalf of, the Governmental Authority, or any political party or official thereof or while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to any official, for the purpose of (a) influencing any action or decision of such official in his or its official capacity; (b) inducing such official to do or omit to do any act in violation of his or its lawful duty; or (c) inducing such official to use his or its influence with any Governmental Authority to affect or influence any act or decision of such Governmental Authority in order to obtain certain business for or with, or direct business to, any person.

12.7 Survival. The provisions of this Article shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Franchisor for any infringement of, violation of, or interference with, this Agreement, or Franchisor's Marks, System, Trade Secrets, or any other proprietary aspects of Franchisor's business.

ARTICLE 13
NATURE OF INTEREST, ASSIGNMENT

13.1 Assignment by Franchisor. This Agreement is fully transferable by Franchisor, in whole or in part, without the consent of Franchisee and shall inure to the benefit of any transferee or their legal successor to Franchisor's interests herein. Without limiting the foregoing, Franchisor may (i) assign any or all of its rights and obligations under this Agreement to an Affiliate; (ii) sell its assets, its marks, or its System outright to a third party; (iii) engage in a public offering of its securities; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire other corporations, or be acquired by another corporation; or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. Franchisor shall be permitted to perform such actions without liability or obligation to Franchisee who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above actions (or variations thereof). Franchisor shall have no liability for the performance of any obligations contained in this Agreement after the effective date of such transfer or assignment. In connection with any of the foregoing, at Franchisor's request, Franchisee shall deliver to Franchisor a statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the Agreement as modified is in full force and effect and identifying the modifications); (b) that Franchisee is not in default under any provision of this Agreement, or if in default, describing the nature thereof in detail; and (c) as to such other matters as Franchisor may reasonably request; and Franchisee agrees that any such statements may be relied upon by Franchisor and any prospective purchaser, assignee or lender of Franchisor.

13.2 Assignment by Franchisee.

13.2.1 The rights and duties created by this Agreement are personal to Franchisee. This Agreement has been entered into by Franchisor in reliance upon and in consideration of the singular individual or collective character, reputation, skill attitude, business ability, and financial capacity of Franchisee, or if applicable, its Owners who will actively and substantially participate in the development, ownership and operation of the Franchised Store. Accordingly, except as otherwise may be permitted herein, neither Franchisee nor any Owner (other than Franchisor, if applicable) shall, without Franchisor's prior written consent, cause or permit any Assignment. Any such purported Assignment occurring by operation of law or otherwise without Franchisor's prior written consent shall constitute a default of this Agreement by Franchisee, and shall be null and void. Except in the instance of Franchisee advertising to sell the Franchised Store along with an assignment of this Agreement in accordance with the terms hereof, Franchisee shall not, without Franchisor's prior written consent, offer for sale or transfer at public or private auction or advertise publicly for sale or transfer, the furnishings, interior and exterior decor items, supplies, fixtures, equipment, Franchisee's Lease or the real or personal property used in connection with the Franchised Store. Franchisee may not make any Assignment to a public Entity, or to any Entity whose direct or indirect parent's securities are publicly traded and no shares of Franchisee or any Owner of Franchisee may be offered for sale through the public offering of securities. To the extent that any prohibition on the pledge, hypothecation, encumbrance or granting of a security interest in this Agreement or the assets of the Franchised Store may be ineffective under Applicable Law, Franchisee shall provide not less than 10 days prior written notice (which notice shall contain the name and address of the secured party and the terms of such pledge, hypothecation, encumbrance or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement or the assets of the Franchised Store.

13.2.2 If Franchisee is an Entity, Franchisee shall promptly provide Franchisor with written notice (stating such information as Franchisor may from time to time require) of each and every transfer, assignment and encumbrance by any Owner of any direct or indirect Equity or voting rights in Franchisee, notwithstanding that the same may not constitute an "Assignment".

13.2.3 Franchisor will not unreasonably withhold its consent to any Assignment which is subject to the restrictions of this Article, provided however, Franchisor may impose any reasonable condition to the granting of its consent, and requiring Franchisee to satisfy any or all of the following conditions shall be deemed reasonable:

(a) Franchisee's written request for Franchisor's consent to Assignment must be accompanied by a detailed description of the price and all material terms and conditions of the proposed Assignment and the identity of the proposed assignee and such other information as Franchisor may reasonably request;

(b) Franchisor's receipt of an estoppel agreement indicating any and all causes of action, if any, that Franchisee may have against Franchisor or if none exist, so stating, and a list of all Owners having an interest in this Agreement or in Franchisee, the percentage interest of Owner, and a list of all officers and directors, in such form as Franchisor may require;

(c) Franchisee's written request for consent to any Assignment must be accompanied by an offer to Franchisor of a right of first refusal to purchase the interest which is proposed to be transferred, on the same terms and conditions offered by the third party; provided that Franchisor may substitute cash for any non-cash consideration proposed to be given by such third party (in an amount determined by Franchisor reasonably and in good faith as the approximate equivalent value of said non-cash consideration); and provided further that Franchisee shall make representations and warranties to Franchisor customary for transactions of the type proposed (the "**ROFR**"). If Franchisor elects to exercise the ROFR, Franchisor or its nominee, as applicable, shall send written notice of such election to Franchisee within 60 days of receipt of Franchisee's request (the "**ROFR Period**"). If Franchisor accepts such offer, the training and transfer/administrative fees due by Franchisee in accordance with this Agreement shall be waived by Franchisor, and the closing of the transaction shall occur within 60 days following the date of Franchisor's acceptance. Any material change in the terms of an offer prior to closing (or the failure to close the transaction within 60 days following the written notice provided by Franchisee) shall cause it to be deemed a new offer, subject to the same right of first refusal by Franchisor, or its third-party designee, as in the case of the initial offer. Franchisor's failure to exercise such ROFR shall not constitute consent to the transfer or a waiver of any other provision of this Agreement, including any of the requirements of this Article with respect to the proposed transfer. Without waiving any other rights provided for herein or otherwise, Franchisor hereby waives its ROFR if the proposed transferee/assignee is an immediate family member of Franchisee;

(d) The Franchisee shall not be in default under the terms of this Agreement (or any other related agreement), the Manual(s) or any other obligations owed Franchisor, and all of its then-due monetary obligations to Franchisor shall have been paid in full;

(e) The Franchisee, and its Owners, if the Franchisee is an Entity, shall execute a general release under seal, in a form prescribed by Franchisor, of any and all claims against Franchisor, its Affiliates, Owner(s), directors, officers, agents and employees;

(f) The transferee/assignee shall have demonstrated to Franchisor's satisfaction that it meets all of Franchisor's then-current requirements for new Store operators or for holders of an interest in a franchise or license, including possession of good moral character and reputation, satisfactory credit ratings, acceptable business qualifications, the ability to obtain or acquire the license(s) and permit(s) necessary for the sale of alcoholic beverages, and the ability to fully comply with the terms of this Agreement;

(g) The transferee/assignee shall have either (a) assumed this Agreement by a written assumption agreement approved by Franchisor, or has agreed to do so at closing, and at closing executes an assumption agreement approved by Franchisor; provided however, that such assumption shall not relieve Franchisee (as transferor/assignor) of any such obligations; or (b) at Franchisor's option, shall have executed a replacement franchise agreement on the then-current standard form of franchise agreement used by Franchisor in the State in which the Franchised Store is being operated, provided, however, that the term of replacement franchise agreement shall be the remaining term of this Agreement, and, at the Franchisor's request, the transferor/assignor shall have executed a continuing guaranty in favor of Franchisor of the performance and payment by the transferee/assignee of all obligations and debts to Franchisor and its Affiliates under the replacement franchise agreement;

(h) If this Agreement has been executed pursuant to an area development agreement with Franchisor (whether or not such agreement remains in effect), that this Agreement and all other franchise agreements executed pursuant to such Area Development Agreement shall be concurrently transferred/assigned to the same assignee;

(i) The assignee shall agree to refurbish the Franchised Store as needed (in Franchisor's discretion) to match the building design, trade dress, color scheme and presentation then used by Franchisor within the 12 month period preceding the assignment for its (or its Affiliates') Store (such refurbishment may include remodeling, redecoration and modifications to existing improvements);

(j) There shall not be any suit, action, or proceeding pending, or to the knowledge of Franchisee any suit, action, or proceeding threatened, against Franchisee with respect to the Franchised Store;

(k) Upon submission of Franchisee's request for Franchisor's consent to any proposed transfer or assignment, Franchisee shall pay to Franchisor a non-refundable administrative/transfer fee equal to 25% of Franchisor's then-current initial franchise fee plus Franchisor's out of pocket costs associated with the transfer, including costs of attorneys' fees associated with the transfer; and

(l) The transferee/assignee, its operating principal, Store manager and other employees responsible for the operation of the Franchised Store shall have satisfactorily completed Franchisor's Initial Training Program and paid all fees related thereto.

13.2.4 Franchisor's consent to an Assignment shall not constitute a waiver of any claims it may have against the transferring party arising out of this Agreement or otherwise, including (a) any payment or other duty owed by Franchisee to Franchisor under this Agreement before such Assignment; or (b) Franchisee's duty of indemnification and defense as set forth in Section 17.2 of this Agreement, whether before or after such Assignment, or (c) the obligation to obtain Franchisor's consent to any subsequent transfer.

13.3 Entity Franchisee. If a Franchisee is an Entity, the following provisions will apply:

13.3.1 Franchisee represents and warrants that the information set forth in Exhibit C, which is annexed hereto and by this reference made a part hereof, is accurate and complete in all material respects. Franchisee shall notify Franchisor in writing within 10 days of any change in the information set forth in Exhibit C, and shall submit to Franchisor a revised Exhibit C, certified by Franchisee as true, correct and complete and upon acceptance thereof by Franchisor shall be annexed to this Agreement as Exhibit C. Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

13.3.2 All of Franchisee's organizational documents (including articles of partnership, partnership agreements, articles of incorporation, articles of organization, bylaws, shareholders agreements, trust instruments, or their equivalent) will provide that the issuance and transfer of any interest in Franchisee is restricted by the terms of this Agreement, and that sole purpose for which Franchisee is formed (and the sole activity in which Franchisee is or will be engaged) is the development and operation of Stores, pursuant to one or more franchise agreements from Franchisor. Franchisee shall submit to Franchisor, upon the execution of this Agreement and thereafter from time to time upon Franchisor's request, a resolution of Franchisee (or its governing body) confirming that Franchisee is in compliance with this provision.

13.3.3 All present and future Owners of a 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights in Franchisee, will execute a written guaranty in a form prescribed by Franchisor, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of Franchisee's obligations to Franchisor and to Franchisor's Affiliates. For purposes of determining whether said 10% threshold is satisfied, holdings of spouses (and family members who live in the same household) and Affiliates shall be aggregated. Upon each transfer or assignment of an interest in Franchisee, or other change in ownership interests in Franchisee, and at any other time upon Franchisor's request, said holders shall re-execute a written guaranty in a form prescribed by Franchisor.

ARTICLE 14
DEFAULT AND TERMINATION

14.1 General. Franchisor shall have the right to terminate this Agreement only for "cause". "**Cause**" is hereby defined as a default of this Agreement. Franchisor shall exercise its right to terminate this Agreement upon notice to Franchisee upon the following circumstances and manners.

14.2 Automatic Termination Without Notice. Subject to Applicable Laws of the jurisdiction in which the Store operated hereunder is located to the contrary, Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall at Franchisor's election automatically terminate without notice to Franchisee if: (i) Franchisee shall be adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of any applicable state or federal laws), shall admit to its inability to meet its financial obligations as they become due, or shall make a disposition for the benefit of its creditors; (ii) Franchisee shall allow a judgment against him in the amount of more than $25,000 to remain unsatisfied for a period of more than 30 days (unless a supersedeas or other appeal bond has been filed); (iii) the Franchised Store, the Premises or the Franchisee's assets are seized, taken over or foreclosed by a government official in the exercise of its duties, or seized, taken over, or foreclosed by a creditor or lienholder provided that a final judgment against the Franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); (iv) a levy of execution of attachment has been made upon the license granted by this Agreement or upon any property used in the Franchised Store, and it is not discharged within 5 days of such levy or attachment; (v) Franchisee permits any recordation of a notice of mechanics lien against the Franchised Store or any equipment at the Franchised Store which is not released within 60 days, or if any person commences any action to foreclose on the Franchised Store or said equipment; (vi) Franchisee allows or permits any judgment to be entered against Franchisor or any of its Affiliates, arising out of or relating to the operation of the Franchised Store; (vii) a condemnation or transfer in lieu of condemnation has occurred; (viii) Franchisee or any of its Owners, officers, directors, or key employees is convicted of or pleads guilty or *nolo contendere* to a felony or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to adversely affect the Franchisor's reputation, System, Marks or the goodwill associated therewith, or Franchisor's interest therein; provided, however that if the crime or offense is committed by an Owner other than an Operating Principal, then Franchisor may only terminate on account thereof if such Owner fails within 30 days after the conviction or guilty plea, whichever first occurs, to sell its interest in Franchisee to Franchisee's other Owners; or (ix) Franchisee's failure to comply with ARTICLE 12 of this Agreement.

14.3 Option to Terminate Without Opportunity to Cure. Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisor upon the occurrence of any of the following events:

14.3.1 Abandonment. If Franchisee shall abandon the Franchised Store. For purposes of this Agreement, "abandon" shall refer to (i) Franchisee's failure, at any time during the term of this Agreement, to keep the Premises or Franchised Store open and operating for business for a period of 3 consecutive days, except as provided in the Manual(s), (ii) Franchisee's failure to keep the Premises or Franchised Store open and operating for any period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchised Store, unless such failure to operate is due to Force Majeure (subject to Franchisee's continuing compliance with this Agreement), (iii) failure to actively and continuously maintain and answer the telephone listed by Franchisee for the Franchised Store solely with the "Nana's Green Tea" name (as the same may be modified in accordance with this

Agreement); (iv) the withdrawal of permission from the applicable lessor that results in Franchisee's inability to continue operation of the Franchised Store; or (v) closing of the Franchised Store required by Applicable Law if such closing was not the result of a violation of this Agreement by Franchisor.

14.3.2 Assignment, Death or Incapacity. Franchisee shall not make any Assignment without the prior written consent of Franchisor. Notwithstanding the foregoing, (i) upon the death or legal incapacity of a Franchisee who is an individual or the death or legal incapacity of an Owner owning 20% or more of the Equity or voting power of a corporate or limited liability company Franchisee, or a general or limited partner owning 20% or more of any of the Partnership Rights of a Franchisee which is a Partnership and (ii) prompt written request submitted to Franchisor, Franchisor shall allow up to 9 months after such death or legal incapacity for the heirs, personal representatives, or conservators (the "**Heirs**") of Franchisee or the applicable Owner to either to enter into a new Franchise Agreement on Franchisor's then current form (except that no initial franchise fee or transfer fee shall be charged) or obtain Franchisor's consent to an Assignment provided that Franchisor is subjectively satisfied that the Heirs or transferee meets the Franchisor's standards and qualifications. If, within said 9 month period, the Heirs fail either to enter into a new franchise agreement or effectuate an Assignment of this Agreement or the Franchised Store to a successor accepted by Franchisor pursuant to this Agreement, Franchisee shall be deemed to be in default of this Agreement;

14.3.3 Repeated Defaults. If Franchisee shall default in any obligation as to which Franchisee has previously received 2 or more written notices of default from Franchisor setting forth the default complained of within the preceding 12 months, such repeated course of conduct shall itself be grounds for termination of this Agreement without further notice or opportunity to cure;

14.3.4 Violation of Law. If Franchisee fails, for a period of 10 days after having received notification of noncompliance from Franchisor or any governmental or quasi-governmental agency or authority, to comply with any federal, state or local law or regulation applicable to the operation of the Franchised Store;

14.3.5 Sale of Unauthorized Products. if Franchisee sells unauthorized products to the public after notice of default and thereafter sells such products, whether or not Franchisee has cured the default after one or more notices;

14.3.6 Under Reporting. If an audit or investigation conducted by Franchisor hereof discloses that Franchisee has knowingly maintained false books or records, or submitted false reports to Franchisor, or knowingly understated its Gross Sales or withheld the reporting of same as herein provided, and, without limiting the foregoing, if, on 3 or more occasions in any single 36 month period, any audits or other investigations reveals an under-reporting or under-recording error of 2% or more, or on any single occasion any audit or other investigation reveals an under-reporting or under-recording of 5% or more;

14.3.7 Intellectual Property Misuse. If Franchisee materially misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein, or takes any action which reflects materially and unfavorably upon the operation and reputation of the Franchised Store, or the System. Franchisee's unauthorized use, disclosure, or duplication of the "Trade Secrets", excluding independent acts of employees or others if Franchisee shall have exercised its best efforts to prevent such disclosures or use;

14.3.8 Misrepresentation. If Franchisee makes any material misrepresentations relating to the acquisition of this Agreement;

14.3.9 Health or Safety Violations. Franchisee's conduct of the Franchised Store is so contrary to this Agreement, the System and the Manual(s) as to constitute an imminent danger to the public health (for example, selling spoiled food knowing that the food products are spoiled or allowing a dangerous condition arising from a failure to strictly comply with any health code or ordinance or other Applicable Law to continue despite Franchisee's knowledge of such condition), or selling expired or other unauthorized products to the public after notice of default and continuing to sell such products whether or not Franchisee has cured the default after one or more notices; and

14.3.10 Adverse Behavior. Franchisee or any of its Owners, officers, directors, or key employees is convicted of or pleads guilty or nolo contendere to a felony or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to adversely affect Franchisor's reputation, System, Marks or the goodwill associated therewith, or Franchisor's interest therein;

14.3.11 Failure to Complete Training. If Franchisee or the initial Operating Principal fails to complete all phases of the Initial Training Program to Franchisor's satisfaction prior to the opening of the Franchised Store.

14.4 Termination With Notice and Opportunity To Cure. Except for any default by Franchisee under Sections 14.2 or 14.3 of this Agreement, and as otherwise expressly provided elsewhere in this Agreement, Franchisee shall have 10 days (5 days in the case of any default in the timely payment of sums due to Franchisor or its Affiliates) after Franchisor's written notice of default within which to remedy any default under this Agreement, and to provide evidence of such remedy to Franchisor. If any such default is not cured within that time period, or such longer time period as Applicable Law may require or as Franchisor may specify in the notice of default, this Agreement and all rights granted by it shall thereupon automatically terminate without further notice or opportunity to cure.

14.5 Reimbursement of Franchisor Costs. In the event of a default by Franchisee, all of Franchisor's costs and expenses arising from such default, including reasonable legal fees and reasonable hourly charges of Franchisor's administrative employees shall be paid to Franchisor by Franchisee within 5 days after cure or upon demand by Franchisor if such default is not cured.

14.6 Cross-Default. Any default by Franchisee under the terms and conditions of this Agreement, any Lease, or any other agreement between Franchisor (or its Affiliate), and Franchisee (or any Affiliate of Franchisee), shall be deemed to be a default of each and every said agreement. Furthermore, in the event of termination, for any cause, of this Agreement or any other agreement between the parties hereto, Franchisor may, at its option, terminate any or all said agreements.

14.7 Notice Required By Law. Notwithstanding anything to the contrary contained in this Article, in the event any valid, Applicable Law of a competent Governmental Authority having jurisdiction over this Agreement and the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

14.8 Termination by Franchisee. Franchisee may terminate this Agreement due to a material default by Franchisor of its obligations hereunder, which default is not cured by Franchisor within 60 days after Franchisor's receipt of prompt written notice by Franchisee to Franchisor detailing the alleged default with specificity; provided, that if the default is such that it cannot be reasonably cured within such 60 day period, Franchisor shall not be deemed in default for so long as it commences to cure such default within 60 days and diligently continues to prosecute such cure to completion. This is a material term of this Agreement and an arbitrator shall not, and shall not have the power or authority to, waive, modify or change this requirement in any arbitration proceeding or otherwise. If Franchisee terminates this Agreement pursuant to this Section, Franchisee shall comply with all of the terms and conditions of ARTICLE 15 of this Agreement.

ARTICLE 15
RIGHTS AND OBLIGATIONS UPON TERMINATION

15.1 General. Upon the expiration or termination of Franchisee's rights granted under this Agreement:

15.1.1 Franchisee shall immediately cease to use all Trade Secrets, the Marks, and any confusingly similar trademark, service mark, trade name, logotype, or other commercial symbol or insignia. Franchisee shall immediately return the Manual(s), all training materials, CD ROMs, DVDs, records, customer lists, files, advertising and promotional materials and all other written materials incorporating Trade Secrets and all copies of the whole or any part thereof to Franchisor. Franchisee shall at its own cost make cosmetic changes to the Franchised Store so that it no longer contains or resembles Franchisor's proprietary designs, including: Franchisee shall remove all materials that would identify the Premises and Location as a Store operated under the Marks and System, and remove distinctive cosmetic features and finishes, soffits, interior wall coverings and colors, exterior finishes and colors and signage from the Premises and Location as Franchisor may reasonably direct and shall, at Franchisor's request, grant Franchisor access to the Premises to make cosmetic changes to the Franchised Store so that it no longer resembles a Store.

15.1.2 If Franchisor so elects, at its sole option, upon any termination or expiration of this Agreement, Franchisee will sell to Franchisor such equipment and furnishings as Franchisor may designate that are associated with the Franchised Store at its net book value, using a 5-year straight line amortization period. Franchisor shall have no other payment obligations to Franchisee, and Franchisee specifically waives any and all claims to be paid for other equipment, furnishings, fixtures, products, supplies or the goodwill associated with the terminated Franchised Store (which goodwill Franchisee acknowledges is owned exclusively by Franchisor). Franchisor may offset against any obligations it may have pursuant to this Section any amounts owed by Franchisee to Franchisor.

15.1.3 Franchisor may retain all fees paid pursuant to this Agreement, and Franchisee shall immediately pay any and all amounts owing to Franchisor, its Affiliates, and/or suppliers.

15.1.4 Any and all obligations of Franchisor to Franchisee under this Agreement shall immediately cease and terminate.

15.1.5 Any and all rights of Franchisee under this Agreement shall immediately cease and terminate, and Franchisee shall immediately cease and thereafter refrain from representing itself as then or formerly a Franchisee or other Affiliate of Franchisor.

15.1.6 Franchisee shall transfer and assign to Franchisor or its designee all telephone numbers, white and yellow page listings, on-line telephone listings and all other associated listings for the Franchised Store, and Franchisee shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any classified or other telephone directory listings associated with the Franchised Store, and authorize and instruct their transfer to Franchisor. Franchisee shall deliver all goods and materials containing the Marks to Franchisor and Franchisor shall have the sole and exclusive use of any items containing the Marks. Franchisee is not entitled to any compensation from Franchisor if Franchisor exercises this option.

15.1.7 If Franchisor shall have authorized Franchisee to use the Marks, or any of them in connection with the Internet, any website, or e-mail address, Franchisee shall cancel or assign to Franchisor or its designate, as Franchisor determines, all of Franchisee's right, title and interest in any Internet websites or web pages, e-mail addresses, domain name listings and registrations which contain the Marks, or any of them, in whole or in part, and Franchisee shall notify Verisign (Network Solutions), register.com, or other applicable domain name registrar and all listing agencies, upon the termination or expiration hereof, of the termination of Franchisee's right to use any domain name, web page and other Internet devise associated with Franchisor or the Franchised Store, and authorize and instruct their cancellation or transfer to Franchisor, as directed by Franchisor. Franchisee is not entitled to any compensation from Franchisor if Franchisor exercises its said rights or options. For the avoidance of doubt, nothing in this Section shall be deemed to permit Franchisee to use the Marks, or any of them in connection with the Internet, except with the prior consent of Franchisor as provided in this Agreement.

15.2 Survival of Obligations. Termination or expiration shall be without prejudice to any other rights or remedies that Franchisor or Franchisee, as the case may be, shall have in law or in equity, including the right to recover benefit of the bargain damages. In no event shall a termination or expiration of this Agreement affect Franchisee's obligations to take or abstain from taking any action in accordance with this Agreement. The provisions of this Agreement which by their nature or expressly constitute post-termination (or post-expiration) covenants and agreements including the obligation of Franchisor and Franchisee to arbitrate any and all disputes shall survive the termination or expiration of this Agreement.

15.3 No Ownership of Marks. Franchisee acknowledges and agrees that rights in and to Franchisor's Marks and the use thereof shall be and remain the property of Franchisor.

15.4 Government Filings. In the event Franchisee has registered any of Franchisor's Marks or the name "Nana's Green Tea" as part of Franchisee's assumed, fictitious or corporate name, Franchisee shall promptly amend such registration to delete Franchisor's Marks and any confusingly similar marks or names therefrom.

ARTICLE 16
INSURANCE

16.1 Insurance. Franchisee shall obtain and maintain (at all times during the Term) insurance coverage in the types and amounts of coverage and deductibles specified in the Manual(s) which shall in each instance designate Franchisor and its designated Affiliates as additional named insureds, with an insurance company approved by Franchisor, which approval shall not be unreasonably withheld.

16.2 Use of Proceeds. In the event of damage to the Franchised Store covered by insurance, the proceeds of any such insurance shall be used to restore the Franchised Store to its original condition as soon as possible, unless such restoration is prohibited by the Location Lease or Franchisor has otherwise consented to in writing. Upon the obtaining of such insurance, Franchisee shall promptly provide to Franchisor proof of such insurance coverage.

16.3 Proof of Insurance. Franchisee shall, prior to opening the Franchised Store, (and from time to time, within 10 days after a request therefor from Franchisor, and annually thereafter provide evidence of the renewal or extension of each insurance policy) file with Franchisor, certificates of such insurance and shall promptly pay all premiums on the policies as they become due. In addition, the policies shall contain a provision requiring 30 days prior written notice to Franchisor of any proposed cancellation, modification, or termination of insurance. If Franchisee fails to obtain and maintain the required insurance, Franchisor may, at its option, in addition to any other rights it may have, procure such insurance for Franchisee without notice and Franchisee shall pay, upon demand, the premiums and Franchisor's costs in taking such action.

ARTICLE 17
RELATIONSHIP OF PARTIES, DISCLOSURE

17.1 Relationship of Franchisee to Franchisor. It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Franchisee is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Franchisee agrees that it shall not under any circumstances hold itself out as the agent, representative, employee, partner or co-venturer of Franchisor. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor control. Each of the parties shall file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof. Neither shall have the power to bind or obligate the other except specifically as set forth in this Agreement. Franchisor and Franchisee agree that the relationship created by this Agreement is one of independent contractor and not a fiduciary relationship.

17.2 Indemnity.

17.2.1 Franchisee shall protect, defend and indemnify Franchisor, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person or Entity or to any property arising out of or in connection with Franchisee's development, construction (including any latent or patent defects), maintenance or operation of the Premises and the Franchised Store.

17.2.2 Franchisor shall give Franchisee prompt written notice of any claim for which Franchisor demands indemnity (provided that such obligation shall not constitute a condition to Franchisee's indemnification obligation unless Franchisee has been materially harmed by such delay). Franchisor shall retain the full right and power to direct, manage, control and settle the litigation of any claim. Franchisor shall submit all indemnifiable claims to its insurers in a timely manner. Any payments made to an indemnified party shall be net of benefits received by any indemnified party on account of insurance in respect of such claims.

ARTICLE 18
DISPUTE RESOLUTION

18.1 Arbitration.

18.1.1 Except as provided in Section 18.1.2 and except as precluded by Applicable Law, all disputes, controversies or differences which may arise between the parties hereto, out of or in relation to or in connection with this Agreement including any issues pertaining to the arbitrability of such controversy or claim and any claim that this Agreement or any part hereof is invalid, illegal, or otherwise voidable or void, shall be finally settled by arbitration in Tokyo, Japan in accordance with the Commercial Arbitration Rules of the Japan Commercial Arbitration Association (the "**JCAA Rules**"). A sole arbitrator who shall have a working knowledge of the Japanese language shall be appointed by agreement of the parties, or, failing agreement, as provided under the JCAA Rules. The arbitrator shall have no power or authority to grant punitive or exemplary damages as part of its award. In no event may the material provisions of this Agreement, or any ancillary agreement executed in connection with this Agreement, including, to the method of operation, authorized product line sold or monetary obligations specified in this Agreement, amendments to this Agreement or in the Manual(s) be waived, modified or changed by the arbitrator at any arbitration hearing. The substantive law applied in such arbitration shall be as provided in Section 19.7. The arbitration and the parties' agreement therefor shall be deemed to be self-executing, and if either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against such party despite said failure to appear. Failure by either party to pay the fees (or provide a required deposit) of the arbitrator and/or the arbitration administrator in accordance with the rules and policies of JCAA shall result in a forfeiture by the non-paying party of the right to prosecute or defend the claim which is the subject of the arbitration, but shall not otherwise serve to abate, stay or suspend the arbitration proceedings. The arbitral decision shall be binding and conclusive on the parties. A judgment confirming the award may be given by any court having jurisdiction, or that court may vacate, modify, or correct the award in accordance with the prevailing provisions of the California statute governing arbitration. All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.), notwithstanding any provision of this Agreement specifying the state law under which this Agreement shall be governed and construed.

18.1.2 The arbitration provision in Section 18.1.1 shall not apply to any action for injunctive or other provisional relief including but not limited to enforcement of liens, security agreements, or attachment, and/or protective orders or temporary restraining orders to protect the Marks. Any claim or dispute involving or contesting the validity of any of the Marks shall not be subject to arbitration.

ARTICLE 19
MISCELLANEOUS PROVISIONS

19.1 Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties shall be delivered by hand, by facsimile, by reputable overnight courier service ("**Courier**"), or by deposit with Japanese or United States, as applicable, Registered or Certified Mail, Return Receipt Requested, postage prepaid, and shall be deemed so delivered at the time delivered by hand, 1 day after transmission by facsimile (with confirming copy sent by mail), 1 day after deposit with a Courier, or 4 days after placement in Registered or Certified Mail, Return Receipt Requested, postage prepaid, and addressed as set forth below:

If to Franchisor:

Mr. Kazuto Kutami
Nana's Green Tea USA Corporation
990 W. 190TH Street, Suite 450
Torrance, California 90502

and

Mr. Kazuto Kutami
Nanaha CO., LTD.
Jiyugaoka Arunekku Building 501,
14-14 Jiyugaoka 2 Chome, Meguro-ku
Tokyo, Japan

With copy (which shall not constitute notice) to:

Bryan Cave Leighton Paisner LLP
120 Broadway, Suite 300
Santa Monica, California 90401
Facsimile No.: (310) 576-2200
Attn: Anthony J. Marks

If to Franchisee: See Section 1.1

Any party may change his or its address by giving 10 days prior written notice of such change to all other parties.

19.2 Franchisor's Right To Cure Defaults. In addition to all other remedies herein granted if Franchisee shall default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for default or breach hereunder and without notice to Franchisee, cure such default or breach for the account and on behalf of Franchisee, and the cost to Franchisor thereof shall be due and payable on demand and shall be deemed to be additional compensation due to Franchisor hereunder and shall be added to the amount of compensation next accruing hereunder, at the election of Franchisor.

19.3 Waiver and Delay. No waiver by Franchisor of any default or series of defaults in performance by Franchisee, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it hereunder or under any other franchise or license agreement between Franchisor and Franchisee, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Franchised Store) or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement, any other franchise or license agreement between Franchisor and Franchisee, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Franchised Store) or the Manual(s), shall constitute a waiver of the provisions of this Agreement or the Manual(s) with respect to any subsequent default thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof. Franchisor will consider written requests by Franchisee for Franchisor's consent to a waiver of any obligation imposed by this Agreement. Franchisee agrees, however, that Franchisor is not required to act uniformly with respect to waivers, requests and consents as each request will be considered on a case by case basis, and nothing shall be construed to require Franchisor to grant any such request. Any waiver granted by Franchisor shall be without prejudice to any other rights Franchisor may have, will be subject to continuing review by Franchisor, and may be revoked, in Franchisor's discretion, at any time and for any reason, effective upon 10 days prior written notice to Franchisee. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee by providing any waiver, approval, acceptance, consent, assistance, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request.

19.4 Survival of Covenants. The covenants contained in this Agreement which, by their nature or terms, require performance by the parties after the expiration or termination of this Agreement, shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

19.5 Successors and Assigns; Benefit. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and Franchisee and its or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on Assignment contained herein. This Agreement is for the benefit of the parties only, and is not intended to and shall not confer any rights or benefits upon any person who is not a party hereto.

19.6 Joint and Several Liability. If Franchisee consists of more than one person or Entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several, and such person(s) and/or Entities shall be deemed to be a general partnership.

19.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to any conflict of laws principles, except that (a) the provisions in Sections 12.1 through and including 12.5 of this Agreement, which shall be governed by the laws of the state in which the Store operated hereunder is located, and (b) and state law relating to (1) the offer and sale of franchises (2) franchise relationships, or (3) business opportunities, will not apply unless the applicable jurisdictional requirements are met independently without reference to this paragraph.

19.8 Entire Agreement. This Agreement and the Manual(s) contain all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof. No other agreements oral or otherwise shall be deemed to exist or to bind any of the parties hereto and all prior agreements, understandings and representations are merged herein and superseded hereby. Franchisee represents that there are no contemporaneous agreements or understandings relating to the subject matter hereof between the parties that are not contained herein. No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement or in any Franchise Disclosure Document for prospective franchisees required by Applicable Law, and Franchisee agrees that it has executed this Agreement without reliance upon any such representation or promise. Nothing in this Agreement or any related agreement is intended to disclaim the representations made by Franchisor in the franchise disclosure document delivered to Franchisee. This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

19.9 Titles For Convenience. Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

19.10 Gender And Construction. The terms of all Exhibits hereto are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, acceptance, approval or authorization of Franchisor which Franchisee may be required to obtain hereunder may be given or withheld by Franchisor in its sole discretion, and on any occasion where Franchisor is required or permitted hereunder to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Standards, Franchisor may do so in its sole subjective judgment and discretion. No provision herein expressly identifying any particular breach of this Agreement as material shall be construed to imply that any other breach which is not so identified is not material. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto. Franchisor and Franchisee intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

19.11 Severability. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Manual(s) and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement or the Manual(s) thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Manual(s) shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

19.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

19.13 Fees and Expenses. If any party to this Agreement shall bring any arbitration, action or proceeding for any relief against the other, declaratory or otherwise, arising out of this Agreement, the losing party shall pay to the prevailing party a reasonable sum for attorney fees and costs incurred in bringing or defending such arbitration, action or proceeding and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such arbitration, action or proceeding and shall be paid whether or not such action or proceeding is prosecuted to final judgment. Any judgment or order entered in such action or proceeding shall contain a specific provision providing for the recovery of attorney fees and costs, separate from the judgment, incurred in enforcing such judgment. The prevailing party shall be determined by the trier of fact based upon an assessment of which party's major arguments or positions taken in the proceedings could fairly be said to have prevailed over the other party's major arguments or positions on major disputed issues. For the purposes of this Section, attorney fees shall include fees incurred in the following: (1) post-judgment motions; (2) contempt proceedings; (3) garnishment, levy, and debtor and third party examinations; (4) discovery; and (5) bankruptcy litigation. This Section is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

19.14 Waiver of Jury Trial. TO THE EXTENT NOT SUBJECT TO ARTICLE 18 AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES: (1) HEREBY WAIVE THEIR RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY DISPUTE ARISING UNDER THIS AGREEMENT, AND (2) THEY AGREE THAT THE LOS ANGELES, CALIFORNIA, USA, SHALL BE THE VENUE FOR ANY LITIGATION ARISING UNDER THIS AGREEMENT. THE PARTIES ACKNOWLEDGE THAT THEY HAVE REVIEWED THIS SECTION AND HAVE HAD THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE AS TO ITS MEANING AND EFFECT.

_____________ FRANCHISEE INITIALS	_____________ FRANCHISOR INITIALS

ARTICLE 20
SUBMISSION OF AGREEMENT

20.1 General. The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Franchisor and Franchisee. This Agreement shall not be binding on Franchisor unless and until it shall have been accepted and signed on its behalf by an authorized officer of Franchisor.

ARTICLE 21
ACKNOWLEDGMENT

21.1 General. Franchisee, and its Owners, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply herewith and be bound hereby. Except as set forth in the Franchise Disclosure Document, if any such representation was made, Franchisor expressly disclaims making, and Franchisee acknowledges that it or they have not received or relied on any warranty or guarantee, express or implied, as to the potential volume, profits, expenses, or success of the business venture contemplated by this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereof have executed this Agreement as of the date of execution by

"**Franchisor**"

NANA'S GREEN TEA USA Corporation

____

Date of Execution

____

Name:_________________________

Its:___________________________

"**Franchisee**"

____

Date of Execution

__________________________________,

[ ] an individual;

[ ] a _____________ general partnership;

[ ] a ______________ limited partnership;

[ ] a ______________ limited liability company;

[ ] a ______________ corporation

____

Name:_____________________________________

Its: _______________, and individually

APPENDIX 1

"**Accounting Period**" means a calendar month.

"**Additional Training**" shall have the meaning set forth in Section 6.4.1 of this Agreement.

"**Affiliate**" when used herein in connection with Franchisor or Franchisee, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Franchisor or Franchisee, as applicable. Without limiting the foregoing, the term "Affiliate" when used herein in connection with Franchisee includes any Entity 10% or more of whose Equity or voting control, is held by person(s) or Entities who, jointly or severally, hold 10% or more of the Equity or voting control of Franchisee. For purposes of this definition, control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise. Notwithstanding the foregoing definition, if Franchisor or its Affiliate has any ownership interest in Franchisee, the term "Affiliate" shall not include or refer to the Franchisor or that Affiliate, and no obligation or restriction upon an "Affiliate" of Franchisee, shall bind Franchisor, or said Affiliate or their respective direct and indirect parents or subsidiaries, or their respective officers, directors, or managers.

"**Agreement**" means this Franchise Agreement.

"**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future national, provincial, federal, state and local laws, ordinances, regulations, policies, lists, Orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

"**Applicable Law**" means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, including all labor, immigration, food and drug laws and regulations, as in effect on the Effective Date hereof, and as may be amended, supplemented or enacted from time to time.

"**Assignment**" shall mean and refer to any assignment, transfer, gift or other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise, of any interest in this Agreement or any of Franchisee's rights or privileges hereunder, or all or any substantial portion of the assets of the Franchised Store, including the Lease; provided, further, however, that if Franchisee is an Entity, each of the following shall be deemed to be an Assignment of this Agreement: (i) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, hypothecation or other encumbrance of more than 49% in the aggregate, whether in one or more transactions, of the Equity or voting power of Franchisee, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Franchisee; (ii) the issuance of any securities by Franchisee which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date, owning less than 51% of the outstanding Equity or voting power of Franchisee; (iii) if Franchisee is a Partnership, the resignation, removal, withdrawal, death or legal incapacity of a general partner or of any limited partner owning more than 49% of the Partnership Rights of the Partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner; (iv) the death or legal incapacity of any Owner owning more than 49% of the Equity or voting power of Franchisee; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of the Franchisee, however effected.

"**Authorized Products**" means the food products, teas and other beverages, sweets and other food items and ancillary related products, which may include specialty foods, packaged foods, books, hats, t-shirts and novelty items, as specified by Franchisor from time to time in the Manual(s), or as otherwise directed by Franchisor in writing, for sale at a Store, prepared, sold and/or manufactured in strict accordance with Franchisor's recipes, Standards, including specifications as to ingredients, brand names, preparation and presentation.

"**Competitive Activities**" means to, own, operate, lend to, advise, be employed by, or have any financial interest in any business that specializes in the preparation, production or sale, at retail or wholesale, of matcha or green tea based food and beverages which is now or in the future an Authorized Product, other than a Store operated pursuant to a validly subsisting franchise agreement with Franchisor. Notwithstanding the foregoing, "**Competitive Activities**" shall not include the direct or indirect ownership solely as an investment, of securities of any Entity which are traded on any national securities exchange if the owner thereof (i) is not a controlling person of, or a member of a group which controls, such Entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Entity.

"**Continuing Royalty**" shall have the meaning set forth in Section 4.2 of this Agreement.

"**Crisis Management Event**" means any event that occurs at or about the Franchised Store that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the System, Marks, or image or reputation of Store s or Franchisor or its Affiliates.

"**Default**" or "**default**" means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

"**Effective Date**" shall have the meaning set forth in the Recitals of this Agreement.

"**EFT**" shall have the meaning set forth in Section 4.4.1 of this Agreement.

"**Entity**" means any limited liability company, partnership, trust, association, corporation or other entity which is not an individual.

"**Equity**" means capital stock, membership interests, Partnership Rights, or other equity ownership interests of an Entity.

"**First Successor Franchise Agreement**" shall have the meaning set forth in Section 3.2 of this Agreement.

"**First Successor Term**" shall have the meaning set forth in Section 3.2 of this Agreement.

"**Force Majeure**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, contractor, or other person shall be an event of Force Majeure hereunder, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. For the avoidance of doubt, Franchisee's financial inability to perform or Franchisee's insolvency shall not be an event of Force Majeure hereunder.

"**Franchised Store**" means, as context requires, the Store to be developed, or already developed, at the Location by Franchisee pursuant to this Agreement.

"**Franchisee Notice Address**" shall have the meaning set forth in Section 1.1 above.

"**Goods and Services**" shall have the meaning set forth in Section 9.4.1 of this Agreement.

"**Governmental Authority**" means and includes all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

"**Gross Sales**" means the total of all revenues received or receivable by Franchisee as payment, whether in cash or for credit or barter, or other means of exchange (and, if for credit or barter, whether or not payment is received therefor), on account of any and all goods, merchandise, services or products sold in or from the Franchised Store, or which are promoted or sold under any of the Marks, whether or not Franchisor offers such services or products in its other locations, including; (a) revenues from sales of any nature or kind whatsoever, derived by Franchisee or by any other person or Entity (including Franchisee's Affiliate(s)) from the Franchised Store; (b) sales of Authorized Products in contravention of this Agreement; (c) the proceeds of any business interruption insurance, after the satisfaction of any applicable deductible; and (d) sales from vending devices including pay telephones. Notwithstanding the foregoing, "Gross Sales" shall exclude the following: (i) sums representing sales taxes collected directly from customers by Franchisee in the operation of the Franchised Store, and any sales, value added or other tax, excise or duty charged to customers which is levied or assessed against Franchisee by any Federal, state, municipal or local authority, based on sales of specific goods, products, merchandise or services sold or provided at or from the Franchised Store, provided that such taxes are actually transmitted to the appropriate Governmental Authority; (ii) sums representing tips, gratuities or service charges paid directly by customers to employees of Franchisee or paid to Franchisee and promptly and to the extent turned over to such employees by Franchisee in lieu of direct tips or gratuities; (iii) proceeds from isolated sales of equipment and trade fixtures not constituting any part of Franchisee's products and services offered for resale at the Franchised Store nor having any material effect upon the ongoing operation of the Franchised Store required under this Agreement; and (iv) revenues received on account of sales of pre-paid gift cards and certificates; provided, however, that revenues received on redemption of such pre-paid gift cards and certificates shall be included as part of "Gross Sales." For purposes of clarity, with respect to goods, merchandise, services or products sold pursuant to coupons or other discounts (which must be approved in advance by Franchisor), Gross Sales shall not include the amount discounted from the purchase price of such goods, merchandise, services or products.

"**Heirs**" shall have the meaning set forth in Section 14.3.2 of this Agreement.

"**Information**" shall have the meaning set forth in Section 10.1 of this Agreement.

"**Information Systems**" means all electronic based hardware, software, middleware, web-based solutions, wireless, electronic interfaces, cabling, and other electronic devices, including, computer systems, point of sale and cash collection systems, data systems, network systems, printer systems, internet systems, telecommunication systems, menu systems, security systems, digital media systems, video and still digital cameras, power systems, music systems, and required service and support systems and programs.

"**Initial Fee**" shall have the meaning set forth in Section 1.1 above.

"**JCAA Rules**" shall have the meaning set forth in Section 18.1 above.

"**Lease**" shall mean any agreement, however denominated, that allows Franchisee to occupy a Location owned by a third party, including any lease, sublease, concession agreement, license, and similar arrangement between Franchisee and a third party.

"**Local Advertising Expenditure**" shall have the meaning set forth in Section 8.2 of this Agreement.

"**Location**" shall have the meaning set forth in Section 1.1 above.

"**Manual(s)**" means Franchisor's library of operations and training manuals, including start-up manual and franchise unit operation manual, and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Franchisor as in effect and amended from time to time.

"**Marks**" shall have the meaning set forth in Recital B above.

"**Non-Proprietary Products**" shall have the meaning set forth in Section 9.3 of this Agreement.

"**Non-Traditional Venue**" is a location that is within another primary business or in conjunction with other businesses or at institutional settings, including toll roads, hotels and motels, ships, ports, piers, casinos, stadiums, airports, colleges and universities, schools, hospitals, military and other governmental facilities, office or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, grocery stores, supermarkets and convenience stores and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider.

"**Notice of Election**" shall have the meaning set forth in Section 3.3.1 of this Agreement.

"**On-Site Training**" shall have the meaning set forth in Section 6.2 of this Agreement.

"**Operating Principal**" shall have the meaning set forth in Section 1.1 above.

"**Owner**" means any direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of an Entity, except, that if Franchisor or any Affiliate of Franchisor has any ownership interest in Franchisee, the term "Owner" shall not include or refer to the Franchisor or that Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon the "Franchisee", or its Owners shall bind Franchisor, or said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.

"**Partnership Rights**" means voting power, property, profits or losses, or partnership interests of a Partnership.

"**Partnership**" means any general partnership, limited partnership, or limited liability partnership.

"**Permits**" means and includes all applicable franchises, licenses, permits, registrations, certificates and other operating authority required by Applicable Law.

"**Premises**" means the premises owned, leased or subleased by Franchisee at which the Franchised Store is located including any ancillary common area, parking lot, campus, buildings and other structures associated with the Premises.

"**Proprietary Products**" shall have the meaning set forth in Section 9.2 of this Agreement.

"**Protected Area**" shall have the meaning set forth in Section 2.3.1 of this Agreement.

"**Restricted Persons**" means the Franchisee, and each of its Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, the Operating Principal, and the spouse and family members who live in the same household of each of the foregoing who are individuals.

"**ROFR**" shall have the meaning set forth in Section 13.2.3(c) of this Agreement.

"**ROFR Period**" shall have the meaning set forth in Section 13.2.3(c) of this Agreement.

"**Second Successor Franchise Agreement**" shall have the meaning set forth in Section 3.2 of this Agreement.

"**Second Successor Term**" shall have the meaning set forth in Section 3.2 of this Agreement.

"**Site Review Request**" shall have the meaning set forth in Section 5.1.1 of this Agreement.

"**Standards**" means the then-current specifications, standards, policies, procedures, methods of operation, and rules Franchisor prescribes for the development, ownership and operation of

Stores and the offer and sale of products and services from a Store, as modified by Franchisor from time to time in writing. Standards may be designated by Franchisor as mandatory or suggested. Compliance with "suggested" Standards is not required.

"**Successor Franchise Agreement**" means the First Successor Franchise Agreement or the Second Successor Franchise Agreement, as the context requires.

"**Successor Franchise Right**" shall have the meaning set forth in Section 3.2 of this Agreement.

"**Successor Term**" means the First Successor Term or Second Successor Term, as the context requires.

"**Supplier**" shall have the meaning set forth in Section 9.3 of this Agreement.

"**Store**" shall have the meaning set forth in Recital A.

"**System**" shall have the meaning set forth in Recital C.

"**Term**" shall have the meaning set forth in Section 3.1 of this Agreement including any extensions thereof.

"**Terrorist Lists**" means all lists of known or suspected terrorists or terrorist organizations published by any U.S. Government Authority, including U.S. Treasury Department's Office of Foreign Asset Control ("**OFAC**"), that administers and enforces economic and trade sanctions, including against targeted non-U.S. countries, terrorism sponsoring organizations and international narcotics traffickers.

"**Trade Secrets**" means proprietary and confidential information, including, recipes, ingredients, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies, and methods and techniques of operating the Franchised Store and producing and preparing Authorized Products, excluding information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation or that Franchisee can show was already lawfully in Franchisee's possession before receipt from Franchisor.

"**Travel Expenses**" means costs and expenses incurred by or assessed in connection with travel, including airfare, hotel/lodging, local transportation, and, with regard to Franchisor's employees', agents' and/or representatives' expenses, a per diem charge determined by Franchisor in advance, with respect to other incidental expenses incurred, including, without limitation, laundry and/or telephone expenses.

"**Venue**" means any location that is not a Non-Traditional Venue.

EXHIBIT A

Protected Area

The Protected Area shall be as follows:

[ ] A radius of _________ miles surrounding the Location of the Franchised Store.

[ ] The area outline on the attached map and described as follows:

____
____
____
____
____
____

* If the Protected Area is defined by streets, highways, freeways, or other roadways, or rivers, streams, or tributaries, then the boundary of the Protected Area shall extend to the center of each such street, highway, freeway, or other roadway, or river, stream or tributary.

EXHIBIT B

Electronic Funds Transfer

Authorization To Honor Charges Drawn By and Payable To

NANA'S GREEN TEA USA CORPORATION

Bank Name	Account No.	ABA#	FEIN
______________	__________________	__________	___________

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as it if were a check drawn and signed by the Depositor. It is further agreed that is any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization.

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions takes by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository:____

Name of Depositor:____

Designated Bank Account:____
(Please attach one voided check for the above account)

Store Location:____

Store #:____

For information call:____

Address:____

Phone #:____

Fax #:____

____

Name of Franchisee/Depositor (please print)

By:____

Signature and Title of Authorized Representative

Date:____

EXHIBIT C
Entity Information

If Franchisee is an Entity, Franchisee represents and warrants that the following information is accurate and complete in all material respects:

(1) Franchisee is a (check as applicable):

[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify): ____________________________

(2) Franchisee shall provide to Franchisor concurrently with the execution hereof true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing ("Entity Documents").

(3) Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

(4) The name and address of each of Franchisee's Owners, members, or general and limited partner:

Name	Address	Number of Shares / % Interest

(5) There is set forth below the names, and addresses and titles of Franchisee's principal officers or partners who will be devoting their full time to the Business:

Name & Title	Address

(6) The address where Franchisee's Financial Records, and Entity records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

____
____
____

EXHIBIT D
Addendum to Lease

THIS ADDENDUM TO LEASE ("**Addendum**") is made this __ day of ______, 200__ by and between ______________________________ ("**Landlord**") and ______________________________ ("**Franchisee**") and NANA'S GREEN TEA USA Corporation, a California Corporation ("**Franchisor**"), with reference to the following facts:

A. Franchisor and Franchisee are parties to that certain Franchise Agreement dated ______________________, 20____ (the "**Franchise Agreement**").

B. Landlord and Franchisee desire to enter into a lease (the "**Lease**") pursuant to which Franchisee will occupy the premises located at ____ ______________________________ (the "**Premises**") for a Nana's Green Tea Store (the "**Store**") licensed under the Franchise Agreement.

C. Franchisee is required to execute and to cause Landlord to execute this Addendum.

NOW, THEREFORE, the parties agree as follows:

1. Notwithstanding anything to the contrary contained in the Lease:

(a) Landlord shall not change the traffic flow around the Premises;

(b) Landlord shall not permit the erection of signs or structures which obstruct the view of the Premises or its signage;

(c) Landlord shall maintain the common areas on a consistent basis;

(d) Franchisee shall be the only facility, excluding supermarkets or similar convenience stores, specializing in similar food sales in the center (or nearby centers owned by the same Landlord);

(e) The Premises shall be constructed and improved pursuant to the Franchise Agreement;

(f) Franchisor or its designee shall have an option, but not the obligation, without cost or expense to Franchisor or such designee, to assume the Lease, or execute a substitute lease on the same terms for the then remaining term of the Lease plus all remaining option/renewal terms, in the event of termination or expiration of the Franchise Agreement for any reason;

(g) Franchisor or its designee shall have the right (but not the obligation) to succeed to Franchisee's rights under the Lease if Franchisee fails to exercise any option to renew, and or extend the term of the Lease,

(h) Upon Franchisee's default under the Lease, or upon any alleged default thereof by Franchisee, the Landlord shall notify Franchisor in writing at least 15 days prior to the date of termination or non-renewal of the Lease and, in the case of a default, Franchisor or its designee shall have the right, but not the obligation, without liability to Franchisee, to cure the default and to succeed to Franchisee's rights under said Lease or request that the Landlord terminate the Lease and enter into a substitute Lease with Franchisor or said designee on the same terms by giving written notice of such election to Franchisee and such Landlord;

(i) Franchisee shall have the unrestricted right, without Landlord consent, payment to Landlord or modification of any term of the Lease, during the entire term of the Lease (including any renewal terms) to assign or sublet the Premises to Franchisor, its designee, or any franchisee or licensee approved by Franchisor and who meets Landlord's reasonable financial suitability requirements;

(j) Except as permitted in (i) above, the Lease may not be assigned, subleased, modified or amended without Franchisor's prior written consent and that Franchisor shall be provided with copies of all such assignments, subleases, modifications and amendments;

(k) Landlord must disclose to Franchisor, upon Franchisor's request, all sales and other information furnished to the Landlord by Franchisee; and

(l) Upon expiration or termination of the Lease for any reason, Franchisee shall, upon Franchisor's demand, remove all of the Marks from the Location and Premises and modify the decor of the Location so that it no longer resembles, in whole or in part, a Store, and otherwise comply with ARTICLE 15 of the Franchise Agreement. If Franchisee shall fail do so, Franchisor will be given written notice and the right to enter the Location and Premises to make such alterations, in which event Franchisee shall reimburse Franchisor for all direct and indirect costs and expense it may incur in connection therewith, including attorneys' fees.

2. Nothing in the Lease or this Addendum shall neither create or purport to create any obligations on behalf of Franchisor to Landlord or Franchisee and nothing in the Lease or this Addendum shall grant or purport to grant to Landlord any right to pursue any claim against Franchisor arising out of Tenant's breach or default under the Lease.

3. In the event of any conflict or inconsistency between the Lease and this Addendum, this Addendum shall control.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first set forth above.

"**Landlord**"

____

By:________________________________
Name:______________________________
Its:________________________________

"**Tenant**"

____

By:________________________________
Name:______________________________
Its:________________________________

"**Franchisor**"

NANA'S GREEN TEA USA Corporation

By:________________________________
Name:______________________________
Its:________________________________

Exhibit B

General Release

GENERAL RELEASE

THIS GENERAL RELEASE ("**Release Agreement**") is effective as of the ____ day of ___________, 20___ ("**Effective Date**") by and among NANA'S GREEN TEA USA CORPORATION, a California corporation ("**Franchisor**"), ____ ("**Franchisee**"), ____________________________ ("**Affiliate[s]**") and ____ ("**Owner**" and together with Franchisee and Affiliate**[s]**, jointly and severally, "**Releasor**").

RECITALS

A. Franchisor and Franchisee are parties to **[that][those]** certain Franchise Agreement**[s]**, dated ____________________________ (the "**Transaction Document[s]**");

B. Franchisee desires to **[assign the Transaction Document[s]] [enter into a Franchise agreement with Franchisor]**; and

C. This Release Agreement has been requested at a juncture in the relationship of the parties where the Franchisor is considering either a change or an expansion of the relationship between the parties and/or their affiliates. The Franchisor is unwilling to make the anticipated change or expansion in the relationship of the parties unless it is certain that it is proceeding with a "clean slate" and that there are no outstanding grievances or Claims against it. Releasor, therefore, gives this Release Agreement as consideration for receiving the agreement of the Franchisor to an anticipated change or expansion of the relationship between the parties. Releasor acknowledges that this Release Agreement is intended to wipe the slate clean.

AGREEMENT

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Releasor and Franchisor hereby agree as follows:

1. Definitions. As used in this Release Agreement, the following capitalized terms have the meanings ascribed to them.

1.1 "**Claims**" means all actual and alleged claims, demands, Losses, charges, covenants, responsibilities, warranties, obligations, oral and written agreements, debts, violations, suits, counterclaims, cross claims, third party claims, accounts, liabilities, costs, expenses (including attorneys' fees and court costs), rights to terminate and rescind, rights of action and causes of action of any kind or nature, which in any way relate to or arise from or in connection with the Transaction Documents.

1.2 "**Franchisor Released Parties**" means Franchisor and each of its Constituents.

1.3 "**Constituents**" means past, present and future affiliates, parents, subsidiaries, divisions, partners, owners, shareholders, members, trustees, receivers, executors, representatives, administrators, and the respective officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of them.

1.4 "**Excluded Matters**" means **[(i)]** Franchisor's continuing contractual obligations which arise or continue under and pursuant to the Transaction Document**[s]** on and after the date of this Release Agreement**[; and (ii) if this Release Agreement is entered into in connection with the grant of a franchise or license, this Release Agreement is not intended to release or waive the provisions of any**

applicable franchise registration or disclosure law in connection with the grant of that franchise or license.]

1.5 "**Losses**" means all damages, liabilities, accounts, suits, awards, judgments, payments, diminutions in value and other losses, costs and expenses, however suffered or characterized, including interest, costs and expenses of investigating and prosecuting any Claim, reference proceeding, lawsuit, arbitration or any appeal; all associated actual attorneys' fees, whether or not the Claim, reference proceeding, lawsuit or arbitration is ultimately defeated and, all amounts paid to compromise or settle of any Claim, reference proceeding, lawsuit or arbitration.

2. General Release. Releasor for itself and its Constituents, hereby releases and forever discharges the Franchisor Released Parties from any and all Claims, whether known or unknown, based upon anything that has occurred or existed, or failed to occur or exist, from the beginning of time to the Effective Date, except for the Excluded Matters and the obligations under this Release Agreement.

3. Waiver of California Civil Code Section 1542.

3.1 Releasor, for itself and its Constituents, acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

3.2 With respect to those Claims being released pursuant to Section 2, Releasor, for itself and its Constituents, acknowledges that it is releasing unknown claims and waives all rights it has or may have under California Civil Code Section 1542 or any similar state or local statute or ordinance under applicable law or other common law principle of similar effect. For purposes of this Section 3, Releasor shall be considered to be a creditor of the Franchisor Released Parties, and each of them.

3.3 Releasor acknowledges that this general release extends to claims which Releasor does not know or suspect to exist in favor of Releasor at the time of executing this Release Agreement, which if known by Releasor may have materially affected its decision to enter into this Release Agreement. It is understood by Releasor that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. Releasor therefore, expressly assumes the risk of the facts turning out to be so different and agrees that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

4. Representations and Warranties. Releasor represents and warrants to Franchisor that, in entering into this Release Agreement, it (i) is doing so freely and voluntarily upon the advice of counsel and business advisor of its own choosing (or declined to do so, free from coercion, duress or fraud); (ii) has read and fully understands the terms and scope of this Release Agreement; (iii) realizes that it is final and conclusive, and intends to be final and conclusive, as to the matters set forth in this Release Agreement; and (iv) has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are called for to be released by this Release Agreement, that it is aware of no third party who contends or claims otherwise, and that it shall not purport to assign, transfer, or convey any such claim in the future.

5. Covenants Not to Sue. Releasor irrevocably covenants to refrain and cause each of its Constituents to refrain from asserting any Claim, or commencing, initiating or causing to be commenced, any proceeding of any kind against any Franchisor Released Party, based upon any matter purported to be released pursuant to this Release Agreement.

6. Indemnity. Without in any way limiting any of the rights and remedies otherwise available to any Franchisor Released Party, Releasor shall defend, indemnify and hold harmless each Franchisor Released Party from and against all Claims whether or not involving third party Claims, arising directly or indirectly from or in connection with (i) the assertion by or on behalf of Releasor or its Constituents of any Claim or other matter purported to be released pursuant to this Release Agreement, (ii) the assertion by any third party of any Claim against any Franchisor Released Party which Claim arises from, or in connection with, any Claim or other matter purported to be released pursuant to this Release Agreement; and (iii) any breach of representations, warranties or covenants by Releasor.

7. Miscellaneous.

7.1 This Release Agreement cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties hereto.

7.2 This Release Agreement, together with the agreements referenced in this Release Agreement, constitute the entire understanding between and among the parties with respect to the subject matter of this Release Agreement. This Release Agreement supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. No representations, warranties, agreements or covenants have been made with respect to this Release Agreement, and in executing this Release Agreement, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth in this Release Agreement.

7.3 This Release Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

7.4 This Release Agreement shall be binding upon and inure to the benefit of the parties to this Release Agreement and their respective successors and permitted assigns.

7.5 All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Release Agreement may require. Neither this Release Agreement nor any uncertainty or ambiguity in this Release Agreement shall be construed or resolved against the drafter, whether under any rule of construction or otherwise. On the contrary, this Release Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties. If any provision of this Release Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

7.6 Any provision of this Release Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

7.7 Each of the parties acknowledges that it had the right and opportunity to seek independent legal counsel of its own choosing in connection with the execution of this Release Agreement, and each of the parties represents that it has either done so or that it has voluntarily declined to do so, free from coercion, duress or fraud.

7.8 This Release Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to principles of conflicts of laws.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement as of the date set forth above.

“**Franchisor**”:

NANA’S GREEN TEA USA CORPORATION

By:______________________________________
Name:____________________________________
Title:_____________________________________

“**Releasor**”:

“Franchisee”

____

By:______________________________________
Name:____________________________________
Title:_____________________________________

“**Affiliate**”

____

By:______________________________________
Name:____________________________________
Title:_____________________________________

“**Owner**”:

____
____________________________, an individual

[Others:**]**

____
____________________________, an individual

Exhibit C

Guaranty

CONTINUING GUARANTY

FOR VALUE RECEIVED, and in consideration of **NANA'S GREEN TEA USA CORPORATION**, a California corporation ("**Franchisor**"), **[granting a franchise][or][________]** to ________________________________, a _______________ ("**Franchisee**"), the undersigned, __________________ and __________________ (**[jointly and severally,]** "**Guarantor**"), agree as follows:

1. Guaranty of Obligations.

1.1 Guarantor unconditionally, absolutely and irrevocably guarantees the full and prompt payment and performance when due, of all obligations of Franchisee to Franchisor and its affiliates, however created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or in the future existing or due or to become due, including, without limitation, under or in connection with that certain Franchise Agreement dated _____________, 20___ (the "**FA**") and each of the documents, instruments and agreements executed and delivered in connection with the FA or this continuing guaranty, as each may be modified, amended, supplemented or replaced from time to time (all such obligations are referred to collectively as the "**Obligations**"), and all documents evidencing or securing any of the Obligations. This continuing guaranty (this "**Continuing Guaranty**") is a guaranty of payment and performance when due and not of collection.

1.2 In the event of any default by Franchisee in making payment of, or default by Franchisee in performance of, any of the Obligations, Guarantor agrees on demand by Franchisor to pay and perform all of the Obligations as are then or thereafter become due and owing or are to be performed under the terms of the Obligations. Guarantor further agrees to pay all expenses (including reasonable attorneys' fees and expenses) paid or incurred by Franchisor in endeavoring to collect the Obligations, or any part thereof, and in enforcing this Continuing Guaranty.

2. Continuing Nature Of Guaranty And Obligations. This Continuing Guaranty shall be continuing and shall not be discharged, impaired or affected by: (1) the insolvency of Franchisee or the payment in full of all of the Obligations at any time or from time to time; (2) the power or authority or lack thereof of Franchisee to incur the Obligations; (3) the validity or invalidity of any of the Obligations; (4) the existence or non-existence of Franchisee as a legal entity; (5) any statute of limitations affecting the liability of Guarantor or the ability of Franchisor to enforce this Continuing Guaranty, the Obligations or any provision of the Obligations; or (6) any right of offset, counterclaim or defense of Guarantor, including, without limitation, those which have been waived by Guarantor pursuant to Paragraph 4 of this Continuing Guaranty.

3. Permitted Actions Of Franchisor. Franchisor may from time to time, in its sole discretion and without notice to Guarantor, take any or all of the following actions: (1) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to Guarantor, with respect to any of the Obligations; (2) extend or renew for one or more periods (whether or not longer than the original period), alter, amend or exchange any of the Obligations; (3) waive, ignore or forbear from taking action or otherwise exercising any of its default rights or remedies with respect to any default by Franchisee under the Obligations; (4) release, waive or compromise any obligation of Guarantor under this Continuing Guaranty or any obligation of any nature of any other obligor primarily or secondarily obligated with respect to any of the Obligations; (5) demand payment or performance of any of the Obligations from Guarantor at any time or from time to time, whether or not Franchisor shall have exercised any of its rights or remedies with respect to any property securing any of the Obligations or any obligation under this Continuing Guaranty; or (6) proceed against any other obligor primarily or secondarily liable for payment or performance of any of the Obligations.

4. Specific Waivers.

4.1 Without limiting the generality of any other provision of this Continuing Guaranty, Guarantor expressly waives: (i) notice of the acceptance by Franchisor of this Continuing Guaranty; (ii) notice of the existence, creation, payment, nonpayment, performance or nonperformance of all or any of the Obligations; (iii) presentment, demand, notice of dishonor, protest, notice of protest and all other notices whatsoever with respect to the payment or performance of the Obligations or the amount thereof or any payment or performance by Guarantor under this Agreement; (iv) all diligence in collection or protection of or realization upon the Obligations or any thereof, any obligation under this Agreement or any security for or guaranty of any of the foregoing; (v) any right to direct or affect the manner or timing of Franchisor's enforcement of its rights or remedies; (vi) any and all defenses which would otherwise arise upon the occurrence of any event or contingency described in Paragraph 1 hereof or upon the taking of any action by Franchisor permitted under this Agreement; (vii) any defense, right of set-off, claim or counterclaim whatsoever and any and all other rights, benefits, protections and other defenses available to Guarantor now or at any time hereafter, including, without limitation, under any suretyship statute of the State of Georgia; and (viii) all other principles or provisions of law, if any, that conflict with the terms of this Continuing Guaranty, including, without limitation, the effect of any circumstances that may or might constitute a legal or equitable discharge of a guarantor or surety.

4.2 Guarantor waives all rights and defenses arising out of an election of remedies by Franchisor.

4.3 Guarantor further waives all rights to revoke this Continuing Guaranty at any time, and all rights to revoke any agreement executed by Guarantor at any time to secure the payment and performance of Guarantor's obligations under this Continuing Guaranty.

5. Subordination; Subrogation. Guarantor subordinates any and all indebtedness of Franchisee to Guarantor to the full and prompt payment and performance of all of the Obligations. Franchisor shall be entitled to receive payment of all Obligations prior to Guarantor's receipt of payment of any amount of any indebtedness of Franchisee to Guarantor. Guarantor will not exercise any rights which it may acquire by way of subrogation under this Continuing Guaranty, by any payment hereunder or otherwise, until all of the Obligations have been paid in full, in cash, and Franchisor shall have no further obligations to Franchisee under the Obligations or otherwise.

6. Non-Competition, Trade Secrets, Interference with Employment Relations; etc.. Sections 12.1 (Non-Competition), 12.2 (Trade Secrets), 12.4 (Interference With Employment Relations), and 12.5 (Effect of Applicable Law) of the FA, are incorporated into this Continuing Guaranty by reference, and Guarantor agrees to comply with and perform each of such covenants as though fully set forth in this Continuing Guaranty as a direct and primary obligation of Guarantor.

7. Assignment Of Franchisor's Rights. Franchisor may, from time to time, without notice to Guarantor, assign or transfer any or all of the Obligations or any interest therein and, notwithstanding any assignment(s) or transfer(s), the Obligations shall be and remain Obligations for the purpose of this Continuing Guaranty. Each and every immediate and successive assignee or transferee of any of the Obligations or of any interest therein shall, to the extent of such party's interest in the Obligations, be entitled to the benefits of this Continuing Guaranty to the same extent as if such assignee or transferee were Franchisor.

8. Indulgences Not Waivers. No delay in the exercise of any right or remedy shall operate as a waiver of the such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude other or further exercise of such right or remedy or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this Continuing Guaranty be binding upon Franchisor, except as expressly set forth in a writing signed by Franchisor. No action of Franchisor permitted under this Continuing Guaranty shall in any way affect or impair the rights of Franchisor or the obligations of Guarantor under this Continuing Guaranty.

9. Financial Condition Of Franchisee. Guarantor represents and warrants that it is fully aware of the financial condition of Franchisee, and Guarantor delivers this Continuing Guaranty based solely upon its own independent investigation of Franchisee's financial condition. Guarantor waives any duty on the part of Franchisor to disclose to Guarantor any facts it may now or hereafter know about Franchisee, regardless of whether Franchisor has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor. Guarantor knowingly accepts the full range of risk encompassed within a contract of "Continuing Guaranty" which includes, without limitation, the possibility that Franchisee will contract for additional obligations and indebtedness for which Guarantor may be liable hereunder.

10. Representation and Warranty. Guarantor represents and warrants to Franchisor that this Continuing Guaranty has been duly executed and delivered by Guarantor and constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.

11. Binding Upon Successors; Death Of Guarantor; Joint And Several.

11.1 This Continuing Guaranty shall inure to the benefit of Franchisor and its successors and assigns.

11.2 All references herein to Franchisee shall be deemed to include its successors and permitted assigns, and all references herein to Guarantor shall be deemed to include Guarantor and Guarantor's successors and permitted assigns and, upon the death of a Guarantor, the duly appointed representative, executor or administrator of the Guarantor's estate. This Continuing Guaranty shall not terminate or be revoked upon the death of a Guarantor, notwithstanding any knowledge by Franchisor of a Guarantor's death.

11.3 If there shall be more than one Guarantor (or more than one person or entity comprises Guarantor) under this Agreement, all of the Guarantor's obligations and the other obligations, representations, warranties, covenants and other agreements of any Guarantor under this Agreement shall be joint and several obligations and liabilities of each Guarantor.

11.4 In addition and notwithstanding anything to the contrary contained in this Continuing Guaranty or in any other document, instrument or agreement between or among any of Franchisor, Franchisee, Guarantor or any third party, the obligations of Guarantor with respect to the Obligations shall be joint and several with each and every other person or entity that now or hereafter executes a guaranty of any of the Obligations separate from this Continuing Guaranty.

12. Governing Law. This Continuing Guaranty shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflicts of laws. Wherever possible each provision of this Continuing Guaranty shall be interpreted as to be effective and valid under applicable law, but if any provision of this Continuing Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Continuing Guaranty.

13. ADVICE OF COUNSEL. GUARANTOR ACKNOWLEDGES THAT GUARANTOR HAS EITHER OBTAINED THE ADVICE OF COUNSEL OR HAS HAD THE OPPORTUNITY TO OBTAIN SUCH ADVICE IN CONNECTION WITH THE TERMS AND PROVISIONS OF THIS CONTINUING GUARANTY.

14. Entire Agreement. This Continuing Guaranty contains the complete understanding of the parties hereto with respect to the subject matter herein. Guarantor acknowledges that Guarantor is not relying upon any statements or representations of Franchisor not contained in this Continuing Guaranty and that such statements or representations, if any, are of no force or effect and are fully superseded by this Continuing Guaranty. This Continuing Guaranty may only be modified by a writing executed by Guarantor and Franchisor.

IN WITNESS WHEREOF, Guarantor has executed this Continuing Guaranty this ____ day of _________, 20__.

“Guarantor”

____

____

Exhibit D

System Information

Franchisees as of June 30, 2019

Jessman Lau
1007 Stewart Street Suite 103
Seattle, Washington 98101
(206) 785 6477

Former Franchisees as of June 30, 2019

None

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

Exhibit E

Financial Statements

THE NOVEMBER 30, 2019 FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THE NOVEMBER 30, 2019 FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM OF THE NOVEMBER 30, 2019 FINANCIAL STATEMENTS.

NANA'S GREEN TEA USA Corporation
(A Wholly Owned Subsidiary of Nemaha Co., Ltd.)

BALANCE SHEET
NOVEMBER 30, 2019

Assets		
Current assets:		
Cash and cash equivalents	$	37,834
Other receivable - Parent		4,513
Total current assets		42,347
Total assets	$	42,347

Liabilities and Shareholder's equity		
Current liabilities:		
Other payable - Parent	$	14,530
Accrued expenses		42,904
Income tax payable		1,600
Total current liabilities		59,034
Total liabilities		59,034
Shareholder's equity:		
Common stock, $1 par value, 1,000,000 shares authorized and 50,000 shares issued and outstanding		50,000
Accumulated deficit		(66,687)
Total shareholder's equity		(16,687)
Total liabilities and shareholder's equity	$	42,347

No assurance is provided on these financial statements.

NANA'S GREEN TEA USA Corporation
(A Wholly Owned Subsidiary of Nanaha Co., Ltd.)

STATEMENT OF OPERATIONS
FOR THE PERIOD FROM JULY 1, 2019 TO NOVEMBER 30, 2019

Operating expenses	
Selling, general and administrative expenses	$ 21,789
Loss from operations	(21,789)
Loss before provision for income taxes	(21,789)
Provision for income taxes	800
Net loss	$ (22,589)

No assurance is provided on these financial statements.

NANA'S GREEN TEA USA Corporation
(A Wholly Owned Subsidiary of Nanaha Co., Ltd.)

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JULY 1, 2019 TO NOVEMBER 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (22,589)
Adjustments to reconcile net loss to net cash used in operating activities:	
Change in operating assets and liabilities:	
Income tax payable	800
Accrued expenses	21,477
Net cash used for operating activities	(312)
Net decrease in cash and cash equivalents	(312)
Cash and cash equivalents, beginning of period	38,146
Cash and cash equivalents, end of period	$ 37,834
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Interest paid	$ -
Income taxes paid	$ -

No assurance is provided on these financial statements.

NANA'S GREEN TEA USA Corporation
(A Wholly Owned Subsidiary of Nanaha Co., Ltd.)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
AND INDEPENDENT AUDITORS' REPORT

NANA'S GREEN TEA USA Corporation
(A Wholly Owned Subsidiary of Nanaha Co., Ltd.)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
AND INDEPENDENT AUDITORS' REPORT

CONTENTS

Tokyo Silicon Valley Orange County San Diego Los Angeles Torrance New Jersey Hawaii

NAGANO MORITA LLP

Torrance Office
990 W. 190th St., Suite 450
Torrance, CA 90502
Tel: (310) 324-6868
Fax: (310) 324-6869
torrance@nagano-morita.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder
NANA'S GREEN TEA USA Corporation
Torrance, California

We have audited the accompanying financial statements of NANA'S GREEN TEA USA Corporation (a wholly owned subsidiary of Nanaha Co., Ltd.), which comprise the balance sheet as of June 30, 2019, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NANA'S GREEN TEA USA Corporation as of June 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Nagano Morita LLP

Torrance, California
October 18, 2019

NANA'S GREEN TEA USA Corporation
(A Wholly Owned Subsidiary of Nemaha Co., Ltd.)

BALANCE SHEET
JUNE 30, 2019

Assets		
Current assets:		
Cash and cash equivalents	$	38,146
Other receivable - Parent		4,513
Total current assets		42,659
Total assets	$	42,659

Liabilities and Shareholder's equity		
Current liabilities:		
Other payable - Parent	$	14,530
Accrued expenses		21,427
Income tax payable		800
Total current liabilities		36,757
Total liabilities		36,757
Shareholder's equity:		
Common stock, $1 par value, 1,000,000 shares authorized and 50,000 shares issued and outstanding		50,000
Accumulated deficit		(44,098)
Total shareholder's equity		5,902
Total liabilities and shareholder's equity	$	42,659

See independent auditors' report and accompanying notes.

NANA'S GREEN TEA USA Corporation
(A Wholly Owned Subsidiary of Nanaha Co., Ltd.)

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2019

Operating expenses	
Selling, general and administrative expenses	$ 38,831
Loss from operations	(38,831)
Loss before provision for income taxes	(38,831)
Provision for income taxes	800
Net loss	$ (39,631)

See independent auditors' report and accompanying notes.

NANA'S GREEN TEA USA Corporation
(A Wholly Owned Subsidiary of Nanaha Co., Ltd.)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Common Stock		Accumulated	Total Shareholder's
	Shares	Amount	Deficit	Equity
Balance, July 1, 2018	50,000	$ 50,000	$ (4,467)	$ 45,533
Net loss			(39,631)	(39,631)
Balance, June 30, 2019	50,000	$ 50,000	$ (44,098)	$ 5,902

See independent auditors' report and accompanying notes.

NANA'S GREEN TEA USA Corporation
(A Wholly Owned Subsidiary of Nanaha Co., Ltd.)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$	(39,631)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in operating assets and liabilities:		
Other receivable - Parent		(4,513)
Accounts payable - Parent		(4,417)
Other payable - Parent		14,530
Income tax payable		800
Accrued expenses		21,427
Net cash used for operating activities		(11,804)
Net decrease in cash and cash equivalents		(11,804)
Cash and cash equivalents, beginning of period		49,950
Cash and cash equivalents, end of period	$	38,146
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	$	-
Income taxes paid	$	-

NANA'S GREEN TEA USA Corporation

(A Wholly Owned Subsidiary of Nanaha Co., Ltd.)

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

1. Organization and Business

NANA'S GREEN TEA USA Corporation ("the Company") was incorporated in the State of California on March 14, 2018. The Company is 100% owned by Nanaha Co., Ltd., a Japanese corporation ("the Parent"). The Company was formed to engage in handing over the control of the franchising activities of Nanaha green tea to master franchisees in North America.

2. Summary of Significant Accounting Policies

Use of Estimates — The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from those estimates.

Cash and Cash Equivalents — The Company considers all highly liquid debt investments with original maturities of three months or less to be cash equivalents.

Franchising — The Company executes franchise agreements that set the terms of its arrangement with each franchisee.

In general, the Company's franchise agreements require the payment of a franchise fee for each opened franchised store. Franchisees pay continuing fees of 4% of sales. If complied with all requirements and approved, a franchisee may generally renew its agreement upon expiration up to five years.

The Company provides certain services to franchisees, including site selection, site design and training program. The Company recognizes initial fees as revenue when substantially all initial services required by the franchise agreement are performed, which is generally upon the opening of the store. Presently, the franchise agreements require the franchisee to pay an initial, non-refundable fee of $30,000 for a store that is not a kiosk or $15,000 for a store that is a kiosk respectively. There is no such revenue earned for the year ended June 30, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes — The Company accounts for income taxes under the Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 740, "*Income Taxes,*" which requires, among other things, the recognition of deferred tax assets and liabilities measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. FASB ASC 740 also requires a valuation allowance against net deferred tax assets if, based on the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, "*Leases (Topic 842),*" which requires lessees to record most leases on their balance sheets. Lessees initially recognize a lease liability (measured at the present value of the lease payments over the lease term) and a right-of-use ("ROU") asset (measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs). Lessees can make an accounting policy election to not recognize ROU assets and lease liabilities for leases with a lease term of 12 months or less as long as the leases do not include options to purchase the underlying assets that the lessee is reasonably certain to exercise. The ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020 for private entities. Though early adoption is permitted, the Company does not intend to early-adopt the ASU. The Company has not yet evaluated the impact that the adoption of the ASU will have on the financial condition, results of operations, cash flows or the presentation of the financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers (Topic 606).*" The objective of the ASU is to establish a single comprehensive model of accounting for revenue arising from contracts with customers, and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle of the guidance is that an entity recognizes revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also significantly expands disclosure requirements concerning revenues for most entities. In August 2015, the FASB issued ASU No. 2015-14, "*Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date,*" which deferred the effective date of ASU 2014-09 by one year. In March 2016, the FASB issued ASU No. 2016-08, "*Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net),*" amending the principal-versus-agent implementation guidance set forth in ASU 2014-09. Among other things, ASU 2016-08 clarifies that an entity should evaluate whether it is the principal or the agent for each specified good or service promised in a contract with a customer. In April 2016, the FASB issued ASU No. 2016-10, "*Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing,*" which amends certain aspects of the guidance related to identifying performance obligations and licensing implementation. In May 2016, the FASB issued ASU No. 2016-12, "*Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*" to address certain issues in the guidance on assessing collectability, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications at transition. The ASUs are effective for the fiscal year

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (Continued)

beginning after December 15, 2018 for private entities and interim periods within fiscal years beginning after December 15, 2019 for private entities. The Company has not yet evaluated the impact that the adoption of the ASUs will have on the financial condition, results of operations, cash flows or the presentation of the financial statements.

The Company has considered all other new accounting pronouncements and has determined that the adoption of such pronouncements will not have a material impact on the financial condition, results of operations, cash flows or the presentation of the financial statements, based on current information.

3. RELATED PARTY TRANSACTIONS

The balance and transaction with the Parent company as of June 30, 2019 is as follows:

Other receivable - Parent	$ 4,513
Other payable - Parent	$14,530

4. INCOME TAXES

Provision (benefits) for income taxes for the year ended June 30, 2019 is summarized below:

	Federal	State	Total
Current tax expenses	$ -	$ 800	$ 800
Deferred tax benefits	(9,043)	(3,433)	(12,476)
Change in valuation allowance	9,043	3,433	12,476
Provision for income taxes	$ -	$ 800	$ 800

Difference between the federal statutory tax rate and the Company's effective tax rate are due primarily to valuation allowance and adjustments of certain expenses deductible for financial reporting purposes that are not deductible for tax purposes.

The tax effects of the significant temporary differences, which comprise the deferred tax assets as of June 30, 2019, were as follow.

	Federal	State
Net operating loss	$ 8,154	$ 3,433
State income tax - PY	168	-
State deferred tax effect	721	-
	9,043	3,433
Valuation allowance	(9,043)	(3,433)
Net deferred income tax assets	$ -	$ -

As of June 30, 2019, the Company had available net operating loss carry forwards, which expire in various years, as follows:

		Amounts	Expiring through Year
Federal	$	38,831	-
States		38,831	2030

The Company has identified its Federal tax returns and state tax returns in California as major tax jurisdictions. The Company's Federal tax returns for the tax years 2018 through 2019 are subject to examination by taxing authority. The Company's California tax returns for tax years 2018 through 2019 are subject to examination by taxing authorities.

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 18, 2019, the date which the financial statements were available to be issued, and the Company did not have any subsequent events requiring recording or disclosure in the financial statements for the year ended June 30, 2019.

***

NANA'S GREEN TEA USA Corporation
(A Wholly Owned Subsidiary of Nanaha Co., Ltd.)

FINANCIAL STATEMENTS
FOR THE PERIOD FROM MARCH 14, 2018 (INCEPTION)
TO JUNE 30, 2018
AND INDEPENDENT AUDITORS’ REPORT

NANA'S GREEN TEA USA Corporation
(A Wholly Owned Subsidiary of Nanaha Co., Ltd.)

FINANCIAL STATEMENTS
FOR THE PERIOD FROM MARCH 14, 2018 (INCEPTION) JUNE 30, 2018
AND INDEPENDENT AUDITORS' REPORT

CONTENTS

Tokyo Silicon Valley Orange County San Diego Los Angeles Torrance New Jersey Hawaii

NAGANO MORITA LLP

Torrance Office
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torrance@nagano-morita.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder
NANA'S GREEN TEA USA Corporation
Torrance, California

We have audited the accompanying financial statements of NANA'S GREEN TEA USA Corporation (a wholly owned subsidiary of Nanaha Co., Ltd.), which comprise the balance sheet as of June 30, 2018, and the related statements of operations, changes in shareholder's equity, and cash flows for the period from March 14, 2018 (inception) to June 30, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NANA'S GREEN TEA USA Corporation as of June 30, 2018, and the results of its operations and its cash flows for the period from March 14, 2018 (inception) to June 30, 2018 in accordance with accounting principles generally accepted in the United States of America.

Nagano Morita LLP

Torrance, California
May 22nd, 2019

NANA'S GREEN TEA USA Corporation
(A Wholly Owned Subsidiary of Nanaha Co., Ltd.)

BALANCE SHEET
JUNE 30, 2018

Assets	
Current assets:	
Cash and cash equivalents	$ 49,950
Total current assets	49,950
Total assets	$ 49,950
Liabilities and Shareholder's equity	
Current liabilities:	
Account Payable - Parent	$ 4,417
Total current liabilities	4,417
Total liabilities	4,417
Shareholder's equity:	
Common stock, $1 par value, 1,000,000 shares authorized and 50,000 shares issued and outstanding	50,000
Accumulated deficit	(4,467)
Total shareholder's equity	45,533
Total liabilities and shareholder's equity	$ 49,950

See independent auditors' report and accompanying notes.

NANA'S GREEN TEA USA Corporation
(A Wholly Owned Subsidiary of Nanaha Co., Ltd.)

STATEMENT OF OPERATIONS
FOR THE PERIOD FROM MARCH 14, 2018 (INCEPTION) TO JUNE 30, 2018

Operating expenses	
Selling, general and administrative expenses	$ 4,467
Loss from operations	(4,467)
LOSS BEFORE PROVISION FOR INCOME TAXES	(4,467)
Provision for income taxes	-
Net loss	$ (4,467)

See independent auditors' report and accompanying notes.

NANA'S GREEN TEA USA Corporation
(A Wholly Owned Subsidiary of Nanaha Co., Ltd.)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM MARCH 14, 2018 (INCEPTION) TO JUNE 30, 2018

	Common Stock		Accumulated	Total Shareholder's
	Shares	Amount	Deficit	Equity
Issurance of common stock on March 14, 2018	50,000	$ 50,000	$ -	$ 50,000
Net loss			(4,467)	(4,467)
Balance, June 30, 2018	50,000	$ 50,000	$ (4,467)	$ 45,533

See independent auditors' report and accompanying notes.

NANA'S GREEN TEA USA Corporation
(A Wholly Owned Subsidiary of Nanaha Co., Ltd.)

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM MARCH 14, 2018 (INCEPTION) TO JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (4,467)
Adjustments to reconcile net loss to net cash used in operating activities:	
Change in operating assets and liabilities:	
Accounts payable - Parent	4,417
Net cash used for operating activities	(50)
CASH FLOWS FROM FINANCING ACTIVITY:	
Issuance of common stock to Nanaha Co., Ltd.	50,000
Net cash provided by financing activity	50,000
Net increase in cash and cash equivalents	49,950
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	$ 49,950
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Interest paid	$ -
Income taxes paid	$ -

See independent auditors' report and accompanying notes.

NANA’S GREEN TEA USA Corporation

(A Wholly Owned Subsidiary of Nanaha Co., Ltd.)

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. Organization and Business

NANA’S GREEN TEA USA Corporation (“the Company”) was incorporated in the State of California on March 14, 2018. The Company is 100% owned by Nanaha Co., Ltd., a Japanese corporation (“the Parent”). The Company was formed to engage in handing over the control of the franchising activities of Nanaha green tea to master franchisees in North America.

2. Summary of Significant Accounting Policies

Use of Estimates — The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (“US GAAP”). The preparation of the financial statement in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual amounts could differ from those estimates.

Cash and Cash Equivalents — The Company considers all highly liquid debt investments with original maturities of three months or less to be cash equivalents.

Franchising — The Company executes franchise agreements that set the terms of its arrangement with each franchisee.

In general, the Company's franchise agreements require the payment of a franchise fee for each opened franchised store. Franchisees pay continuing fees of 4% of sales. If complied with all requirements and approved, a franchisee may generally renew its agreement upon expiration up to five years.

The Company provides certain services to franchisees, including site selection, site design and training program. The Company recognizes initial fees as revenue when substantially all initial services required by the franchise agreement are performed, which is generally upon the opening of the store. Presently, the franchise agreements require the franchisee to pay an initial, non-refundable fee of $30,000 for a store that is not a kiosk or $15,000 for a store that is a kiosk respectively. There is no such revenue earned for the period from March 14, 2018 to June 30, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes — The Company accounts for income taxes under the Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 740, "*Income Taxes,*" which requires, among other things, the recognition of deferred tax assets and liabilities measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. FASB ASC 740 also requires a valuation allowance against net deferred tax assets if, based on the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement.

Recently Adopted Accounting Pronouncements — In November 2015, the FASB issued Accounting Standards Update ("ASU") No. 2015-17, "*Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes,*" which requires the classification of all deferred tax assets and liabilities as noncurrent on the balance sheet instead of separating deferred taxes into current and noncurrent amounts. The ASU is effective for financial statements for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018 for private entities. The ASU can be applied retrospectively or prospectively and early adoption is permitted. The Company adopted the ASU effective March 14, 2018. The adoption of the ASU had no significant impact on the financial condition, results of operations, cash flows or the presentation of the financial statements.

The Company has considered all other new accounting pronouncements and has determined that the adoption of such pronouncements will not have a material impact on the financial condition, results of operations, cash flows or the presentation of the financial statements, based on current information.

3. RELATED PARTY TRANSACTIONS

The balance and transaction with the Parent company as of June 30, 2018 is as follows:

Account Payable – Parent	$ 4,417
Issuance of common stock - Parent	$50,000

4. INCOME TAXES

Provision for income taxes for the period from March 14, 2018 to June 30, 2018 is summarized below:

	Federal	State	Total
Current tax expenses	$ -	$ -	$ -
Deferred tax benefits	-	-	-
Provision for income taxes	$ -	$ -	$ -

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 22, 2019, the date which the financial statements were available to be issued, and the Company did not have any subsequent events requiring recording or disclosure in the financial statements for the year ended June 30, 2018.

***

Exhibit F

State Administrators and Agents for Service of Process

Exhibit G

Table of Contents of Manuals

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Exhibit H

Franchisee Questionnaire

NANA'S GREEN TEA USA CORPORATION

CLOSING QUESTIONNAIRE

The undersigned ("**Franchisee**") desires to enter into a franchise agreement with Nana's Green Tea USA Corporation ("**Company**"). Company requires that Franchisee complete this questionnaire in order to enable Company to confirm that it and its employees and representatives have fully complied with all applicable franchise registration and disclosure laws.

1. Full name of Franchisee:

   ____

2. Franchisee Address:

   ____

3. Franchisee is: (Check applicable box)

   [ ] An individual

   [ ] A corporation

   [ ] A limited liability company

   [ ] A general partnership

   [ ] A limited partnership

4. If Franchisee is not an individual, indicate the capacity in which the individual signing this questionnaire on behalf of Franchisee is authorized to act on behalf of Franchisee: (Check applicable box)

   [ ] Officer (insert title):______________________________________

   [ ] Manager: ____

   [ ] General Partner: ____

   [ ] Other (please explain):_____________________________________

5. Did Franchisee receive Company's Franchise Disclosure Document? [ ] Yes [ ] No

6. Did Franchisee receive a copy of Company's Franchise Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement or making any payment to Company? [ ] Yes [ ] No. If "No", please comment:

   ____

   ____

   ____

7. Did Franchisee give Company a signed receipt for the copy of the Franchise Disclosure Document? [ ] Yes [ ] No.

If “Yes”, on what date? ____

8. Below, please indicate the contracts proposed to be executed by Franchisee in connection with execution of the Franchise Agreement (collectively referred to as the “**Agreements**”):

Agreement

[ ] Franchise Agreement
[ ] Personal Guaranty
[ ] General Release
[ ] __________________________
[ ] __________________________

9. If any changes to the Agreements were made by us, other that at Franchisee’s request, did Franchisee receive a copy of the final form of each Agreement that Franchisee is signing at least 7 calendar days prior to the date on which each Agreement was executed? [ ] Yes [ ] No. If “No”, please comment:

____

____

____

10. Did Franchisee carefully review and understand the Franchise Disclosure Document, the Franchise Agreement, and the other Agreements? [ ] Yes [ ] No. If “No”, please explain:

____

____

____

____

11. Did Franchisee ask Company any questions concerning the Franchise Disclosure Document or Agreements that were not satisfactorily answered? [ ] Yes [ ] No
If “Yes”, please explain:

____

____

____

12. Did Franchisee request a copy if Company's Franchise Disclosure Document before its was provided to Franchisee by Company? [ ] Yes [ ] No

If "Yes", did Company provide Franchisee a copy of Company's Franchise Disclosure Document within a reasonable amount of time? [ ] Yes [ ] No
If "No", please explain:

____

____

____

13. Has any employee, representative or other person speaking on behalf of Company made any statement or promise to Franchisee (or to the best of Franchisee's knowledge, information and belief, to any person or entity on Franchisee's behalf) concerning:

A. The actual or possible revenues, profits or operating costs of a Nana's Green Tea business that is contrary to, or different from, the information contained in the Franchise Disclosure Document? [ ] Yes [ ] No

B. The amount of money Franchisee may earn in operating a Nana's Green Tea business, that is contrary to, or different from, the information contained in the Franchise Disclosure Document? [ ] Yes [ ] No

C. The total amount of revenue a Nana's Green Tea business will or may generate, that is contrary to, or different from, the information contained in the Franchise Disclosure Document? [ ] Yes [ ] No

D. The costs Franchisee may incur in operating a Nana's Green Tea business, that is contrary to, or different from, the information contained in the Franchise Disclosure Document? [ ] Yes [ ] No

E. The likelihood of success that Franchisee should or might expect to achieve from operating a Nana's Green Tea business? [ ] Yes [ ] No

14. If the answer to any part of question 13 is "Yes", who made the statement or representation, when, and where? Please provide full details in the following space (attach additional pages if necessary).

____

____

____

15. Has any employee, representative or other person speaking on behalf of Company made any statement, agreement or promise to Franchisee (or, to the best or Franchisee's knowledge, information and belief, to any person or entity on Franchisee's behalf) concerning the advertising, marketing, training, support, service or assistance that Company will furnish to Franchisee that is contrary to, or different from, the information contained in the Franchise Disclosure Document? [ ] Yes [ ] No

16. Prior to today, has Franchisee entered into any binding agreement with Company concerning Franchisee's investment in the Nana's Green Tea franchise? [ ] Yes [ ] No

17. Prior to today, has Franchisee paid any money to Company relating to Franchisee's investment in the Nana's Green Tea franchise? [ ] Yes [ ] No

18. If Franchisee answered "Yes" to any of questions 15-17, provide a full explanation of each "Yes" answer in the following space (attach additional pages if necessary).

    ____

    ____

    ____

    ____

19. Does Franchisee understand that the territorial rights granted by the Franchise Agreement are subject to limitations and exceptions? [ ] Yes [ ] No

20. Does Franchisee understand that Company and its affiliates may conduct, own, and operate, and license others to conduct, own and operate Nana's Green Tea businesses outside of Franchisee's Protected Area? [ ] Yes [ ] No

21. Does Franchisee understand that Company and its affiliates may conduct, own and operate, and license others to conduct, own and operate businesses that offer services similar to the services Franchisee will provide under names other than "Nana's Green Tea" inside or outside of Franchisee's Protected Area? [ ] Yes [ ] No

22. Does Franchisee understand that Company and its affiliates and other franchisees may advertise within and pass through Franchisee's Protected Area? [ ] Yes [ ] No

23. Does Franchisee understand that Company and its affiliates may manufacture, produce, licenses, distribute and/or market products and equipment through any outlet (whether within or outside of Franchisee's Protected Area) and through any distribution channel?
    [ ] Yes [ ] No

24. Does Franchisee understand that Company and its affiliates and others may operate businesses identified by Nana's Green Tea (or other Marks) which offer and sell products and services through other channels of distribution, including at or through physical locations, including home improvement stores, garden centers, trade shows, department stores, specialty stores, and kiosks, even though these business may complete with Franchisee?
    [ ] Yes [ ] No

25. Does Franchisee understand that the Agreements contains the entire agreement between Franchisee and Company concerning the franchise rights for the Nana's Green Tea franchise, meaning that any prior or written statements not set out in the Agreements will not be binding (except that Company may not disclaim statements made in its Franchise Disclosure Document)? [ ] Yes [ ] No

26. If Franchisee answered "No" to any of questions 19-25, provide a full explanation of each "No" answer in the following space (attach additional pages if necessary).

____

____

____

____

27. Did Franchisee contact other franchisees of Company to discuss Franchisee's possible execution of the franchise agreement? [ ] Yes [ ] No

28. If the answer to question 27 was "Yes", please identify such franchisee(s) (attach additional pages if necessary):

____

____

____

Franchisee understands that Company is acting in reliance on the truthfulness and completeness of Franchisee's responses to the questions above in entering into the Franchise Agreement with Franchisee. FRANCHISEE ACKNOWLEDGES AND AGREES THAT IN THE EVENT THAT ANY DISPUTE ARISES, THIS QUESTIONNAIRE SHALL BE ADMISSIBLE AS EVIDENCE IN ANY LEGAL ACTION OR ARBITRATION PROCEEDING, AND FRANCHISEE HEREBY WAIVES, TO THE FULLEST EXTENT PERMISSIBLE UNDER THE LAW, ANY OBJECTION TO SUCH ADMISSION OF THIS QUESTIONNAIRE. HOWEVER, NOTHING IN THIS DOCUMENT IS INTENDED TO DISCLAIM THE REPRESENTATIONS COMPANY MADE IN THE FRANCHISE DISCLOSURE DOCUMENT THAT WAS FURNISHED TO YOU.

FRANCHISEE

DATED: ___________________ ____

____
(Print name)

Individually and on behalf of:

____

Exhibit I

State Addenda

ADDENDUM TO NANA'S GREEN TEA USA CORPORATION DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA

The disclosure document is amended to include the following:

1. Item 3 is amended to reflect that:

Neither Nana's Green Tea USA Corporation nor any person identified in Item 2 of the Disclosure Document is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A. 78a et seq., suspending or expelling such persons from membership is such association or exchange.

2. Item 17 is amended by the addition of the following language:

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

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

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

The California Corporations Code, Section 31125 requires Nana's Green Tea USA Corporation to give you a disclosure document, approved by the Department of Corporations, prior to a solicitation of a proposed material modification of an existing franchise.

If the Franchise Agreement contains a liquidated damages clause, under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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

3. 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.

ADDENDUM TO NANA'S GREEN TEA USA CORPORATION FRANCHISE AGREEMENT FOR THE STATE OF CALIFORNIA

The Franchise Agreement between ____________________ ("Franchisee") and Nana's Green Tea USA Corporation ("Franchisor") dated ______________, 20___ (the "Agreement"), shall be amended and superseded by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

<u>CALIFORNIA LAW MODIFICATIONS</u>

1. The California Department of Corporations requires that certain provisions contained in the franchise documents for franchises offered or sold to either a resident of the State of California or non-resident who will be operating a franchise in the State of California be amended to be consistent with California law, including the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043 (collectively the "Acts"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended and superseded:

a. The Acts provide rights to Franchisee concerning non-renewal and termination of the Agreement. The Federal Bankruptcy Code (11 U.S.C. §101 et seq.) also provides rights to Franchisee concerning termination of the Agreement upon certain bankruptcy-related events. To the extent the Agreement contains a provision that is inconsistent with these laws, these laws will control.

b. If the Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the Acts. California Corporations Code 31512 voids a waiver of Franchisee's rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchisee's rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043.

c. If the Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.

d. If the Agreement contains a covenant not to compete which extend beyond the expiration or termination of the Agreement, the covenant may be unenforceable under California law.

e. If the Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law.

f. If the Agreement requires that it be governed by a state's law, other than the State of California, such requirement may be unenforceable.

The undersigned does hereby acknowledge receipt of this addendum.

"Company"

NANA'S GREEN TEA USA CORPORATION
a California corporation

By: ___________________________
Name: _________________________
Its: ___________________________
Date of signing:________________

"Franchisee"

______________________________,
[ ] an individual
[ ] a general partnership;
[ ] a limited partnership;
[ ] a limited liability company;
[ ] a corporation;
By: ___________________________
Name: _________________________
Its: ___________________________
Date of signing:________________

ADDENDUM TO NANA'S GREEN TEA USA CORPORATION DISCLOSURE DOCUMENT FOR THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

Any release or waiver of rights executed by you will not include rights under the Washington Franchise Investment Protection Act except if you execute the release or waiver as part of a negotiated settlement after your agreement is in effect and where we are both represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act and/or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

We may collect the transfer fees if they reflect our reasonable estimated or actual costs in effecting your transfer.

Each provision of this Addendum to the Disclosure document will be effective only if, with respect to such provision, the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, are met independently without reference to this Addendum to the Disclosure document, and only to the extent such provision is a then valid requirement of the statute.

ADDENDUM TO NANA'S GREEN TEA USA CORPORATION FRANCHISE AGREEMENT FOR THE STATE OF WASHINGTON

Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Section 4.1 thereof, Franchisee shall pay the Initial Franchise Fee to Company when Company has fulfilled its initial pre-opening obligations to Franchisee and Franchisee's Restaurant is open for business.

The State of Washington has a statute, RCW 19.100.180 which may supersede the terms of your franchise agreement in the areas of termination and renewal of your franchise. There may also be court decisions in Washington which may supersede the franchise agreement in your relationship with NANA'S GREEN TEA USA CORPORATION including the areas of termination and renewal of your franchise.

Washington law requires that any arbitration involving a franchise purchased in Washington shall be arbitrated in either the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100.RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

The undersigned does hereby acknowledge receipt of this addendum.

"Company"

NANA'S GREEN TEA USA CORPORATION
a California corporation

By: ____________________
Name: ____________________
Its: ____________________
Date of signing:____________________

"Franchisee"

____________________,
[ ] an individual
[ ] a general partnership;
[ ] a limited partnership;
[ ] a limited liability company;
[ ] a corporation;
By: ____________________
Name: ____________________
Its: ____________________
Date of signing:____________________

STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Dates stated below:

State	Effective Date	State	Effective Date
California	Pending	New York	Not Registered
Hawaii	Not Registered	North Dakota	Not Registered
Illinois	Not Registered	Rhode Island	Not Registered
Indiana	Not Registered	South Dakota	Not Registered
Maryland	Not Registered	Virginia	Not Registered
Michigan	Not Registered	Washington	August 6, 2019
Minnesota	Not Registered	Wisconsin	Not Registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Exhibit J – 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 NANA'S GREEN TEA USA Corporation 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.

Several states, including New York, require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Several states, including Michigan, require that we give you this disclosure document at least 10 business days before execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If NANA'S GREEN TEA USA Corporation 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 state agency listed on Exhibit F.

The following is the name, principal business address and telephone number of each franchise seller offering this franchise:

☐ ____

☐ See attached list.

Date of Issuance: July 4, 2019; Amended February 10, 2020

See Item 1 for our registered agent authorized to receive service of process.

I have received a disclosure document dated July 4, 2019, Amended February 10, 2020 that included the following Exhibits:

A. Franchise Agreement
B. General Release
C. Guaranty
D. System Information
E. Financial Statements
F. State Administrators
G. Manual Table of Contents
H. Franchisee Questionnaire
I. State Addenda
J. Receipt

Date:____________________

Prospective Franchisee:

By:______________________________
Name:____________________________
Individually and on behalf of the following entity:
Company Name:____________________
Title:____________________________

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Individually and on behalf of the following entity:
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