LA Mailroom

MAY 30 2017

Department of
Business Oversight

# FRANCHISE DISCLOSURE DOCUMENT

**BEYOND FRANCHISE GROUP, LLC**
a California limited liability company
315 Cloverleaf Drive, Suite F
Baldwin Park, California 91706
(831) 535-9061
partners@pokeworks.com
www.pokeworks.com

The franchise is offered for the rights to operate a Pokéworks franchised restaurant, a retail quick service restaurant selling Hawaiian poké made using high-quality, sustainably sourced fish from local waters and beyond, as well as a variety of related menu items, sushi dishes, beverages, and other items using the trademark POKÉWORKS™.

The total investment necessary to begin operation of a Pokéworks franchised restaurant ranges between $250,000 and $850,500, including $35,000 that must be paid to the franchisor or its affiliates. If you enter into a Multiple Unit Development Agreement, you will pay an Initial Franchise Fee of $35,000 for the first Pokéworks restaurant, $30,000 for the second Pokéworks restaurant, and $25,000 for the third and any subsequent Pokéworks restaurant. Upon entering into a Multiple Unit Development Agreement, you will pay the $35,000 Initial Franchise Fee for the first Pokéworks restaurant plus 50% of the Initial Franchise Fees for all subsequent Pokéworks restaurants you commit to develop, which will vary based on the total number of restaurants you commit to develop. Therefore, the total investment necessary for your first three Pokéworks restaurants under a Multiple Unit Development Agreement ranges between $735,000 and $2,536,500, including $90,000 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, you may contact Michael Wu at 315 Cloverleaf Drive, Suite F, Baldwin Park, CA 91706, (831) 535-9061.

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

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

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

**Issuance Date: April 28, 2017**

## STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN LOS ANGELES, CALIFORNIA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN LOS ANGELES, CALIFORNIA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND ITS PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.

4. THE FRANCHISOR HAS BEEN OFFERING FRANCHISES FOR A SHORT PERIOD OF TIME. THEREFORE, THERE IS ONLY A BRIEF FRANCHISE OPERATING HISTORY TO ASSIST YOU IN DECIDING WHETHER OR NOT TO MAKE THIS INVESTMENT, AND THIS FRANCHISE COULD BE A HIGHER RISK INVESTMENT THAN A SYSTEM WITH A LONGER OPERATING HISTORY.

5. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE BUSINESS. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.

6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

**See the following page for state effective dates**

**FRANCHISE DISCLOSURE DOCUMENT EFFECTIVE DATES IN DESIGNATED STATES**

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

This Franchise Disclosure Document is registered, on file, exempt from registration, or otherwise effective in the following states with franchise registration and disclosure (or business opportunity*) laws as of the dates listed:

| | | |
|---|---|---|
| California | Effective date: | Pending |
| Florida | Effective date: | January 11, 2017 |
| Hawaii | Effective date: | Not Registered |
| Illinois | Effective date: | Pending |
| Indiana | Effective date: | Not Registered |
| Kentucky* | Effective date: | Not Registered |
| Maryland | Effective date: | February 8, 2017, as amended |
| Michigan | Effective date: | Not Registered |
| Minnesota | Effective date: | Not Registered |
| Nebraska* | Effective date: | Not Registered |
| New York | Effective date: | Pending |
| North Dakota | Effective date: | Not Registered |
| Rhode Island | Effective date: | July 28, 2016 |
| South Dakota | Effective date: | Not Registered |
| Texas* | Effective date: | January 11, 2017 |
| Utah | Effective date: | January 11, 2017 |
| Virginia | Effective date: | December 12, 2016, as amended |
| Washington | Effective date: | October 28, 2016, as amended |
| Wisconsin | Effective date: | Not Registered |

In all other states, the effective date of this Franchise Disclosure Document is **April 28, 2017**.

*Denotes one-time filing

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**EXHIBITS:**


Exhibit A: Financial Statements
Exhibit B: Franchise Agreement with Schedules
Exhibit C: Multiple Unit Development Agreement with Attachments
Exhibit D: List of State Franchise Administrators and Agents for Service of Process
Exhibit E: List of Company-Owned Restaurants
Exhibit F: List of Franchisees
Exhibit G: State Addendum
Exhibit H: Operations Manual Table of Contents
Exhibit I: List of Franchisees and Multiple Unit Developers Who Have Left the System
Exhibit J: Receipt

## ITEM 1
## THE FRANCHISOR AND ANY PARENT, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, "**we**" or "**us**" means Beyond Franchise Group LLC, the franchisor. "**You**" means the person, corporation, partnership or other entity that buys the franchise, the franchisee. If a corporation, partnership or other entity is the franchisee, "you" includes the franchisee's owners.

### The Franchisor, Its Predecessors, and Affiliates

Beyond Franchise Group LLC is a California limited liability company that was formed on March 25, 2016 to operate a franchising business in the United States under the name "Pokéworks." We are not engaged in any other type of business activity; notably, we do not operate a business of the type being franchised. Our principal business address is 315 Cloverleaf Drive, Suite F, Baldwin Park, California 91706. Our agents for service of process are disclosed in **Exhibit D**. We began offering Pokéworks franchises in non-registration states in June 2016.

We do not have any predecessors, but we do have a parent, Beyond Restaurant Group LLC ("**Beyond Restaurant**"), which is a California limited liability company that was formed on January 6, 2015 to own the Marks used in connection with Pokéworks Restaurants. Beyond Restaurant is not engaged in any other type of business activity and has not offered franchises in this or any other line of business. Its principal place of business is 315 Cloverleaf Drive, Suite F, Baldwin Park, California 91706.

We also have the following affiliates ("**Affiliates**"): Beyond Restaurant Group CA, LLC ("**BRG CA**"), Beyond Restaurant Group Irvine, LLC ("**BRG Irvine**"), Beyond Restaurant Group Riverview, LLC ("**BRG Riverview**"), Beyond Restaurant Group Cupertino, LLC ("**BRG Cupertino**"), Poke Fresh NY, LLC ("**Poke Fresh NY**"); Pokeworks NY2 LLC ("**Poke NY2**"); Pokeworks NY3 LLC ("**Poke NY3**"); Pokeworks Seattle, LLC ("**Poke Seattle**"); and Beyond Restaurant Group WA, LLC ("**BRG WA**").

BRG CA is a California limited liability company that was formed on September 30, 2015 to operate a company-owned Pokéworks Restaurant in Mountain View, California. BRG CA is not engaged in any other type of business activity and has not offered franchises in this or any other line of business. Its principal business address is 315 Cloverleaf Drive, Suite F, Baldwin Park, California 91706.

BRG Irvine is a California limited liability company that was formed on September 30, 2015 to operate a company-owned Pokéworks Restaurant in Irvine, California. BRG Irvine is not engaged in any other type of business activity and has not offered franchises in this or any other line of business. Its principal business address is 315 Cloverleaf Drive, Suite F, Baldwin Park, California 91706.

BRG Riverview is a California limited liability company that was formed on September 30, 2015 to operate a company-owned Pokéworks Restaurant in San Jose, California. BRG Riverview is not engaged in any other type of business activity and has not offered franchises in this or any other line of business. Its principal business address is 55 River Oaks Place, Suite 30, San Jose, California 95134.

BRG Cupertino is a California limited liability company that was formed on June 13, 2016 to operate a company-owned Pokéworks Restaurant in Cupertino, California. BRG Cupertino is not engaged in any other type of business activity and has not offered franchises in this or any other line of business. Its principal business addresss is 315 Cloverleaf Drive, Suite F, Baldwin Park, California 91706.

Poke Fresh NY is a New York limited liability company that was formed on August 6, 2015 to operate a company-owned Pokéworks Restaurant in New York, New York. Poke Fresh NY is not engaged in any other type of business activity and has not offered franchises in this or any other line of business. Its principal business address is 4140 Union Street, #10V, Flushing, New York 11355.

Pokeworks NY 2 is a New York limited liability company that was formed on May 2, 2016 to operate a company-owned Pokéworks Restaurant in New York, New York. Pokeworks NY2 is not engaged in any other type of business activity and has not offered franchises in this or any other line of business. Its principal business address is 1967 Wehrle Drive, Suite #086, Buffalo, NY 14221.

Pokeworks NY 3 is a New York limited liability company that was formed on July 1, 2016 to operate a company-owned Pokéworks Restaurant in New York, New York. Pokeworks NY3 is not engaged in any other type of business activity and has not offered franchises in this or any other line of business. Its principal business address is 1967 Wehrle Drive, Suite #086, Buffalo, NY 14221.

Poke Seattle is a Washington limited liability company that was formed on June 17, 2016 to operate a company-owned Pokéworks Restaurant in Seattle, Washington. Poke Seattle is not engaged in any other type of business activity and has not offered franchises in this or any other line of business. Its principal business address is 300 110th Avenue NE, Apt. 414, Bellevue, Washington 98004-8347.

BRG WA is a Washington limited liability company that was formed on September 30, 2015 to operate a company-owned Pokéworks Restaurant in Bellevue, Washington. BRG WA is not engaged in any other type of business activity and has not offered franchises in this or any other line of business. Its principal business address is 2117 15th Avenue S #A, Seattle, Washington 98144.

**The Business**

A Pokéworks restaurant ("**Pokéworks Restaurant**") is a retail quick service restaurant selling Hawaiian poké made using high-quality, sustainably sourced fish from local waters and beyond, as well as a variety of related menu items, sushi dishes, beverages, and other items using the trademark POKÉWORKS™. A Pokéworks Restaurant serves its customers by operating a uniform system consisting of high standards of service, the use of consistent quality products, and in accordance with the business format created and developed by Pokéworks ("**System**"). We authorize you to use the POKÉWORKS™ trademark and to permit you to operate Pokéworks Restaurants using the System.

We also offer to select qualified persons the opportunity to acquire the exclusive right to develop a minimum of three Pokéworks Restaurants in a designated Multiple Unit Territory. If you are purchasing a Multiple Unit Territory, you must execute our Multiple Unit Development Agreement. For each Pokéworks Restaurants you develop under such Multiple Unit Development Agreement, you will be required to sign our then-current form of Franchise Agreement, which may materially differ from the Franchise Agreement included with this Franchise Disclosure Document, especially with respect to the current Initial Franchise Fee.

In addition to the above, we reserve the right to license Pokéworks franchises in certain non-traditional venues such as may be found in universities, colleges, hospitals, airports, and highway rest stops. Due to their unique nature, the operators of such other channels of distribution may pay a lower or no Initial Franchise Fee, Royalty Fee, and Marketing Fund Contribution than other Pokéworks franchisees and may not be required to participate in Local Advertising Cooperatives or marketing initiatives. However, as of the date of this Franchise Disclosure Document, we have not yet established the non-traditional venue program.

**Market and Competition**

Throughout the United States, the food service industry is highly competitive with constantly changing market conditions, and is characterized by an abundance of operators, including well financed and highly sophisticated national and regional chains. You will compete with other franchised restaurants, fast food outlets and sushi-themed stores (including other quick service poke restaurants) operated by national and regional chains. Pokéworks Restaurants will compete with restaurants, fast food outlets and sushi-themed stores operated by national and regional chains and independent operators and, to some extent, with grocery and convenience stores that sell various prepared food products. Pokéworks Restaurants will compete with these competitors for market share, access to desirable locations, and food service personnel. Pokéworks Restaurants will offer Pokéworks Products (as defined in ITEM 16) primarily to individual consumers for on-site or off-site consumption. The market for sushi-themed restaurants is well-developed in some areas and developing in other areas, depending on the number of restaurants and stores operating in the particular area.

Pokéworks markets Pokéworks Products to consumers seeking the convenience of quick food service while also seeking a fresh healthy alternative to typical fast food. Investing in a Pokéworks Restaurant is a speculative risk and there are no warranties or guarantees for your success. You will also face normal business risks that could have an adverse effect on your Pokéworks Restaurant. These include industry developments, such as pricing policies of competitors, supply and demand, and changing consumer tastes. Another potential risk factor is our dependence on personnel, the loss of whom could have an adverse effect on us. Our ability to fulfill our obligations under the Franchise Agreement with you depends in part on our present and future financial condition. Litigation risks also exist, including product liability litigation against you or us because of food-related illnesses and future litigation which may not be foreseeable.

**Regulations**

Your Pokéworks Restaurant will be subject to various federal, state and local health, sanitation, and food handling laws that apply to restaurant operations.

To operate a Pokéworks Restaurant, in some cases you may need to obtain a liquor license. State and local laws, regulations and ordinances vary significantly in the procedures, difficulty and cost associated with obtaining a license to sell liquor, the restrictions placed on the manner in which liquor may be sold, and the potential liability imposed by dram shop laws involving injuries, directly and indirectly, related to the sale of liquor and its consumption. You will need to understand and comply with those laws in operating a Pokéworks Restaurant.

The United States Department of Agriculture and the Food and Drug Administration regulate the manufacture, labeling and distribution of food products. Many local or state jurisdictions require food service permits for those preparing, handling and serving food to the public. You and your employees may be required to pass a test or other certification process to obtain such a permit. There may also be local ordinances and regulations governing food storage, preparation and serving.

Your Pokéworks Restaurant will be subject to local food and health permits and inspection laws. Health laws are intended in part to reduce food borne illnesses and may cover such issues as: requiring employees to take a test and obtain a license as a food service worker, having accessible sinks, bathrooms for certain size establishments, inspections for cleanliness and compliance, equipment cleaning, storage and packaging, size of facilities, allowed foods, refrigeration, etc.

In addition, your business will be subject to various employment regulations concerning wage rates, mandated employee benefits, employment taxes, tip reporting, worker safety, unemployment compensation, workers' compensation, teenage labor practices, disabled employees and discrimination in employment practices. Environmental regulations will impact your restaurant operations, particularly in the area of sewer discharge. You will be subject to the Americans with Disabilities Act which prohibits practices that discriminate against physically and mentally challenged individuals regarding access to public accommodations and employment opportunities. You must report and pay various sales, excise, property, income, use, and inventory taxes. Additionally, you must obtain various licenses and permits at the federal, state and local levels in order to conduct business including, but not limited to, those related to food preparation. The laws in your state or municipality may be more or less stringent, but failure to comply with the above governmental regulations could have a material adverse impact on you and your business. You should examine these laws before purchasing a Pokéworks franchise.

## ITEM 2
## BUSINESS EXPERIENCE

**Chief Executive Officer – Michael Wu**

Michael has been our Chief Executive Officer and a Managing Partner since our formation in March 2016. Michael has also been the Chief Executive Officer of our parent, Beyond Restaurant, since its formation in January 2015. He is also the Chief Executive Officer of Guangyang Int'l Investment, Inc. of San Diego, California, a position which he has held since June 2004. He was the Chief Executive Officer of Little Sheep International Inc. of City of Industry, California, from July 2010 to June 2015.

**Chief Financial Officer – Wen Wei**

Wen has been our Chief Financial Officer and a Managing Partner since our formation in March 2016. Wen has also been the Chief Financial Officer and a Managing Partner of our parent, Beyond Restaurant, since its formation in January 2015. He is also the Chief Financial Officer of Wei Group, LLC of San Ramon, California, a position which he has held since July 2014, and Chief Financial Officer of MWDB Group, Inc., of Baldwin Park, California, a position which he has held since March 2013. He was the Chief Financial Officer of ImportLA, Inc. of Baldwin Park, California, from May 2005 to November 2015.

**Managing Partner / Franchise – Jerry Wang**

Jerry has been a Managing Partner since our formation in March 2016. Jerry has also been a Managing Partner of our parent, Beyond Restaurant, since its formation in January 2015. Since 2010, Jerry has been also a principal of Orbit Enterprises, LLC, of Salt Lake City, Utah, which is involved in real estate-related investments.

**Northeast Director of Operations – Peter Yang**

Peter has been our Northeast Director of Operations and a Managing Partner since our formation on March 25, 2016. Peter has been a Managing Partner of our parent, Beyond Restaurant, since its formation in January 2015. He is also a Managing Partner of Guangyang Int'l Investment, Inc. of San Diego, California, a position which he has held since June 2004. He was the Operations Manager of Little Sheep International Inc. of City of Industry, California, from July 2011 to June 2015.

**Southwest Director of Operations – Kasper Hsu**

Kasper has been our Southwest Director of Operations and a Managing Partner since our formation on March 25, 2016. Kasper has been a Managing Partner of our parent, Beyond Restaurant, since its formation in January 2015. He was the Chief Operating Officer of Little Sheep International, Inc. of City of Industry, California, from August 2013 to July 2015 and its Regional Director from January 2012 to August 2013. He was also a Systems Engineer for Cisco Systems of Milpitas, California, from January 2008 to January 2012.

**Northwest Director of Operations – Kevin Hsu**

Kevin has been our Northwest Director of Operations and a Managing Partner since our formation on March 25, 2016. Kevin has been a Managing Partner of our parent, Beyond Restaurant, since March 2016. He is also the Vice President of Business Development for Kepion Inc., of Seattle, Washington, a position he has held since September 2009.

**Franchise Development Consultant – Larry Schwartz**

Larry has been our Franchise Development Consultant since October 1, 2016. He is a Partner of DCV Franchise Group, of Woodland Hills, California, and has served in that position since July 2016. Larry was a Director at Armanino, LLP, of Los Angeles, California, from August 2015 to June 2016. He was a Director at RBZ, LLP, of Los Angeles, California, from January 2014 to July 2015. He was a self-employed consultant, in Oak Park, California, from October 2011 to December 2013. Larry performs services for us as an independent contractor through DCV Franchise Group.

**Senior Franchise Recruiter – Vincent Blumetti**

Vincent has been our Senior Franchise Recruiter since December 1, 2016. He is President of Brainchild Brands LLC, of Chamblee, Georgia, and has served in that position since May 2011. He is also Vice President and Co-Founder of Franchise Sales Force, of Clemens, Michigan, and has served in that position since September 2007. Vincent was President of Brand Banc LLC, of Chamblee, Georgia, from May 2005 to May 2011. Vincent performs services for us as an independent contractor through his association with DCV Franchise Group.

## ITEM 3
## LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4
## BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

## ITEM 5
## INITIAL FEES

Upon signing a Pokéworks Franchise Agreement ("**Franchise Agreement**"), you must pay a lump sum ("**Initial Franchise Fee**") of $35,000. The Initial Franchise Fee is deemed fully earned by us upon receipt and is not refundable under any circumstances. You must sign a separate Franchise Agreement for each Pokéworks Restaurant you operate and pay the applicable Initial Franchise Fee when the Franchise Agreement is signed. During our last fiscal year, we sold two franchises and collected $60,000 in Initial Franchise Fees.

**Multiple Unit Developers**

At our sole discretion, we may offer to qualified candidates a Multiple Unit Development Agreement, attached to this Franchise Disclosure Document as **Exhibit C**, pursuant to which the Multiple Unit Developer obtains the right to develop and operate a prescribed number of Pokéworks Restaurants in accordance with a specific Development Schedule. In order to enter into a Multiple Unit Development Agreement, you must commit to developing a minimum of three

Pokéworks Restaurants. Multiple Unit Developers are not permitted to enter into sub-franchise relationships.

If you enter into a Multiple Unit Development Agreement, the Initial Franchise Fee for the first Pokéworks Restaurant you commit to develop is currently $35,000; the Initial Franchise Fee for the second Pokéworks Restaurant you commit to develop is currently $30,000; and the Initial Franchise Fee for the third and any subsequent Pokéworks Restaurant is currently $25,000. However, upon developing each Pokéworks Restaurant under the Multiple Unit Development Agreement, you will be required to sign our then-current form of Franchise Agreement, which may materially differ from the Franchise Agreement included with this Franchise Disclosure Document, especially with respect to the current Initial Franchise Fee. When you enter into the Multiple Unit Development Agreement, you must pay to us the full Initial Franchise Fee for the first Pokéworks Restaurant you commit to develop plus fifty percent (50%) of the Initial Franchise Fees for all subsequent Pokéworks Restaurants. All such amounts collected by us will be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether you open any of the Pokéworks Restaurants you are obligated to open in the Development Territory. You must pay to us the remaining fifty percent (50%) of the Initial Franchise Fees for all subsequent Pokéworks Restaurants when you (or your affiliate) enter into the Franchise Agreement which corresponds to the respective Pokéworks Restaurant. In all cases, the Initial Franchise Fee is deemed fully earned by us upon receipt and is not refundable under any circumstances.

During our last fiscal year, we did not sell any franchises under a Multiple Unit Development Agreement and therefore did not collect any Initial Franchise Fees for franchises sold under a Multiple Unit Development Agreement.

## ITEM 6
## OTHER FEES

| Type of Fee(1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty Fee (2) | 6% of Gross Sales | Deducted from your bank account via electronic funds transfer on the Wednesday of each week or as determined by us. | "Gross Sales" includes all revenue generated by your Pokéworks Restaurant and does not include any sales taxes collected by you. |
| Marketing Fund Contribution (2) | 1.5% of Gross Sales | Deducted from your bank account via electronic funds transfer at the same time your Royalty Fee is deducted. | |
| Local Advertising Expense (3) | 2% of Gross Sales | Payable monthly to your advertising supplier as determined by you. | Used for promoting your Pokéworks Restaurant in your local community. You may be required to submit reports to us. |

| Type of Fee(1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Local Advertising Cooperative (3) | Your proportionate share of the cost of joint regional and local public relations and advertising programs | As incurred. | If we form a Local Advertising Cooperative and require you to participate in it. |
| Manager Training or Retraining Costs (4) | $500 to $1,500 | As incurred. | Payable when a new manager needs training and/or upon our determination that you require additional training. |
| Successor Franchise Fee | $12,500 | Upon the extension of your rights to operate the Pokéworks Restaurant | Payable before you execute your Successor Franchise Agreement. |
| Transfer fee | 50% of our current Initial Franchise Fee for a single unit franchise at the time of the transfer | Upon transfer. | Payable when you transfer your franchise. |
| Fee for Lost Operations Manual | $500 | Upon delivery of new Operations Manual or transfer of your Pokéworks Restaurant. | |
| Audit Fee (5) | Cost of audit estimated at $500 - $3,500 | As incurred. | Payable only if audit shows an understatement of at least 2%. |
| Late Fees (6) | 10% of past due balance after 30 days | With payment of overdue amount. | |
| Renovating and remodeling expense (7) | $20,000 to $60,000 | At least once every six years. | We impose no cap or limitation on the amount of expense you may incur in renovating and remodeling your Pokéworks Restaurant. If you fail or refuse to make such required renovations and remodeling, we may do so on your behalf, and you will be required to pay us the cost of such renovations and remodeling, together with a reasonable administrative fee equal to fifteen percent (15%) of all costs incurred by us on your behalf. |
| Technology Fee | $200 per month | Deducted from your bank account via electronic funds transfer on the 10th day of each month. | See ITEM 11 for a summary of what the Technology Fee covers. |

| Type of Fee(1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Costs of Enforcement or Defense | All costs, including reasonable accounting and legal fees. | Upon settlement or conclusion of claim or action. | You must reimburse us for all costs we incur in enforcing our obligations under the Franchise Agreement if we prevail. |
| Indemnification | Will vary under circumstances. | As incurred. | You must defend suits at your own cost and hold us harmless against suits involving damages resulting from your operation of the Pokéworks Restaurant. |
| Guarantee | Varies | Upon breach of the Franchise Agreement. | You and your spouse or domestic partner must personally guarantee and comply with all terms of the Franchise Agreement and will be liable for any breach of the Franchise Agreement. |

| Type of Fee(1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Liquidated Damages (8) | Varies based on the circumstances but may include any and all monies previously paid to us, including the Initial Franchise Fee if you fail to: (a) lease the Store in the manner required by us; (b) commence to operate the Business as required; (c) successfully complete the initial training as required; (d) execute and deliver the Guaranty and Indemnity Agreement as required; or (e) execute and deliver to us any of the other Schedules as required by the Franchise Agreement); and/or $1,500 if your Designated Manager and/or manager fail to attend information and training sessions we conduct from time to time; and/or $350 for your second deviation from System requirements in a calendar year; and/or $600 for your third deviation from System requirements in a calendar year; and/or $1,500 for your fourth and each subsequent deviation from System requirements in a calendar year. | Paid within 10 days of receipt of notice from Franchisor of deviations from the Franchise Agreement and/or mandatory provisions of the Manual | You shall pay to us as liquidated and agreed upon damages, and not as a penalty, beginning with the second deviation in any calendar year. |

**NOTES:**

(1) Type of Fees. All fees are uniformly imposed by and are payable to us unless otherwise stated. All fees are non-refundable.

(2) Royalty Fee and Marketing Fund Contributions. You must pay all royalties and marketing fund contributions to us by participating in a pre-authorized payment plan or any other method we may require in our sole discretion. In this plan, we will be authorized to make weekly and monthly withdrawals, as the case may be (or at other times specified by us), from your bank as specified below. We also reserve the right to demand payment from you of all royalties and marketing fund contributions due to us by other methods that we

may specify in the Operations Manual, as modified by us periodically in our discretion (See Section 8.3 of the Franchise Agreement).

(3) Local Advertising Expense and Local Advertising Cooperative. You must spend a minimum of 2% of your Gross Sales on local and regional marketing, advertising and public relations each calendar month. You must make these expenditures directly, subject to approval by us, and we may request that you prepare and submit a report to us accounting for the use of these funds within five days following the end of each month. We do not currently require you to participate in a Local Advertising Cooperative (as defined in ITEM 11). However, we reserve the right, in our sole discretion, to form, change, merge or dissolve any Local Advertising Cooperative and to require you to participate in a Local Advertising Cooperative in the future. If we do, at such time we may require you to pay your proportionate share of the cost of joint regional and local public relations and advertising programs. However, we currently anticipate that any such contributions required of you towards a Local Advertising Cooperative would be credited towards the Local Marketing Expenses that you are required to make under the Franchise Agreement. We do not currently anticipate that company-owned outlets will have controlling voting power on fees imposed by any Local Advertising Cooperatives formed in the future, although we reserve the right to make any changes to our Local Advertising Cooperative program if and when we develop it.

(4) Manager Training or Retraining Courses. Training sessions are paid for by us. You are responsible for all travel and accommodation costs associated with attending all initial training and retraining programs which may take place at our head office or at another location designated by us (See Section 4.3 of the Franchise Agreement). The precise amount of your expenses will depend upon the cost of your airfare and how long the training and retraining lasts.

(5) Audit Fee. The audit fees will be based on the amount charged by our accountants and will vary depending upon the complexity of the Pokéworks Restaurant being audited and the state of the books and records kept by you (See Section 8.8 of the Franchise Agreement).

(6) Late Fees. Interest will be charged from the date of underpayment or failed payment (See Section 10.10 of the Franchise Agreement). Interest will not exceed the maximum allowed by law.

(7) Renovating and Remodeling Expense. You are required to paint your Pokéworks Restaurant once every two years. You are required to renovate, modernize, remodel and refurbish your Pokéworks Restaurant to comply with our then-current standards at least once every six years.

(8) Liquidated Damages. See Sections 4.1, 4.2, 5.3, 9.3, 9.5, and 9.6 of the Franchise Agreement.

## ITEM 7
## ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT – SINGLE UNIT FRANCHISE

| Type of expenditure | Amount | Method of payment | When due | To Whom Payment is to be made |
|---|---|---|---|---|
| Initial Franchise Fee (1) | $35,000 | Lump sum | Upon signing Franchise Agreement | Us |
| Architectural Design and Permits (2) | $15,000 to $45,000 | As incurred | During design phase of construction project and as incurred | Local/Corporate Architect, Interior Designer, State Government and Local Government Agencies |
| Construction and Remodeling (3) | $68,000 to $310,000 | As incurred | Before, during, and upon completion of construction project | Contractors |
| Initial Lease Deposit (4) | $25,000 to $70,000 | As arranged | Upon signing lease | Landlord |
| Furnishings (5) | $10,000 to $60,000 | As incurred | Beginning of construction project | Contractors or Suppliers |
| Fixtures (6) | $30,000 to $90,000 | As incurred | Beginning of construction project | Contractors |
| Equipment (7) | $15,000 to $70,000 | As incurred | Beginning of construction project | Suppliers |
| Utility Deposits (8) | $0 to $5,000 | As incurred | As incurred | Utility Companies |
| Business Licenses and Permits (9) | $1,000 to $4,000 | As incurred | As incurred | Local Government Agencies |
| Inventory (10) | $5,000 to $10,000 | As incurred | After health permit(s) have been issued | Food Vendors |
| Signs (11) | $1,000 to $15,000 | As incurred | Beginning of construction project | Supplier |
| Pre-Opening Marketing (12) | $7,500 to $10,000 | As incurred | One month before opening | PR Firms and Local Marketing Companies |
| Insurance (13) | $500 to $1,500 | As incurred | Upon acquiring space | Third parties and/or vendors |

| Type of expenditure | Amount | Method of payment | When due | To Whom Payment is to be made |
|---|---|---|---|---|
| Computer and POS System (14) | $1,500 to $4,000 | As incurred | As per supplier agreement signed | Supplier |
| Employee Wages (15) | $3,000 to $12,000 | As incurred | From beginning of construction project until grand opening | Employees |
| Legal and Accounting Fees | $1,000 to $4,000 | As incurred | As incurred | Legal and Accounting Professionals |
| Additional Funds – First 3 Months (16) | $30,000 to $100,000 | As incurred | Varied times | Suppliers |
| Training Expenses (17) | $1,500 to $5,000 | As incurred | When additional personnel are sent for training with us | Us |
| **Total** | **$250,000 to $850,500** | | | |

**NOTES:**

(1) Initial Franchise Fee. You must pay the Initial Franchise Fee when the Franchise Agreement is signed (See ITEM 5). The Initial Franchise Fee is deemed fully earned by us upon receipt and is not refundable under any circumstances.

(2) Architectural Designs and Permits. These estimated expenses include engineering drawings and architectural design layout drawings that may be purchased from an engineering firm, your landlord, or an architect. You must pay a fee for these services. These payments are non-refundable.

(3) Construction and Remodeling. These estimated expenses are based on the cost to build out a Pokéworks Restaurant consisting of 500 to 2,000 square feet in an established metropolitan or suburban area within a street retail, shopping mall, plaza, or mixed use indoor or outdoor establishment. The costs to complete the construction and remodeling of the premises for your Pokéworks Restaurant will vary widely and may be significantly higher than projected in this table, depending on such factors as the city or town in which you propose to operate, property location, population density, economic climate, prevailing interest rates and other financing costs, the conditions of the property, current building code requirements, implementation and enforcement of the Americans with Disabilities Act in particular jurisdictions, and the extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish your Pokéworks Restaurant. To avoid excessive construction and remodeling costs, we strongly recommend that you select your contractor carefully by obtaining several bids prior to signing a construction contract. The estimates do not include exterior renovations to your Pokéworks Restaurant. These payments are non-refundable.

(4) Initial Lease Deposit. You will typically be required to pay two to three months' rent as a security deposit. Landlords who own real property in high traffic areas could potentially require you to pay six months' rent as a security deposit. We assume that even a free-standing building may be rented, possibly on a build-to-suit basis.

(5) Furnishings. This estimated amount involves costs associated with various furnishings including, but not limited to, front of house tables, front of house chairs, 15' counter, condiment cabinet, and stainless steel worktops.

(6) Fixtures. This estimated amount involves costs associated with various fixtures including, but not limited to, ADA restroom fixtures, pendant light fixtures, track light fixtures, hot water boiler, grease trap, three-compartment sink, two-compartment sink, and a mop sink.

(7) Equipment. This estimated amount involves costs associated with various pieces of equipment including, but not limited to, reach-in refrigeration (single or double door), rice cooker/warmer(s), ice maker, beverage dispenser, salad bar, cold wells, sushi maki machine, closed system counter top fryer, induction cooker, and miso soup dispenser.

(8) Utility Deposits. The amount of any utility deposit, if one is required, will vary depending on the municipality in which the utility company is located.

(9) Business Licenses and Permits. This estimated amount will vary depending on the municipality in which the project is located. These payments are non-refundable.

(10) Inventory. This estimated amount involves the costs associated with establishing an inventory of fresh seafood, frozen seafood, fresh produce and fruits, Japanese specialty spices, oils, and seasoning, rice, grains, and paper and plastic packaging goods.

(11) Signs. This includes window graphics and design and interior and exterior signage that may be purchased from third-party suppliers. These payments are non-refundable.

(12) Pre-Opening Marketing. These costs are incurred for marketing purposes in connection with the grand opening of your franchise. The promotional campaign will differ by location and may include printing and distribution of promotional coupons, newspaper advertisements, and charitable donations. You will use media we approve. The distribution of promotional food items is not included in this estimate, and you will incur additional costs in the preparation and distribution of sample food items at your grand opening event.

(13) Insurance. A 20% down payment of the annual premium for general business insurance and workers' compensation insurance is included in the low-end estimate, while the expense of the full annual premium is included in the high estimate.

(14) Computer and POS System. These costs relate to the purchase of specified computer hardware and software for your point-of-sale ("POS") system and the personal computer you must use in the operation of your Pokéworks Restaurant. The standards and specifications we are currently using are set forth in the Operations Manual.

(15) Employee Wages. Employee wages comprise a significant component of the costs of operating a franchise outlet and are influenced by factors such as the amount of time invested in a franchise outlet by the franchisee, the level of sales at the Pokéworks Restaurant, the number of hours a franchised business is open and the average number of staff required and market rates for labor. The costs will vary by location. Additionally, any incentive or bonus programs for employees of a franchisee would also be included in the employee wages for a franchised business.

(16) Additional Funds (First Three Months): This is the amount of additional funding that we recommend you have in your bank account upon store opening to cover various expenses during your first three months of operation, but is subject to change depending upon your circumstances and financing requirements imposed by your bank. The range is based on anticipated working capital required for the first three months including such items as food and beverage costs, supplies, utilities, ordinary maintenance and other operating expenses. Because this range is only an estimate, you should consult with your independent advisors to develop your own business plan that includes a cash flow chart in order to ensure that you have the amount necessary to cover any cash short fall in the initial months of operation. In compiling these estimates, we relied on the experience of certain officers of Pokéworks in the quick service restaurant business industry, which includes experience with other concepts and the development of our parent's company-owned restaurants. This is only an estimate of your initial investment and is based on our estimate of nationwide costs and market conditions prevailing as of the date of this Franchise Disclosure Document. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Neither we nor our parent or any affiliate offer, either directly or indirectly, any financing arrangements to you. We are unable to estimate whether you will be able to obtain financing for any or all of your investment and, if so, the terms of such financing (See ITEM 10).

(17) Training Expenses: Up to two (2) individuals including the Designated Manager are eligible to participate in our initial training program without paying any tuition or fee. You will be responsible for any and all travel and living expenses incurred in connection with attending the training program as well as wages or salaries if any, of the person(s) receiving or undergoing testing. If any additional personnel are to be trained, a fee of $500 per additional week, per individual will be charged.

## YOUR ESTIMATED INITIAL INVESTMENT UNDER THE MULTIPLE UNIT DEVELOPMENT AGREEMENT FOR THREE FRANCHISED RESTAURANTS

| Type of expenditure | Amount | Method of payment | When due | To Whom Payment is to be made |
|---|---|---|---|---|
| Initial Franchise Fees (1) | $90.000 | Lump sum | Upon signing each Franchise Agreement | Us |
| Architectural Design and Permits (2) | $45,000 to $135,000 | As incurred | During design phase of construction project and as incurred | Local/Corporate Architect, Interior Designer, State Government and Local Government Agencies |
| Construction and Remodeling (3) | $204,000 to $930,000 | As incurred | Before, during, and upon completion of construction project | Contractors |
| Initial Lease Deposit (4) | $75,000 to $210,000 | As arranged | Upon signing lease | Landlord |
| Furnishings (5) | $30,000 to $180,000 | As incurred | Beginning of construction project | Contractors or Suppliers |
| Fixtures (6) | $90,000 to $270,000 | As incurred | Beginning of construction project | Contractors |
| Equipment (7) | $45,000 to $210,000 | As incurred | Beginning of construction project | Suppliers |
| Utility Deposits (8) | $0 to $15,000 | As incurred | As incurred | Utility Companies |
| Business Licenses and Permits (9) | $3,000 to $12,000 | As incurred | As incurred | Local Government Agencies |
| Inventory (10) | $15,000 to $30,000 | As incurred | After health permit(s) have been issued | Food Vendors |
| Signs (11) | $3,000 to $45,000 | As incurred | Beginning of construction project | Supplier |
| Pre-Opening Marketing (12) | $22,500 to $30,000 | As incurred | One month before opening | PR Firms and Local Marketing Companies |
| Insurance (13) | $1,500 to $4,500 | As incurred | Upon acquiring space | Third parties and/or vendors |

| Type of expenditure | Amount | Method of payment | When due | To Whom Payment is to be made |
|---|---|---|---|---|
| Computer and POS System (14) | $4,500 to $12,000 | As incurred | As per supplier agreement signed | Suppliers |
| Employee Wages (15) | $9,000 to $36,000 | As incurred | From beginning of construction project until grand opening | Employees |
| Legal and Accounting Fees | $3,000 to $12,000 | As incurred | As incurred | Legal and Accounting Professionals |
| Additional Funds – First 3 Months (16) | $90,000 to $300,000 | As incurred | Varied times | Suppliers |
| Training Expenses (17) | $4,500 to $15,000 | As incurred | When additional personnel are sent for training with us | Us |
| **Total (18)** | **$735,000 to $2,536,500** | | | |

**NOTES:**

(1) Initial Franchise Fee. You must pay the Initial Franchise Fee when the Franchise Agreement is signed (See ITEM 5). If you enter into a Multiple Unit Development Agreement, the Initial Franchise Fee for the first Pokéworks Restaurant you commit to develop is currently $30,000; the Initial Franchise Fee for the second Pokéworks Restaurant you commit to develop is currently $25,000; and the Initial Franchise Fee for the third and any subsequent Pokéworks Restaurant is currently $20,000. Upon developing each Pokéworks Restaurant under the Multiple Unit Development Agreement, you will be required to sign our then-current form of Franchise Agreement, which may materially differ from the Franchise Agreement included with this Franchise Disclosure Document, especially with respect to the current Initial Franchise Fee. In all cases, the Initial Franchise Fee is deemed fully earned by us upon receipt and is not refundable under any circumstances.

(2) Architectural Designs and Permits. These estimated expenses include engineering drawings and architectural design layout drawings that may be purchased from an engineering firm, your landlord, or an architect. You must pay a fee for these services. These payments are non-refundable.

(3) Construction and Remodeling. These estimated expenses are based on the cost to build out three Pokéworks Restaurants, each consisting of 500 to 2,000 square feet in an established metropolitan or suburban area within a street retail, shopping mall, plaza, or mixed use indoor or outdoor establishment. The costs to complete the construction and remodeling of the premises for your Pokéworks Restaurants will vary widely and may be significantly higher than projected in this table, depending on such factors as the city or town in which

you propose to operate, property location, population density, economic climate, prevailing interest rates and other financing costs, the conditions of the property, current building code requirements, implementation and enforcement of the Americans with Disabilities Act in particular jurisdictions, and the extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish your Pokéworks Restaurants. To avoid excessive construction and remodeling costs, we strongly recommend that you select your contractor carefully by obtaining several bids prior to signing a construction contract. The estimates do not include exterior renovations to your Pokéworks Restaurant. These payments are non-refundable.

(4) Initial Lease Deposit. You will typically be required to pay two to three months' rent as a security deposit. Landlords who own real property in high traffic areas could potentially require you to pay six months' rent as a security deposit. We assume that even a free-standing building may be rented, possibly on a build-to-suit basis.

(5) Furnishings. This estimated amount involves costs associated with various furnishings including, but not limited to, front of house tables, front of house chairs, 15' counter, condiment cabinet, and stainless steel worktops.

(6) Fixtures. This estimated amount involves costs associated with various fixtures including, but not limited to, ADA restroom fixtures, pendant light fixtures, track light fixtures, hot water boiler, grease trap, three-compartment sink, two-compartment sink, and a mop sink.

(7) Equipment. This estimated amount involves costs associated with various pieces of equipment including, but not limited to, reach-in refrigeration (single or double door), rice cooker/warmer(s), ice maker, beverage dispenser, salad bar, cold wells, sushi maki machine, closed system counter top fryer, induction cooker, and miso soup dispenser.

(8) Utility Deposits. A utility deposit will typically be required only if you are a new customer of the utility company.

(9) Business Licenses and Permits. This estimated amount will vary depending on the municipalities in which the projects are located. These payments are non-refundable.

(10) Inventory. This estimated amount involves the costs associated with establishing an inventory of fresh seafood, frozen seafood, fresh produce and fruits, Japanese specialty spices, oils, and seasoning, rice, grains, and paper and plastic packaging goods.

(11) Signs. This includes window graphics and design and interior and exterior signage that may be purchased from third-party suppliers. These payments are non-refundable.

(12) Pre-Opening Marketing. These costs are incurred for marketing purposes in connection with the grand opening of your franchise. The promotional campaign will differ by location and may include printing and distribution of promotional coupons, newspaper advertisements, and charitable donations. You will use media we approve. The distribution of promotional food items is not included in this estimate, and you will incur additional costs in the preparation and distribution of sample food items at your grand opening event.

(13) Insurance. A 20% down payment of the annual premium for general business insurance and workers' compensation insurance is included in the low-end estimate, while the expense of the full annual premium is included in the high estimate.

(14) Computer and POS System. These costs relate to the purchase of specified computer hardware and software for your point-of-sale ("POS") system and the personal computer you must use in the operation of your Pokéworks Restaurants. The standards and specifications we are currently using are set forth in the Operations Manual.

(15) Employee Wages. Employee wages comprise a significant component of the costs of operating a franchise outlet and are influenced by factors such as the amount of time invested in a franchise outlet by the franchisee, the level of sales at the Pokéworks Restaurants, the number of hours the franchised businesses are open and the average number of staff required and market rates for labor. The costs will vary by location. Additionally, any incentive or bonus programs for employees of a franchisee would also be included in the employee wages for a franchised business.

(16) Additional Funds (First Three Months): This is the amount of additional funding that we recommend you have in your bank account upon store opening to cover various expenses during your first three months of operation of each Pokéworks Restaurant, but is subject to change depending upon your circumstances and financing requirements imposed by your bank. The range is based on anticipated working capital required for the first three months including such items as food and beverage costs, supplies, utilities, ordinary maintenance and other operating expenses. Because this range is only an estimate, you should consult with your independent advisors to develop your own business plan that includes a cash flow chart in order to ensure that you have the amount necessary to cover any cash short fall in the initial months of operation. In compiling these estimates, we relied on the experience of certain officers of Pokéworks in the quick service restaurant business industry, which includes experience with other concepts and the development of our parent's company-owned restaurants. This is only an estimate of your initial investment and is based on our estimate of nationwide costs and market conditions prevailing as of the date of this Franchise Disclosure Document. You should review these figures carefully with a business advisor before making any decision to purchase the franchise and to determine whether you may be able to achieve any economies of scale relating to opening and operating multiple restaurants. Neither we nor our parent or any affiliate offer, either directly or indirectly, any financing arrangements to you. We are unable to estimate whether you will be able to obtain financing for any or all of your investment and, if so, the terms of such financing (See ITEM 10).

(17) Training Expenses: Up to two (2) individuals including the Designated Manager are eligible to participate in our initial training program without paying any tuition or fee. You shall be responsible for any and all travel and living expenses incurred in connection with attending the training program as well as wages or salaries if any, of the person(s) receiving or undergoing testing. If any additional personnel are to be trained, a fee of $500 per additional week, per individual will be charged.

(18) Area Development Opportunity. If you commit to purchasing three Pokéworks Restaurants, in addition to paying the full Initial Franchise Franchise Fee for the first Pokéworks Restaurant, you will also pay, at the time you sign the Multiple Unit Development Agreement, fifty percent (50%) of the Initial Franchise Fees for all subsequent Pokéworks Restaurants you commit to develop, which is fully earned at the time it is paid and is non-refundable even if you fail to open any of the subsequent Pokéworks Restaurants. At the time you execute the Franchise Agreement for each subsequent Pokéworks Restaurant, you will also be required to pay the remaining portion of the corresponding Initial Franchise Fee for that particular Pokéworks Restaurant, which is fully earned by us upon payment and is non-refundable.

## ITEM 8
## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

**Product Purchases**

In order to maintain our standards of consistent and high quality Pokéworks Products and uniformity in Pokéworks Restaurants, you must purchase all products and services required for the operation of your Store from suppliers that we have identified and approved as meeting all of our specifications and standards or from us directly. We will give to you and you must comply with our standards and specifications for the services and products offered at your Pokéworks Restaurant regarding food and beverages, menu, food type and quality, dry goods, sauces, raw ingredients, packaging material, promotional items, uniforms, smallwares, computer software and hardware, payroll services, facility services (for example, mats, mops and towels), telephone equipment, services, furnishings, fixtures, and equipment used in connection with operating your Pokéworks Restaurant, leasehold improvements, food preparation and storage, supplies, recipes, materials, forms, and other Pokéworks Products sold or used through a Pokéworks Restaurant. We reserve the right to change the standards and specifications from time to time on written notice to you or as may be specified by the Operations Manual. We do not provide material benefits to franchisees based on their purchase of particular products or services. None of our officers or affiliates owns an interest in any of our suppliers. We currently are not approved suppliers of any Pokéworks Products or services sold or used through a Pokéworks Restaurant but we reserve the right to do so in the future, including the right to be a sole supplier of a Pokéworks Product or service. We did not derive any revenue from franchisee purchases or leases of goods and services during our most recent fiscal year. We do not currently derive any such revenue from franchisee purchases or leases but you acknowledge that in the future we, our parent, or an affiliate of ours may receive a rebate, royalty, or commission in connection with such purchases or leases and that the benefit of such rebate, royalty, or commission may not necessarily be passed onto you and that we and/or our parent and/or affiliates are entitled to keep such rebates, royalties, or commissions for our own use and benefit. As of the issuance date of this Disclosure Document, we currently anticipate doing so in connection with various food products, such as sauces, and pieces of equipment. You also acknowledge that we, our parent, or an affiliate of ours in your geographic area may derive a profit from the design and construction of the Store or as a result of tenant inducements or tenant allowances and you will waive any claims to such tenant inducements or tenant allowances. We do not presently participate in any purchasing or distribution cooperatives, but we reserve the right to do so in the future. The estimated proportion of the required purchases, purchases from approved suppliers, and purchases in accordance with our specifications to all

purchases in establishing the business is 90% to 100% and in the operation of the franchised business is 90% to 100%.

**Standards and Specifications; Suppliers**

We have developed and, in the future may modify, our standards and specifications based on our commitment to provide Pokéworks Products of a consistently high quality and to protect and enhance the value of the System and the Marks. Standards and specifications for the items that we require you to use in developing and operating your Restaurant are available to you and suppliers from time to time through the Operations Manual.

We have approved the suppliers identified in the Operations Manual as approved suppliers based on our evaluation of, among other things, their price terms, their national distribution abilities, and their ability to meet our quality standards. If you wish to use suppliers that are not on our list of approved suppliers, you are required to notify us in writing before using your preferred supplier and, if we request, provide us with samples of the product and any relevant data. We will, upon receiving such request, determine whether the product meets our specifications and will notify you accordingly within 10 business days of our receipt of the product samples and other relevant data, as requested. We do not currently charge a fee for this evaluation process, but we reserve the right to charge such a fee in the future. If we determine that your preferred supplier does not meet our specifications, you must continue to use our approved supplier. When making our determination, some of our considerations will include whether or not your proposed supplier:

(a) meets our specifications, including our quality, quantity, warranty, variety, service, health and safety specifications, for both the product and for the facilities used in the production and distribution of the product;

(b) has the capacity to supply your requirements;

(c) has a sound financial condition and business reputation;

(d) will supply product to a sufficient number of Pokéworks franchisees to enable us to economically monitor compliance by the supplier with our specifications; and

(e) has met such other criteria as may be established by us, acting reasonably, from time to time and as set out in the Operations Manual.

Other than making the System available to you as provided in the Franchise Agreement, we do not provide any specific benefits to you based on your use of approved sources of supply. However, your failure to use approved sources of supply or to comply with our standards and specifications would be a breach of the Franchise Agreement, and would give us the right to exercise our remedies for your breach of the Franchise Agreement, including our rights to terminate your Franchise Agreement. We may negotiate purchase arrangements with suppliers for your benefit, although we are not obligated to do so. You should not rely on the availability of any particular purchasing arrangements in deciding whether to purchase the franchise. You will not receive a material benefit from us based on your use of any particular designated or approved sources. (See Section 5.5 of the Franchise Agreement).

**Computer Hardware and Software**

You must purchase or lease, use, maintain and update computer, POS, and other systems and software programs which meet our specifications as they evolve over time and which, in some cases, may only be available through us, our affiliates and/or designated suppliers.

We may change the designated suppliers from time to time upon written notice to you. You acknowledge that we may receive a rebate or commission in connection with the POS computer software and hardware purchased, leased, or obtained by you from designated suppliers and that the benefit of such rebate or commission may not necessarily be passed onto you and that we and/or our parent and/or affiliates are entitled to keep such rebates or commissions for our own use and benefit.

We require that you connect your POS hardware, at your expense, with a computer facility designated by us so as to enable us to collect information concerning Gross Sales generated by your restaurant and you must sign all relevant documents and do such further acts as may be required by us from time to time. You must purchase such POS computer software, hardware and telephone equipment as may be required to implement the POS program or for any other purposes that we may designate from time to time, either in the Operations Manual or by notice in writing from suppliers designated by us and you must assume and pay all costs related to the program.

You further acknowledge and agree that you shall purchase (or lease), use, maintain and update computer and other systems and software programs which meet our specifications as they evolve over time and which, in some cases, may only be available through us, our affiliate and/or designated suppliers. You must maintain your systems network and must promptly update and otherwise change your computer and POS hardware and software systems, as we may require from time-to-time at your expense. You must pay all amounts charged by any supplier or licensor of the system and programs used by you, including charges for use, maintenance, support, or update of these systems or programs.

**Insurance**

You must obtain and maintain the following minimum insurance coverage at your cost from an insurer acceptable to us, and provide us with certified copies of each insurance policy:

(a) insurance on your inventory, fixtures, furniture, equipment, improvements, betterments, and wares in an amount not less than the full replacement cost thereof with coverage against the perils of fire and standard extended coverage, including malicious mischief and burglary;

(b) comprehensive public liability and property damage insurance, including personal injury liability, contractual liability, public liability, employer's liability, and tenant's liability, with coverage of not less than $2,000,000 for any one occurrence and such greater amount as we may specify from time to time;

(c) business interruption insurance in such amount as will reimburse you for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent restaurant

owners, or attributable to prevention of access to the restaurant, with coverage for a period of interruption of 180 days and such longer period as we may specify from time to time;

(d) such insurance as we may require for the purpose of insuring our interest in any and all royalties, lease payments or Marketing Fund Contributions due to us against any loss resulting from any interruption in your business attributable to damage or destruction to the restaurant, or to prevention of access to the restaurant, or to your death or disability (if you are an individual), or to the death or disability of your equity manager or the Guarantor (as such terms are defined in the Franchise Agreement);

(e) any other insurance required by law, including workers' compensation insurance, in such amounts as required by statute; and

(f) such other insurance coverage as we or the Landlord may reasonably require from time to time.

Such insurance coverage shall be taken out in your name and shall name us as an additional insured and be placed with insurers designated by us or acceptable to us. You must furnish us with certified copies of each of the insurance policies described above thirty (30) days before the opening of the Store for business. Each such policy shall provide that it cannot be canceled without thirty (30) days' prior written notice to us and that we shall receive at least thirty (30) days prior written notice of its expiration. You shall promptly refer all claims or potential claims against you or us to each of us and our insurer.

If you fail to take out or keep in force any of the above minimum insurance or should any of that insurance not be approved by us or the landlord, and should you not commence to diligently rectify (and afterwards to proceed diligently to rectify) the situation within 48 hours after notice by us or the landlord, we may, without obligation, effect such insurance at your sole cost and all of our costs and the costs of the landlord will be immediately paid by you to us together with a fee of 15% of such costs representing our overhead.

## 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 franchise disclosure document.**

| Obligation | Section in Franchise Agreement (unless otherwise indicated) | Disclosure Document Item |
|---|---|---|
| a. Site selection and acquisition/lease | 1.1, 4.1, 4.2 | ITEM 11 |
| b. Pre-opening purchases/leases | 8.10<br>Construction Agreement: 1(c), 3, 13 | ITEM 7 & ITEM 8 |
| c. Site development and other pre-opening requirements | Construction Agreement: 1(b), 2 | ITEM 7 & ITEM 11 |
| d. Initial and ongoing training | 4.4, 5.3 | ITEM 11 |

| Obligation | Section in Franchise Agreement (unless otherwise indicated) | Disclosure Document Item |
|---|---|---|
| e. Opening | 4.5 | ITEM 7, ITEM 8 & ITEM 11 |
| f. Fees | 2.2(f), 8.1 - 8.3, 8.8, 8.9, 9.5(b) and Schedule A | ITEM 5, ITEM 6 & ITEM 17 |
| g. Compliance with standards and policies/Operations Manual | 5.6, 5.9, 5.12, 5.15, 5.16, 5.17 | ITEM 11 |
| h. Trademarks and proprietary information | 3 | ITEM 13 & ITEM 14 |
| i. Restrictions on products/services offered | 5.4 | ITEM 8 & ITEM 16 |
| j. Warranty and customer service requirements | Not applicable | None |
| k. Territorial development and sales quotas | Not applicable | None |
| l. Ongoing product purchases | 5.5 | ITEM 8 |
| m. Maintenance, appearance and remodeling requirements | 2.2(d), 5.10, 5.11 | ITEM 17 |
| n. Insurance | 6.1(f), 6.2 | ITEM 6 & ITEM 8 |
| o. Advertising | 5.7, 8.9 | ITEM 6 & ITEM 11 |
| p. Indemnification | 10.9, 11 Guarantee and Indemnity | ITEM 6, ITEM 13 & ITEM 14 |
| q. Owner's participation/management/ staffing | 5.2, 5.3, 8.11 | ITEM 15 |
| r. Records and reports | 8.4, 8.5, 8.7 | ITEM 6 |
| s. Inspection and audits | 8.8 | ITEM 6 |
| t. Transfer | 12 | ITEM 17 |
| u. Renewal | 2.2 | ITEM 17 |
| v. Post-termination obligations | 10.2 - 10.5, 10.8, 10.11, 10.12, 10.15 and Section 8 of Application | ITEM 17 |
| w. Non-competition covenants | 15.1, 15.2 | ITEM 17 |
| x. Dispute resolution | 16.14 | ITEM 17 |
| y. Guaranty | 11 and Schedule F | ITEM 15 |

## Additional Provisions for Multiple Unit Developers

| Obligation | Section in Multiple Unit Development Agreement | Disclosure Document Item |
|---|---|---|
| a. Site selection and acquisition/lease | Section V of the Multiple Unit Development Agreement | ITEM 11 |
| b. Pre-opening purchases/leases | Not applicable | ITEM 5, ITEM 7 and ITEM 8 |

| Obligation | Section in Multiple Unit Development Agreement | Disclosure Document Item |
|---|---|---|
| c. Site development and other pre-opening requirements | Not applicable | ITEM 5, ITEM 7 and ITEM 11 |
| d. Initial and ongoing training | Section III.C. of the Multiple Unit Development Agreement | ITEM 11 |
| e. Opening | Section III.C. & IV | ITEM 11 |
| f. Fees | Section III | ITEM 5 and ITEM 6 |
| g. Compliance with standards and policies/Operating Manual | Not applicable | ITEM 11 |
| h. Trademarks and proprietary information | Section X | ITEM 13 and ITEM 14 |
| i. Restrictions on products/services offered | Not applicable | ITEM 16 |
| j. Warranty and customer service requirements | Not applicable | Not applicable |
| k. Territorial development and sales quotas | Section IV | ITEM 12 |
| l. Ongoing product/service purchases | Not applicable | ITEM 8 |
| m. Maintenance, appearance and remodeling requirements | Not applicable | Not applicable |
| n. Insurance | Not applicable | ITEM 6, ITEM 7 and ITEM 8 |
| o. Advertising | Not applicable | ITEM 6 and ITEM 11 |
| p. Indemnification | Section XIV | ITEM 6, ITEM 13 & ITEM 14 |
| q. Owner's participation/ management/ staffing | Section I.D. | ITEM 11 and ITEM 15 |
| r. Records and reports | Section XIII | ITEM 17 |
| s. Inspections and audits | Not applicable | ITEM 6 and ITEM 11 |
| t. Transfer | Section VIII | ITEM 6 and ITEM 17 |
| u. Renewal | Section II | ITEM 6 ITEM 17 |
| v. Post-termination obligations | Sections VII and XI | ITEM 17 |
| w. Non-competition covenants | Section XI | ITEM 17 |
| x. Dispute resolution | Section XXI | ITEM 17 |

## ITEM 10
## FINANCING

Neither we nor our parent or any affiliate offer, either directly or indirectly, any financing arrangements to you. We are unable to estimate whether you will be able to obtain financing for any or all of your investment and, if so, the terms of such financing.

Neither we nor any affiliate receives payment for the placing of financing. We do not have any present practice or intent to assign to a third party any instrument executed by you. No contracts or investments contain a waiver of defenses or similar provisions. We do not guarantee your notes, leases or other obligations.

You agree in the Franchise Agreement that you will not, without our prior written consent, borrow more than the maximum allowed debt we prescribe for you. Currently, the maximum amount of debt we allow you to service is seventy percent (70%) of the total project costs for establishing a Pokéworks franchise. We will establish your maximum allowed debt based upon your financial condition, the initial investment necessary to open your Pokéworks Restaurant, and the location of your Pokéworks Restaurant. We periodically may change this amount for you and other franchisees (that is, the amount may differ from franchisee to franchisee because of each franchisee's particular circumstances). We impose this requirement because excess debt may adversely affect your Pokéworks Restaurant's operational results.

Regardless of your personal financial position, we encourage you to seek financing guidance for your Pokéworks franchise from Direct Connect Ventures, Inc. ("**DCV**"), a recommended service provider. DCV provides financing management services to new and existing franchisees with the ability to assist in placing the necessary financing option(s) for your startup and/or expansion. DCV sources financial institutions of all multiplicity including and not limited to the Small Business Administration "SBA" products.

Financing management through DCV may enable those who qualify with the opportunity to obtain financing in an expeditious and more predictable fashion. The ultimate goal at DCV is to assist you in arriving on a platform of financial safety and growth. We have not entered into any agreements with DCV in connection with any financing programs that might be available to you. We will not receive any compensation for placement of your debt but may compensate the financing management company in some manner. We do not currently receive any benefit from DCV for a franchisee's use of DCV's services, but we reserve the right to do so in the future.

Direct Connect Ventures, Inc. is a California Corporation and their mailing address is 468 Pennsfield Place, Suite 203, Thousand Oaks, CA 91360. The principal of their company is Reginald Byrd. Your direct relationship at DCV is Anthony Byrd and he can be reached directly at 805-449-2411. His email address is anthony@dcv-inc.com. The website for DCV is www.DCV-INC.com.

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

**Except as listed below, Pokéworks is not required to provide you with any assistance.**

### Pre-Opening Assistance

1. Site Selection and Designation of Franchise Territory or Multiple Unit Territory: We will assist you in selecting a site for your Pokéworks Restaurant that is approved by us and designate your Franchise Territory (See Section 1.1 and **Schedules A** and **B** of the Franchise Agreement). Factors we use in reviewing a potential site include neighborhood demographics,

including day and night time population density, vehicle and foot traffic flow and patterns, sales activity of neighboring business tenants, proximity to schools and businesses, traffic patterns, condition and size of premises, lease terms, parking and ease of access to the site. If a site cannot be agreed upon by you and us within 180 days from the date you sign the Franchise Agreement, the Franchise Agreement could be terminated by us. If you are a Multiple Unit Developer, we will assist you with the selection and designation of your Multiple Unit Territory. (See Section I.A and **Attachment A** of the Multiple Unit Development Agreement).

2. Operations Manual. We will loan you a copy (paper, electronic or other format) of our confidential operations manual ("**Operations Manual**"), which contains mandatory and suggested specifications, standards, operating procedures and rules, recipes, food preparation instructions, and required product purchases, as prescribed from time to time by us. The Operations Manual is confidential and remains our property. We reserve the right to require you to use an electronic version of the Operations Manual and require you to access the document using the Internet or an intranet created and supported by us. You will have the opportunity to view the Operations Manual at our headquarters before purchasing your Pokéworks Restaurant. The Operations Manual contains approximately 153 pages. We have included a copy of the Table of Contents for our Operations Manual as **Exhibit H** to this Franchise Disclosure Document. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy from us at our then applicable charge. Our current replacement cost is $500, but it may be increased or decreased by us at any time, within our sole and absolute discretion.

3. Restaurant Specifications. We will provide you with specifications for the Pokéworks Restaurant, including space requirements, build-out requirements, design and decoration requirements, plus specifications concerning signs, decor and equipment. Alternatively, if you wish to prepare the construction plans and specifications yourself, you must submit such construction plans and specifications to us for our approval before construction of the restaurant commences, and you must submit all revised plans and specifications to us for our approval during the course of construction. (See Section 4.1 of the Franchise Agreement).

Upon completion of construction, you may be required to provide us with a set of "as built" plans and specifications. You may also be required by us to renovate, remodel and refurbish your restaurant as a condition precedent for renewal of the Franchise Agreement to comply with our then current standards as close to the date of renewal as possible.

4. Purchase of Equipment and Furniture. We will assist you in obtaining the furniture and equipment required for your Pokéworks Restaurant, and you must obtain such furniture and equipment from us or a designated supplier (See Section 5.5 of the Franchise Agreement).

5. Training. Before your store is schedule to open, we will train two individuals, including the Designated Manager (as defined in ITEM 15 of this Franchise Disclosure Document), over the course of five weeks, Monday to Friday between 9:00am to 5:00pm. A $500 fee per additional week, per individual will be charged. (See Section 4.3 of the Franchise Agreement).

**Schedule for Opening**

You will have a maximum of 180 days from the date you sign the Franchise Agreement ("**Site Location Period**") to locate a site approved by us and sign a lease or sublease for your Pokéworks Restaurant. If you do not find a site and sign a lease or a sublease by the end of that time period, we have the right to terminate your Franchise Agreement and retain the full amount of the Initial Franchise Fee or, in our sole discretion, to provide you with an extension to locate a site and sign a lease or sublease for your Pokéworks Restaurant.

Furthermore, if you fail to (a) locate a suitable location acceptable to us or fail to enter into a lease for the Pokéworks Restaurant in the manner required by the Franchise Agreement; (b) commence operations of your Pokéworks Restaurant in accordance with the terms of the Franchise Agreement; or (c) successfully complete the initial training as required by the Franchise Agreement, then we may retain the full amount of the Initial Franchise Fee.

In some markets, it may very well take in excess of the Site Location Period to locate a site and to sign a lease or sublease for your Pokéworks franchise.

We estimate there will be an interval of approximately six months between the earlier of the execution of the Franchise Agreement or your first payment to us and the opening of a Pokéworks Restaurant. The interval may be affected by the weather, finding of a location, negotiation of a lease, the location and condition of the proposed store, delays in obtaining construction and food-related permits, the construction schedule for the Pokéworks Restaurant, and the construction schedule of the landlord to build or renovate the base building. We will notify you of our approval or disapproval of a proposed site within 30 days of receipt of your proposal. If we do not approve the proposed site, you will need to locate an alternative location. We will be entitled to terminate this Agreement by written notice to you if you are unable to find a suitable location within 180 days following execution of the Franchise Agreement, and in such event, we may retain any and all monies paid to us, including the Initial Franchise Fee paid as liquidated damages and not as a penalty. (See Section 4.1 and 8.1 of the Franchise Agreement).

You may not open the Pokéworks Restaurant for business until: (1) we notify you in writing that all of your development obligations have been fulfilled; (2) pre-opening training of your personnel has been completed to our satisfaction; (3) all amounts then due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required under the Franchise Agreement, or other evidence of insurance coverage and payment of premiums that we request; (5) you notify us that all approvals and conditions set forth in the Franchise Agreement have been met; and (6) you have provided us with a voided check for the payment of Royalties and Marketing Fund Contributions. Within eight days after we notify you in writing that your pre-opening obligations have been met, we will visit the location and give final approval to open the Pokéworks Restaurant. You must comply with these conditions and be prepared to open the Pokéworks Restaurant for business and begin conducting business within five days after we advise you that the Pokéworks Restaurant is ready to open. (See Sections 4.3, 4.4, 4.5, 6.1(f)) and **Schedule E** of the Franchise Agreement).

**On-Going Assistance**

1. Continuing Research. We will research new products, new items, services and methods of doing business and provide you with information concerning developments of this research (See Section 7.1 of the Franchise Agreement).

2. On-Going Consultation. We will be available to you on a reasonable basis via telephone or electronic mail during regular business hours to discuss your operational questions and experiences. (See Section 7.1 of the Franchise Agreement).

3. Operational Guidance. In our discretion and at your reasonable request, we will furnish guidance to you with respect to: (1) recipes, methods, specifications, standards and operating procedures used in Pokéworks Restaurants along with any modifications; (2) purchasing approved equipment, fixtures, furnishings, signs, products, materials and supplies; (3) development and implementation of local advertising and promotional programs, (4) general operating and management procedures of Pokéworks Restaurants; and (5) establishing employee training programs at your Pokéworks Restaurant. Any guidance will, in our discretion, be furnished in the form of Pokéworks manuals, bulletins, videos, written materials, reports and recommendations, other materials and intangibles, refresher training programs and/or telephonic consultations or consultations at our offices or at your Pokéworks Restaurant. (See Section 7.1 of the Franchise Agreement).

4. Annual Meetings. We may hold annual conferences to discuss sales techniques, new product developments, preparation of new menu items, new service suggestions, bookkeeping, inventory control, performance standards, advertising programs and merchandising procedures. There is no conference fee, but you must pay all of your travel and living expenses. We require you or your Designated Manager to attend these conferences. These conferences are held at a location chosen by us. In the event you fail to attend a conference or fail to send a representative to a conference, we may require you or your Designated Manager to attend a mandatory training seminar at your expense to learn about all of the topics covered at the conference.

5. Advertising. At our option, we will provide advertising materials to you in the form of an arts and graphics package, which will be included in your Operations Manual. We may use outside advertising and marketing agencies to create advertising materials which we may provide to you. We must approve in writing any advertising materials you wish to use prior to you using such advertising materials. If we do not advise you in writing that your advertising is approved, it will be deemed disapproved. You will not use any advertising or promotional materials or programs that we have disapproved or that does not include the copyright, trademark and other notices required by us (See Section 5.7 of the Franchise Agreement). We reserve the right to require that: (a) you include a brief statement regarding the availability of information regarding the purchase of Pokéworks Restaurants in all advertising used by you, (b) you make available to customers a brochure regarding purchase of Pokéworks Restaurants be placed in a prominent location in your Pokéworks Restaurants, and (c) you hang a sign produced by us indicating that you are an independent contractor, that you own your franchise, and that all debts and liabilities incurred by you are for your own account. (See Section 6.1(a) of the Franchise Agreement).

**Marketing**

You must actively participate in and cooperate with our national, regional and local advertising and sales promotion campaigns, and you must:

1. obtain our prior approval to all promotions, special events, sales promotion materials and advertising used by you (including, without limitation, on-site, internet, direct mail, newspaper, radio and television advertising, and advertising by third parties at the Pokéworks Restaurant or at any other location if in connection with the Pokéworks Restaurant);

2. display in the Pokéworks Restaurant, and in the manner specified by us, advertising material that we may present to you from time to time;

3. conduct such promotions, special events, offer such promotional items, and accept such coupons, gift certificates, and loyalty programs as we may from time to time require;

4. not make any television or radio appearance or make any statement to any media in connection with the Pokéworks System without first obtaining our written consent;

5. advertise and display such advertisements and solicitations at the Pokéworks Restaurant to attract potential franchisees to the Pokéworks System as we may require from time to time;

6. conduct a grand opening advertising and promotional program for the Pokéworks Restaurant at the time and in the manner specified by us and agree to spend a minimum of $7,500 for the grand opening program, plus the cost of any promotional food. You must also agree to provide us with a summary of your grand opening program expenditures within 75 days after the Pokéworks Restaurant opens. Your grand opening program must utilize the marketing and public relations programs and media and advertising materials that we have approved; and

At the same time your Royalty Fee is paid, you must contribute a specified portion of your Gross Sales to the Marketing Fund ("**Marketing Fund Contribution**"), which amount is currently equal to 1.5% Gross Sales. All Marketing Fund Contributions, together with amounts contributed by you and other franchisees, will be maintained in a separate fund ("**Marketing Fund**") administered by us. We will use such funds for the purpose of advertising and promoting the franchised and company-owned operations associated with the Marks and producing such advertisement and promotion. However, we cannot and do not ensure that you will benefit directly or pro-rata or at all from the placement of advertising and promotion. We currently anticipate that the Marketing Fund Contributions of company-owned restaurants will resemble those of our franchised restaurants, but we reserve the right to modify the extent of their contributions at any time. We may consult with you from time to time concerning the advertising programs to be established by us and, for that purpose, may invite you to participate in a franchisee advisory board. The cost of establishing and maintaining such an advisory board may be charged to the Marketing Fund. We have the right to make all decisions concerning advertising and promotion in our sole discretion, including whether, and to what extent, such advertising and promotion will be conducted on a national, regional, or local basis. This includes the right to use the Marketing Fund Contributions for broadcast or print advertising, the creation, development and production of advertising and promotional materials, including, but not limited to, ad slicks, radio, film and

television commercials, videotapes, direct mail pieces, and other print advertising; any marketing or related research and development; developing, enhancing and maintaining our website; vehicle advertising, menu development, point-of-sale advertising, retaining public relations firms, celebrity chef endorsements, and uniform designs; and advertising and marketing expenses, including payment for research and development on new Pokéworks Products and services, services provided by advertising agencies or other marketing, research or consulting firms or agencies, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of the Internet, Internet access provider costs, personnel to support the marketing function, subscriptions to industry newsletters or magazines, and administrative costs. We may reimburse ourselves or our designated representatives (which may be one or more of our subsidiaries or affiliates) for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting, and legal expenses, taxes, and other reasonable direct and indirect expenses incurred by us or our representatives in connection with the programs funded by and the administration and operation of the Marketing Fund. We and our representatives will not be liable for any act or omission that is consistent with your Franchise Agreement and done in good faith. We and our representative may spend in any fiscal year more or less than the aggregate Marketing Fund Contribution of all stores to the Marketing Fund in that year, and the Marketing Fund may borrow from us or others (including our affiliates) to cover deficits or invest surplus for future use. We may incorporate the Marketing Fund or operate it through a separate entity as we deem appropriate. We and our representatives have no obligation to ensure that the Marketing Fund benefits your Pokéworks Restaurant in proportion to your respective Marketing Fund Contributions or at all. You must acknowledge and agree that the Marketing Fund's primary purpose is to support sales by the entire Pokéworks System and to build brand identity. You also must agree to participate in any promotional campaigns and advertising and other programs that the Marketing Fund periodically establishes.

You will be provided with an unaudited annual statement of funds received by the Marketing Fund, and expenditures made from the Marketing Fund, if you request such a statement in writing. The cost of preparing the statement will be paid by the Marketing Fund. The reporting period used for the purpose of this accounting will coincide with our fiscal year. None of the Marketing Fund Contributions will be used to solicit the sale of new franchises.

Although we intend the Marketing Fund to be of perpetual duration, we have the right to terminate the Marketing Fund. We will not terminate the Marketing Fund, however, until all monies in the Marketing Fund have been expended for advertising and promotional purposes.

We and our representatives have the right, but not the obligation, to use collection agents and to institute legal proceedings to collect Marketing Fund Contributions at the Marketing Fund's expense. We and our representatives also may forgive, waive, settle, and compromise any claims by or against the Marketing Fund. We and our representatives, reserve the right, in our sole discretion, to at any time defer or reduce Marketing Fund Contributions and operations for periods of any length.

During our most recent fiscal year, we did not collect any Marketing Fund Contributions from any Pokéworks franchisees and therefore did not spend any Marketing Fund Contributions.

We currently have a franchisee advisory board ("**Advisory Board**"). You will participate in all Advisory Board programs that we approve. The purpose of the Advisory Board includes exchanging ideas and problem-solving methods, advising us on Marketing Fund expenditures, and coordinating System franchisee efforts.

In addition to the Marketing Fund Contributions to be made by you, you also must agree to spend an amount equal to two percent (2%) of your Gross Sales for purposes of conducting local advertising marketing campaigns ("**Local Marketing Expenses**"). You must spend this amount on a quarterly basis. We may require that you prepare and submit five days after the end of every quarter a report setting out the Local Marketing Expenses actually disbursed by you for that quarter during each month of the initial term and any successor term. (See Section 5.8(a) of the Franchise Agreement).

We do not currently require you to participate in an advertising and public relations cooperative ("**Local Advertising Cooperative**") in regional and metropolitan areas where there are two or more Pokéworks franchisees. However, we reserve the right, in our sole discretion, to form, change, merge or dissolve any Local Advertising Cooperative and to require you to participate in a Local Advertising Cooperative in the future. If we do, at such time we may require you to pay your proportionate share of the cost of joint regional and local public relations and advertising programs. However, we currently anticipate that any such contributions required of you towards a Local Advertising Cooperative would be credited towards the Local Marketing Expenses that you are required to make under the Franchise Agreement.

**Computer System**

We designate point of sale equipment and systems ("**POS System**"), including point of sale equipment and systems, used in connection with operating your Pokéworks Restaurant, which you must obtain from suppliers designated by us or from us directly. You must purchase such computer software and hardware from our designated suppliers or from us directly. We may designate additional computer software and hardware from time to time. We may change the designated suppliers from time to time on written notice to you. You acknowledge that we may receive a rebate or commission in connection with the computer software and hardware purchased, leased, or obtained by you from designated suppliers and that the benefit of such rebate or commission may not necessarily be passed onto you and that we and/or our subsidiaries and/or affiliates are entitled to keep such rebates or commissions for our own use and benefit. (See Section 5.5 of the Franchise Agreement)

We may require that you connect your POS System, at your expense, with a computer facility designated by us so as to generate or store information concerning Gross Sales, Royalties, and other sales and labor analysis figures as an example of some of the information the POS vendor will collect and make available to us via a website. The system will include computer(s), modem(s), cash drawer(s), receipt printer(s) and report printer as well as POS software. You must sign all relevant documents and do such further acts as may be required by us accordingly. You must purchase such POS System and equipment as may be required to implement the cash register program and/or for any other purposes that we may designate from time to time in the Operations Manual or by notice in writing from suppliers designated by us and you must assume and pay all costs related to the program. (See Section 8.10 of the Franchise Agreement).

You must purchase or lease, use, maintain and update computer and other systems and software programs which meet our specifications as they evolve over time and which, in some cases, may only be available through us, our affiliates and/or designated suppliers. You must maintain your systems network and you must promptly update and otherwise change your computer and point of sale hardware and software system as we require from time-to-time, at your expense. You will pay all amounts charged by any supplier or licensor of the systems and programs used by you, including charges for use, maintenance, support and/or update of these systems or programs.

We estimate the cost of purchasing the computer system and POS system will range from $1,500 to $4,000. In addition, you will need to pay up to $400 per month for a service and maintenance contract plus the cost of your Internet connection. This monthly fee covers the cost of ongoing maintenance and POS software upgrades. Other than as set forth in the agreements between you and our POS System vendors, which you will sign prior to the date you open your Pokéworks Restaurant, we have no contractual obligation to provide you with support services, upgrades or updates.

We have the right to independently access your electronic information and data, and to collect and use your electronic information and data in any manner we choose to promote the development of the System and the sale of franchises. There is no contractual limitation on our right to receive or use your electronic information and data.

**Technology Management**

You must pay to us a monthly technology management fee of $200 ("**Technology Fee**") for your right to use a software bundle that includes: operational, financial and accounting, organizational, communications-related, and project management to assist you in establishing and maintaining the overall technological infrastructure for your Pokéworks Restaurant.

**Training Program**

The initial training program ("**Training Program**") is scheduled over the course of three weeks, Monday to Friday between 9:00 am to 5:00 pm at a classroom in Irvine, California, or a similar location we designate. We conduct the Training Program on an as-needed basis, as we determine based on the schedules of incoming franchisees and our team members who lead the various aspects of the program. Up to two (2) individuals including the Designated Manager are eligible to participate in our initial training program without paying any tuition or fee. If any additional personnel are to be trained at the time of the initial training program or any time thereafter, you will be charged a fee payable to us of $500 per additional week, per individual. You will be required to successfully complete the Training Program to our satisfaction, as we determine, before you can open your Pokéworks franchise. The training will be conducted by Michael Wu, Peter Yang, Kasper Hsu, and Kevin Hsu. Michael Wu is our Chief Executive Officer and has approximately 13 years of experience in this field and has been with us since our inception. Peter Yang is our Northeast Director of Operations and has approximately nine years of experience in this field and has been with us since our inception. Kasper Hsu is our Southwest Director of Operations and has approximately six years of experience in this field and has been with us since our inception. Kevin Hsu is our Northwest Director of Operations and has approximately six years

of experience in this field and has been with us since our inception. In addition to the Operations Manual, the initial training program will use other instructional materials, including various support tools guides and materials that are extensions of the Operations Manual.

## TRAINING PROGRAM

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| **Week 1:** Orientation: Welcome to Pokéworks (The Company, The History, Pokéworks Vision, Commitment, Expectations, Pokéworks Business Partners, The Brand Statement, The Brand Position, Who We Are, Company Principals, The Culture, The Agreement- Franchisee Obligation and Franchisor Obligations, The New Store Opening, The New Store Training, Post Opening Support, Operating Standards Overview, Food Safety, The Pokéworks Menu (know all Ingredients and menu), Freshness and Quality, ServSafe, Holding Temperatures, Sanitation and Cleaning Procedures, Equipment Functions), Marketing, Advertising, Social Media, Loyalty Program, New Hire Paperwork, New Hire Checklist, POS, Troubleshooting equipment, Training Your Staff, Catering. | 40 | 0 | Classroom in Irvine, California |
| **Week 2:** Product Knowledge, Review Complete In- Store Operating Procedures; including FOH, BOH, Shelf Life, Grab-n-Go, Station Set up, Recipe Book, Cleaning and Sanitation, Food Cost Management, Supply Management, Food Preparation Systems, and Cooking Techniques. Development, Review Operations Manual, Training Checklists, Operating Guides. Review Accounting Procedures, Reporting, Store Evaluations, Dealing with Emergencies, Local Marketing Plan, Team Member Management, Customer Service, Product Quality, Financial Management, Labor Management, COG's, and P&L's. | 20 | 20 | Classroom in Irvine, California |

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| **Week 3:** Ordering Procedures, Position Skill Training, Tour of Store (Equipment Overview, Storage, Fire Extinguishers, Alarm System, Office Set-Up, Review Prep area and Prep Guides, Review Daily Prep Checklist in Location, Product and Presentation, Guest Area Appearance and Atmosphere Standard, Deployment Chart, Cleaning Schedule and Checklist, During in-store training you will prepare each menu item, Prep each item, Open and close location, Manager duties and roles, POS and Daily Till Procedures, During the In-Store Training there will be a comprehensive review of the Prep/Cook, Cashier, FOH, BOH, Operational Checklists, and Manager Checklists. | 0 | 40 | Designated In-Store Location Training at Parent's company-owned Pokéworks Restaurant |
| **TOTAL** | **60** | **60** | |

After the Training Program we will be available by phone or electronic mail during reasonable business hours. You will need to begin operations of your franchise unit within 30 days of the completion of the Training Program or as soon as we have certified that your Pokéworks Restaurant is ready to open for business (See Section 4.4 of the Franchise Agreement).

If, whether as a result of observations, test results or otherwise during the Training Program or thereafter (including during operation of your Pokéworks Restaurant) we determine that you are not meeting Pokéworks System standards, after written notice and a 10-day opportunity to cure, we can require that: (1) a manager or other person designated by us be placed in Pokéworks Restaurant to supervise day-to-day operations for the purpose of assuring compliance with our standards, in which case you will pay all related costs, including salary, benefits, travel, meals, lodging, and incidental expenses; and/or (2) you (or a managing partner or shareholder consented to by us) and/or your equity manager, re-attend and successfully complete training, at your sole cost and expense, which will include a fee payable to us of $500 per additional week, per individual will be charged.

Each Multiple Unit Developer will be expected to develop and operate its own training program, in accordance with our training standards, after the opening of its third Pokéworks Restaurant. After the third restaurant is opened, we will provide the Initial Training Program to one designated manager for each additional Pokéworks Restaurant. No on-site training will be provided to Multiple Unit Developer after the opening of its third Pokéworks Restaurant. A Multiple Unit Developer may request that we provide a Training Program or on-site training for one or more of Multiple Unit Developer's employees, provided that the Multiple Unit Developer

agrees to reimburse us for all training costs at the then-current daily training rate published in the Operations Manual.

You (or a managing partner or shareholder consented to by us) and your Designated Manager (as defined in ITEM 15) must attend additional and/or refresher training programs (if we designate them as mandatory) conducted at location(s) specified by us, whether on a national or regional basis, and your other employees may be required to attend mandatory training programs presented by us at your Pokéworks Restaurant location. You and your managers and employees may attend any additional training programs offered by us from time to time, which we designate as optional. We may charge a fee for any optional training programs. You will be responsible for all travel, living, incidental and other expenses and compensation of you and your personnel attending any training program. (See Sections 4.3 and 5.3 of the Franchise Agreement).

## ITEM 12
## TERRITORY

**Franchise Agreement**

The franchise is granted for a specific location ("**Licensed Location**") within the territory ("**Franchise Territory**"). The Licensed Location is identified on **Schedule A** to the Franchise Agreement, and the Franchise Territory is identified on **Schedule B** to the Franchise Agreement. You must operate from the Licensed Location and you must receive our written permission before relocating your Pokéworks Restaurant, which will be based on the following: where your new Pokéworks Restaurant will be located; whether or not such relocation will infringe upon the rights of other Pokéworks Restaurant; and the time it will take to relocate your Pokéworks Restaurant. You may not conduct business from any site other than the Licensed Location without our written consent, including unapproved catering or delivery services and you may not use other channels or methods of distribution, including the Internet (or any existing or future form of electronic commerce), catalog sales, telemarketing, or other direct marketing, to conduct sales outside of your Franchise Territory. Except as set forth below, we will not authorize any other franchisee to operate within your Franchise Territory, nor will we or our affiliates operate a Pokéworks Restaurant in your Franchise Territory. 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.

The size of your Franchise Territory will depend on a variety of factors including the demographics. A Franchise Territory will generally have a combined residential and commercial population of approximately 150,000 people at the time the franchise is purchased. We will determine the population in the Franchise Territory by using 2010 projection statistics released by the United States Census Bureau. Other than as described in the Franchise Agreement, there are no conditions for keeping the rights to your Franchise Territory, nor do we have the right to modify the size of your Franchise Territory, though we may terminate your Franchise Agreement on the grounds listed in ITEM 17 of this Franchise Disclosure Document. There are no minimum sales quotas. You maintain the same rights to your Franchise Territory even if the population increases or decreases within your Franchise Territory. However, you do not receive the right to acquire additional franchises within your Franchise Territory unless you sign a Multiple Unit Development Agreement, as discussed in more detail below.

**Multiple Unit Development Agreement**

You may purchase multiple unit development rights to open and operate three or more Pokéworks Restaurants. If you purchase multiple unit development rights for Pokéworks Restaurants, you will be granted a temporary exclusive territory ("**Development Territory**") in which your Pokéworks Restaurant must be established during implementation of the development schedule ("**Development Schedule**"). The Development Territory will depend upon a variety of factors including, market penetration, demographics, average income and other characteristics of the surrounding area, natural boundaries, extent of competition and the size of urban, suburban and rural areas. Similar factors will be used to determine the Development Schedule. When and if the Development Schedule has been timely satisfied, you will no longer have the entire Development Territory and each Pokéworks Restaurant will be limited to its individual Franchised Territory, as described above.

During the term of the Multiple Unit Development Agreement, we do not have the right to establish our own, or to grant to others the right to establish, Pokéworks Restaurants within the Development Territory; however, we reserve the right to sell Pokéworks Products and services, under the Marks or any other marks, through any other retail location, at special events or through any other channels of distribution, and we reserve the same rights with respect to your Development Territory as we have with respect to Franchise Territories granted to single unit franchisees. 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. You will not receive any rights to acquire additional franchises under the Multiple Unit Development Agreement other than the rights specifically granted to you in the form Multiple Unit Development Agreement attached to this Franchise Disclosure Document.

While preservation of a Development Territory is not contingent upon sales volume, if a Multiple Unit Developer does not meet its Development Schedule, grounds for default exist. Loss of exclusivity in the Development Territory could then result as we may elect, in our sole discretion, to terminate the Multiple Unit Development Agreement, reduce or eliminate the territorial exclusivity, or reduce the size of the Development Territory.

Unless a renewal of the Multiple Unit Development Agreement and an extension of the Development Schedule is negotiated by the parties, the Multiple Unit Developer will no longer have a Development Territory upon the expiration or termination of the Multiple Unit Development Agreement and will not have any options, rights of first refusal, or similar rights to acquire additional franchises thereafter. However, each Pokéworks Restaurant in good standing will retain its protected individual Franchise Territory as set forth in the corresponding Franchise Agreement.

**Rights Reserved by Pokéworks**

Except as expressly limited in the Franchise Agreement or Multiple Unit Development Agreement, we (for ourselves, our parent, any of our affiliates and our designees) retain all rights

with respect to Pokéworks Restaurants, the Marks, the Copyrighted Works and the sale of Pokéworks Products anywhere in the world, including the right to:

(a) establish, operate or license to any other person or entity the right to establish or operate, a Pokéworks Restaurant owned or licensed by the Franchisor at any location outside of the Franchise Territory;

(b) develop, market, own, operate or participate in any other business under the Marks or any other trademarks;

(c) develop, lease and license the use of, at any location inside or outside the Franchise Territory or Development Territory, trademarks other than the Marks, in connection with the operation of a system which offers products or services which are the same as or similar to those offered under the System on any terms or conditions which we deem advisable;

(d) merge with, acquire or be acquired by any other business, including a business that competes with your Pokéworks Restaurant, or to acquire and convert to the System operated by us any retail stores, including retail stores operated by competitors located inside or outside the Franchise Territory or Development Territory, or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned;

(e) distribute, sell or license other persons to distribute or sell non-System products and Pokéworks Products, whether inside or outside the Franchise Territory or Development Territory, through all other channels without any compensation to you. "**Other Channels**" means locations other than traditional restaurants owned, franchised or licensed by us, and includes sale by or through other channels of trade including, without limitation, kiosks, carts, grocery stores, convenience stores, food chains, electronic mail, Internet sales, and non-traditional venues such as may be found in malls, universities, schools, hospitals, military bases, casinos, convention centers, arenas, stadiums, health and fitness facilities, office buildings, theme parks, movie theatres, and amusement facilities; and

(f) implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

## ITEM 13
## TRADEMARKS

The Franchise Agreement grants you the nonexclusive right to use our trademarks, including the trademark "POKÉWORKS™," and various designs and logo types associated with our products and services ("**Marks**"). You may also use our other current or future Marks as we may designate to operate your Pokéworks Restaurant. You agree not to file any trademark, copyright or any other intellectual property application regarding the Marks, under which you could be recognized as the owner of the Marks or having any interest in the Marks, except as expressly permitted in the Franchise Agreement or by us in writing. Furthermore, the Franchise Agreement requires that you renounce any and all of your common law interest in the Marks. You must indicate, as required in the Franchise Agreement and specified in the Operations Manual, that

you are an independent operator of the Pokéworks Restaurant and you must use only the appropriate and authorized Marks as indicated by us.

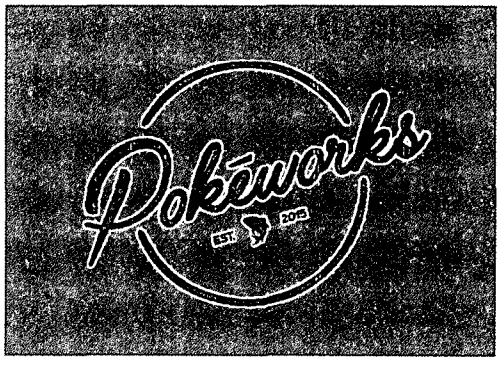
The Marks are owned by our parent, Beyond Restaurant, which licenses the Marks to us for purposes of franchising the Pokéworks System in the United States. The license agreement between us and Beyond Restaurant ("**License Agreement**") commenced on June 1, 2016 and extends for an initial term of 20 years, provided that we are not in default or the License Agreement is not terminated by one of the parties. It will be automatically renewed for additional 20 year terms unless either party gives the other party written notice of termination at least 180 days prior to the end of the applicable 20-year period.

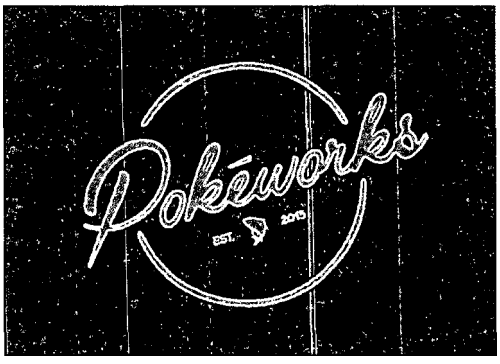
In the event the trademark license is terminated, Pokéworks has agreed to license the use of the Marks directly to our franchisees until such time as each Franchise Agreement expires or is otherwise terminated.

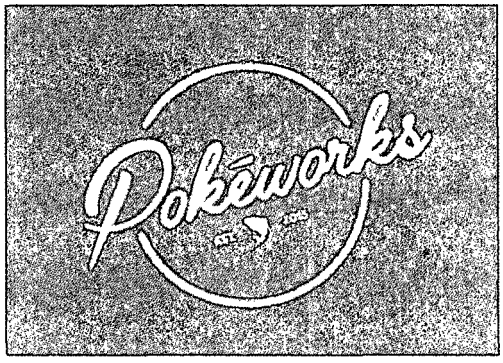
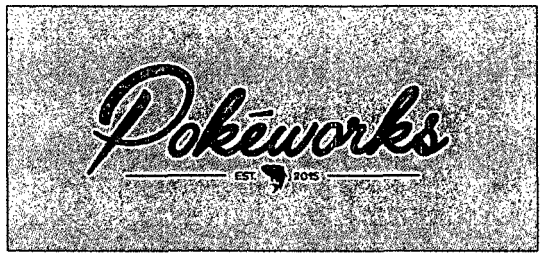
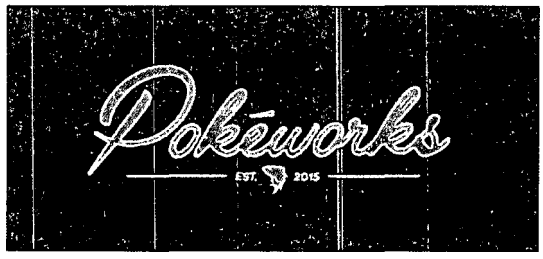
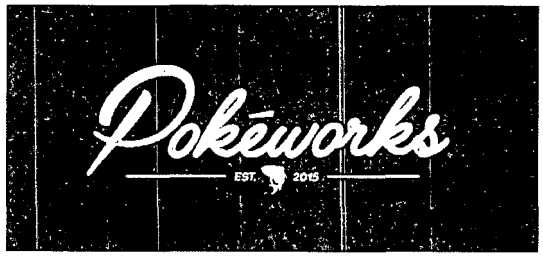
Beyond Restaurant has registered the following Mark with the United States Patent and Trademark Office ("**USPTO**") on the Principal Register. All required affidavits for the registered Marks have been filed.

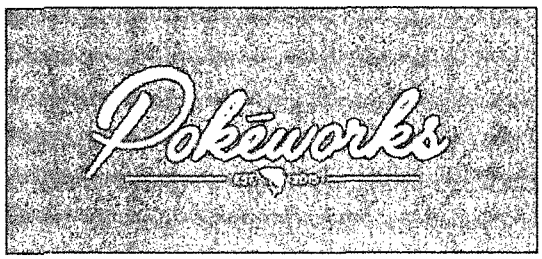
| Mark | Registration Date | Status | Registration No. |
|---|---|---|---|
| **POKÉWORKS** | September 20, 2016 | **Registered, Principal Register** | 5,046,901 |

Additionally, we grant you the right to use the following Marks:

| Mark | Application Filing Date | Status | Serial No. |
|---|---|---|---|
|  | N/A | **Common Law** | N/A |

| Mark | Application Filing Date | Status | Serial No. |
|---|---|---|---|
| | N/A | **Common Law** | N/A |
|  | N/A | **Common Law** | N/A |
| | N/A | **Common Law** | N/A |
| | N/A | **Common Law** | N/A |

| Mark | Application Filing Date | Status | Serial No. |
|---|---|---|---|
|   | N/A | **Common Law** | N/A |
|   | N/A | **Common Law** | N/A |
| | N/A | **Common Law** | N/A |
|   | N/A | **Common Law** | N/A |
|   | N/A | **Common Law** | N/A |

| Mark | Application Filing Date | Status | Serial No. |
|---|---|---|---|
|  | N/A | **Common Law** | N/A |

**We do not have federal registrations for the trademarks identified above in both tables.** Therefore, these trademarks do not have many legal benefits and rights as federally registered trademarks. If our right to use either one of these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We carry on business under the trademark "POKÉWORKS™". In addition, we use a number of unregistered trade-names, trade-marks and logos. You must follow our rules when you use any of the Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate or business name or in any form on the Internet, including but not limited to URLS, domain names, e-mail addresses, locators, links, metatags or search techniques, except as we license to you. You must get our prior written approval of your company name before you file any registration documents. Guidelines regarding proper trademark use and notices are in the Operations Manual and will be updated periodically in our discretion.

You cannot establish a website on the internet using any domain name containing the words "Pokéworks", or any variation thereof. Any website, including any social networking site, designed or used by you, which contains any of the Marks and/or logos licensed to you by us, must be approved by us in advance in writing.

You may not use our Marks with an unauthorized product or service, or in a manner not authorized in writing by us.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of our Marks which are relevant to the use of these Marks. No currently effective litigation affects our use or ownership rights in any Mark. With the exception of the License Agreement detailed above, no currently effective agreement limits our right to use or license the use of our Marks.

You must notify us within three days of when you learn about an infringement of or challenge to your use of our Marks. We will take the action necessary, in our sole discretion, to protect the unauthorized use of our Marks, which may include payment of reasonable costs associated with the action. We have the right to exclusively control any litigation or other proceeding arising out of any such infringement, challenge or claim otherwise relating to any of the Marks, and we are not obligated to protect your rights to use the Marks or protect you against

any claims of infringement or unfair competition arising out of your use of Marks. We will have no obligation to defend or indemnify you if a claim against you relates to your use of the Marks in violation of the Franchise Agreement.

You must modify or discontinue the use of a Mark if we modify or discontinue its use. If this happens, we will not reimburse you for your reasonable out-of-pocket costs, if any, of changing your identifying signage at the Pokéworks Restaurant and we will not be liable for any other costs, expenses or damages you incur as a result of our decision to modify or discontinue use of the Marks. To receive reimbursement, you must have notified us immediately when you learned about the infringement or challenge and have used the Marks only in accordance with the Franchise Agreement. You must not directly or indirectly contest our right to our Marks, trade secrets or business techniques that are part of our business or the Pokéworks System.

We do not know of any infringing uses that could materially affect your use of our Marks. You should understand that there could be other businesses operating in or near the areas where you may do business or otherwise, using trademarks, trade names, or other commercial symbols similar to our Marks with superior rights to our rights. Before opening your Pokéworks Restaurant, we strongly urge you to research this possibility, using telephone directories, trade directories, Internet directories, or otherwise prior to your signing the Franchise Agreement, any other documents, or expending or paying any sums or making any commitments, in order to avoid the possibility of having to change your Pokéworks Restaurant name.

## ITEM 14
## PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information contained in the Operations Manual is proprietary and is protected by copyright. The designs contained in the Marks, including the POKÉWORKS™ logo, and the layout of our advertising materials are also protected by copyright. Although we have not filed an application for copyright registration for the Operations Manual, the Marks, including the POKÉWORKS™ logo, or the advertising materials, we claim copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("**Copyright Works**") in connection with your operation of a Pokéworks Restaurant.

You must notify us within three days after you learn about another's use of language or a visual image that you perceive to be identical or substantially similar to one of our Copyright Works or if someone challenges your use of our Copyright Works. We will take whatever action we deem appropriate, in our sole discretion, to protect our rights in and to the Copyright Works.

We will indemnify, hold harmless, and reimburse you for your liability and reasonable costs in connection with defending your use of our Copyright Works. To receive reimbursement, you must have notified us within three days from the day on which you learned about the identical or substantially similar language or visual image and you must have used the Copyright Works only in accordance with the terms and conditions of the Franchise Agreement.

You must add, modify, or discontinue the use of a Copyright Work if we instruct you to do so. If this happens, we will reimburse you for your tangible cost of changing your identifying signage but we will not be liable for any other costs, expenses, or damages you incur as a result of

our decision to add, modify, or discontinue use of a Copyright Work. You must not directly or indirectly contest our rights to our Copyright Works, trade secrets, or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of our Copyright Works.

We will disclose certain confidential or proprietary information and trade secrets ("**Confidential Information**") to you, as we periodically deem necessary or advisable for the development of Pokéworks Restaurants during the term of the Franchise Agreement. You must agree to disclose the Confidential Information to your owners and employees only to the extent reasonably necessary and only if those individuals have agreed to maintain the information in confidence by entering into an agreement that we can enforce.

The Confidential Information is disclosed to you on the condition that you, and your owners and employees who have access to the Confidential Information, agree that during and after the term of the applicable agreement they: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (4) will adopt and implement all reasonable procedures we periodically require to prevent unauthorized use or disclosure of the Confidential Information, including requiring employees and owners who have access to the Confidential Information to execute non-competition and confidentiality agreements as we otherwise require periodically, and provide us, at our request, with signed copies of each of those agreements.

We claim proprietary rights to all confidential information, including proprietary recipes, contained in the Operations Manual. Certain information in the Operations Manual also constitutes Trade Secrets and is identified as such. All such information may be maintained in print or in electronic form as we deem appropriate in our discretion.

No patents or pending patent applications are material to the franchise at this time.

We own all records with respect to the customers, suppliers, and other service providers of, and related in any way to, your Pokéworks Restaurant including, without limitation, all databases (whether in print, electronic, or other form), including all names, addresses, phone numbers, e-mail addresses, customer purchase records, and all such related information, and we may use or transfer those records in any way we wish, both before and after any termination, expiration, repurchase, transfer or otherwise. (See Section 5.18 of the Franchise Agreement). We may contact any or all of your customers, suppliers and other service providers for quality control, market research and such other purposes as we deem appropriate, in our sole and absolute discretion. (See Section 5.8 of the Franchise Agreement).

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

If you are an individual, you must personally supervise the operation of the Pokéworks Restaurant at the Licensed Location. You also must attend and satisfactorily complete our training

program. If you are a corporation, partnership or other business entity, the shareholders or partners do not need to personally supervise the operation of the Pokéworks Restaurant at the Licensed Location. However, one of the shareholders and/or partners must attend and satisfactorily complete the Training Program. We require that you also send your manager ("**Designated Manager**") to the Training Program. We require that your Pokéworks Restaurant at the Licensed Location be under the direct, on-site supervision of a Designated Manager who has successfully completed our training program and whom we have approved. You or the Designated Manager must work full-time at the Pokéworks Restaurant at the Licensed Location. If required by us, you agree to have the Designated Manager and other employees to whom confidential information is disclosed, to execute confidentiality agreements in a form acceptable to us. Even if you chose to employ a Designated Manager to supervise your Pokéworks Restaurant at the Licensed Location, we strongly recommend that you personally devote a substantial amount of time to the Pokéworks Restaurant. Franchisees who do not devote their full time to the managing, operation, marketing of their Pokéworks Restaurant may have lower sales, higher costs, and less name recognition than franchisees who devote their full-time attention to the business. Your day to day tasks could include managing and training employees, bookkeeping, ensuring proper customer service, ensuring smooth and efficient operations, marketing the business, and reviewing sales and food costs.

Each individual who owns, directly or indirectly, a 5% or greater interest in the Franchisee entity, as well as that individual's spouse or domestic partner, must sign the Guaranty and Indemnity assuming and agreeing to discharge all obligations of the Franchisee and to comply with all restrictions under the Franchise Agreement. (See **Schedule F** to the Franchise Agreement). A reduction in an owner's equity interest in the entity that holds the franchise below 5% will not affect that equity owner's status as an owner and a guarantor unless expressly agreed to by us. Certain provisions of the Franchise Agreement and the Guaranty and Indemnity restrict you, your owners, and the immediate family members (your spouse and children) of each owner from participating in a competing business. (See ITEM 17).

## ITEM 16
## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell all the Pokéworks Products ("**Pokéworks Products**") and services that we designate as required. You must not offer or sell any other types of products or services or operate or engage in any other type of business or profession from or through your Pokéworks Restaurant. You acknowledge that it is essential to sell Pokéworks Products made from confidential proprietary recipes and obtained from designated sources in order to assure the consistency and quality of the Pokéworks System and the services offered at your Pokéworks Restaurant. We have the right to change the types of authorized Pokéworks Products and services, and there are no limits on our right to do so, although we will provide you with written notice 30 days before any changes become effective. Supplies and equipment used in your Pokéworks Restaurant must be purchased from us or a vendor approved by us or meet the standards and specifications set by us from time to time in the Operations Manual. We do not impose any restrictions that would limit your access to customers.

## ITEM 17
## RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

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

**Single Unit Franchises**

| Provision | Section in Franchise Agreement (unless otherwise indicated) | Summary |
|---|---|---|
| a. Length of the franchise term | 2.1 | Term extends from date on which you execute the Franchise Agreement until (i) the expiration of the site location period, in the event you have not found a suitable location and signed a lease for the Store within the Site Location Period, or (ii) 10 years from the date on which you execute the Franchise Agreement. |
| b. Renewal or extension of the term | 2.2 | Your successor franchise right permits you to remain as a franchisee after the Term of the Franchise Agreement expires. If you wish to do so, and you satisfy our conditions for obtaining a Successor Term, we will offer you the right to obtain one additional term of 10 years plus two five-year options. |
| c. Requirements for franchisee to renew or extend | 2.2 | You must: give written notice at least 180, but not more than 365 days before expiration; have complied with all material terms and conditions of your current Franchise Agreement; have paid all monetary obligations owed to us during the term of the Franchise Agreement; agree in writing to remodel your Store; have the right to continue to occupy the Store for at least 10 additional years; sign the then-current standard Franchise Agreement; pay the Successor Fee; execute a general release of claims against us, our parent, subsidiaries, affiliates, and related people; and you must complete the required training. You will sign a new Franchise Agreement which may have materially different terms and conditions than your original Franchise Agreement. |

| Provision | Section in Franchise Agreement (unless otherwise indicated) | Summary |
|---|---|---|
| d. Termination by franchisee | None | Not Applicable. |
| e. Termination by franchisor without cause | None | Not Applicable. |
| f. Termination by franchisor with cause | 9.2 - 9.4 | We can terminate if you are in default of any of the listed provisions. |
| g. "Cause" defined – curable defaults | 9.4 | Failing to file reports on time that are more than five days late on two or more occasions, operating in a hazardous manner after receiving a notice to correct such actions from any governmental body, us or the landlord, failure to pay amounts due Franchisor within five (5) days after a demand for payment or fails to honor on two (2) or more occasions checks presented for payment or repeatedly and consistently pays any amount due after its due date. |
| h. "Cause" defined – non-curable defaults | 9.2, 9.3 and 9.4 | Failure to fulfill the terms of the Franchise or other agreements, filing bankruptcy, assigning franchise without prior consent, abandoning the Pokéworks Restaurant, breaching another agreement with us or our affiliate(s). |
| i. Franchisee's obligations on termination/non-renewal | 10.2, 10.3, 10.4, 10.8, 10.11, 10.12, 10.15 (Section 8 of Application) | Obligations include: you must stop using the Marks, pay all amounts owed to us and the landlord, provide accounting, cancel trademark registrations. |
| j. Assignment of contract by franchisor | 12.9 | We are unrestricted in our right to assign your contract. |
| k. "Transfer" by franchisee – definition | 12.1(a), 12.2(a), 12.7 | Transfer includes granting a security interest, subletting the premises, or granting a license to use any part of the premises. |
| l. Franchisor approval of transfer by franchisee | 12.1(a), 12.1(b) 12.4, 12.7 | You may transfer the franchise if you meet the criteria set out in the Franchise Agreement, and you secure our reasonable consent. |

| Provision | Section in Franchise Agreement (unless otherwise indicated) | Summary |
|---|---|---|
| m. Conditions for franchisor approval of transfer | 12.2, 12.3, 12.4, 12.7 | Transfer must be of all or substantially all of your assets or all of the shares of the franchisee, you must not be in default, you must pay transfer fee, the assignee must qualify as a franchisee and current agreements, assignee must give guarantee and attend training, release must be given by you, landlord must consent; a new Franchise Agreement must be executed upon transfer. We reserve the right to require transferring franchisees to use and pay for the services of a third-party escrow service designated or approved by us. |
| n. Franchisor's right of first refusal to acquire franchisee's business | 12.5 | We can match any offer for your business. |
| o. Franchisor's option to purchase franchisee's business | 10.4, 10.5 | Upon termination of your franchise agreement, we may purchase any part of your business and receive an assignment of your interest in leases of equipment or the premises. |
| p. Death or disability of franchisee | 13.2 | Your rights may be transferred to your heirs if you have our prior written consent and in accordance with the rules regarding transfers. |
| q. Non-competition covenants during the term of franchise | 15.1(a), 15.1(c) | You must not be involved in the operation of any other business which consists substantially of the sale of poke or sushi food items as its main product line. |
| r. Non-competition covenants after the franchise is terminated or expires | 15.1(b), 15.1(c) | For two years, you must not be involved in the operation of any other business which consists substantially of the sale of sushi food items as its main product line and which is located within your territory or within 10 miles of any Pokéworks franchise. |
| s. Modification of agreement | 16.1, 16.5 | All modifications/waivers must be in writing, though we may adjust operating standards in accordance with the franchise agreement and/or in the Operations Manual. |

| Provision | Section in Franchise Agreement (unless otherwise indicated) | Summary |
|---|---|---|
| t. Integration/merger clause | 16.5 | Only the Franchise Agreement applies (subject to state and federal law); all other agreements or promises not enforceable; nothing in the Franchise Agreement is intended to disclaim the representations made in the Franchise Disclosure Document. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. |
| u. Dispute resolution by arbitration or mediation | 16.14 | Disputes will be resolved by a single arbitrator. |
| v. Choice of forum | 16.14 | Los Angeles, California (except as provided in a state specific Addendum). |
| w. Choice of law | 16.2 | California law applies (except as provided in a state specific Addendum). |

## Multiple Units

| Provision | Section in Multiple Unit Development Agreement (unless otherwise indicated) | Summary |
|---|---|---|
| a. Length of the Term of the Multiple Unit Development Agreement | Section II | The term of the Multiple Unit Development Agreement will be negotiated by the parties. |
| b. Renewal or extension of the term | Section II | Any subsequent term must be negotiated by the parties. You must be in good standing to extend your rights under the Multiple Unit Development Agreement. |
| c. Requirements for multiple unit franchisee to renew or extend | None | |
| d. Termination by franchisee | None | Not Applicable. |
| e. Termination by franchisor without cause | None | Not Applicable. |
| f. Termination by franchisor with cause | Section VII | Pokéworks can terminate you only if you are in default. |
| g. "Cause" defined – curable defaults | None | |

| Provision | Section in Multiple Unit Development Agreement (unless otherwise indicated) | Summary |
|---|---|---|
| h. "Cause" defined – non-curable defaults | Section VII | Failure to comply with Development Schedule, failure to comply with any obligations in the Multiple Unit Development Agreement or any Franchise Agreement, etc. |
| i. Franchisee's obligations on termination/ non-renewal | Section XI | Non-competition. |
| j. Assignment of contract by franchisor | Section VIII.A | No restriction on our right to assign. |
| k. "Transfer" by franchisee – defined | Section VIII.B | Includes transfer of contract, assets, any Franchise Agreement or ownership change. |
| l. Franchisor's approval of transfer by Multiple Unit franchisee | Section VIII.B | Pokéworks must approve all transfers and Pokéworks has right of first refusal on all proposed transfers. |
| m. Conditions for franchisor's approval of transfer | Section VIII.B | Paid up, not in default, release signed, transfer fee paid, transferee is approved, signs current Multiple Unit Development Agreement and attends training, etc. (See also r., below). We reserve the right to require transferring franchisees to use and pay for the services of a third-party escrow service designated or approved by us. |
| n. Franchisor's right of first refusal to acquire franchisee business | Section VIII.B.5 | Pokéworks may match any bona fide offer for your development rights. |
| o. Franchisor's option to purchase franchisee business | Section VIII.B.5 | Pokéworks may match any bona fide offer for your development rights. |
| p. Death or disability of franchisee | None | |
| q. Non-competition covenants during the term of the franchise | Section XI | You must not be involved in the operation of any other business which consists substantially of the sale of poke or sushi food items as its main product line |
| r. Non-competition covenants after the franchise is terminated or expires | Section XI.B | For two years, you must not be involved in the operation of any other business which consists substantially of the sale of poke or sushi food items as its main product line and which is located within 50 miles of the Development Territory or the location of any Multiple Unit Developer, company-owned restaurant, or Franchised Restaurant under the System which exists on the date of expiration or termination of the agreement. |

| Provision | Section in Multiple Unit Development Agreement (unless otherwise indicated) | Summary |
|---|---|---|
| s. Modification of the Agreement | Section XII | Modifications only upon written agreement of the parties. |
| t. Integration/merger clause | Section XII | Only the Multiple Unit Development Agreement applies (subject to state and federal law); nothing in the Multiple Unit Development Agreement is intended to disclaim the representations made in the Franchise Disclosure Document. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. |
| u. Dispute resolution by arbitration or mediation | Section XXI | None. |
| v. Choice of forum | Section XVIII | Los Angeles, California (except as provided in a state specific Addendum). |
| w. Choice of law | Section XVIII | California law applies (except as provided in a state specific Addendum). |

## ITEM 18
## PUBLIC FIGURES

We do not currently use any public figure to promote the System.

## ITEM 19
## FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 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 performance at a particular location or under particular circumstances.

### Analysis of 2016 Financial Performance (Unaudited) Of Certain Company-Operated Pokéworks Restaurant

As of December 31, 2016, we had a total of four company-owned Pokéworks Restaurants, each operated by one of our Affiliates. Of that total number, one Pokéworks Restaurant met both of the following criteria ("**Company-Operated Reporting Criteria**"): the Pokéworks Restaurant had been open and operating for a minimum of 12 months as of December 31, 2016 and had been operated continuously during the period between January 1, 2016 and December 31, 2016. The

one Pokéworks Restaurant that met all the Company-Operated Reporting Criteria is located at 63 W. 37th Street, New York, New York 10018. The results of the remaining Pokéworks Restaurants did not satisfy one or both of the Company-Operated Reporting Criteria.

Sales will vary from restaurant to restaurant. In particular, the sales and expenses of your Pokéworks Restaurant will be directly affected by factors which include the Pokéworks Restaurant's geographic location; competition in the market; the quality of both management and service at the Pokéworks Restaurant; contractual relationships with lessors and vendors; the extent to which you finance the operation of your Pokéworks Restaurant; your legal, accounting and other professional fees; federal, state and local income taxes, gross profits taxes or other taxes; cost of any automobile used in the business; and other discretionary expenditures. **The figures presented do not include significant operating expenses, including royalties that will be incurred by franchisees**. A new franchisee's individual financial results are likely to differ from the results described below.

The following financial performance represents a single company-owned location, the only one which satisfied both of the Company-Operated Reporting Criteria. This restaurant is located in the densely-populated area of midtown Manhattan in New York City, New York, which may not reflect the population demographics of the area surrounding your Pokéworks Restaurant.

2016 Financial Performance of Certain Company-Owned Location[1]

| | | |
|---|---|---|
| Annual Net Sales[2] | $3,114,713.15 | 100% |
| Food Cost[3] | $1,032,353.80 | 33.14% |
| Supplies and Materials[4] | $105,842.43 | 3.40% |
| Labor Cost[5] | $715,229.91 | 22.96% |
| Gross Rent[6] | $150,996.61 | 4.85% |
| Other Costs[7] | $315,706.15 | 10.14% |
| EBITDA[8] | **$794,584.25** | **25.51%** |

(1) This information covers the one Pokéworks Restaurant that met both of the Company-Operated Reporting Criteria. All performance figures listed above cover the 12-month period beginning January 1, 2016 and ending December 31, 2016.

(2) "**Annual Net Sales**" is defined as total Gross Sales (all revenue generated by the Pokéworks Restaurant, not including any sales tax collected) less discounts collected at the point of sale, such as the value of promotional and complimentary products, during the 12-month period beginning January 1, 2016 and ending December 31, 2016.

(3) "**Food Cost**" is defined as the total cost of ingredients related to food.

(4) "**Supplies and Materials**" includes all paper and packing associated with cost of food sales and excludes guest supplies, merchant fees and cleaning supplies.

(5) "**Labor Cost**" includes all store level wages, payroll taxes, benefits, and bonuses.

(6) "**Gross Rent**" includes rent, common area maintenance, and related fees.

(7) "**Other Costs**" includes all other store level operating expenses not included in Food Cost, Supplies and Materials, Labor Cost, and Gross Rent.

(8) "**EBITDA**" is defined as earnings before interest, tax, depreciation, and amortization.

**Information Relating to Franchised Pokéworks Restaurants**

As of December 31, 2016, we had one franchised Pokéworks Restaurant. However, that one franchised Pokéworks Restaurant had not been open and operating for a minimum of 12 months as of December 31, 2016. As a result, we do not yet have sufficient financial information about franchised Pokéworks Restaurants to have a reasonable basis on which to provide a financial performance representation that is not misleading regarding franchised Pokéworks Restaurants.

**Summary**

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to franchisor's management by contacting Michael Wu at 315 Cloverleaf Drive, Suite F, Baldwin Park, CA 91706, (831) 535-9061, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Some outlets have sold the amounts stated. Your individual results may differ. There is no assurance you will sell as much.**

Due to factors such as quantity discounts for goods and services, franchisor approval costs, reduced training and labor costs, and insurance discounts, your costs of operation may be higher than the costs incurred by our Affiliates which operate the company-owned Pokéworks Restaurants. Your accountant can help you develop your own estimated operational costs. Written substantiation for the financial performance representation is in our possession and will be made available to you upon reasonable request.

## ITEM 20
## OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For Years 2014-2016

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| **Franchised** | **2014** | 0 | 0 | 0 |
| | **2015** | 0 | 0 | 0 |
| | **2016** | 0 | 1 | +1 |
| **Company-Owned*** | **2014** | 0 | 0 | 0 |
| | **2015** | 0 | 1 | 1 |
| | **2016** | 1 | 4 | +3 |
| **Total Outlets** | **2014** | **0** | **0** | **0** |
| | **2015** | **0** | **1** | **1** |
| | **2016** | **1** | **5** | **+4** |

Table No. 2

Transfers of Franchised Outlets from Franchisees to New Owners (other than Franchisor)
For Years 2014-2016

| State | Year | Number of Transfers |
|---|---|---|
| **Massachusetts** | 2014 | 0 |
| | 2015 | 0 |
| | 2016 | 0 |
| **TOTAL** | **2014** | **0** |
| | **2015** | **0** |
| | **2016** | **0** |

Table No. 3

Status of Franchised Outlets
For Years 2014-2016

| State | Year | Outlets at Start of Year | Outlets Opened | Termina-tions | Non-Renewals | Reacquired By Franchisor | Ceased Operations-Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Massachusetts | 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| **TOTAL** | **2014** | **0** | **0** | **0** | **0** | **0** | **0** | 0 |
| | **2015** | **0** | **0** | **0** | **0** | **0** | **0** | 0 |
| | **2016** | **0** | **1** | **0** | **0** | **0** | **0** | 1 |

Table No. 4

Status of Company-Owned Outlets
For Years 2014-2016

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired From Franchisees | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of Year |
|---|---|---|---|---|---|---|---|
| California | 2014 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 2 | 0 | 0 | 0 | 2 |
| New York | 2014 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 1 |
| Washington | 2014 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 1 | 0 | 0 | 0 | 1 |
| **TOTAL** | **2014** | **0** | **0** | **0** | **0** | **0** | 0 |
| | **2015** | **0** | **1** | **0** | **0** | **0** | 1 |
| | **2016** | **1** | **3** | **0** | **0** | **0** | 4 |

*Please see Exhibit E for an updated List of Company-Owned Outlets which reflects the addition of Company-Owned Outlets in 2017.

Table No. 5

Projected Openings as of December 31, 2016

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company Owned Outlets in the Current Fiscal Year |
|---|---|---|---|
| Alabama | 0 | 0 | 0 |
| Alaska | 0 | 0 | 0 |
| Arizona | 0 | 0 | 0 |
| Arkansas | 0 | 0 | 0 |
| California | 0 | 3 | 2 |
| Colorado | 0 | 3 | 0 |
| Connecticut | 0 | 2 | 0 |
| Delaware | 0 | 0 | 0 |
| District of Columbia | 0 | 2 | 0 |
| Florida | 0 | 2 | 0 |
| Georgia | 0 | 2 | 0 |
| Hawaii | 0 | 0 | 0 |
| Idaho | 0 | 0 | 0 |
| Illinois | 0 | 1 | 2 |
| Indiana | 0 | 0 | 0 |
| Iowa | 0 | 0 | 0 |
| Kansas | 0 | 0 | 0 |
| Kentucky | 0 | 0 | 0 |
| Louisiana | 0 | 0 | 0 |
| Maine | 0 | 0 | 0 |
| Maryland | 0 | 1 | 0 |
| Massachusetts | 0 | 2 | 0 |
| Michigan | 0 | 0 | 0 |
| Minnesota | 0 | 0 | 0 |
| Mississippi | 0 | 0 | 0 |
| Missouri | 0 | 1 | 0 |
| Montana | 0 | 0 | 0 |
| Nebraska | 0 | 0 | 0 |
| Nevada | 0 | 0 | 0 |
| New Hampshire | 0 | 0 | 0 |
| New Jersey | 0 | 2 | 0 |
| New Mexico | 0 | 0 | 0 |
| New York | 0 | 1 | 2 |
| North Carolina | 0 | 1 | 0 |
| North Dakota | 0 | 0 | 0 |

| | | | |
|---|---|---|---|
| **Ohio** | 0 | 0 | 0 |
| **Oklahoma** | 0 | 0 | 0 |
| **Oregon** | 0 | 0 | 0 |
| **Pennsylvania** | 0 | 0 | 0 |
| **Rhode Island** | 0 | 0 | 0 |
| **South Carolina** | 0 | 0 | 0 |
| **South Dakota** | 0 | 0 | 0 |
| **Tennessee** | 0 | 0 | 0 |
| **Texas** | 0 | 3 | 0 |
| **Utah** | 0 | 0 | 0 |
| **Vermont** | 0 | 0 | 0 |
| **Virginia** | 0 | 3 | 0 |
| **Washington** | 0 | 0 | 1 |
| **West Virginia** | 0 | 0 | 0 |
| **Wisconsin** | 0 | 0 | 0 |
| **Wyoming** | 0 | 0 | 0 |
| **TOTAL** | **0** | **31** | **7** |

As of the date of this Franchise Disclosure Document, we do not own and operate any company-owned Pokéworks Restaurants. However, our Affiliates own and operate company-owned Pokéworks Restaurants. See **Exhibit E** for a list of the company-owned Pokéworks Restaurants and **Exhibit F** for a list of the franchised Pokéworks Restaurants within our System in the United States.

The name and last known address and telephone number of every franchisee who, during the last fiscal year ended, had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement, or who has not communicated with us within 10 weeks of this Franchise Disclosure Document, is listed on **Exhibit I**. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. 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. We have not signed confidentiality agreements with any franchisees in the last three years.

There are no trademark-specific franchisee organizations associated with the franchise system.

## ITEM 21
## FINANCIAL STATEMENTS

As noted in ITEM 1, we were formed on March 25, 2016. Consequently, the franchisor has not been in business for three years or more and cannot include all of the financial statements required by the Rule for its last three fiscal years. Attached to this Franchise Disclosure Document as **Exhibit A** is our audited opening balance sheet as of June 10, 2016, our audited financial statements for the fiscal year ended December 31, 2016, and our unaudited financial statements through March 30, 2017.

## ITEM 22
## CONTRACTS

**Exhibit B** **Franchise Agreement:**

| | |
|---|---|
| Schedule A: | Licensed Location, Initial Franchise Fee, and Designated Manager |
| Schedule B: | Territory |
| Schedule C: | Acknowledgment |
| Schedule D: | Addendum to Lease |
| Schedule E: | Request for Pre-Authorized Payments |
| Schedule F: | Guaranty and Indemnity |
| Schedule G: | Shareholders/Members/Partners |
| Schedule H: | Address for Notice |
| Schedule I: | Collateral Assignment of Telephone Numbers, Addresses and Listings |
| Schedule J: | Statement of Franchisee |
| Schedule K: | Sample Acknowledgment of Termination and Release Agreement |

**Exhibit C** **Multiple Unit Development Agreement:**

| | |
|---|---|
| Attachment A: | Description of Development Territory |
| Attachment B: | Development Schedule |
| Attachment C: | Guaranty |
| Attachment D: | Statement of Shareholders/Members/Partners |

## ITEM 23
## RECEIPTS

**Exhibit J** contains two detachable pages acknowledging the receipt of the Franchise Disclosure Document by you. One copy is for your records, and one copy must be signed and dated by you and returned to us.

# EXHIBIT B

# FRANCHISE AGREEMENT WITH SCHEDULES

**BEYOND FRANCHISE GROUP, LLC**

**- and -**

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# POKÉWORKS™

# FRANCHISE AGREEMENT

**BEYOND FRANCHISE GROUP, LLC**
**FRANCHISE AGREEMENT**

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SCHEDULES:

| | |
|---|---|
| Schedule A: | Licensed Location, Initial Franchise Fee and Designated Manager |
| Schedule B: | Territory |
| Schedule C: | Acknowledgment |
| Schedule D: | Addendum to Lease |
| Schedule E: | Request for Pre-Authorized Payments |
| Schedule F: | Guaranty and Indemnity |
| Schedule G: | Shareholders/Members/Partners |
| Schedule H: | Address for Notice |
| Schedule I: | Collateral Assignment of Telephone Numbers, Addresses and Listings |
| Schedule J: | Statement of Franchisee |
| Schedule K: | Sample Acknowledgment of Termination and Release Agreement |
| Schedule L: | SBA Addendum |

**BEYOND FRANCHISE GROUP, LLC**

# FRANCHISE AGREEMENT

This Franchise Agreement is dated this _____ day of _____, 20__, (the "**Effective Date**") between **BEYOND FRANCHISE GROUP, LLC**, a California limited liability company d.b.a. Pokéworks ("**Franchisor**"), and _____, a partnership, limited liability company, or corporation formed under the laws of _____ ("**Franchisee**") and _____, an individual(s) (collectively and individually "**Guarantor**").

**WHEREAS** the Franchisor has expended time, effort and money to acquire experience and knowledge with respect to the operation and management of a retail food service business and the provision of services related thereto; and

**WHEREAS** the Franchisor has developed a System (as defined in Section 1.1(j)) for the establishment, development and operation of such a business and is continuing to develop the System; and

**WHEREAS** the System is identified by certain Marks (as defined in Section1.1(f)) hereinafter described and certain copyrighted material embodying the use of such Marks, and the Franchisor has goodwill in connection with such Marks and copyrighted material; and

**WHEREAS** the Franchisee wishes to obtain a license to operate a retail food service business of the standard and quality set by the Franchisor and to utilize the System, the product lines approved by the Franchisor, the suppliers, the distinctive fixtures, accessories and color scheme specified by the Franchisor, and the know-how, experience, goodwill, and Marks of the Franchisor; and

**WHEREAS** the Franchisee recognizes the importance of maintaining the distinctive qualities and attributes of the products, services and facilities identified by the Marks.

**NOW THEREFORE** in consideration of the agreements hereinafter contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree with each other as follows:

## 1. DEFINITIONS

1.1 Definitions. Wherever used in this Agreement, the following words shall have the following meanings respectively:

(a) **"Business"** means the retail food service business operated or to be operated by the Franchisee at the Store pursuant to this Agreement.

(b) **"Business Records"** means evidence of each business transaction, and all marketing and other operating aspects of the Business, and all evidence and records with respect to customers and other service professionals relating to the Business including, without limitation, all databases in print, electronic or other form, including all names,

addresses, phone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other records created and maintained by Franchisee in operation of the Business. The term Business Records does not include any of Franchisee's tax or financial records related to the operation of the Business.

(c) **"Gross Sales"** means the aggregate of the actual selling price of all goods and services sold or provided in, on or from the Store or such other place as authorized by Franchisor (including, without limitation, all authorized sales of food and beverages, concessions or catering made on or off premises by Franchisee, whether for cash, credit, or on a credit or time basis, including the reasonable market value of any goods or services sold or traded in any barter or trade transaction, without reserve or deduction for any failure or inability to collect, and including income of every kind and nature related to the Business), unless otherwise provided in this Agreement and any proceeds from business interruption insurance received by the Franchisee. No deductions shall be allowed for uncollected or uncollectible credit accounts and each charge or sale made on installment or credit shall be treated as a sale for the full selling price in the week during which such charge or credit is made, irrespective of the time when the Franchisee receives payment. Gross Sales shall include all amounts received or receivable in respect of orders taken or received at the Store, even though such orders may be filled elsewhere. Gross Sales shall not include:

(i) any retail sales tax(es) which does not form part of the quoted price for the goods or service and which is collected from customers by the Franchisee acting as agent for the sales tax authority; or

(ii) any gratuities collected by employees of the Franchisee.

(d) **"Lease"** means the lease or agreement to lease the Store entered into by the Franchisee, as tenant, and any amendments made thereto from time to time.

(e) **"Manual"** means the operating manual for the System developed by the Franchisor containing various mandatory specifications, standards, methods, techniques and procedures for the operation of the Business as may be prescribed by the Franchisor from time to time for the franchisees of the Franchisor and containing information relative to other obligations of the Franchisee under this Agreement.

(f) **"Marks"** means the trademark Pokéworks™ and all other trademarks, logos, distinctive names, service marks, certification marks, trade names, commercial symbols, insignia, labels and designs or otherwise, now or hereafter owned or used (and not thereafter withdrawn) by Franchisor and authorized for use by Franchisee by notice in writing given by Franchisor. Marks also include all trademark, logo, distinctive name, service mark, certification mark, trade name, commercial symbol, insignia, label and design mark applications that the Franchisor has pending at the United States Patent and Trademark Office.

(g) **"Products"** means food and beverages, promotional items, uniforms, small wares, computer software and hardware, telephone equipment, furnishings, fixtures, and

equipment used in connection operating the Store, leasehold improvements, supplies, recipes, materials, forms, and other products sold or used through a Store.

(h) **"Services"** means any services rendered to Pokéworks customers outside of the Store, including, without limitation, the delivery of Products, catering services and such other services as may be expressly authorized by the Franchisor in writing from time to time.

(i) **"Store"** means the premises identified in **Schedule A** to this Agreement or any other location as may be mutually agreed upon between the Franchisee and the Franchisor in writing. If the Store is not identified in **Schedule A** at the time of execution of this Agreement, then the Store will be such premises as are subsequently agreed upon by the Franchisor and the Franchisee, such agreement to be evidenced in writing by completing **Schedule A** at the time the Store is identified.

(j) **"System"** means the systems, standards, methods and procedures conceived of, developed or used by the Franchisor or which may hereafter be conceived, developed, updated or used by the Franchisor for the operation of a retail food service business and includes, without limitation, the following:

(i) the standards of quality and service used in the operation of a retail food service business utilizing the Franchisor's System;

(ii) the design, color, style and other distinguishing characteristics of the leasehold improvements, fixtures, signs and furnishings;

(iii) distinguishing characteristics relating to the basic image, design, appearance, layout and color scheme of the interior and exterior of a location licensed by the Franchisor.

(k) **"Termination"** has the meaning attributed to it in Section 10.1 of this Agreement.

(l) **"Territory"** means the territory located within the boundaries identified on **Schedule B** to this Agreement. If the Territory is not identified in **Schedule B** at the time of execution of this Agreement, then the Territory will be such territory as is subsequently agreed upon between the Franchisor and the Franchisee, such agreement to be evidenced in writing by completing **Schedule B** at the time the Territory is identified.

1.2 Schedules. The following are the schedules referred to in this Agreement:

| | |
|---|---|
| Schedule A | Licensed Location and Designated Manager |
| Schedule B | Territory |
| Schedule C | Acknowledgment |
| Schedule D | Addendum to Lease |
| Schedule E | Request for Pre-Authorized Payments |
| Schedule F | Guaranty and Indemnity |
| Schedule G | Shareholders/Members/Partners |

| | |
|---|---|
| Schedule H | Address for Notice |
| Schedule I | Collateral Assignment of Telephone Numbers, Addresses and Listings |
| Schedule J | Statement of Franchisee |
| Schedule K | Project Management Agreement |
| Schedule L | Security Agreement |
| Schedule M | Sample Acknowledgment of Termination and Release Agreement |
| Schedule N | SBA Addendum |

## 2. TERM

2.1 Term. This Agreement will be effective as of the Effective Date, and the term of this Agreement ("**Term**") will, unless terminated earlier under the terms and conditions of this Agreement, remain in full force and effect for a period of time commencing on the Effective Date until the earlier of:

(a) the expiration of the Site Location Period as set forth in Section 4.1 in the event Franchisee has not found a suitable location and signed a Lease for the Store within the Site Location Period; or

(b) ten (10) years from the Effective Date.

If this Agreement is terminated in accordance with its terms earlier than the Lease Expiration Date or if any other agreement between the Franchisor and the Franchisee is terminated or the Lease is terminated, then the Term shall be such shorter period as ends on such date of termination.

2.2 Successor Term. At the end of the Term of this Agreement, or any Successor Term, as the case may be: (a) Franchisee has timely complied with all terms and conditions of this Agreement, including the timely payment of all fees due to Franchisor; (b) Franchisee has paid or satisfied all monetary obligations owed by Franchisee to Franchisor, Franchisor's affiliates, approved suppliers, and designated suppliers; (c) Franchisee is not in default under this Agreement; and (d) Franchisee has not been in default under this Agreement more than two (2) times in any 12 month period or more than six (6) times during the immediately preceding the Term or Successor Term, as the case may be, and no default by the Franchisee has remained uncured for longer than 60 days, Franchisee may, at its option, have the right to operate the Franchised Business for an additional term ("**Successor Term**") commencing on the end of the immediately preceding Term or Successor Term, as the case may be, and continuing for a period of ten (10) years. After such 10-year Successor Term, so long as Franchisee complies with Franchisor's then-current conditions for Successor Terms, Franchisee may, at its option, have the right to operate the Franchised Business for two additional Successor Terms of five (5) years each.

Franchisee must exercise its option for a Successor Term by giving the Franchisor written notice of Franchisee's election to do so at least 180 days and no more than one (1) year prior to the expiration of the immediately preceding Term or Successor Term, as the case may be. As a condition for any Successor Term, the Franchisee must cause all of the following to occur:

(a) Franchisee must provide written evidence to Franchisor that Franchisee either owns or has the right to lease the Franchised Location for at least 10 additional years after the end of the Term;

(b) The Franchisee must sign Franchisor's then-current form of franchise agreement ("**Successor Franchise Agreement**"), which may include terms and conditions materially different from those in this Agreement, such as different performance standards, fee structures and/or increased fees;

(c) In lieu of paying the Initial Franchise Fee specified in the Successor Franchise Agreement, Franchisee must pay to Franchisor a successor fee ("**Successor Fee**") in the amount of $12,500;

(d) Franchisee must execute a general release in a form satisfactory to Franchisor of any and all claims against Franchisor, its parent, subsidiaries or affiliates (if applicable) and their officers, directors, attorneys, owners and employees;

(e) Franchisee must complete any new training requirements designated by Franchisor; and

(f) Franchisee must agree in writing to make, within six months after the effective date of the Successor Franchise Agreement, all capital expenditures necessary to remodel the Store, as determined by Franchisor, to comply with Franchisor's then-current image, décor, and specifications.

2.3 Interim Period. After the expiration of this Agreement, if a period of time transpires before (a) Franchisee's rights under this Agreement have been fully and finally terminated or (b) Franchisor has offered a Successor Franchise Agreement to Franchisee and Franchisee has not yet signed such Successor Franchise Agreement, and Franchisee continues to accept the benefits of this Agreement, then at the option of Franchisor, this Agreement may be treated either as (a) expired as of the date of expiration with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (b) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee will remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period.

## 3. GRANT OF LICENSE AND RIGHT TO USE MARKS

3.1 Grant of License. On and subject to the terms and conditions contained in this Agreement, the Franchisor grants to the Franchisee the following (collectively, the "**License**"):

(a) an exclusive license to carry on the Business only at the Store under the name Pokéworks™ or such other Marks as may be specified from time to time by the Franchisor during the Term or any Interim Period;

(b) a non-exclusive license to use and display the Marks during the Term and any Interim Period in connection with the operation, advertising and promotion of the Business; and

(c) a non-exclusive license to use, in connection with the Store, the System.

The License shall only remain in effect during the Term and so long as the Franchisee continues to operate the Business and does not commit an Event of Default under this Agreement. Upon Termination, such license shall immediately be at an end and the Franchisee shall immediately cease the use of the Marks and the System and shall not thereafter in any way hold itself out as being associated with the Franchisor or the restaurant operations owned or licensed by the Franchisor.

Notwithstanding the foregoing, Franchisee expressly acknowledges that Franchisor expressly reserves the right to:

(i) identify the Territory around the Store for which Franchisee's franchise rights will be granted;

(ii) establish, operate or license to any other person or entity the right to establish or operate, a restaurant owned or licensed by the Franchisor at any location outside of the Territory;

(iii) develop, market, own, operate or participate in any other business under the Marks or any other trademarks;

(iv) develop, lease and license the use of, at any location inside or outside the Territory, trademarks other than the Marks licensed by Franchisor under this Agreement, in connection with the operation of a system which offers products or services which are the same as or similar to those offered under the System on any terms or conditions which the Franchisor deems advisable;

(v) merge with or be acquired by any other business, including a business that competes with Franchisee's Business, or to acquire and convert to the System operated by the Franchisor any retail stores, including retail stores operated by competitors located inside or outside the Territory or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned;

(vi) distribute, sell or license other persons to distribute or sell non-System products and System products whether inside or outside the Territory through all other channels. "**Other Channels**" means locations other than traditional restaurants owned or franchised or licensed by the Franchisor and includes sale by or through other channels of trade including, without limitation, kiosks, carts, grocery stores, convenience stores, food chains, electronic mail, Internet sales, malls, universities, schools, hospitals, military bases, casinos, convention centers, arenas, stadiums, health and fitness facilities, office buildings, theme parks, movie theatres and amusement facilities; and

(vii) implement multi-area marketing programs (including, without limitation, mail drops and other flyer distribution methods) which may allow Franchisor or others to solicit or sell to customers anywhere, including without limitation inside or outside of the Territory. Franchisor also reserves the right to issue mandatory policies to coordinate such multi-area marketing programs.

Each of Franchisee and Guarantor further agree to execute and provide the Franchisor with the acknowledgment in substantially the form attached hereto as **Schedule C**.

Provided that Franchisee does not commit an Event of Default under this Agreement including, without limitation, the Manual, the Lease or any other agreement between the Franchisee and the Franchisor, during the Term or any Interim Period, the Franchisor shall not operate a restaurant identified by any of the Marks within the Territory, nor shall the Franchisor authorize any other franchisee to operate a restaurant identified by any of the Marks within the Territory during the Term or any Interim Period.

Franchisee expressly agrees that all right, title and interest in and to the Marks, the System, the goodwill associated with the System and confidential trade secrets are owned by Franchisor or its parent or affiliates, and shall remain solely owned by Franchisor or its affiliates, and are being revealed to Franchisee solely to enable Franchisee to establish and operate a Pokéworks franchise only in accordance with the terms and conditions of this Agreement.

3.2 License Subject to this Agreement. Franchisee acknowledges that Franchisor is a licensee of the Marks and that Franchisor has the right to grant the license granted to Franchisee in Section 3.1 of this Agreement. Franchisee agrees not to question the ownership of the Marks or the Franchisor's right to grant to the Franchisee the right to use the Marks. Franchisee agrees not to file any trade mark, copyright or intellectual property application in regards to the Marks, except as expressly permitted herein. Furthermore, Franchisee renounces any and all of Franchisee's common law interests in said Marks. Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all-applicable standards, specifications, and operating procedures prescribed by Franchisor and contemplated in this Agreement. Any unauthorized use of the Marks by Franchisee shall constitute an infringement of the rights of Franchisor in and to the Marks and shall constitute an Event of Default under this Agreement.

3.3 Usage Inures to Benefit of the Franchisor. The Franchisee agrees that all usage of the Marks by Franchisee and any goodwill established thereby shall inure to the exclusive benefit of Franchisor or Franchisor's parent or affiliates, as the case may be. Franchisee acknowledges that this Agreement does not confer any interest in the Marks or goodwill associated therewith upon Franchisee.

3.4 Identification of Business. Franchisee agrees to use the Marks as the sole identification of the Business; provided that Franchisee must identify itself as a franchisee of Franchisor and as the independent owner of the Business as otherwise provided in this Agreement.

3.5 Display of Marks. Franchisee agrees to prominently display the Marks in connection with the Business and in the manner prescribed by Franchisor from time to time in the

Manual or otherwise; provided that, prior to using the Marks on any signs, goods or materials for any reason whatsoever, Franchisee must obtain the written approval of Franchisor to such usage. Franchisee agrees to give such notices, at the Store or otherwise, as may be required by the Franchisor for the purpose of indicating that the Franchisee is a licensed user of the Marks. In its use of the Marks, Franchisee must include such notices as may be required by Franchisor for purposes of preserving the interests of Franchisor in the Marks, including trademark and copyright notices.

3.6 Unauthorized Use. Franchisee will not use the Marks as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. Franchisee shall only use the Marks in connection with the sale of goods, products and services authorized by Franchisor.

3.7 Infringement of or Challenges to the Marks. Franchisee must immediately notify Franchisor of any actual or apparent infringement of or challenge to Franchisee's use of the Marks, or any claim by any person of any rights in any of the Marks. Franchisee will not communicate with any person other than Franchisor and its counsel in connection with any such infringement, challenge, or claim. Franchisor shall have sole discretion to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any of the Marks. Franchisee agrees to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain the interest of Franchisor in the Marks. If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor and/or Franchisee to modify or discontinue the use of any of the Marks, and/or use one or more additional or substitute Marks, Franchisee agrees to comply with the directions of Franchisor in that regard within a reasonable period of time after receipt of such directions and the sole obligation of Franchisor in any such event shall be to reimburse Franchisee for its reasonable out-of-pocket costs, if any, of changing the signage at the Store except if such change is required pursuant to Section 2.2 herein.

3.8 Termination of License. Upon Termination, Franchisee shall immediately cease all use of the Marks, including any colorable imitation thereof, in connection with any goods, services or business and, without restricting the generality of the foregoing, Franchisee agrees not to use the word "Pokéworks" in any manner or form as a trademark, trade name or otherwise in connection with any goods, services or business. Franchisee agrees that this covenant is reasonable and necessary to protect the integrity of the Marks, and that this covenant is enforceable by injunction, including a temporary restraining order, by any court of competent jurisdiction.

## 4. COMMENCEMENT OF OPERATIONS

4.1 Site Location Period. If the Store or the Territory is not identified and agreed to by Franchisor during the execution of this Agreement, then Franchisee will have one hundred eighty (180) days following the Effective Date of this Agreement ("**Site Location Period**") to use its best efforts to find a suitable location for the Store acceptable to Franchisee and Franchisor in all reasonable respects and to sign a Lease for the Store. As set forth in Section 2.1 of this Agreement, the Term of this Agreement will expire if Franchisee is unable to find a suitable location within the Site Location Period, and in such event, Franchisor may retain any and all monies paid to

Franchisor, including the Initial Franchise Fee paid pursuant to Section 8.1, as liquidated damages and not as a penalty. Franchisee's failure to sign a Lease for the Store prior to the expiration of the Site Location Period will constitute abandonment of the Business by Franchisee and entitle the Franchisor to terminate this Agreement without providing Franchisee with notice or the opportunity to cure.

4.2 Lease of the Store. Franchisee will be solely responsible for selecting and negotiating the purchase or lease of the Store. Franchisee recommends that Franchisee retain a commercial real estate broker or salesperson who has at least five years of experience in locating restaurant sites to advise and counsel Franchisee with regard to the price, economics, demographics, access, visibility, location, and the acquisition or lease of the site for Franchisee's Store. Franchisor further recommends that Franchisee retain an experienced attorney to provide advice and counsel on the terms, conditions and economics of the legal and other documents required to lease or purchase the site for the Store. Franchisee shall, as soon as practicable following the execution of this Agreement and within the Site Location Period, submit to the Franchisor for its review and approval a copy of the Lease (prior to the execution of the Lease) proposed to be entered into in respect of the Store. Such review is for the benefit of Franchisor, and Franchisee acknowledges that Franchisor's review and approval of a Lease for the Store does not constitute a recommendation, endorsement, or guarantee by Franchisor of the suitability, success of the Store or the Lease, and Franchisee and Guarantor shall take all steps necessary to ascertain whether such Store and Lease are acceptable to Franchisee including by seeking professional advice, legal and/or otherwise with respect to the Lease. It is understood that the terms of the Lease shall include the terms contained in the Addendum to Lease (currently in the form attached hereto as **Schedule D**) in Franchisor's then-current-form Addendum to Lease. In addition, the terms of the Lease must also give Franchisor the right to enter the premises of the Store to conduct inspections during regular business hours. Following Franchisor's approval of any Lease to be entered into by Franchisee, Franchisee agrees not to terminate or in any way alter or amend the same during the Term of the Franchise Agreement or any renewal term thereof without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests hereunder. Franchisor acknowledges and agrees that Franchisor may grant or deny its consent for any reason in its sole discretion.

4.3 Training Program. Prior to opening the Store for business, the Franchisor will provide, and the Franchisee shall attend and successfully complete, all training programs required by the Franchisor regarding the System. Franchisor may designate the location of all such training programs. Unless otherwise agreed, Franchisee will cause the Designated Manager to participate in the training program. Franchisee acknowledges that the successful completion of the initial training program will require, among other things, that each attendee be able to communicate that he/she can read, write, and converse in English by passing a competency test. The Designated Manager may be required to take and pass a competency test when the Franchisee signs this Agreement and receive a passing score. Franchisee agrees that the Designated Manager will be fluent in the English language. Up to two (2) individuals including the Designated Manager are eligible to participate in Franchisor's initial training program without paying any tuition or fee. Franchisee shall be responsible for any and all travel and living expenses incurred in connection with attending the training program as well as wages or salaries, if any, of the person(s) receiving training or undergoing testing. A $500 fee per additional week, per individual will be charged.

Franchisee and the Designated Manager must successfully complete the training program before Franchisee begins operating the Store, failing which, Franchisor shall be entitled to terminate this Agreement by written notice to Franchisee and Franchisor shall retain any and all monies paid to Franchisor, including the Initial Franchise Fee paid pursuant to Section 8.1, as liquidated damages and not as a penalty. In the event Franchisor elects to terminate this Agreement, Franchisee must pay to Franchisor immediately upon demand, any and all costs and losses Franchisor incurred in administering the opening of the Store, including without limitation, any outstanding rent, operating losses and construction cost shortfalls. Franchisor reserves the right to waive all or a portion of the training program, or alter the training schedule, in Franchisor's sole discretion.

Franchisor may require that Franchisee and its personnel attend and complete additional training, re-training sessions or seminars that it may offer from time to time during the currency of this Agreement at locations determined by Franchisor. Attendance at these training sessions or seminars by Franchisee and/or the Designated Manager is required and mandatory. All travel, living, and other expenses in connection with said training programs, including wages, shall be paid by Franchisee.

If, whether as a result of observations, test results or otherwise during initial training or thereafter (including during operation of the Franchisee's Pokéworks Restaurant) the Franchisor determines in the Franchisor's reasonable discretion, that the Franchisee is not meeting the System standards, after written notice and a ten (10) day opportunity to cure, Franchisor can require that: (1) a manager or other person designated by the Franchisor be placed in the Franchisee's Pokéworks Restaurant to supervise day-to-day operations for the purpose of assuring compliance with Franchisor's standards. Franchisee will pay all costs in connection therewith, including salary, benefits, travel, meals, lodging, and incidental expenses; and/or (2) Franchisee (or a managing partner or shareholder consented to by Franchisor) and/or Franchisee's equity manager, re-attend and successfully complete training, at Franchisee's sole cost and expense.

4.4 Opening for Business. Franchisee shall do all such acts and things as are necessary (including, without limiting the foregoing, compliance with all contractual obligations) to ensure that the Store is open for business within ten (10) days of receiving Franchisor's written consent, which cannot be provided until Franchisor has approved the Store and Franchisee has: (1) successfully completed the initial training program; (2) paid all amounts owing to Franchisor or its affiliates or subsidiaries and their contractors and suppliers under this Agreement or any other agreements between Franchisor and Franchisee; (3) furnished to Franchisor copies of all insurance policies required by this Agreement; (4) built out and equipped the Store in accordance with Franchisor's standards and specification; (5) stocked the Store with an inventory of approved products and supplies; (6) staffed the Store as required by Franchisor's standards and specifications; (7) obtained all necessary approvals from local authorities and government agencies; (8) completed all other aspects of developing the Business as Franchisor has reasonably required; and (9) provided Franchisor with a voided check from Franchisee's business account for purposes of allowing Franchisor to collect payment of Royalties and Marketing Fund Contributions from such business account.

Franchisee acknowledges and warrants that Franchisor's approval of the Business at the Store does not constitute a guarantee, recommendation, or endorsement of the Business and that the success of the Business to be operated at the Store depends on Franchisee's Designated

Manager's and Guarantor's abilities as independent businesspersons and the acceptance of them and the Products in the community where the Store is located.

## 5. OPERATION OF BUSINESS

5.1 Acknowledgment. Franchisee acknowledges that the goodwill associated with the Marks has been created through the use of certain marketing and operating methods established by Franchisor and/or its affiliates, as the case may be. Franchisee further acknowledges that, through the operation of the Business, Franchisee will have the opportunity to benefit from such goodwill and will be in a position to affect such goodwill to the benefit or detriment of Franchisor and other franchisees of Franchisor. Accordingly, Franchisee agrees that the restrictions imposed on the conduct of the Business pursuant to this Section 5 will be of the essence of this Agreement and that Franchisee covenants to continuously and strictly observe and perform all of the conditions and agreements contained in this Section 5.

5.2 Full-Time Involvement. Franchisee acknowledges that the success of the Business is dependent in part on the active involvement of an owner/manager in the Business. Franchisee will ensure that a person designated to operate the Business ("**Designated Manager**") will at all times devote his or her full time and attention to managing, supervising, and developing the Business and that such person is at all times identified to Franchisor. The Designated Manager is, at the time of the execution of this Agreement, identified on **Schedule A**. Franchisee must secure the Franchisor's written consent before changing or designating a new Designated Manager. The Designated Manager must attend and satisfactorily complete Franchisor's training program.

5.3 Managers. Except as otherwise provided in this Agreement, the operation of the Business will at all times be under the supervision and control of the Designated Manager. Franchisor will be entitled to hold information and training sessions from time to time during the Term and any Interim Period and Franchisee will, at its own cost, send the Designated Manager and one or more of its managers to each such information and training session. If the Designated Manager and/or manager fails to attend such information and training sessions, Franchisee must pay to Franchisor One Thousand and Five Hundred Dollars ($1,500.00) as liquidated damages and not as a penalty.

5.4 Authorized Food, Beverages and Services. The Franchisee agrees to offer at the Store goods, food, beverages, paper and packaging and services of a type and quality from time to time specified by Franchisor. Franchisee will not, without prior written approval from the Franchisor, offer any goods, food, beverage, paper and packaging or service that has not been authorized by Franchisor for its outlets generally. Franchisee agrees that all food and beverages served in the Store will be prepared in accordance with recipes and procedures set out in the Manual from time to time specified by Franchisor.

5.5 Designated Suppliers and Volume Rebates. Franchisor will be entitled (but will not be obligated) to designate certain goods (including, without limitation, the Products, food and beverages, promotional items, uniforms, small wares, computer software and hardware, telephone equipment, and other things), the Services, furnishings, fixtures, and equipment used in connection with the Business, which must be obtained by Franchisee from suppliers designated by Franchisor or directly from Franchisor. Such designated Products shall only be purchased by Franchisee from

the designated supplier or from the Franchisor. Additional Products may be designated from time to time by Franchisor notwithstanding that the same are not so designated on the date of this Agreement, or at any time hereafter. The designated suppliers may be changed by Franchisor from time to time on written notice to the Franchisee. Franchisee grants permission to Franchisor to examine without prior notice to Franchisee, all records of any supplier relating to Franchisee's purchases, and Franchisee hereby authorizes such suppliers to release Franchisee's purchase records to Franchisor at such times and places Franchisor may request. Franchisee acknowledges and agrees that Franchisor or Franchisor's parent or affiliate may receive a rebate, royalty, or commission in connection with Products and/or Services purchased, leased, or obtained by Franchisee from designated suppliers and that the benefit of such rebate, royalty, or commission may not necessarily be passed onto Franchisee and that Franchisor and/or its subsidiaries and/or affiliates are entitled to keep such rebates, royalties, or commissions for their own use and benefit. Franchisee further acknowledges Franchisor or Franchisor's parent or affiliate in Franchisee's geographic area may derive a profit from the design and construction of the Store or as a result of tenant inducements or tenant allowances and Franchisee hereby waives any claims to such tenant inducements or tenant allowances.

If Franchisee desires to use suppliers that are not on Franchisor's list of approved suppliers, it must notify Franchisor in writing before using the said supplier and, if Franchisor so requests, will provide Franchisor with product samples and any relevant data. Upon receiving such request, Franchisor will determine whether the product meets the required specifications and will notify Franchisee accordingly within sixty (60) days of receiving samples of the product and other relevant data. Franchisee will reimburse Franchisor for Franchisor's actual out-of-pocket expenses relating to the testing or granting or approval of the supplier. If Franchisor determines that any such supplier does not meet the required specifications, Franchisee agrees that it will not use the said supplier in its Business. Without limiting the generality of the foregoing, the supplier proposed for use by Franchisee under this Section 5.5 may be required to demonstrate to Franchisor's reasonable satisfaction that the proposed supplier:

(a) Meets Franchisor's specifications, including its quality, quantity, warranty, variety, service, health and safety specifications, for the product and for the facilities used in the production and distribution of the product;

(b) has the capacity to supply Franchisee's requirements;

(c) has a sound financial condition and business reputation;

(d) will supply product to a sufficient number of Pokéworks franchisees to enable Franchisor to economically monitor compliance by the supplier with Franchisor's specifications; and

(e) has met such other criteria as may be established by Franchisor, acting reasonably, from time to time and as set out in the Manual.

If it is deemed necessary by either Franchisor or any of the approved suppliers to recall from Franchisee any quantity of any of products, either as a result of failure of such products to satisfy the proprietary manufacturing specifications issued to approved suppliers by Franchisor, or

for any other reason bearing on the quality and/or safety of such products, Franchisee shall comply diligently with all product recall procedures then in effect, as established from time to time by Franchisor and/or the suppliers. Franchisor will not be required to bear the costs associated with the recall of any product unless such recall is the result of gross negligence on the part of Franchisor. If Franchisee fails or refuses to comply with the recall of such products hereunder upon request by Franchisor, Franchisor will be authorized to take such action as it deems necessary to recall such products from the System and Franchisee will promptly reimburse Franchisor for its costs and expenses (including, but not limited to, legal fees) incurred in such recall procedure; any such action taken by Franchisor will not relieve Franchisee of its other obligations hereunder.

5.6 Operating Obligations. In the conduct of the Business, Franchisee acknowledges that it is solely responsible for the successful operation of its Store and that Franchisee's successful operation depends on Franchisee's compliance with this Agreement and the Manual. In addition to all other obligations contained in this Agreement and the Manual, Franchisee agrees that it shall:

(a) maintain a clean, safe and high quality Store operation and shall promote and operate the Business with due diligence and efficiency and maintain an adequate and properly trained staff to properly serve its customers;

(b) carry a sufficient inventory to meet the reasonable requirements of Franchisee's customers;

(c) be open for business during such hours and on such days as Franchisor may from time to time require, provided that nothing herein shall require Franchisee to carry on the Business during any period prohibited by any law regulating the hours when such business may be carried on, Franchisor reserves the right, in Franchisor's sole discretion, to at any time reduce or increase the hours of operation for Franchisee's store. Franchisee acknowledges that its hours of operation may be greater or less than other Pokéworks franchisees;

(d) from time to time accept and honor such nationally recognized credit/debit/gift/loyalty stored value cards (and only such credit/debit cards) as may be designated by the Franchisor;

(e) carry on the Business in accordance with the terms of this Agreement, all applicable laws, regulations, and other ordinances and in such a manner so as to promote a good public image in the community. Franchisee shall be solely and fully responsible for obtaining any and all licenses to operate the Business;

(f) at all times use its best efforts to promote the Business and the Marks;

(g) cooperate with Franchisor and all other franchisees in promoting good public and customer relations with the public generally and with customers and potential customers of the Business; and

(h) properly manage the Business and ensure that Franchisee and/or its Designated Manager who has completed the initial training program will be responsible for managing the Business after commencement of operations and be present at the Store

during its operation. Franchisee or the Designated Manager must work full-time at the Store.

5.7 Marketing and Marketing Fund Contributions. Except as prohibited or limited by law Franchisee will actively participate in and cooperate with Franchisor's national, regional and local advertising and sales promotion campaigns, prize contests, special offers, and (without limiting the generality of the foregoing) Franchisee must:

(a) obtain the prior approval of Franchisor to all promotions, special events, sales promotion materials and advertising used by Franchisee (including, without limitation, on-site, Internet, direct mail, newspaper, radio and television advertising, and advertising by third parties at the Store or at any other location if in connection with the Business);

(b) display in the Store, and in the manner specified by Franchisor, advertising material provided to Franchisee by Franchisor from time to time;

(c) pay to the Franchisor an amount ("**Marketing Fund Contributions**") equal to one and one-half percent (1.5%) of Gross Sales, such amount to be calculated and paid weekly as provided for in Section 8.3;

(d) conduct such promotions and special events, offer such promotional items and accept such coupons, loyalty, stored value, and gift cards as Franchisor may from time to time require;

(e) not make any television or radio appearance or make any statement to any media in connection with the System without first obtaining the written consent of Franchisor;

(f) pay Franchisor for the organization and coordination of Franchisee's grand opening advertising and promotional program for the Store at the time and in the manner specified by Franchisor and agree to spend a minimum of Seven Thousand Five Hundred Dollars ($7,500.00), plus applicable taxes, for the grand opening program ("**Grand Opening Expenditure**"). Franchisee acknowledges and agrees that Franchisee will incur certain food costs in connection with the grand opening program, and that such promotional food costs are in addition to the Grand Opening Expenditure. Franchisee agrees to provide Franchisor with a summary of Grand Opening Program Expenditures within seventy-five (75) days after the Store opens. Franchisee's grand opening program will utilize the marketing and public relations programs and media and advertising materials that Franchisor has approved; Franchisee shall also advertise and display such advertisements and solicitations at the Store to attract potential franchisees to the System as the Franchisor may require from time to time.

All Marketing Fund Contributions, together with amounts contributed by other franchisees of the Franchisor, will be maintained in a separate fund ("**Marketing Fund**") administered by Franchisor. Such funds will be applied for the purpose of advertising and promoting the franchised and company-owned operations associated with the Marks and producing such advertisement and promotion. However, Franchisor cannot and does not ensure that any particular franchisee will

benefit directly or pro-rata or at all from the placement of advertising and promotion. As of the date of this Agreement, Franchisor anticipates that the Marketing Fund Contributions of company-owned restaurants will resemble those of franchised restaurants, but Franchisee acknowledges and agrees that Franchisor reserves the right to modify the extent of their contributions at any time. Franchisor may consult with its franchisees from time to time concerning the advertising programs to be established by Franchisor and, for that purpose, may invite franchisees to participate in a franchisee advisory board. The cost of establishing and maintaining such an advisory board may be charged to the Marketing Fund. Notwithstanding any such consultation with franchisees, the Franchisor shall make all decisions concerning advertising and promotion in its sole discretion. This includes the right to use the Marketing Fund Contributions for broadcast or print advertising, the creation, development and production of advertising and promotional materials, including, but not limited to, ad slicks, radio, film and television commercials, videotapes, direct mail pieces, and other print advertising; any marketing or related research and development; developing, enhancing and maintaining Franchisor's Website; vehicle advertising menu development, point-of-sale advertising, retaining public relations firms, celebrity chef endorsements, and uniform designs; and advertising and marketing expenses, including payment for research and development on new Products and Services, services provided by advertising agencies or other marketing, research or consulting firms or agencies, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of the Internet, Internet access provider costs, personnel to support the marketing function, subscriptions to industry newsletters or magazines, and administrative costs. Franchisor may reimburse itself or its designated representatives (which may be one or more of Franchisor's subsidiaries or affiliates) for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting, and legal expenses, taxes, and other reasonable direct and indirect expenses incurred by Franchisor or its representatives in connection with the programs funded by and the administration and operation of the Marketing Fund. Franchisor and its representatives will not be liable for any act or omission that is consistent with this Agreement and done in good faith. Franchisor and its representative may spend in any fiscal year more or less than the aggregate Marketing Fund Contribution of all stores to the Marketing Fund in that year, and the Marketing Fund may borrow from Franchisor or others (including Franchisor's affiliates) to cover deficits or invest surplus for future use. Franchisor may cause the Marketing Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity, if established, will have all rights and duties specified in this Section. Franchisor and its representatives undertake no obligation to ensure that the Marketing Fund benefits Franchisee's Store in proportion to Franchisee's respective Marketing Fund Contributions or at all. Franchisee acknowledges and agrees that the Marketing Fund's primary purpose is to support sales by the entire Pokéworks System and to build brand identity. Franchisee agrees to participate in any promotional campaigns and advertising and other programs that the Marketing Fund periodically establishes.

Franchisee acknowledges and agrees that, from time to time, Franchisee will incur certain food and advertising costs in connection with regional or national advertising programs offered in connection with the Marketing Fund, and that such costs are in addition to, and cannot be used to offset, Franchisee's obligation to pay its monthly Marketing Fund Contribution.

Except as expressly provided in this Section 5.7, Franchisor shall assume no liability, direct or indirect or otherwise to Franchisee with respect to the maintenance, direction or administration of the Marketing Fund Contributions.

Although Franchisor intends the Marketing Fund to be of perpetual duration, the Franchisor has the right to terminate the Marketing Fund. Franchisor will not terminate the Marketing Fund, however, until all monies in the Marketing Fund have been expended for advertising and promotional purposes.

Franchisor and its representatives have the right, but not the obligation, to use collection agents and institute legal proceedings to collect Marketing Fund Contributions at the Marketing Fund's expense. Franchisor and its representatives also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Franchisor and its representatives reserve the right, in Franchisor's sole discretion, to at any time defer or reduce Marketing Fund Contributions and operations for one (1) or more periods of any length.

5.8 Local Advertising Contributions and Local Advertising Cooperatives.

(a) In addition to the Marketing Fund Contributions to be made by Franchisee in accordance with Section 5.7 above, Franchisee agrees to spend an amount ("**Local Marketing Expenses**") equal to two percent (2%) of Gross Sales, such amount to be calculated and spent quarterly, for purposes of conducting local advertising marketing campaigns. Franchisor may request that Franchisee prepare and submit five (5) days after the end of every quarter a report setting out the Local Marketing Expenses actually disbursed by Franchisee for that quarter during each quarter of the Term and any Interim Period.

(b) As of the date of this Agreement, Franchisor does not currently require Franchisee to participate in an advertising and public relations cooperative ("**Local Advertising Cooperative**") in regional and metropolitan areas where there are two or more Pokéworks franchisees. However, Franchisee acknowledges and agrees that Franchisor reserves the right, in its sole discretion, to form, change, merge or dissolve any Local Advertising Cooperative and to require Franchisee to participate in a Local Advertising Cooperative in the future. If Franchisor does so, at such time Franchisor may require Franchisee to pay Franchisee's proportionate share of the cost of joint regional and local public relations and advertising programs. However, as of the date of this Agreement, Franchisor anticipates that any such contributions required of Franchisee towards a Local Advertising Cooperative would be credited towards the Local Marketing Expenses that Franchisee is required to make under this Agreement.

5.9 Approval of Advertising by Franchisor. Without limiting the generality of Section 5.8, prior to their use by Franchisee, Franchisee must provide Franchisor with samples of all advertising and promotional materials and programs (including any proposed uses on the Internet or other electronic media or other forms of media approved by Franchisor) not prepare or previously approved by Franchisor, whether in respect to Franchisee's local advertising or marketing campaigns or advertising to be conducted by any Local Advertising Cooperative. All such materials must be approved by Franchisor in writing prior to any use by Franchisee, and Franchisor shall be entitled to grant, withhold or condition its consent to such use for any reason in Franchisor's sole discretion. If Franchisee does not receive written approval by Franchisor within thirty (30) days of the day such materials are submitted to Franchisee, the materials shall be deemed disapproved. Franchisee shall not use any advertising, marketing or promotional

materials or programs that have been disapproved by Franchisor or that do not satisfy Franchisor's requirements with regard to copyright, trademark or other notices.

5.10 Entry by the Franchisor. Without prior notice, Franchisor, or its representatives, shall be entitled to enter upon the Store at any time during business hours for the purpose of determining whether the Franchisee is in compliance with the terms and conditions of this Agreement. Franchisor or its representatives shall be permitted to audit, photocopy and videotape Franchisee's business operations and records, and to interview Franchisee's employees, suppliers, and customers at any time throughout the Term or any Interim Period of this Agreement.

5.11 Continuous Operation. Subject to the terms of this Agreement, Franchisee shall, throughout the Term and any Interim Period, actively and continuously carry on the Business at the Store in compliance with the terms of this Agreement.

5.12 Maintenance of Store. Franchisee shall only operate its Business at the Store and it shall maintain the condition and appearance of the Store so as to be consistent with the image of a clean, modern, attractive and efficiently operated business and in accordance with the image of a Pokéworks franchise as dictated by the Franchisor from time to time. In connection therewith, the Franchisee shall at all times ensure that the Store is neat and clean, shall cause all necessary repairs to be made to the Store and (subject to Section 5.13 and Section 5.15) shall periodically redecorate the Store and replace worn out or obsolete leasehold improvements, fixtures, furnishings, equipment, signs and wares as may be required by the Franchisor provided that the Franchisee shall not be required to do so within six (6) months of the expiration of the Lease unless the Franchisee has renewed or executed a new Lease for the Store. Franchisee shall also paint the entire Store, at Franchisee's sole cost and expense, at least once every three (3) years in colors that satisfy Franchisor's current standards. In the event of any dispute as to whether the Franchisee is in compliance with its obligations under this Section 5.12, the commercially reasonable determination of the Franchisor shall be final and binding. In the event the Franchisee fails to maintain the Store as required herein, the Franchisor or its designee may (in addition to any other remedy available to the Franchisor), but is not obligated to, perform such maintenance and do and perform, and cause to be done and performed, any further and other acts and things as may be necessary or desirable to effect the foregoing after giving fifteen (15) days prior written notice to the Franchisee, and all costs and expenses incurred by the Franchisor in doing so, plus an administrative fee equal to fifteen percent (15%) of such costs and expenses, shall be paid by the Franchisee on demand.

5.13 Alterations to Store. Franchisee shall not make any Material alteration to the Store, nor shall Franchisee make any Material replacement or alteration to the layout, leasehold improvements, fixtures, furnishings, signs, equipment, wares or appearance of the Store, without the prior written approval of Franchisor. For the purposes of this Section 5.13, "**Material**" shall mean any alteration(s) or replacement(s) having a value in the aggregate equal to or greater than Fifteen Hundred Dollars ($1,500.00) during each year of the Term of this Agreement.

5.14 Suggested Retail Prices. Franchisor shall from time to time provide the Franchisee with a suggested retail price for any or all of the food items, beverages, goods, and services sold by its franchisees generally, and Franchisee be encouraged but not required to sell any such food items, goods, beverages or services for a price that exceeds the suggested retail price. Franchisee

is free to sell all food items, goods, beverages, and services for a price, which is less or more than the applicable suggested retail price. The suggested retail price for food items, beverages, goods, and services, as determined by Franchisor, may vary from region to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions. Franchisor reserves the right to establish maximum resale prices, in its sole discretion, on some or all items sold by Franchisee from the Store.

5.15 Remodeling of Store. Franchisee, at its sole cost, shall undertake to renovate, modernize, remodel and refurbish the Store as Franchisor may require, in Franchisor's sole discretion, to reflect and to comply with Franchisor's then-current standards, at least once every six (6) years during the Term of this Agreement. Any such renovation, remodeling, and upgrade shall be subject to prior written approval by Franchisor of all plans, layouts, designs and other items specifically identified by Franchisor. Franchisee acknowledges and agrees these requirements are necessary and reasonable to preserve the identity, reputation, and goodwill developed by the Franchisor and the value of the Business. Franchisee shall promptly and fully comply with all such requirements and, if Franchisee fails to do so, Franchisor may do so on Franchisee's behalf, and Franchisee shall pay Franchisor the cost thereof, together with a reasonable administrative fee equal to fifteen percent (15%) of all costs incurred by Franchisor on Franchisee's behalf, within ten (10) days of the date Franchisor submits a bill detailing such expenditures to Franchisee.

5.16 Compliance with Laws. Franchisee must at all times ensure that there is strict compliance with all laws, regulations, orders, by-laws and restrictions which affect the Business or the Store and shall immediately notify the Franchisor in writing of any notices, documents or correspondence relating to any breach by the Franchisee of any such laws, regulations, orders, by-laws and restrictions, including, without limitation, any fire, health and building inspection reports. Franchisee shall keep copies of all health department, fire department, building department, and other similar reports of inspections on file and available for inspection by Franchisor and its affiliates. Franchisee shall immediately forward to Franchisor or its designated representatives any such reports or inspections in which Franchisee has been found not to be in compliance with the underlying regulation.

5.17 Unacceptable Conduct. Any conduct or practice carried on by Franchisee, or Franchisee's employees, agents, or contractors, whether through advertising or operating procedures or otherwise, which, in the opinion of Franchisor, may harm the goodwill associated with the Marks or the System, or which may reflect unfavorably on Franchisor, the System, or other franchisees of Franchisor, or which may tend to confuse, mislead, deceive or be fraudulent to the public, must be immediately discontinued by Franchisee upon written notice from Franchisor. Without limiting the foregoing, Franchisee shall, or, if Franchisee is a legal entity, Franchisee shall cause its shareholders, partners, members, officers and directors, to conduct themselves in an upright and respectable manner while at the Store, within the Territory or any other Franchisor licensed locations.

5.18 Operating Procedures. Franchisor will be entitled to establish mandatory specifications, standards and procedures relating to the operation of a Pokéworks location generally, including without limitation:

(a) the type and quality of food, beverages, goods, and services to be offered at the Store, the recipes and procedures to be used in connection with preparing and serving food and beverages and the standards of service to be offered to customers;

(b) the safety, maintenance, cleanliness, operation and appearance of the Store and all fixtures, furnishings, equipment, wares and signs used in connection therewith;

(c) the hiring, appearance, conduct and training of employees, including the use of uniforms to be worn by Franchisee and its employees;

(d) the use of the Marks and the use and protection of trade secrets;

(e) the notices to be given for the purpose of indicating that the Business is owned by Franchisee, that Franchisee is a licensed user of the Marks and that the Marks are owned by Franchisor;

(f) the use and retention of standard forms;

(g) the use and illumination of signs, posters, displays, standard formats and similar items;

(h) the hours during which the Store shall be open for business to the public;

(i) the limiting of the placement of any personal property security interest in Franchisee's assets or any pledge of such assets; and

(j) the use and honoring of gift certificates, coupons, loyalty programs, and other such local and national promotional programs authorized by Franchisor.

5.19 Operations Manual. Franchisor agrees to loan Franchisee one (1) copy of the Manual. Franchisee shall abide by the specifications, standards and procedures referred to in Section 5.18 above in a manner consistent with this Agreement and all applicable laws. Specifications, standards and procedures prescribed from time to time by Franchisor in the Manual or otherwise communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein. Franchisee shall operate the Business strictly in accordance with the Manual and this Agreement. Franchisee agrees to require all of its employees to abide by all specifications, standards and procedures set forth in the Manual or otherwise communicated to Franchisee in writing. Franchisor shall have the right to add to, and otherwise modify, the Manual from time to time to reflect changes in authorized Products and services, the System, or the operation of the Business. Franchisee covenants to accept, implement and adopt any such additions and modifications at Franchisee's own cost, except as provided in Section 3.7 with respect to a change in the Marks. Franchisee shall keep Franchisee's copy of the Manual up-to-date with replacement pages and insertions as instructed by Franchisor.

Franchisee acknowledges that the Manual contains proprietary information of Franchisor and Franchisee agrees to keep the Manual and its contents confidential at all times during the Term, any Interim Period and at any time thereafter, and not to make any copies thereof. Franchisor may transmit a copy of the Manual and any additions or modifications by e-mail, internet, intranet or

other electronic means. Franchisor reserves the right to convert some or all of the Manual into an exclusively electronic format, and Franchisee agrees to access such electronic Manual through the Internet or through an intranet created and supported by Franchisor.

The Manual shall at all times remain the property of Franchisor and Franchisee shall promptly return all copies of the Manual (including all disks, CD-Roms and other electronic versions) to Franchisor upon Franchisor's request and in any event upon the termination or expiration of this Agreement for any reason. The Manual may not be copied or duplicated or disclosed to persons other than employees or officers who need the information to perform their jobs. The provisions of this Agreement shall prevail in the event of a conflict between the specifications, standards and procedures set out in the Manual and this Agreement. Franchisee acknowledges that the master copy of the Manual maintained by Franchisor at its principal office shall be controlling in the event of any dispute relative to the content of the Manual. If Franchisee's copy of the Manual is lost, destroyed, or significantly damaged, Franchisee agrees to obtain a replacement copy from Franchisor at Franchisor's then applicable charge. The current replacement charge is Five Hundred Dollars ($500.00), but such replacement charge may be increased or decreased by Franchisor at any time, within Franchisor's sole and absolute discretion and without notice to Franchisee.

5.20 Directions. Franchisee shall comply with all written directions given by Franchisor from time to time with respect to matters over which Franchisor has authority or control pursuant to this Agreement.

5.21 Ownership of Business Records. Franchisee acknowledges and agrees that Franchisor owns all Business Records with respect to customers and other service professionals of, and related to, the Store including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, phone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by Franchisee. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines to be in the best interest of the System, in Franchisor's sole discretion. If the Franchisee requires any information contained in the Business Records for tax or other reasonable purposes, then Franchisor will provide Franchisee with copies of the relevant information contained in the Business Records as it deems appropriate.

5.22 Inspections and Temporary Management of Store. Franchisor and/or its representatives shall have the right at any time and without prior notice to Franchisor, to enter and remain in the Store to inspect it and to otherwise examine the manner in which the Business is being conducted. In such event, Franchisee and its staff shall cooperate fully with Franchisor and/or its representatives. Notwithstanding anything otherwise contained in this Agreement, if in Franchisor's judgment, acting reasonably, Franchisee is not conducting or otherwise managing the Business in a proper-manner and as a result, the Business is being affected detrimentally (whether financially, standards of quality are not being maintained or Franchisee is not otherwise complying with the System), Franchisor shall have the right but not the obligation, at Franchisees expense, to send a representative(s) to remain at the Store to in fact operate and/or manage the Business and to charge a reasonable fee therefor. Any fee charged by Franchisor to Franchisee for such services

shall be paid forthwith upon receipt of invoice or at Franchisor's option. Franchisor may also deduct such amount from the receipts of the Business.

## 6. COVENANTS OF FRANCHISEE

6.1 Covenants of Franchisee. Throughout the Term and any Interim Period, Franchisee covenants and agrees with the Franchisor:

(a) at all times to maintain and employ in connection with the Business such working capital as may be required, in the sole discretion of Franchisor, to enable Franchisee to properly and fully carry out and perform all of its duties, obligations and responsibilities under this Agreement. The current minimum amount of working capital required at all times during the currency of this Agreement is Five Thousand Dollars ($5,000.00). The Franchisor may require that the such minimum amount be increased and the Franchisee shall comply with such requirements upon receipt of a written notice to that effect from the Franchisor;

(b) to advise each supplier, the public and all others with whom Franchisee deals, that the Business is owned by Franchisee, that Franchisee is an independent contractor and that all debts and liabilities incurred by it are for the account of the Franchisee only, and not Franchisor and without limiting the generality of the foregoing, the Franchisor may in its sole discretion require that Franchisee hang a sign designated or produced by Franchisor to that effect at a specific place at the Store, as may be directed by Franchisor which states the "Pokéworks ™" trademarks are owned by Beyond Restaurant Group, LLC, and the independent franchise operator of this restaurant is a licensed user of such trademarks." Any such sign or other signs bearing the name "Pokéworks," or any of the Marks shall remain property of Franchisor without compensation to Franchisee;

(c) to deposit all monies received from each day's business not later than the following banking day in an account or accounts to be maintained specifically for such purpose with Franchisee's bankers. Franchisee shall advise the Franchisor of the name of the bank and the branch thereof where such account or accounts are being maintained and shall instruct the bank that Franchisor shall at all times be entitled to information concerning the account of Franchisee, to examine all bank statements and canceled checks and other bills of exchange and to institute the pre-authorized payment plan described at Section 8.3;

(d) to pay all taxes (levied or assessed), charges and expenses arising in connection with the Business, including, without limitation, rent, repair and maintenance charges, insurance premiums, staff wages and employer levies, business taxes, utility charges and accounts for goods and services purchased in connection with the operation of the Business. Franchisee shall, upon request, produce receipts showing payment of all such expenses which become due and payable during the one (1) year period immediately preceding such request;

(e) to promptly and completely observe and perform all terms, covenants, conditions and agreements contained on the part of Franchisee in the Lease;

(f) to purchase and maintain the following insurance coverage:

(i) insurance on Franchisee's inventory, fixtures, furniture, equipment, improvements, betterments, and wares in an amount equal to not less than the full replacement cost thereof with coverage against the perils of fire and standard extended coverage, including malicious mischief and burglary;

(ii) comprehensive public liability and property damage insurance, including personal injury liability, contractual liability, public liability and employer's liability, with coverage of not less than Two Million Dollars ($2,000,000) for any one occurrence and such greater amount as may be specified from time to time by Franchisor;

(iii) business interruption insurance in such amount as will reimburse Franchisee for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent restaurant owners, or attributable to prevention of access to the Store, with coverage for a period of interruption of one hundred eighty (180) days and such longer period as may be specified by Franchisor from time to time;

(iv) such insurance as Franchisor may require for the purpose of insuring Franchisor's interest in any and all Royalties, lease payments and/or Marketing Fund Contributions due to it hereunder against any loss resulting from any interruption in the Business attributable to damage or destruction to the Store or to prevention of access to the Store or the death or disability of the Designated Manager, the Guarantor and/or Franchisee, if Franchisee is an individual;

(v) tenant's liability insurance;

(vi) Such other insurance as required by law, including Workers' Compensation Insurance in such amounts as prescribed by statute; and

(vii) such other insurance coverage as reasonably required by Franchisor or the Landlord from time to time.

Such insurance coverage shall be taken out in the name of Franchisee and shall name Franchisor, Franchisor's parent and affiliates, Franchisor's agents, representatives, shareholders, directors, officers and employees, and those of Franchisor's parent and affiliates as additional insureds and with insurers acceptable to Franchisor. On or prior to the Effective Date, Franchisee shall furnish Franchisor with certified copies of each of the insurance policies described above. Each such policy shall provide that it cannot be canceled without thirty (30) days' prior written notice to the Franchisor and that Franchisor will receive at least twenty (20) days' prior written notice of its expiration. Franchisee shall promptly refer all claims or potential claims against it or Franchisor to Franchisee's insurer and Franchisor. Franchisor reserves the right to add, delete, or otherwise amend any insurance requirement, including the amount of any required insurance coverage, in Franchisor's reasonable discretion, by advising Franchisee of such new requirement in writing in the Manual and providing Franchisee a reasonable period of time, not to exceed thirty (30) days, to acquire such coverage.

(g) that subject to Section 8.12, to not mortgage, charge, grant a security interest in or encumber any of the property and assets used in connection with the Business, without the prior written consent of Franchisor;

(h) that all improvements in the System developed by Franchisee or its employees, agents, contractors or affiliates shall be deemed to be sold to the Franchisor for $10.00 and that it shall disclose such improvements to Franchisor as soon as they are developed;

(i) to comply with all federal, state, municipal and local by-laws, rules and regulations, and shall obtain on a timely basis any and all permits, certificates or licenses necessary for the full and proper conduct of the Business, including, but not limited to, licenses to do business, name registrations, and sales tax permits Franchisee shall be solely and fully responsible for obtaining any and all licenses to operate the Store. Franchisee shall research the laws, building codes, restaurant and equipment rules, and business regulations to be certain the Franchisee is in compliance with all rules and regulations in the Franchisee's jurisdiction. Franchisee acknowledges that Franchisor does not know these laws for every market, county or state. Franchisee shall keep copies of all health department, fire department, building department, and other similar reports of inspections on file and available for inspection by Franchisor or one of Franchisor's representatives. Franchisee shall immediately forward to Franchisor and/or its designated representatives any such reports or inspections in which Franchisee has been found not to be in compliance with the underlying regulation;

(j) to not establish a Website on the Internet using any domain name containing the words "Pokéworks ™," "www.pokeworks.com," or any variation thereof. The Franchisor retains the sole right to advertise on the Internet and create a Website using "www.pokeworks.com" or similar domain names. Franchisee acknowledges that Franchisor, Franchisor's parent, or any of Franchisor's affiliates is the owner of all right, title and interest in and to such domain names as the Franchisor shall designate in the Manual. Any website designed by Franchisee which contains the Franchisor's Marks and/or logo must be approved in advance in writing by Franchisor. Franchisee further acknowledges that any representations and warranties of any kind whatsoever, express or implied, regarding Franchisor's Website, including representations and warranties as to the operation, functionality, lack of interruption or resources of the Website, are expressly excluded. Without limiting the foregoing, Franchisor disclaims any implied warranties of merchantability and fitness for a particular purpose as to its Website. As to any malfunctioning of Franchisor's Website, Franchisor will not be liable to Franchisee for any consequential, incidental, indirect, economic, special, exemplary or punitive damages, such as, but not limited to, loss of revenue or anticipated profits or lost business, even if the Franchisee has advised Franchisor that such damages are possible as a result of any breach of warranty or malfunction;

(k) Franchisee shall, at all times during the Term of this Agreement and any Interim Period, maintain an e-mail address on the Internet. Immediately upon securing such an e-mail address, Franchisee shall provide Franchisor with such e-mail address to be used by Franchisor for purposes of electronic communication with Franchisee.

Franchisee's e-mail address shall not include the words "Pokéworks" or any derivation of such words, unless such e-mail address is provided to the Franchisee by the Franchisor;

(l) Franchisor reserves the right to require Franchisee to purchase and implement new technology initiatives, which may include but will not be limited to loyalty and case card programs, LCD or plasma monitors, high speed broadband Internet connection, music, Internet TV broadcasts, WIFI, and software management applications, surveillance systems, on-line ordering, remote ordering through PC's or handheld devices, E-learning, and software applications designed to better manage business functions and control costs. Franchisee will be responsible for all fees associated with these new technology initiatives. Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Franchisor has taken reasonable steps to ensure that these problems will not materially affect the System. Franchisor does not guarantee that information or communication systems supplied by Franchisor or its suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems;

(m) Franchisee shall permit Franchisor to speak and/or write to Franchisee's customers about the services being provided to such customers at or from the Store to ensure that the standards associated with the System are being achieved and maintained to Franchisor's satisfaction;

(n) should Franchisee be offered an opportunity to operate Franchisee's Store in combination with another store or quick service concept, which shall be licensed directly to Franchisee by a third party franchisor approved by Franchisor ("**Co-Brand Franchisor**"), and Franchisee agrees to offer the products and/or services offered by the Co-Brand Franchisor, Franchisee shall establish a retail outlet licensed by the Co-Brand Franchisor and offer the products and/or services offered by the Co-Brand Franchisor, and Franchisee shall cooperate with Franchisor and the Co-Brand Franchisor to accommodate the different requirements of this Agreement, the Manual and Franchisor's policies and requirements, with those of the Co-Brand Franchisor, to permit the efficient and harmonious operation of the co-branded concepts at Franchisee's Store. Franchisor or the Co-Brand Franchisor may require Franchisee, for example, to alter the design of the Store, its hours of operations, any applicable signs and operational procedures and to execute a Co-Brand Agreement in a form acceptable to Franchisor and/or the Co-Brand Franchisor;

(o) to actively participate and abide by Franchisor's requirements and/or guidelines with respect to any programs introduced by Franchisor from time to time, including, without limitation, any programs, services or initiatives involving payroll services or debit/credit card services;

(p) to use the brand of fountain service beverages or other non-fountain beverages that Franchisor may designate from time to time, upon prior notice to Franchisee;

(q) to offer for sale all products included in Franchisor's standard menu as specified in the Manual, and to not add nor remove any product from Franchisor's standard menu unless Franchisor authorizes such removal in writing; and

(r) to comply with all agreements with third parties related to the Store, including, in particular, all provisions of any Lease.

6.2 Representation Regarding Terrorist Activity. Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(a) Franchisee and its owners certify that none of them, their respective employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (which can be accessed at *http://www.treasury.gov/offices/enforcement/ofac/legal/eo/13224.pdf)*. Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

(b) Franchisee and its owners certify that it and they have no knowledge or information that, if generally known, would result in Franchisee, its owners, their employees, or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

(c) Franchisee and its owners are solely responsible for ascertaining what actions it and they must take to comply with the Anti-Terrorism Laws, and Franchisee and its owners specifically acknowledge and agree that its and their indemnification responsibilities set forth in this Agreement pertain to its and their obligations under this Section 6.3.

(d) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, agents, its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or any of the Franchisor's affiliates.

(e) "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority

(including, without limitation, the United States Department of Treasury Office of Foreign Assets Control and any government agency outside the U.S.) addressing or in any way relating to terrorist acts and/or acts of war.

## 7. COVENANTS OF THE FRANCHISOR

7.1 Covenants of Franchisor. Franchisor hereby covenants and agrees that, upon the request of Franchisee from time to time, Franchisor shall provide such assistance and support Franchisee as Franchisor, in its sole discretion, may deem appropriate in respect of the following:

(a) advice concerning the maintenance of food, beverages, goods, and services offered at the Store;

(b) advice in establishing stock controls for the Business;

(c) training programs in systems, standards, methods and procedures developed and introduced by the Franchisor from time to time;

(d) opening assistance consisting of one (1) or more representatives on site at the Store for not less than five (5) days to assist Franchisee in opening the Business; provided, however, Franchisee shall hire and exclusively be responsible for training, compensation, and control of its employees; and

(e) loan one (1) copy of the Manual, as described in Section 5.19, during the term of this Agreement.

## 8. PAYMENTS BY FRANCHISEE AND ACCOUNTING OBLIGATIONS

8.1 Initial Franchise Fee. In consideration of Franchisor entering into this Agreement and the opportunity to establish the Business as herein provided, the Franchisee agrees to pay Franchisor an initial franchise fee set forth in **Schedule A** ("**Initial Franchise Fee**"). The Initial Franchise Fee will be deemed fully earned upon receipt by Franchisor and non-refundable to Franchisee after it is paid.

8.2 Royalty. On or before Wednesday of each week or as determined by Franchisor, Franchisee shall pay to Franchisor an ongoing royalty ("**Royalty**" or "**Royalties**") equal to six percent (6%) of Gross Sales during the Term and any Interim Period.

8.3 Reports; Payment Dates.

(a) On or before Wednesday of each week or as determined by Franchisor, Franchisee shall report to the Franchisor Gross Sales by telephone, facsimile, electronically, or by other means permitted by Franchisor and provide such additional information requested by Franchisor for the week or such other frequency which Franchisor shall require during the Term and any Interim Period and Franchisee shall pay to Franchisor the Royalties and Marketing Fund Contributions due in accordance with such report.

(b) During the Term and any Interim Period, the Franchisee shall pay all Royalties and Marketing Fund Contributions due and owing to the Franchisor by participating in a pre-authorized payment plan ("**Payment Plan**") whereby Franchisor shall be authorized to debit Franchisee's bank account on a weekly basis or monthly basis, as determined by Franchisor. Franchisor also reserves the right to require payment from Franchisee of all Royalties and Marketing Fund Contributions due and owing to Franchisor in such other form or manner as Franchisor may determine from time to time. To effect the foregoing, Franchisee agrees to sign any necessary documents that may be required to institute the Payment Plan, which may be the same or similar to the form of document entitled Request for Pre-Authorized Payment, attached to this Agreement as **Schedule E**.

8.4 Books and Records. Franchisee shall maintain, at the Store, and/or its corporate head office or any other such location as agreed to in writing by Franchisor, and for such period of time and in such manner as we may from time to time prescribe, full and accurate accounts and records of all transactions relating to Gross Sales, including without limitation, receipts, cash register tapes, control sheets, inventory counts, deposit slips, business bank statements, cancelled checks, business tax returns, and other records necessary to verify Gross Sales. Such accounts and records shall be maintained in such a form that the Royalties and Marketing Fund Contributions payable under this Agreement may be readily and accurately determined and verified by Franchisor. Franchisor shall be entitled to require the use of specified methods, procedures and standard forms in connection with the maintenance by Franchisee of its accounts and records and Franchisee shall comply with all such requirements, as they may be amended from time to time in the Manual. All such requirements of Franchisor shall conform to American generally accepted accounting principles ("**GAAP**") applied consistently on a year-to-year basis. Franchisor shall be entitled to specify equipment to be used by Franchisee in connection with recording sales by Franchisee and Franchisee shall promptly purchase and utilize such equipment as required by the Franchisor. Such specifications may be outlined in the Manual and may be changed from time to time in Franchisor's sole discretion. All accounts and records of Franchisee maintained hereunder shall be kept by Franchisee for a period of at least four (4) years (or such other period as required by government or other agencies that may have jurisdiction).

8.5 Financial Statement. Unless otherwise agreed upon by Franchisor, within fifteen (15) days of the end of each fiscal quarter during the Term and any Interim Period, the Franchisee shall submit to the Franchisor:

(a) a statement of profit and loss for the quarter then ended,

(b) a balance sheet of Franchisee as at the end of such quarter, and

(c) a listing of Franchisee's outstanding payables as at the end of such quarter.

8.6 Taking of Inventory. Franchisee shall take physical inventories at such intervals as may be required by Franchisor and shall provide Franchisor with the results of such inventories if the Franchisor so requires. The physical inventories shall be taken by Franchisee with or without the participation of a representative of Franchisor, which shall be in the discretion of Franchisor.

8.7 Annual Statements. The year-end of Franchisee must correspond with the year-end of Franchisor, which is currently December 31. Within ninety (90) days following the end of each December 31 year-end, Franchisee shall provide Franchisor, at Franchisee's expense, with financial statements of the Business as, at, and for the year then ended including a balance sheet, income statement, statement as to source and use of funds and notes thereto which are in compliance with GAAP. Such records shall be created exclusively for the Store and shall be separate and apart for records kept for any other business in which Franchisee and/or Guarantor have an interest (provided such interest in another business is an interest that is permitted under this Franchise Agreement). Each financial statement shall be accompanied by a sworn statement, executed by Franchisee or an officer of Franchisee, attesting that the items contained in the financial statement are true and accurate, that they completely and fully describe and disclose the information sought in such statement, and that the signer has made diligent and careful efforts to ascertain the truth, accuracy and completeness of such information. If at any time Franchisor believes this is not the case, Franchisor reserves the right to review or require submission of financial statements prepared, at Franchisee's expense, by an independent Certified Public Accountant acceptable to Franchisor.

8.8 Examination of Records. Franchisor, or its authorized representative, may examine, audit and make copies of all records and accounts maintained by Franchisee in connection with the Business at Franchisor's own cost and expense, and, for that purpose, shall be entitled to enter any premises where such accounts and records are kept. If any such examination or audit shall disclose that Gross Sales have been understated in any report delivered by Franchisee to the Franchisor by more than two percent (2%) or if Franchisor or its representative shall determine that the accounts and records of Franchisee are not in compliance with the terms of this Agreement and/or are misstated according to GAAP, then the cost of such examination or audit shall be borne by Franchisee. Upon notification of the Royalties and/or Marketing Fund Contributions owing, as determined on the basis of such examination or audit, Franchisee shall immediately pay to Franchisor an amount equal to any deficiency in the Royalties or Marketing Fund Contributions actually paid to Franchisor together with the interest rate provided in Section 10.10 below. In addition, if any such examination or audit discloses that Gross Sales or any other accounts have been misstated by more than two percent (2%) and/or do not comply with GAAP, in any report delivered by Franchisee to Franchisor then, unless otherwise agreed by Franchisor, Franchisee will be required to conduct an annual review or audit of the financial statements for the Business by a firm of independent certified public accountants and the cost of such audit shall be borne by Franchisee. If you do not deliver any statement of Gross Sales as required or such statement is incomplete, we or our accountants shall have the right to estimate the Gross Sales for the period in question and you shall immediately pay the amount so estimated. Any estimation made by us and/or any report of our accountants shall be final and binding on all parties hereto. You and your staff shall cooperate fully with all persons carrying out any review, examination or audit conducted pursuant to this Section 8.8.

8.9 Recalculation of Royalties and Marketing Fund Contributions. If any examination or audit performed pursuant to Sections 8.7 or 8.8 discloses, in the opinion of Franchisor, that the accounts and records of the Franchisee are not in compliance with the terms of this Agreement and that an accurate determination of Gross Sales cannot be made, then Franchisor shall be entitled to estimate Gross Sales on the basis of information available to Franchisor (including the perceived volume of business in the Store as may be calculated by Franchisor), and Franchisee shall pay to

Franchisor an amount equal to the amount by which the Royalties and Marketing Fund Contributions calculated on the basis of such estimated Gross Sales is in excess of the actual Royalties and Marketing Fund Contributions paid by Franchisee to Franchisor.

8.10 Point-of-Sale Software and Hardware. The Franchisor shall be entitled to require that Franchisee, at Franchisee's expense, connect its point-of-sale computer programs, with a computer facility designated by Franchisor so as to enable Franchisor to collect information concerning Gross Sales and Franchisee shall sign all documents and do such further acts as may be required by Franchisor from time to time in order to effect the foregoing. Without limiting the generality of the foregoing, Franchisee shall purchase such computer software and hardware and telephone equipment as may be required to implement the aforesaid point-of-sale programs and/or for any other purposes designated by Franchisor from time to time in the Manual or by notice in writing from suppliers designated by Franchisor and Franchisee shall assume and pay all such costs related to the program. If Franchisee fails or refuses to deliver any statement of Gross Sales as required or such statement is incomplete, Franchisor or its accountants will have the right to estimate the Gross Sales for the period in question and Franchisee shall immediately pay the amount so estimated. Any estimation made by Franchisor or any report of our accountants shall be final and binding on all parties hereto. Franchisee and Franchisee's employees shall cooperate fully with all persons carrying out any review, examination or audit conducted pursuant to Section 8.8.

Franchisee further acknowledges and agrees that it will purchase (or lease), use, maintain and update computer and other systems and software programs which meet Franchisor's specifications as they evolve over time and which, in some cases, may only be available through Franchisor, Franchisor's parent, Franchisor's affiliates, or designated suppliers. Franchisee will maintain its systems network and must promptly update and otherwise change its computer and point of sale hardware and software systems, as Franchisor may require from time-to-time, at Franchisee's expense. Franchisee must pay all amounts charged by any supplier or licensor of the systems and programs used by it, including charges for use, maintenance, support and/or update of these systems or programs. Franchisee will record all sales and designated business information in the point-of-sale system in the manner specified by Franchisor in the Manual. Franchisee will report information to Franchisor electronically as it may specify and Franchisor may call up or poll Franchisee's point-of-sale system to retrieve information at any time.

8.11 Bookkeeper. Franchisee acknowledges that the maintenance of accurate financial records, and the preparation of financial statements on a timely basis, is essential to the efficient operation of the Business. If Franchisee is not qualified to maintain accurate financial records, in Franchisor's reasonable determination, then Franchisee agrees to hire a qualified bookkeeper who will maintain the financial records of Franchisee and who will attend at the Store and/or the corporate head office for not less than once every two (2) weeks for that purpose. Franchisee must purchase such accounting software and Franchisee and or its bookkeeper will use the accounting software designated by Franchisor from time to time.

8.12 Maximum Borrowing Commitment. Franchisee acknowledges and agrees that Franchisor may from time to time designate the maximum amount of debt service ("**Maximum Debt Limit**") that the Business may be permitted to service. As of the date of this Agreement the Maximum Debt Limit is seventy percent (70%) of the Total Project Cost of establishing a

Pokéworks Franchise, which includes all costs associated with the construction of the Pokéworks Restaurant, working capital requirements, all fees payable to Franchisor, including Initial Franchise Fees, and any other applicable costs ("**Total Project Cost**"). Franchisee shall not borrow in excess of the Maximum Debt Limit without Franchisor's prior written consent.

## 9. TERMINATION AND/OR DEFAULT

9.1 Termination upon Expiration of Term and any Interim Period. This Agreement shall immediately terminate at the end of the Term or at the end of the Interim Period as set forth in Section 2.3.

9.2 Termination Before Commencement of Operations – Without Notice, Initial Franchise Fee Forfeited. As set forth in Section 4.1 of this Agreement, Franchisee's failure to sign a Lease for the Store prior to the expiration of the Site Location Period will constitute abandonment of the Business by Franchisee and entitle Franchisor to terminate this Agreement and all rights granted the Franchisee hereunder without providing Franchisee with notice or the opportunity to cure.

9.3 Termination Before Commencement of Operations - With Notice, Initial Franchise Fee Forfeited. Franchisor will have the right, at its option, to terminate this Agreement and all rights granted the Franchisee hereunder, subject to the provisions of applicable state law governing franchise termination and renewal, effective upon receipt of notice by the Franchisee, upon the Franchisee failing to:

(a) lease the Store in the manner required by 4.1 and 4.2;

(b) commence to operate the Business as required by Section 4.4;

(c) successfully complete the initial training as required by Section 4.3.

(d) execute and deliver the Guaranty and Indemnity Agreement as required by this Franchise Agreement; or

(e) execute and deliver to Franchisor any of the other Schedules as required by this Agreement.

In the event of such termination, the Franchisor will have no liability to Franchisee whatsoever and Franchisee acknowledges, without limiting the generality of Section 8.1, that Franchisor may retain the Initial Franchise Fee paid pursuant to Section 8.1 as liquidated damages and not as a penalty.

9.4 Termination - With Notice and Effective Immediately. Franchisor may, at its sole option, terminate this Agreement and all rights hereunder, without affording Franchisee an opportunity to cure the default, effective immediately, unless otherwise specified herein or in the notice of termination, upon delivery of notice of termination if Franchisee and/or Guarantor or any corporation to which Franchisee and/or Guarantor have assigned this Agreement:

(a) If Franchisee begins operating Business without having obtained Franchisor's written consent, as required under Section 4.4 of this Agreement;

(b) commits an act of bankruptcy or becomes an insolvent person within the meaning of the United States Bankruptcy Code; or files, or fails to contest within three (3) days of filing and subsequently defeats, any petition in bankruptcy; or fails to contest, satisfy or vacate within sixty (60) days any execution, levy, or distress against the assets of the Business;

(c) fails to contest within ten (10) days and have removed the appointment of a receiver or other custodian (either temporary or permanent) of the Business or any part of its assets, except by the Franchisor pursuant to the provisions of this Agreement;

(d) takes the benefit of any act or proceeding for winding up its affairs or compromising its debts or purports to make a general assignment for the benefit of creditors;

(e) breaches the Lease or the Lease is terminated or if Franchisor or the landlord under the Lease, will become entitled to terminate the Lease (whether or not it exercises that right of termination);

(f) makes an assignment or sale of the Franchise or ownership in the Franchise without first complying with the provisions of this Agreement;

(g) commits a material breach of any other franchise agreement or other agreement entered into with Franchisor;

(h) knowingly make any material false statements to Franchisor in connection with Franchisee's application for the franchise;

(i) all or any part of the assets and property of the Business are seized by any of Franchisee's secured creditors, or if a receiver or manager is appointed with respect to Franchisee or the Business;

(j) abandons or surrenders or transfers control of the operation of its Business or fails to actively carry on business from the Store and such condition continues for two (2) days after notice of such default is given;

(k) submits on two (2) or more occasions during the Term or any Interim Period a report, financial statement, tax return, schedule or other information or supporting record which understates its Gross Sales by more than two percent (2%), unless the Franchisee demonstrates to Franchisor's satisfaction that such understatement resulted from inadvertent error; or if any audit performed pursuant to Sections 8.7 or 8.8 indicates that Gross Sales have been understated by more than two percent (2%) for any period; or if Gross Sales shall be understated by more than two percent (2%) on two or more occasions as determined on the basis of an examination of audits performed pursuant to Sections 8.7 or 8.8, or if the Franchisee shall repeatedly fail to maintain accounts and records in accordance with the terms of this Agreement;

(l) repeatedly fail to maintain accounts and records in accordance with the terms of this Agreement; for purposes of this subsection 9.04(c), "repeatedly" shall mean three (3) or more occasions during the Term of this Agreement;

(m) fails, or refuses, to submit any report, weekly summary, financial statement, tax return, schedule or other information or supporting records required herein, or submits such reports more than five (5) days late on two (2) or more occasions during the Term or any Interim Period unless due to circumstances beyond the control of Franchisee;

(n) operates the Business in a manner that presents a health or safety hazard to its customers, employees or the public and such manner of operation continues uncorrected after notice to correct same from any governmental body, Franchisor or the landlord is delivered to Franchisee;

(o) fails or refuses to pay any amount owed to the Franchisor, Franchisor's parent, or any of Franchisor's affiliates, or any authorized supplier of the Franchisor or the landlord for any debt whatsoever within five (5) days after a demand for payment or fails to honor on two (2) or more occasions during the Term or any Interim Period checks presented for payment or repeatedly and consistently pays any amount due hereunder after its due date;

(p) sells or offers for sale any unauthorized product or service;

(q) sells or offers for sale any merchandise which is in, Franchisor's sole opinion, of poor taste, or which Franchisor believes is likely to have an adverse effect on the System, the Marks or the goodwill associated with the Marks;

(r) fails to comply with any other provision of this Agreement or any specification, standard or procedure prescribed by Franchisor and Franchisee does not correct such failure within five (5) days, (or such longer period of time as Franchisor in its sole discretion deems appropriate,) after written notice from Franchisor (which shall describe the action that Franchisee must take) is delivered to Franchisee;

(s) violates any law, ordinance, rule, regulation of any governmental agency in connection with the operation of the Business or involving moral turpitude; which for purposes of this Agreement shall mean conduct that is contrary to justice, honesty or morality;

(t) violates any law, ordinance, rule or regulation of any governmental agency in connection with the operation of the Business or involving moral turpitude;

(u) is convicted of a criminal offense;

(v) allows any lessor or encumbrancer or any other person, corporation or entity lawfully entitled, to take possession of any of the undertaking, Business, property or assets of the Franchisee;

(w) commits or suffers any default under any contract of conditional sale, mortgage or other security instrument;

(x) fails to observe or perform any of the rules, bulletins, directives or other notices set forth in the Manual, which in the opinion of Franchisor, are material and any such failure to observe or perform the same shall continue for a period of five (5) days, or such longer period of time as Franchisor in its sole discretion deems appropriate, after written notice thereof has been given to Franchisee;

(y) takes or threatens to take any action to liquidate its assets, or stops making payments in the usual course of business;

(z) fails to successfully complete Franchisor's training or retraining course(s);

(aa) receives from Franchisor during the Term and any Interim Period three (3) or more notices of default regardless whether such notices of default relate to the same or different defaults, or whether such defaults have been remedied by Franchisee;

(bb) if Franchisee is a legal entity, changes the effective control of Franchisee, without the consent of Franchisor as required under Section 12 of this Agreement;

(cc) registers a trademark or trademarks utilizing the words "POKÉ" or "WORKS" or a colorable imitation thereof, or otherwise using such words in its corporate name;

(dd) discloses to any unauthorized person, copies or distributes the Manual, in whole or in part, through any means whatsoever, without Franchisor's written consent.

(ee) alters, amends or terminates its Lease without receiving Franchisor's prior written consent as required under Section 4.2 of this Agreement; or

(ff) fails to pay Franchisor the liquidated damages amounts set out in this Franchise Agreement.

Franchisor's waiver of any Franchisee's defaults will not constitute a waiver of any other default and will not prevent Franchisor from requiring Franchisee to strictly comply with this Agreement and/or any other agreement with the Franchisor and/or its affiliates.

9.5 Rights on Default. At any time following the occurrence of an event of default occurring as set forth in Sections 9.2, 9.3, and 9.4 (referred to herein as an "**Event of Default**"), without prejudice to any other rights available to the Franchisor set out in this Agreement, Franchisor will be in its sole discretion entitled and authorized to:

(a) terminate this Agreement and the rights granted to Franchisee hereunder in accordance with such sections; or

(b) attempt to remedy such Event of Default and for such purpose (but without limitation) Franchisor or its authorized agent may, but is not obligated to, (i) enter the Store,

(ii) make payments on behalf of Franchisee, and/or (iii) take possession of the Store and operate the Business as agent for Franchisee for such period as Franchisor deems appropriate in the circumstances. Forthwith upon demand, Franchisee shall reimburse Franchisor for all costs and expenses incurred, and all payments made, by Franchisor or its agent in exercising any of its rights under this Section 9.5(b), plus an administrative fee equal to fifteen percent (15%) of such costs and expenses, and shall indemnify and save Franchisor harmless from all costs and expenses incurred in exercising any of its rights under this Section 9.5(b). Franchisor shall not be under any obligation to attempt to remedy any Event of Default hereunder. Franchisor may at any time terminate its efforts to remedy any Event of Default, without thereby incurring any liability or obligation to Franchisee. Any attempt to remedy an Event of Default under this Section 9.5(b) shall not constitute a waiver of such Event of Default, nor shall it prevent Franchisor from terminating this Agreement pursuant to Section 9.5(a) during the continuance of such Event of Default; or

(c) exercise its rights under Sections 10.4 or 10.6; or

(d) demand that Franchisee deliver to Franchisor all the certificates for all issued shares in the capital of Franchisee, if Franchisee is a corporation, or all the certificates evidencing all membership interests, if Franchisee is a limited liability company, outstanding at the time of the delivery by Franchisor of notice requiring such delivery, by way of pledge, to be held as security for the performance by Franchisee and the Guarantor of their obligations to Franchisor set out herein and in any other agreements between the Franchisor and Franchisee or Guarantor. Franchisee and Guarantor shall cause all shareholders to deliver such shares in accordance with the terms set out in the notice.

9.6 Liquidated Damages.

(a) Franchisee acknowledges that the success of the System and enhancing the value of its investment and the overall value of the System depends on maintaining consistent products, services, and standards of appearance and Franchisee acknowledges the importance of operating the Business in accordance with the System, as modified from time to time. Franchisee further acknowledges that deviation from the requirements of the System, as specified in this Agreement and/or Manual, will damage Pokéworks, the System, the Marks, and Franchisor's goodwill, which damage is difficult to quantify. Accordingly, the parties agree that in the event of deviations from this Agreement and/or mandatory provisions of the Manual, Franchisee shall pay to Franchisor, as liquidated and agreed upon damages ("**Liquidated Damages**"), and not as a penalty, the following amounts for each deviation from this Agreement, beginning with the second deviation in any calendar year:

(i) Second deviation in calendar year: Three Hundred Fifty Dollars ($350.00);

(ii) Third deviation in calendar year: Six Hundred Dollars ($600.00);

(iii) Each Additional deviation in calendar year: One Thousand Five Hundred Dollars ($1,500.00).

(b) The Liquidated Damages set out above must be paid to Franchisor within ten (10) days of receipt of notice of the deviation from Franchisor. The imposition of Liquidated Damages as against Franchisee shall be at Franchisor's sole option. Franchisor is not required to impose Liquidated Damages and may instead elect to pursue our other remedies provided in this Agreement, including termination of this Agreement. Even if Franchisor imposes Liquidated Damages for any violation, Franchisor further reserves all other rights and may thereafter elect to terminate this Agreement or to pursue any other remedy available to Franchisor under law for a subsequent violation. For greater certainty, Franchisor, in its absolute and sole discretion, shall determine whether there has been a deviation from this Agreement.

## 10. RIGHTS AND OBLIGATIONS OF PARTIES UPON TERMINATION

10.1 Termination Defined. "**Termination**" will mean the termination or expiration of this Agreement, whether by reason of expiration of the Term or any Interim Period or by reason of Franchisor exercising its right to terminate this Agreement as a result of an Event of Default or otherwise.

10.2 Franchisee Obligations on Termination. At all times up to the date of Termination, Franchisee will, in all respects, be bound by all the terms of this Agreement, and Termination will not relieve Franchisee of any obligation that shall have accrued under this Agreement to the date of Termination. Upon Termination:

(a) the License shall be terminated and Franchisee shall immediately discontinue the use of the Marks in accordance with Section 3.8 of this Agreement;

(b) Franchisee shall take such action within five (5) days as may be required to cancel all registrations, including trade name registrations, relating to Franchisee's use of the Marks. If Franchisee was awarded a telephone directory listing associated with the Marks, Franchisee will notify the telephone company and all listing agencies of the termination or expiration of Franchisee's rights to use any telephone number and any classified or other telephone directory listings associated with the Marks and will authorize the transfer of same to Franchisor or any new franchisee approved by Franchisor. Franchisee acknowledges that, as between Franchisee and Franchisor, Franchisor has the sole right to, and interest in, all telephone numbers and directory listings associated with the Marks. Franchisee will, within two (2) days following termination, dismantle any frames and links between Franchisor's website and any other authorized or unauthorized websites owned or controlled by Franchisee, if and as requested by Franchisor, such costs to be borne completely by Franchisee. Franchisee hereby irrevocably appoints Franchisor as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the provisions of this Section 10.2(b). Franchisee shall execute a document substantially in the form attached as **Schedule I** as further evidence of Franchisor's rights upon Termination;

(c) In the event Franchisee lawfully maintains possession of the Store subsequent to the Termination, Franchisee will immediately upon Franchisor's request

make such alterations and removals or changes in signs and colors as Franchisor may reasonably request so as to distinguish effectively the Store from its former appearance and from the then-prevailing image of the System. If Franchisee fails to make such changes in a timely manner, Franchisor may enter upon such Store premises and make such changes at Franchisee's expense without such action constituting a trespass and without being liable to Franchisee in any manner;

(d) the Franchisee will immediately remove all signs, displays, logos, symbols, slogans, graphics, and other things, which contain or display any of the Marks or other names belonging to Franchisor;

(e) the Franchisee will deliver to Franchisor all advertising material, bulletins, all copies of the Manual, handbooks, training tapes, drawings, designs, uniforms, correspondence, stationery, files, and paper goods which are in the possession or control of Franchisee and which belong to Franchisor or which bear any Marks, and all copies thereof, including all disks, CD-ROMs, DVDs and electronic copies;

(f) all amounts owing by Franchisee to all third-party creditors and to the Franchisor and any affiliate and subsidiary of Franchisor under any of the agreements entered into by Franchisor or such affiliate or subsidiary shall immediately become due and payable; and

(g) take such action as Franchisor may request to disassociate itself from the System including, without limitation, to cease and desist using website addresses, e-mail addresses, domain names, and telephone numbers.

10.3 Franchisor May Pay Trade Debts. Franchisee agrees to pay within five (5) days of the effective date of Termination all amounts owed to Franchisor, the landlord of the Store and Franchisee's trade and other creditors which are then unpaid. All periodic payments to Franchisor will be deemed to accrue daily and shall be adjusted accordingly.

Upon Termination, Franchisor will be entitled, but not obligated, to pay all or any part of the trade debts of Franchisee in order to preserve the goodwill of the Franchisor with trade creditors. If Franchisor elects to make such payments, then the amount thereof will become immediately due and payable by Franchisee and Guarantor.

10.4 Options to Purchase. Upon Termination, Franchisor will have the option, but not the obligation to:

(a) purchase from Franchisee all or any part of the inventory of food, beverages and paper goods owned by Franchisee in connection with the Business, other than food, beverages and paper goods which are spoiled, stale dated or not then in use by other Pokéworks™ franchisees generally, for a purchase price equal to the price paid by the Franchisee therefore plus verified shipping costs;

(b) purchase from Franchisor all or any part of the furniture, furnishings, fixtures, equipment and small wares owned by Franchisee and used in connection with the Business for a purchase price to be agreed upon by the parties that are to be sold. If the

parties are unable to agree as to a purchase price and terms, the fair market value of such property will be determined by three appraisers chosen in the following manner: Franchisee will select one appraiser and Franchisor will select one appraiser, and the two appraisers so chosen will select a third appraiser. The decision of the majority of the appraisers so chosen will be conclusive. The cost of the third appraiser will be shared equally by the parties. The determined purchase price will be adjusted by setting off and reducing the purchase price by any amount owing by Franchisee to Franchisor or its affiliates, any losses Franchisor may incur from the interim operation of the business as outlined in Section 10.6 below, and including any amounts paid by Franchisor to cure Franchisee's defaults with third parties including, but not limited to, suppliers and Landlords (the decision to pay such cure amounts to be the sole decision of Franchisor);

(c) receive an assignment of Franchisee's interest in all or any leases of the furniture, fixtures, equipment, and small wares used in connection with the Business in consideration of the assumption by Franchisor of all future obligations of Franchisee under such leases; and/or

(d) receive an assignment of Franchisee's interest in the Lease in consideration of the assumption by Franchisor of all of the future obligations to Franchisee under the Lease.

Each of the options described in this Section 10.4 may only be exercised by written notice given to Franchisee by Franchisor within ninety (90) days of Termination and each such option shall survive Termination. If Franchisor elects to exercise the option described in Section 10.4(d), then Franchisor shall not be obligated to exercise the options described in Sections 10.4(a), 10.4(b) and 10.4(c).

10.5 Completion of Purchase. Upon the exercise by Franchisor of any of the options described in Section 10.4, there shall be a binding agreement of purchase and sale between Franchisor and Franchisee, pursuant to which the Franchisee shall be bound to sell or assign, and Franchisor shall be bound to purchase or assume, the property or interest with respect to which such option was exercised ("**Purchased Property**"). Subject to Section 10.6, the closing of the transaction shall occur on the first business day after the fifteenth (15th) day following the exercise of such option. At the closing of the transaction, the Franchisee agrees to sell, transfer and assign to Franchisor good and marketable title to the Purchased Property, free and clear of all mortgages, charges, liens, security interests and other encumbrances whatsoever and to execute and deliver to Franchisor such bills of sale, assignments and other conveyances of title as may be necessary in order to effectively transfer Franchisee's interest in the Purchased Property to Franchisor.

This transaction of purchase and sale shall be subject to all applicable bulk sales legislation and Franchisor or its agent shall be entitled to act as trustee for the payment of money required to be paid thereunder. Unless mutually satisfactory arrangements are otherwise made between Franchisor and Franchisee, and subject to applicable bulk sales legislation, the purchase price shall be applied on closing as follows:

(a) first, to the payment of all amounts necessary in order to obtain a discharge of all mortgages, liens, charges, security interests and other encumbrances on the Purchased Property;

(b) second, to the payment of all amounts which are due and owing by Franchisee (i) to Franchisor, (ii) under the Lease, (iii) to the trade creditors of Franchisee, and (iv) to any governmental agency; and

(c) third, to Franchisee, at Franchisor's option in full, or in eighteen (18) equal monthly installments, with interest at a rate equal to the prime lending rate as of the closing at Franchisor's bank.

If Franchisee fails to close this transaction on the date set for closing, then Franchisor shall be entitled to pay the purchase price as provided above, and in that regard shall be entitled to deposit that portion of the purchase price which is to be paid to Franchisee into a bank account opened in the name of Franchisee or to an account established for the benefit of Franchisee, and to advise Franchisee as to the particulars of such bank account or trust account, whereupon Franchisor will be entitled to take possession for its own account the Purchased Property, including the Store if Franchisor is entitled to an assignment of the Lease.

10.6 Interim Right to Operate Business.

(a) In order to enable Franchisor to determine whether it will exercise any of its options under Section 10.4 and to preserve the goodwill associated with the Business, Franchisor, or its authorized agent, shall be entitled to take exclusive possession of the Store for a period of up to ninety (90) days prior to Termination and to operate the Business as agent for and on behalf of Franchisee during that period.

(b) This right on the part of Franchisor will be exercised by written notice given by Franchisor to Franchisee. From and after the giving of such written notice, Franchisee will deliver exclusive possession of the Store to Franchisor and will provide Franchisor with access to all books and records relating to the Business. If Franchisor will elect to exercise any of its options under Section 10.4, then the period of Franchisor's occupancy of the Store under this Section10.6 shall be extended until the closing of the transaction of purchase and sale arising out to the exercise of such option. Franchisor will have the right to terminate its management of the Business at any time upon written notice to Franchisee.

(c) In managing the Business as agent for Franchisee, Franchisor will be liable to account to Franchisee only in respect of the income received by it in managing the Business less its bona fide expenses, including its reasonable fees charged for such management and any legal fees incurred by Franchisor or its agent relating to its management of the Business. Franchisor will not be liable or responsible for any losses, costs, expenses or damages suffered by Franchisee during the management of the Business by Franchisor or its agent, and Franchisee agrees to indemnify Franchisor for any losses, costs, expenses or damages suffered by Franchisor in respect of the Business operated by Franchisee up to and including the date of Termination and the period during which Franchisor is managing the Business.

10.7 Power-of-Attorney Upon Termination and Legal Incapacity.

(a) Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to take any action, execute any document, or do any other act or things required by Section 10 at Franchisee's sole risk and expense upon Franchisee's failure or refusal to comply fully therewith within ten (10) days after termination or expiration of this Agreement.

(b) Franchisee consents and agrees that Franchisor or its designated agents shall have the right to enter the Store at any time, at Franchisee's sole risk and expense and without liability for trespass, tort or other act, to make any alterations thereto upon Franchisee's failure or refusal to do so within ten (10) days after the termination or expiration of this Agreement.

(c) Franchisee hereby covenants and agrees for its successors and assigns to allow, ratify and confirm whatsoever Franchisor shall do by virtue of the foregoing power-of-attorney. Franchisee hereby declares that the power-of-attorney herein granted may be exercised during any subsequent legal incapacity on Franchisee's part.

10.8 Accounting Between Parties. Within the latter of (a) one hundred twenty (120) days after Termination, or sixty (60) days following our possession and management of the Store should Franchisor exercise its interim right to operate the Business under Section 10.6 hereof, and (b) ten (10) days following the closing of the transaction of purchase and sale pursuant to Section 10.4, there shall be an accounting between the parties with respect to the monies due by each to the other under the terms of this Agreement or under any agreement or instrument entered into between them, and each of the parties agrees promptly to pay to the other whatever monies shall be found as owing by one to the other pursuant to such accounting. Such accounting shall be subject to readjustment.

10.9 Indemnity. Franchisee agrees to indemnify and hold the Franchisor and its affiliates and subsidiaries and their respective officers, directors, agents, employees and contractors ("**Indemnified Parties**") harmless from and against any and all losses, damages, liability, costs and expenses, including, without limitation, legal fees, courts costs, and expert witness fees, suffered or incurred by any of the Indemnified Parties as a result of: (a) any violation of this Agreement, the Lease or any other agreement by the Franchisee or the Guarantor; (b) any act or omission on the part of Franchisee or Guarantor or any of their respective agents, servants, employees or contractors; or (c) any claims, damages, suits or rights of any persons, firms or corporations arising from the operation of the Business or anything which may occur at the Store.

10.10 Interest on Overdue Accounts. All amounts payable pursuant to this Agreement or any other agreement between the Franchisor or any of its affiliates or subsidiaries and the Franchisee shall bear interest after the date upon which the said payment becomes due until paid in full at the Key Bank prime rate of interest plus eight percent (8%) in effect at the time the said payment becomes due. The acceptance of any interest payment shall not be construed as a waiver by Franchisor of its rights in respect of the default giving rise to such payment and shall be without

prejudice to Franchisor's right to terminate this Agreement in respect of such default in accordance with the provisions of this Agreement.

10.11 Survival of Obligations. All obligations of the parties hereto which expressly or by their nature survive the Termination of this Agreement shall continue in full force and effect notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of Sections 3, 5.16, 9, 10 and 15 shall survive Termination of this Agreement.

10.12 Cross Default. Breach by Franchisee or Guarantor of the Lease, Guaranty and Indemnity, or any other agreement entered into by Franchisee or Guarantor with Franchisor will constitute a breach by Franchisee or Guarantor, as the case may be, of each of the other agreements. Should Franchisee or Guarantor, or any partnership, joint venture, corporation, or limited liability company in which Franchisee or Guarantor has a controlling equity interest, be a franchisee pursuant to another franchise agreement with the Franchisor, respecting another franchised business using the Marks, a default under this Agreement will constitute a default under such other franchise agreement and vice versa, with like remedies available to Franchisor and should such other franchise agreement cease to be valid, binding and in full force and effect for any reason then Franchisor may, at its option, terminate this Agreement and this Agreement shall be forthwith surrendered by Franchisee and terminated. Likewise, should this Agreement cease to be valid, binding and in full force and effect for any reason, Franchisor may at its option terminate the other franchise agreement and the other franchise agreement shall be forthwith surrendered and terminated.

In the event this Agreement is terminated for any reason whatsoever by either party, and Franchisor exercises its option to assume the Lease, Franchisee will immediately vacate the Store and deliver up possession to Franchisor and will leave the premises of the Store in a clean, tidy condition, free of debris, and shall remove therefrom only its own personal property.

10.13 Acceleration of Note and Security Interest. In the event that this Agreement expires or is terminated for any reason whatsoever and Franchisor is the lender under any loan agreement ("**Loan**") or the holder of any promissory note ("**Note**") or the holder of any personal property, stock or membership certificates, security interest, chattel mortgage, debenture or mortgage of any nature whatsoever ("**Security Interest**") from Franchisee concerning assets used at any time by the Franchisee in the Business or which are situated on the Store, such Loan, Note or Security Interest shall, upon the effective date of termination or expiration, immediately become fully due and payable as to all principal and interest so loaned and secured.

## 11. GUARANTY

11.1 Obligation to Execute Guaranty. Guarantor hereby agrees to, and it is a condition of this Agreement that the Guarantor and Guarantor's spouse or domestic partner will, execute and deliver to Franchisor an indemnity and guaranty in the form annexed hereto as **Schedule F** forthwith upon the execution of this Agreement.

## 12. SALE OF BUSINESS

12.1 No Transfer Unless Permitted.

(a) Franchisee must not (i) assign or transfer, or grant any security in, any of its rights under this Agreement or the Lease, or (ii) sublet or part with possession of the Store, or (iii) grant any license or concession to use or occupy all or any part of the Store, except in accordance with Sections 12.3 and 12.4 of this Agreement.

(b) Notwithstanding anything in this Agreement to the contrary but subject to Section 13, Franchisee and any shareholder(s), partner(s), or member(s) of Franchisee, if Franchisee is a corporation, partnership, or a limited liability company, shall not assign, sell or transfer any rights that it has or they may have under this Agreement without first obtaining the written consent of the Franchisor, which consent may not be unreasonably withheld or delayed, and provided that Franchisee is in full compliance with the terms of this Agreement at the time of the requested transfer and at the time of the transfer.

12.2 Bona Fide Offer Defined. When used in this Agreement, the term "**Bona Fide Offer**" means an offer from an arm's length party to purchase the Business pursuant to which:

(a) the purchaser shall purchase in the case of an asset sale, all or substantially all of the assets then used in connection with the Business and shall receive an assignment of the Franchisee's rights under this Agreement, the Lease and any leases of equipment used in connection with the Business (and no other property or rights shall be purchased), and in the case of a sale of shares in the capital stock or membership interests of the Franchisee, all but not less than all of the shares or membership interests owned by the shareholder(s) or members of the Franchisee,

(b) the purchase price ("**Purchase Price**") for the Business shall be expressed solely as a monetary sum payable in cash or by certified check,

(c) not less than twenty-five percent (25%) of the Purchase Price shall be payable at closing and the remainder (if any) shall be paid in equal periodic installments over not more than five (5) years or the remaining Term of this Agreement, whichever is less,

(d) the sole security for the payment of the Purchase Price shall be, in the case of an asset sale, a purchase money security interest in the tangible assets being purchased and sold, and in the case of a share sale, a pledge of shares by the purchaser in favor of the Franchisee; provided, however, that the Franchisee shall not directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey, donate, pledge, mortgage or otherwise encumber any such assets or shares or offer or attempt to do so or permit the same to be done without the Franchisor's prior written consent,

(e) the underlying terms and conditions are bona fide and are not so unique or unusual as to render it impossible for the Franchisor to perform and observe them on a commercially reasonable basis, and

(f) the purchaser shall have agreed in writing to pay all applicable taxes in respect of the Bona Fide Offer.

12.3 Transfer to Personal Corporation. If Franchisee is not a corporation or other legal business entity, then Franchisee will be entitled to assign all its rights under this Agreement to a corporation ("**Franchisee Corporation**"), provided that each of the following conditions are satisfied:

(a) Franchisee is not in default under this Agreement on the date of such assignment;

(b) the Franchisee will assign the Lease to the Franchisee Corporation and the Landlord shall consent to such assignment;

(c) Franchisee will own all of the issued and outstanding shares of the Franchisee Corporation at the time of the assignment, and the activities of the Franchisee Corporation shall be confined exclusively to operating a POKÉWORKS™ franchise;

(d) the Franchisee Corporation will enter into a written agreement with Franchisor, in form satisfactory to Franchisor, pursuant to which the Franchisee Corporation shall covenant to observe and perform all the terms, covenants and conditions to be observed and performed on the part of Franchisee under this Agreement;

(e) Franchisee shall provide Franchisor with a guaranty and indemnity, in a form satisfactory to Franchisor, whereby Franchisee and any and all other future shareholders of the Franchisee Corporation shall guarantee the obligations of the Franchisee Corporation.

12.4 Transfer Under Bona Fide Offer. Franchisee shall be entitled to assign its rights under this Agreement and the Lease pursuant to a Bona Fide Offer, subject to each of the following terms and conditions:

(a) Franchisee shall comply with the provisions of Section 12.5;

(b) Franchisee shall not be in default under this Agreement, the Lease, or any other agreement during both the sixty- (60-) day period prior to receiving Bona Fide Offer and the period to the date of such assignment, and prior to the time of transfer Franchisee shall bring its Store into full compliance with Franchisor's then-current standards as set forth in the Manual or bulletin. Without limiting the generality of the foregoing, all of Franchisee's accrued monetary and other obligations to Franchisor shall have been satisfied in full;

(c) Franchisee provides written notice to Franchisor at least sixty (60) days prior to the proposed effective date of such assignment and Franchise shall have obtained the prior written consent of the Franchisor to such assignment, which consent shall not be unreasonably withheld; provided, however, without limiting the generality of the foregoing, the Franchisor shall be entitled to withhold its consent to such assignment where, in the opinion of the Franchisor, such assignee is not of good moral character and reputation or does not have adequate financial strength or a satisfactory credit rating, business experience, aptitude, fails to pass Franchisor's English competency test and other required tests, or does not possess appropriate business qualifications or does not satisfy

any of the other qualifications required for franchisees joining the System at that time. The Franchisee shall provide the Franchisor with such reasonable information as the Franchisor may request in order to make such determination. Franchisor shall have thirty (30) days from the date of receipt of the written notice of the proposed assignment to approve or disapprove, in writing, Franchisee's proposed assignment. If Franchisee and the proposed assignee comply with all conditions for assignment set forth herein and the Franchisor has not given Franchisee written notice of Franchisor's approval or disapproval within a 30-day period, approval is deemed denied;

(d) the assignee shall enter into Franchisor's then-current form of Franchise Agreement as franchisee, which agreement shall have terms equal to the remainder of their respective terms but which may contain provisions substantially different from those contained in this Agreement, including a higher Royalty and greater expenditures for advertising and promotion than are provided in this Agreement, and such other documents then customarily used by Franchisor to grant franchises as may be reasonably requested by Franchisor;

(e) if the assignee is a corporation, the shareholders of the corporation shall jointly and severally guarantee the obligations of the assignee under the franchise agreement referred to in Section 12.4(d) by entering into a guaranty and indemnity in form satisfactory to the Franchisor;

(f) on or before the date of such assignment, Franchisee will pay to Franchisor the following amounts:

(i) a transfer fee ("**Transfer Fee**") equal to fifty percent (50%) of Franchisor's then-current Initial Franchise Fee; and

(ii) Franchisor's legal fees;

(g) the assignee will not have debt of more than seventy percent (70%) of the sale price of the Business to the assignee and Franchisor has determined that the terms of payment are not so burdensome as to affect adversely the assignee's future operation of the Business;

(h) the assignee will ensure that its Designated Manager and Guarantor successfully completes a training program established by Franchisor and that the assignee shall otherwise meet all criteria for a franchisee of Franchisor as may be established by Franchisor from time to time. The Assignee shall not be permitted to attend training until such time it has satisfied all of Franchisor's conditions, which include the execution of the then-current form of Franchise Agreement and Franchisor having received the Transfer Fee;

(i) Franchisee will execute Franchisor's then current form of assignment and consent agreement and Franchisee shall release Franchisor, its parent, affiliates, and subsidiaries (if any) and its and their respective officers, directors and employees from all claims, suits and actions which Franchisee may have against any of them by reason of any act, omission, cause, matter or thing up to the date of such assignment;

(j) the assignee, at its own cost, agrees to make all capital expenditures requested by Franchisor to renovate, refurbish, remodel and modernize the Store so as to reflect the then-current image for Franchisor prior to the transfer or within a timeframe specified by Franchisor;

(k) the landlord provides written consent to the assignment of the Lease for the Store to the proposed assignee;

(l) the proposed assignee provides such personal guarantees which Franchisor may request, guaranteeing the proposed assignee's performance of its obligations under the agreements to be entered into;

(m) in the case of an asset sale, the assignee purchases all of Franchisee's assets used in the Business in accordance with all applicable bulk sales legislation and assumes all of Franchisee's business liabilities, including all tax liabilities, unless such liabilities have been paid prior to the closing of the transaction of purchase and sale;

(n) if Franchisee or its Guarantor(s) finance any part of the purchase price, Franchisee and its Guarantor(s) agree that all of the assignee's obligations under promissory notes, agreement, or security interests reserved in the Business are subordinate to assignee's obligations to pay fees and other amounts due to Franchisor and its affiliates and otherwise to comply with this Agreement and the Lease. Franchisee will not take any security interest in the assets of the assignee or the assets of the Business without Franchisor's written consent;

(o) Franchisee abides by all post-termination covenants, including, without limitation, the covenant not to compete set forth in Section 15; and

(p) Neither the assignee or its owners, without Franchisor's prior written consent, take over possession of the Business at the Store until the assignment is complete;

(q) any advertisement for a transfer shall be approved by Franchisor in writing; and

(r) the assignee shall have agreed in writing for Franchisor to conduct a grand opening advertising and promotional program for the Store at the time of transfer according to guidelines established by Franchisor, which may include spending a minimum of Sven Thousand Five Hundred Dollars ($7,500) for the grand opening program. The assignee must acknowledge and agree that it will incur certain food costs in connection with its grand opening expenditures. The assignee will agree to provide Franchisor with a summary of its grand opening expenditures within seventy-five (75) days following the earlier of the Store opening or transfer. The assignee grand opening transfer program will only utilize the marketing and public relations programs and media and advertising materials that Franchisor has approved in writing.

12.5 Right Of First Refusal. Without in any way derogating or otherwise affecting the Franchisor's right to reject a proposed assignee pursuant to Section 12.4 herein, if at any time during the Term or any Interim Period, Franchisee receives a Bona Fide Offer which Franchisee

wishes to accept, or Franchisee intends to make a Bona Fide Offer, then Franchisee shall deliver to the Franchisor a true copy of such Bona Fide Offer together with an offer in writing ("**Franchisee's Offer**") to sell the Business to Franchisor on the same terms as described in the Bona Fide Offer. Franchisor shall be entitled to accept Franchisee's Offer at any time within ten (10) business days after receipt of Franchisee's Offer by Franchisor, whereupon such acceptance shall be deemed to be a binding agreement of purchase and sale between Franchisor and Franchisee on the terms and conditions contained in Franchisee's Offer. If Franchisor fails to accept Franchisee's Offer within ten (10) business days following its receipt by Franchisor, Franchisee may make or accept the Bona Fide Offer subject to the provisions of Section 12.4, provided that the transaction contemplated under the Bona Fide Offer shall be completed within one hundred and twenty (120) days following the expiration of such period of ten (10) business days. If the transaction contemplated under the Bona Fide Offer is not completed within such one hundred and twenty (120) day period or if the terms of the Bona Fide Offer are changed from those described in Franchisee's Offer, then the Franchisee shall be obligated to once again comply with the provision of this Section 12.5.

12.6 Continued Responsibility. Notwithstanding any assignment of Franchisee's rights under this Agreement, Franchisee shall remain liable for the prompt and complete observance and performance of all of the terms, covenants and conditions to be observed and performed on the part of Franchisee under this Agreement on or before the said assignment.

12.7 Equity Holders. Franchisee hereby warrants and represents to Franchisor that the individuals named in **Schedule G** to this Agreement are the registered and beneficial owners of these equity interests of the Franchisee, if Franchisee is a legal entity, set forth beside their names, which equity interests represent all of the issued and outstanding equity interests in the capital of Franchisee. Franchisee agrees that any transfer of the legal or beneficial ownership of such equity interests, or any issuance of further equity interests, or any change in effective control of Franchisee, meaning a change equal to fifty-one percent (51%) or more of the ownership interest, without the prior written consent of Franchisor, shall constitute an unauthorized assignment of this Agreement and a default under this Agreement. Franchisor will not unreasonably withhold its consent to such transfer, issuance or change in effective control if the same is to any of the shareholders or members identified in **Schedule G** or their children or spouses, provided that the Franchisor may, without limitation, withhold its consent for any of the reasons contemplated in Section12.4 save and except Sections 12.4(f) and (j). Otherwise, Franchisor shall be entitled to withhold its consent to such transfer, issuance, or change in control, for any reason or no reason whatsoever.

12.8 Advertising Sale of Business. Franchisee shall not cause or permit any notice or advertisement indicating that the Business is for sale to appear at, on or about the Store or in printed media of general and regular circulation, radio, internet or television, unless the same is consented to in writing by Franchisor.

12.9 Assignment by the Franchisor. This Agreement is fully assignable by Franchisor in whole or in part and shall inure to the benefit of and be binding upon any assignee or other legal successor to its interest herein. In the event of any such assignment, Franchisor, Franchisor's parent, and Franchisor's affiliates, its and their respective directors, officers, employees and agents shall be released from any further liability for the obligations assigned other than any obligations

relating to matters or periods prior to the effective date of such assignment. Franchisee shall attorn to such assignee and shall execute any attornment agreement requested by the Franchisor or its assignee.

## 13. ABSENCE, DISABILITY OR DEATH

13.1 Right to Operate Business. Without limiting the generality of Section 13.2 below, in order to prevent any interruption of the Business which might cause harm to the Business and depreciate the value thereof, Franchisee authorizes Franchisor to operate the Business as agent for and on behalf of Franchisee for a period not to exceed ninety (90) days, renewable as necessary up to one year, ("**Interim Operating Period**"), and without waiver of any of the rights or remedies Franchisor may have under this Agreement, if Franchisee is not, in the sole judgment of Franchisor, able to operate the Business in accordance with its obligations under this Agreement as a result of the death, absence or incapacity of Franchisee or any of its shareholders or members, the Designated Manager, or the Guarantor. During the Interim Operating Period, Franchisor will periodically discuss the status of the Business with Franchisee. All monies from the operation of the Business during such period of operation by Franchisor shall be kept in a separate account, and the expenses of the Business, including reimbursement for all costs and expenses incurred by Franchisor and reasonable compensation for the services provided by Franchisor including any legal fees, shall be charged to such account. Franchisor shall not be obligated to operate the Business pursuant to this Section 13.1 and shall be entitled to terminate its operation of the Business at any time immediately upon written notice to the Franchisee.

13.2 Death or Incapacitation. If Franchisee dies or becomes incapacitated, which shall be deemed to include, in the reasonable opinion of Franchisor, the inability of Franchisee, by reason of physical or mental illness or disability, to operate the Business in the ordinary course for a period of thirty (30) days or more in any consecutive ninety (90) day period, so that the Franchisee, or, in the case of the Designated Manager's incapacity only, the Designated Manager, is not able to devote full time and attention to the operation of the Business, then the rights granted hereunder may be transferred to the heirs or personal representatives of Franchisee, subject to Franchisee's heirs or personal representatives successful completion of the Training Program as described in Section 4.4 above, if Franchisor's prior written consent is obtained. In no event shall the Franchisor provide its consent to such transfer unless the conditions set out in Section 12.4, save and except the requirement to pay Franchisor's then-current transfer fee, are satisfied. In the event that such conditions, save and except the requirement to pay Franchisor's then-current transfer fee, are not satisfied, Franchisor shall have the right in its sole discretion to terminate this Agreement by notice, in the case of death, to the estate of Franchisee and, in the case of incapacity of the Franchisee, to Franchisee or his representative and the provisions of Section 10 shall then apply.

## 14. RELATIONSHIP OF PARTIES

14.1 No Agency Relationship. Franchisee agrees that it is not an agent of Franchisor, but is an independent contractor completely separate from Franchisor, and that Franchisee has no authority to bind or attempt to bind the Franchisor in any manner or form whatsoever or to assume or incur any obligation or responsibility, express or implied, for or on behalf of or in the name of Franchisor. This Agreement shall not be construed so as to constitute Franchisee a partner, joint

venturer, agent or representative of Franchisor for any purpose whatsoever. Franchisee shall use its own name in obtaining goods and services, or when executing contracts or making purchases, so that the transaction shall clearly indicate that Franchisee is acting on its own behalf and not on behalf of Franchisor.

## 15. RESTRICTIVE COVENANTS

15.1 Franchisee and Guarantor Not to Compete.

(a) During the Term or any Interim Period, neither Franchisee nor Guarantor shall either individually or in partnership or in conjunction with any person or persons, firm, association, syndicate or company as principal, agent, shareholder, employee, advisor, or in any other manner whatsoever, directly or indirectly, carry on or be engaged in or concerned with or interest in the operation of any business which consists substantially of the sale of poké or sushi food items as its main product line.

(b) During the two (2) year period immediately following Termination, neither the Franchisee nor the Guarantor shall either individually or in partnership or in conjunction with any person or persons, firm, association, syndicate or company as principal, agent, shareholder, employee or in any other manner whatsoever, directly or indirectly, carry on or be engaged in or concerned with or interested in the operation of any business which consists substantially of the sale of poké or sushi food items as its main product line and which is located (i) in the Territory, or (ii) within ten (10) miles of any business operating under the Marks.

(c) This Section 15.1 shall not apply to (i) any interest which Franchisee or Guarantor may have in another Pokéworks Franchise, or (ii) the ownership of shares in a company whose shares are listed on a stock exchange provided that Franchisee or Guarantor does not participate in the management or direction of such public company. Promptly upon written request by Franchisee or any Guarantor, Franchisor shall advise the requesting party whether the proposed location is located within any of the restricted territories referred to in this Section 15.1.

(d) If Franchisee is a legal entity, Franchisee shall deliver to Franchisor at any time Franchisor may request, the written acknowledgment of any or all of the directors, members, partners, officers, shareholders or employees of Franchisee as Franchisor may determine, whereby they shall acknowledge that they have reviewed the provisions of this Section 15.1 and that they each agree to abide by all such provisions.

15.2 Non-Solicitation. During the Term of this Agreement and for a period of two (2) years thereafter, Franchisee shall not attempt to attain an unfair advantage over other franchisees of Franchisor, Franchisor, Franchisor's parent, or any affiliates or subsidiaries of Franchisor by soliciting for employment any person who is, at the time of such solicitation, employed by any other franchisees, Franchisor or any such affiliates and subsidiaries without first obtaining the written consent of Franchisor or the franchisees, as the case may be, nor shall Franchisee directly or indirectly induce or attempt to induce any such person to leave his or her employment as aforesaid.

15.3 Trade Secrets and Confidentiality. Franchisee expressly understands and agrees that a confidential relationship is established between Franchisee and Franchisor under this Agreement, and that Franchisor will be disclosing to Franchisee certain confidential and proprietary information in connection with the System and Franchisee's operation of the Business. Franchisee acknowledges and agrees that the recipes, operating procedures, food costs and margins, price structure, names of suppliers and promotional techniques supplied or communicated by Franchisor to Franchisee constitute our valuable trade secrets. Franchisee acknowledges that information relating to the operation of the Business (including, without limitation, the specifications, standards, procedures and rules of the System and the Business, and the entire contents of the Manual) is derived from information disclosed to Franchisee by Franchisor, and that all such information is confidential and Franchisor's trade secret. Franchisee agrees:

(a) not to disclose, use, or obtain any benefit from any such trade secrets except to the extent necessary in order to operate the Business;

(b) not to make copies of the Manual or any other operating manuals or lists of suppliers and further agree to return the Manual, and all other operating manuals and lists of suppliers to Franchisor immediately upon Termination;

(c) to maintain the absolute confidentiality of all such information and the contents of this Agreement during the Term and any Interim Period of this Agreement and after termination or expiration of this Agreement for any reason whatsoever, disclosing same to employees of the Business only to the extent necessary for the operation of the Business in accordance with this Agreement;

(d) not to use any such information in any other business or in any manner not specifically approved in writing by Franchisor;

(e) to advise Franchisee's employees and agents of the confidential nature of such information and not to disclose it. Franchisee shall require such employees to whom such information is disclosed to comply with the foregoing and, if required by Franchisor, to execute confidentiality agreements in a form acceptable to Franchisor;

(f) to promptly and permanently delete any and all e-mails or any other form of electronic data transfer or communication between the Franchisor and Franchisee from Franchisee's computer system or server that may contain references to any specific articles/provisions in the Manual or any updates to the Manuals via insert pages or any other proprietary information.

15.4 Injunctive Relief. Franchisee hereby acknowledges and agrees that the covenants and agreements given by it pursuant to this Section 15 are reasonable, having regard to the necessity of the Franchisor to protect its interests and rights in the Marks and the integrity thereof, and that without the express understanding and agreement of the Franchisee to take such steps as may be necessary to protect the interest and rights of the Franchisor in the Marks, Franchisor would not have granted any right and license to Franchisee pursuant to this Agreement to use either the trade name or the Marks. Accordingly, Franchisee agrees that Franchisor, aside from any other rights and remedies to which it may be entitled under this Agreement, may enforce its rights under

this Agreement by means of injunctive relief, including securing a temporary restraining order, by any court of competent jurisdiction.

15.5 Liquidated Damages. In addition to any other remedies or damages allowed and available to Franchisor under this Agreement, if Franchisee breaches any of the covenants set out in Section 15.1 hereof, Franchisee shall to pay Franchisor, as Liquidated Damages, and not as a penalty, the following amounts:

(a) a fee equal to Franchisors then-current Initial Franchise Fee for each Competitive Business opened by Franchisee or any legal entity controlled by Franchisee or, individually or in partnership or in conjunction with any person or persons, firm, association, syndicate or company as principal, agent, shareholder, employee or in any other manner whatsoever, directly or indirectly, in violation of the said covenants; and

(b) five percent (5%) of each Competitive Business's gross sales until expiration of the non-competition period set forth in Section 15.1(b). Should Franchisee fail to provide Franchisor with a detailed account of such gross sales and all substantiating documentation deemed acceptable to Franchisor, Franchisor shall estimate such gross sales for the purposes of calculating such amount payable by Franchisee under this Section 15.5(b); and

(c) legal fees and disbursements incurred by Franchisor to enforce this Section 15.

## 16. GENERAL CONTRACT PROVISIONS

16.1 Waiver in Writing. No term, covenant or condition of this Agreement shall be deemed to have been waived by either Franchisor or Franchisee unless such waiver is in writing, and then such waiver shall apply only to the specific event or circumstance described in such waiver. All rights and remedies of Franchisor under this Agreement shall be cumulative and no remedy herein shall be exclusive of, but shall be in addition to, every other remedy contained herein or existing at law or in equity or by stature. The covenants and agreements of the parties hereto shall be independent and a breach by one party of any of its agreements or obligations hereunder shall not relieve the other of the performance of its covenants and agreements hereunder.

16.2 Governing Law. This Agreement shall be governed by and be construed in accordance with the laws of the State of California.

16.3 Severability. In the event that any provision of this Agreement will be held invalid or unenforceable, then such provision will be considered separate and severable from this Agreement and the remaining provisions of this Agreement will remain in full force and will be binding upon the parties of this Agreement.

16.4 Headings for Reference Only. The index, article headings and section headings in this Agreement are for convenience of reference only and do not form part of, or affect the meaning of, the provisions of this Agreement.

16.5 Entire Agreement. This Agreement sets forth the entire understanding between the parties relating to the subject matter hereof, and there are no agreements, promises, representations or understandings between the parties other than as set forth herein. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. No amendment or modification of this Agreement will be effective unless in writing and signed by the Franchisor and the Franchisee.

16.6 Notices. Any notice or other communication required or permitted hereunder will be sufficiently given if personally delivered, e-mailed, faxed or if mailed by prepaid registered mail and addressed to the party for whom it is intended at the address indicated on **Schedule H** or to such other address of which notice is given hereunder. Each such notice or other communication shall be deemed to have been given when personally delivered, e-mailed or faxed or on the third business day following the date on which it was deposited in the mail, provided that if such notice or other communication is mailed and if normal mail service is interrupted prior to such third business day, then such notice or other communication shall be deemed to have been received in the ordinary course unless otherwise personally delivered. For the purposes of this Agreement, personal delivery shall include delivery by a professional courier. Franchisee is required under this Agreement to obtain an e-mail address in order to accept electronic communication from Franchisor.

16.7 Grammatical Changes. The necessary grammatical changes required to make the provisions of this Agreement apply in the plural sense where there is more than one signatory named as Franchisee or Guarantor and to either corporations, associations, partnerships or individuals, males or females, shall in all instances be assumed as though in each case fully expressed.

16.8 Joint and Several Obligations. If there is more than one person, firm or corporation named as Franchisee or Guarantor, they shall be bound jointly and severally by the terms, covenants and agreements contained on the part of the Franchisee or Guarantor (as the case may be) under this Agreement. Any notice required or permitted by the terms of this Agreement may be given by or to any one of them and shall have the same force and effect as if given by or to all of them.

16.9 Further Assurances. Each of Franchisee and Guarantor agrees to execute such further assurances, agreements, and documents and to do and perform or cause to be done and perform such further acts and things that may be considered necessary or desirable by Franchisor, acting reasonably from time to time to give effect to the terms and conditions of this Agreement.

16.10 Inurement. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

16.11 Force Majeure. Notwithstanding anything to the contrary contained in this Agreement, if either party hereto is bona fide delayed or hindered in or prevented from the performance of any term, covenant or act required hereunder by reason of strikes, labor troubles, inability to procure materials or services, power failure, restrictive governmental laws or regulations, riots, insurrection, war, terrorism, sabotage, health disasters or outbreaks, including

an outbreak of any virus, acts of God or other reasons beyond the control of such party whether all of a like nature or not which is not the fault of the party delayed in performing work or doing acts required under the terms of this Agreement, then the performance of such term, covenant or act is excused for the period of the delay and the party so delayed shall be entitled to perform such term, covenant or act within the appropriate time period after the expiration of the period of such delay. However, the provisions of this Section 16.11 will not in any way operate to excuse Franchisee from the prompt:

(a) payment of any fees, Royalties, or other sums required to be paid to Franchisor, Franchisor's parent, or Franchisor's affiliates or subsidiaries by the terms of this Agreement; or

(b) performance of any of Franchisee's other obligations under this Agreement where such prompt performance is delayed, hindered or prevented by reason of lack of funds; or

(c) performance of any of Franchisee's other obligations under this Agreement where such performance is delayed, hindered or prevented by reason of Franchisee's fault or negligence; or

(d) performance of any of Franchisee's other obligations under this Agreement where the act of force majeure was caused by Franchisee or those persons for whom Franchisee is by law responsible.

16.12 Withholding Payment and Set-off. Franchisee agrees that it shall not, on grounds of an alleged nonperformance by Franchisor of any of its obligations or any other reason, withhold payment of any amount due to Franchisor whatsoever. No endorsement or statement on any check or payment of any sum less than the full sum due to Franchisor shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and Franchisor may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. Franchisor may apply any payments made by Franchisee against any past due indebtedness of the Franchisee as Franchisor may see fit. Franchisor may set off against any payment due to Franchisee hereunder any outstanding debts of Franchisee to Franchisor, and may, at Franchisor's option, pay the Franchisee's trade creditors out of any sum otherwise due to Franchisee.

16.13 No Misrepresentations. Franchisee and the Guarantor jointly and severally represent to Franchisor, as an inducement to Franchisor's entry into this Agreement, that Franchisee and Guarantor have made no misrepresentations in obtaining the Franchise Agreement.

16.14 Arbitration.

(a) Except as otherwise provided in this Section, any controversy or dispute arising out of, or relating to the franchise or this Agreement including, but not limited to, any claim by Franchisee, any Guarantor or any person in privity with or claiming through, on behalf of or in the right of Franchisee, concerning the entry into, performance under, or termination of this Agreement or any other agreement entered into by Franchisor, or its subsidiaries or affiliates, and Franchisee, any claim against a past or present employee,

officer, director or agent of Franchisor, any claim of breach of this Agreement and any claims arising under State or Federal laws, except for claims brought pursuant to the Lanham Act, 15 U.S.C. Sections 1051 *et seq.*, will be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute.

(b) Unless prohibited by applicable law, any claim shall be made by filing a written demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be deemed forever waived and lost.

(c) Persons in privity with or claiming through, on behalf of or in the right of Franchisee include, but are not limited to, spouses and other family members, heirs, executors, representatives, successors and assigns.

(d) Subject to this Section 16.14, the right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the *Federal Arbitration Act*, 9 U.S.C. § 1 *et seq.*, as amended, and arbitration shall take place according to the Commercial Arbitration Rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed.

(e) The arbitration will be held in Los Angeles, California and conducted entirely in the English language. However, arbitration will not be used for any dispute which involves Franchisee's continued usage of any of the Marks or the System, business concept or any issue involving injunctive relief against Franchisee, all of which issues will be submitted to a court within the State of California. The parties expressly consent to personal jurisdiction in the State of California and agree that the state and federal court(s) will have exclusive jurisdiction over any such issues not subject to arbitration.

(f) Each party shall agree on one arbitrator selected from a panel of neutral arbitrators provided by the National Franchise Mediation Program of the CPR Institute for Dispute Resolution (located at New York, NY) and the arbitrator shall be chosen by the striking method. The parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrator shall be divided equally between the parties. The arbitrator shall have no authority to amend or modify the terms of this Agreement. Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The prevailing party shall be entitled to actual costs and attorneys' fees incurred in any such arbitration. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state of California. The parties consent to the exercise of personal jurisdiction over them by such courts and to the propriety of venue of such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have concerning such matters.

(g) Parties to arbitration under this Agreement shall not include, by consolidation, joinder or in any other manner, any person, other than Franchisee and Guarantor, in privity with or claiming through, in the right of or on behalf of Franchisee or

Franchisor, unless both parties consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between Franchisor and Franchisee or any person in privity with or claiming through, in the right of or on behalf of Franchisee or Franchisor.

(h) The parties waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which either party may have against the other arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a claim or other proceeding contemplated by this Agreement, recovery shall be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

16.15 Waiver of Jury Trial. In the event that any state or federal court asserts jurisdiction over a dispute between Franchisor and Franchisee or any Guarantor of Franchisee, Franchisor, Franchisee, and Guarantor each waive their right to a trial by jury. Franchisee, Guarantor, and Franchisor acknowledge that the parties' waiver of jury trial rights provides the parties with the mutual benefit of uniform interpretation of this Agreement and resolution of any dispute arising out of this Agreement or any aspect of the parties' relationship. Franchisee, Guarantor, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

16.16 Remedies. The court or arbitrator will have the right to award any relief which it deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), lost profits, specific performance, injunctive relief, and attorney's fees and costs. The parties agree that any claim for lost earnings or profits by Franchisee shall be limited to a maximum amount equal to the net profits of the Business for the prior year as shown on Franchisee's federal income tax return. The parties further agree that, in addition to such other damages awarded by the court, if this Agreement is terminated because of Franchisee's default, Franchisee shall be liable to Franchisor for a lump sum amount equal to the net present value of the Royalties and Marketing Fund Contributions that would have become due following termination of this Agreement for the period this Agreement would have remained in effect but for Franchisee's default. Royalties and Marketing Fund Contributions for purposes of this Section shall be calculated based on the Business' average monthly Gross Sales for the twelve (12) months preceding the termination date.

16.17 Rules of Construction. This Agreement shall not be construed against the party preparing it, and shall be construed without regard to the identity of the person who drafted it or the party who caused it to be drafted and shall be construed as if all parties had jointly prepared this Agreement and it shall be deemed their joint work product, (except that copyright in it shall remain vested in Franchisor), and each and every provision of this Agreement shall be construed as though all the parties to it participated equally in its drafting; and any uncertainty or ambiguity

shall not be interpreted against any one party. As a result of the foregoing, any rule of construction that a document is to be construed against the drafting party shall not be applicable.

16.18 Disclosure Document. Franchisee acknowledges and confirms having received (as one document, and at one time) Franchisor's disclosure document containing disclosures required by federal or state franchise laws regarding the opportunity to acquire the rights to open a Pokéworks Store, either by personal delivery or registered mail or courier (signature required), not less than 14 days before the earlier of:

(a) the signing by Franchisee of this Agreement or any other agreement relating to the franchise; and

(b) the payment of any consideration by Franchisee or on Franchisee's behalf to Franchisor or its affiliates, relating to the franchise.

16.19 Legal Fees. If Franchisee is in default under this Agreement, then Franchisee shall pay Franchisor all damages, costs, and expenses (including legal fees) that Franchisor incurs as a result of Franchisee's default under this Agreement or any other agreement between Franchisee (and its affiliates) and Franchisor (and our affiliates).

16.20 Social Media. Franchisee acknowledges that the use of any social networking website, including but not limited to Facebook, YouTube, LinkedIn, Twitter, and Instagram, which exploits, utilizes, displays, or otherwise makes use of any of the Marks or Franchisor's intellectual property is Franchisor's sole property, and Franchisee shall promptly submit to Franchisor all passwords for such site(s) and any changes to a password shall be submitted to Franchisor within three (3) days of the change. Franchisor shall be granted full access to any social networking sites or webpages. Franchisee shall have no right, title or interest to any webpage on any of Franchisee's social networking sites including, but not limited to, all "fans," "followers," "friends" and "contacts" associated therewith which mentions, uses or refers in any way to the Marks or Franchisor's intellectual property even if such webpage is established by Franchisee or otherwise held in Franchisee's name or by any Guarantor. Upon expiration, transfer or termination of this Agreement, Franchisee shall immediately take whatever steps are necessary to cancel or dismantle any such social networking account or webpage or transfer the account or webpage and all related information, including all "fans," "followers" "friends" and "contacts" associated with such accounts or webpages, to Franchisor or as Franchisor may otherwise direct.

16.21 Franchisor's Use of Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises reasonable business judgment ("**Reasonable Business Judgment**") in making a decision or exercising a right. Franchisor's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decisions or actions are intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor's financial or other individual interests. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction,

improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System

## 17. ACKNOWLEDGMENT AND FRANCHISE DISCLOSURE QUESTIONNAIRE

Franchisee and Guarantor represent and warrant that they have completed and executed the Acknowledgement, attached as **Schedule C**, and the Statement of Franchisee, attached as **Schedule J**, honestly and to the best of their actual knowledge as of the date of this Agreement.

Both Franchisee and the Guarantor jointly and severally acknowledge and agree that:

(a) Franchisee and each Guarantor has received, has had ample time to read, and has read and understands this Agreement, including all Schedules attached thereto;

(b) Franchisor has encouraged Franchisee and Franchisee has had an opportunity to be advised by professional advisors of Franchisee's own choosing regarding all pertinent aspects of this Agreement, the franchise granted by Franchisor and the business venture contemplated by this Agreement. If Franchisee did not use a professional advisor, Franchisee represents that Franchisee is satisfied relying on its own education, experience, and skill in evaluating the merits of a franchise offering;

(c) the success of the business venture contemplated to be undertaken by Franchisee pursuant to this Agreement is speculative and depends, to a large extent, on Franchisee's ability as an independent corporation or business person, the acceptance of the business in the community, the total square footage of the Store, and, most significantly, the qualities of Franchisee's character, business acumen, general drive and ambition as owner/manager and the employees of the Business and other factors beyond Franchisor's control;

(d) Franchisor's approval of the location for the Store does not guarantee the Store's success at that location and that the business may lose money or fail. Franchisee is solely responsible for identifying the location for the Store. Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the location of the Store nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on Franchisee's review and Franchisee's lawyer's review of any such lease or agreement;

(e) Franchisee and Guarantor have entered into this Agreement after making an independent investigation of the proposed Business, and Franchisee is not relying upon any representation or warranty, express or implied, by Franchisor or Franchisor's officers, directors, employees or agents as to revenue, profits or success which the you or the Guarantor might be expected to realize, nor has anyone made any other warranty or representation which is not expressly set out in this Agreement to induce Franchisee or any Guarantor to execute the Agreement;

(f) both Franchisee and each Guarantor acknowledges having received Franchisor's Disclosure Document and its exhibits, including this Agreement at least fourteen (14) calendar days before Franchisee signed this Agreement and that Franchisee signed a Receipt for the Disclosure Document;

(g) Franchisee understands that it is Franchisee's responsibility to obtain financing for its Store. In particular, Franchisor may assist Franchisee by providing Franchisee with the names of certain independent consultants who Franchisee could contact for the purposes of preparing a business plan appropriate for Franchisee's Store (in any case, without any personal or corporate liability). In such event, the choice to contact any such consultant will be completely Franchisee's and Franchisee may choose to contact another consultant altogether for the aforesaid purpose. In any event, apart from being more confident that Franchisee will be in a position to present to Franchisee's financial institution a business plan prepared under the guidance of a professional, Franchisor does not directly or indirectly benefit financially or otherwise from making such introductions. Provided further that Franchisee acknowledges that should Franchisor provide Franchisee with the names of such independent consultants, Franchisor shall assume no personal or corporate liability in this regard;

(h) if Franchisee or any Guarantor is NOT a citizen of the United States of America, purchasing a Pokéworks Franchise may not entitle Franchisee or the Guarantor to a Visa and work permit to live and work in the United States of America and that it is solely the responsibility of the Franchisee to make the appropriate arrangements in this regard;

(i) all services provided by Franchisor for Franchisee's benefit, including but not limited to, technical and marketing advice, suggestions or recommendations are to be used by Franchisee at its own risk. Because any advice, suggestion or recommendation rendered is necessarily limited in scope to the extent that it may not consider local custom, practice, law or other nuance, Franchisor is unable to make any warranty or representation, either express or implied, with respect to the accuracy, reliability or completeness of the information provided or the result of the use of the information provided;

(j) it shall be deemed a breach of this Agreement if Franchisee's spouse or children engage in any conduct prohibited by this Agreement.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

**IN WITNESS WHEREOF** this Agreement has been executed on the date first above written.

**BEYOND FRANCHISE GROUP, LLC**

By: _____
Name:
Title:
I have authority to bind the legal entity

**FRANCHISEE**

By: _____
Name: _____
Title:
I have authority to bind the legal entity

**GUARANTOR**

By: _____
Name: _____
Date of Birth: _____

**GUARANTOR**

By: _____
Name: _____
Date of Birth: _____

**GUARANTOR**

By: _____
Name: _____
Date of Birth: _____

## SCHEDULE A
## LICENSED LOCATION, INITIAL FRANCHISE FEE, AND DESIGNATED MANAGER

The "**Store**" shall only be the following street address:

_____

_____

_____

_____

In accordance with Section 8.1 of this Agreement, the Initial Franchisee Fee is as follows:

☐ $30,000

☐ $25,000

☐ $20,000

The Designated Manager is _____.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

## SCHEDULE B
## TERRITORY

The "**Territory**" shall be the following territory:

_____

_____

_____

_____

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## SCHEDULE C
## ACKNOWLEDGMENT

**FROM:** _____ **("Franchisee")**

**AND FROM:** _____ **("Guarantor")**

**TO:** **BEYOND FRANCHISE GROUP, LLC**

**RE:** **Pokéworks Franchise Agreement dated the _____ day of _____, 20___ ("Franchise Agreement")**

In consideration of the Franchisor executing the Franchise Agreement and granting the Franchisee a franchise pursuant to the Franchise Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of the Franchisee and the Guarantor acknowledge and agree as follows:

1. Each of the Franchisee and the Guarantor acknowledge that:

(a) They have received, have had ample time to read, and have read the Franchise Agreement, including all Schedules attached thereto;

(b) The Franchisee and the Guarantor have had an opportunity to be advised by advisors of their own choosing regarding all pertinent aspects of the franchise granted by the Franchisor and the business venture contemplated by the Franchise Agreement;

(c) The Franchisor may receive a rebate, fee or commission in connection with the goods, services or facilities purchased, leased, or obtained by the Franchisee from designated suppliers and that the benefit of such rebates or commissions may not necessarily be passed onto the Franchisee and that the Franchisor is entitled to keep such rebates or commissions for its own use and benefit;

(d) The success of the business venture contemplated to be undertaken by the Franchisee pursuant to the Franchise Agreement is speculative and depends, to a large extent, on the ability of the Franchisee as an independent corporation or business person, the acceptance of the business in the community and other factors;

(e) The Franchisor, its officers, directors, agents, employees or contractors do not make any representation or warranty as to the potential success of the business venture herein contemplated, nor did any one of them induce the Franchisee or the Guarantor to enter into the Franchise Agreement in reliance upon any such representation or warranty;

(f) They each have entered into the Franchise Agreement after making an independent investigation of the proposed business, and that they are not relying upon any representation or warranty, express or implied, by the Franchisor or its officers, directors, employees or agents as to revenue, profits or success which the Franchisee or the Guarantor might be expected to realize, nor has anyone made any other warranty or representation

which is not expressly set out in the Franchise Agreement to induce the Franchisee or the Guarantor to execute the Franchise Agreement.

(g) while financing is normally arranged by Franchisee with the financial institution of its choice, Franchisor may, however, in Franchisor's sole and absolute discretion, choose to assist Franchisee in developing a business plan and presenting it on Franchisee's behalf. In particular, Franchisor may assist Franchisee by providing Franchisee with the names of certain independent consultants who Franchisee could contact for the purposes of preparing a business plan appropriate for Franchisee's Store (in any case, without any personal or corporate liability). In such event, the choice to contact any such consultant will be completely Franchisee's and Franchisee may choose to contact another consultant altogether for the aforesaid purpose. In any event, apart from being more confident that Franchisee will be in a position to present to Franchisee's financial institution a business plan prepared under the guidance of a professional, Franchisor does not directly or indirectly benefit financially or otherwise from making such introductions. Provided further that Franchisee acknowledges that should Franchisor provide Franchisee with the names of such independent consultants, Franchisor shall assume no personal or corporate liability in this regard.

2. When used in this Acknowledgment, all words and expressions which are capitalized shall have the same meaning as given thereto in the Franchise Agreement, unless otherwise defined herein.

**[Signatures on following page]**

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

**By signing below, you indicate that you fully understand and accept all of the risks described above and all other risks not described above that may affect your ability to profitably operate your franchise. Any questions or doubts which you may have about the Franchisor or the Franchise Agreement are stated as follows:**

_____

_____

_____

_____

**Dated** at _____, the State of _____, this _____ day of _____, 20__.

**FRANCHISEE**

_____ Per: _____

Witness Name: _____, President

I have authority to bind the legal entity

_____ Per: _____

Witness

**GUARANTOR**

Per: _____

Name: _____

Date of Birth: _____

**GUARANTOR**

Per: _____

Name: _____

Date of Birth: _____

**GUARANTOR**

Per: _____

Name: _____

Date of Birth: _____

## SCHEDULE D
## ADDENDUM TO LEASE

This Addendum to Lease, dated _____, 20___, is entered into by and between _____ ("**Lessor**"), and _____ ("**Lessee**").

A. The parties hereto have entered into a certain Lease Agreement, dated _____, 20___, and pertaining to the premises located at _____ _____ ("**Lease**").

B. Lessor acknowledges that Lessee intends to operate a Pokéworks franchise from the leased premises ("**Premises**") pursuant to a Franchise Agreement ("**Franchise Agreement**") with Beyond Franchise Group, LLC. ("**Franchisor**") under the name Pokéworks or other name designated by Franchisor ("**Franchised Business**").

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

**NOW, THEREFORE**, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Remodeling and Decor. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display such proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any Successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2. Assignment. Lessee shall have the right to assign all of its right, title and interest in the Lease to Franchisor or its parent, at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor's consent. However, no assignment shall be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of such assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated affiliate a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its parent unless and until the Lease is assigned to, and accepted in writing by, Franchisor or its parent. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another franchise without the Landlord's consent in accordance with Section 4(a)

3. Default and Notice.

(a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of such default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of such notice. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Section 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated, to cure the default or violation.

(b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

Beyond Franchise Group, LLC
315 Cloverleaf Drive, Suite F
Baldwin Park, California 91706
Attention: Michael Wu

and a copy to:

_____
_____
_____
_____
Attention: _____

Franchisor may change its address for receiving notices by giving Lessor written notice of such new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

(c) Following Franchisor's approval of such Lease, Lessee agrees not to terminate, or in any way alter or amend the same during the Term of the Franchise Agreement or any Interim Period thereof without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to such effect shall be included in such lease.

4. Termination or Expiration.

(a) Upon Lessee's default and failure to cure a default under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign the Lease to a new franchisee without Landlord's consent and to be fully released from any and all liability to Landlord upon such reassignment.

(b) Upon the expiration or termination of either the Lease or the Franchise Agreement, Landlord will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make such other modifications (such as repainting) as are reasonably necessary to protect the Pokéworks marks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all such assets being purchased by Franchisor.

5. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and the Lessee would not lease the Premises without this Addendum.

(b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and the Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

6. Sales Reports. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Franchised Business.

7. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

9. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third party beneficiary of this Addendum.

**IN TESTIMONY WHEREOF**, witness the signatures of the parties hereto as of the day, month and year first written above.

| | |
|---|---|
| _____ | _____ |
| By: _____ | By: _____ |
| Title: _____ | Title: _____ |

**SCHEDULE E**
**BEYOND FRANCHISE GROUP, LLC**
**REQUEST FOR PRE-AUTHORIZED PAYMENTS**

**INSTRUCTIONS:**

PAYMENT AMOUNT: All amounts due and owing under the Franchise Agreement with Pokéworks dated _____, 20___.

DATES OF PAYMENT: As outlined in the Franchise Agreement with Pokéworks dated _____, 20___.

BANK ACCOUNT NUMBER: _____

TRANSIT NUMBER: _____

BANK & BRANCH: _____

NAME OF ACCOUNT IN BANK RECORDS: _____

SIGNING OFFICER SIGNATURE: _____

**PLEASE COMPLETE THIS FORM AND RETURN IT TO FRANCHISOR ALONG WITH ONE OF YOUR UNSIGNED CHECKS MARKED VOID (FOR VERIFICATION PURPOSES) FROM YOUR BANK OR TRUST COMPANY**

I/We authorize Beyond Franchise Group, LLC (hereinafter referred to as "**Pokéworks**") and/or any of its subsidiaries or affiliates to debit the account of the undersigned maintained with the financial institution and according to the dates indicated above, in accordance with the PAYMENT AUTHORIZATION below, for purposes of paying weekly royalties, marketing contributions and any other outstanding payments due to Pokéworks from time to time pursuant to the Franchise Agreement between Pokéworks and the undersigned.

**AUTHORIZATION TO HONOR PAYMENTS**

NAME OF BANK: _____
ADDRESS: _____

You are hereby requested and authorized to pay and debit my/our account at your office, or at another branch of your institution if it is transferred there; all checks drawn on you on my behalf and made payable to Pokéworks and/or any of its subsidiaries or affiliates or drawn on you by Pokéworks and/or any of its subsidiaries or affiliates; and all amounts specified on any magnetic or computer produced paper tapes requesting that you pay Pokéworks and/or any of its subsidiaries or affiliates.

In consideration of your acting as aforesaid, it is agreed that your treatment of each check and/or tape and your rights with respect to it shall be the same as if it were signed by the undersigned personally, authorizing and requesting you to pay and credit such amount to the Pokéworks and/or any of its subsidiaries or affiliates, debiting our account and failure to pay shall give no liability on your part, regardless of the loss or damage.

Any delivery of this authorization to you will constitute delivery by the undersigned.

I/we have read and understood the terms of this Authorization and acknowledge receipt of a copy thereof.

*(The signature appearing below must be the same as the signature appearing in the signature file of the financial institution identified above.)*

DATED at _____ this _____ day of _____, 20___.

**AUTHORIZED SIGNATURE(S):**

By:_____ By:_____

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## SCHEDULE F

## BEYOND FRANCHISE GROUP, LLC
## GUARANTY AND INDEMNITY

**TO: BEYOND FRANCHISE GROUP, LLC ("Franchisor")**

In order to induce the Franchisor to enter into a franchise agreement ("**Franchise Agreement**") dated the _____ day of _____, 20___, between each of the Franchisor and *[insert corporate name of franchisee]* ("**Franchisee**") and the undersigned ("**Guarantor**") and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Guarantor enters into the Guaranty and Indemnity and covenants with the Franchisor as follows:

1. The Guarantor hereby guarantees the due and punctual payment of all amounts stated to be payable on the part of the Franchisee under the terms of the Franchise Agreement, and the prompt and complete performance of all of the terms, covenants, conditions and agreements contained on the part of the Franchisee pursuant to the Franchise Agreement.

2. The Guarantor further agrees to indemnify and save harmless the Franchisor from all losses, costs or damages arising out of any failure on the part of the Franchisee to pay the amounts referred to in Section 1 hereof or to perform any of the terms, covenants, conditions, or agreements referred to in Section 1 hereof.

3. This Guaranty is absolute and unconditional and applicable to all past and future indebtedness of the Franchisee without limit and however incurred and the Guarantor shall not be released, discharged, mitigated, impaired or affected by:

(a) any settlements, extensions of time, indulgences, or modifications which the Franchisor may extend to or make with the Franchisee or any co-surety in respect of any one or more of the provisions of the Franchise Agreement or any other agreement; or

(b) any waiver by the Franchisor of or any failure or delay on the part of the Franchisor, to enforce any of the terms, covenants, conditions or provisions of the Franchise Agreement; or

(c) any amendments or alteration to the Franchise Agreement or any of the covenants or terms thereof; or

(d) any assignment of the Franchise Agreement by the Franchisee or the Franchisor.

The Guarantor hereby expressly waives notice of the acceptance of this guaranty and indemnity and all notices of non-performance, non-payment, or non-observance on the part of the Franchisee of the terms, covenants, conditions and provisions of the Franchise Agreement.

4. In the event of any default of the part of the Franchisee under the Franchise Agreement, the Franchisor shall not be required prior to enforcing this Guaranty and Indemnity to:

(a) proceed against the Franchisee or pursue any rights or remedies with respect to the Franchise Agreement;

(b) proceed against or exhaust any security of the Franchisee or any other person held by the Franchisor; or

(c) pursue any other remedies whatsoever in the power of the Franchisor.

5. The Franchisor shall have the right to enforce this Guaranty and Indemnity regardless of the release and/or discharge of the Franchisee or of any other surety or of any other security held by the Franchisor or by others whether by agreement or by operation of law.

6. Without limiting the generality of the foregoing, the liability of the Guarantor under this Guaranty and Indemnity shall not be deemed to be waived, relapsed, discharged, impaired or affected by any reason of the release or discharge of the Franchisee or any surety in any receivership, bankruptcy, winding-up, or other creditor's proceeding.

7. No action or proceeding brought or instituted pursuant to this Guaranty and Indemnity and no recovery or judgment in pursuance thereof, shall be a bar or defense to any further action or proceeding which may be brought under this Guaranty and Indemnity by reason of any further default or defaults under this Guaranty and Indemnity or in the performance and observance of the terms, conditions and provisions of the Franchise Agreement.

8. No modification of this Guaranty and Indemnity shall be effective unless it is in writing and signed by both the Guarantor and the Franchisor.

9. This Guaranty and Indemnity shall, without limiting the generality of the foregoing, bind the Guarantor in the same manner as though the Guarantor was the Franchisee named in the Franchise Agreement.

10. If two or more individuals execute this Guaranty and Indemnity as Guarantor, the liability of each such individual hereunder shall be joint and several.

11. This Guaranty and Indemnity shall remain in full force and effect for such period of time as the Franchise Agreement and any notation or extension thereof remains in force and effect, and so long as any obligation thereunder remains outstanding and undischarged.

12. There are no representations, collateral agreements, or conditions with respect to this Guaranty and Indemnity or affecting the liability of the Guarantor other than as contained herein.

13. The Guarantor shall be bound by any account settled between the Franchisor and the Franchisee and, if such account has not been so settled, any account stated by the Franchisor shall be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account is due and owing by the Franchisee to the Franchisor.

14. Any notice which the Franchisor wishes to serve on the Guarantor shall be sufficiently given if served personally on the Guarantor or mailed by prepaid registered mail addressed to the Guarantor at the address indicated below and every such notice shall be deemed to have been given

on the day it was personally served, or if mailed, on the tenth (10th) business day following the day on which it was mailed. The Guarantor may designate, by notice in writing to the Franchisor, a substitute address for service. If two or more persons are named as Guarantor, any notice hereunder shall be deemed to have been given to all such persons are served personally or mailed in the foregoing manner to any one or more of such persons.

15. All of the terms, agreements and conditions of this Guaranty and Indemnity shall extend to and be binding upon the Guarantor and the Guarantor's heirs, executors, administrator, successors and assigns and shall inure to the benefit of and may be enforced by the Franchisor, its successors and assigns.

16. When used in this Guaranty and Indemnity, all words or expressions which are capitalized shall have the same meaning as given thereto in the Franchise Agreement.

17. The Guarantor represents, acknowledges and agrees that:

(a) he or she has obtained independent legal advice in connection with this Guaranty and Indemnity;

(b) he or she has read this Guaranty and Indemnity in its entirety and has full knowledge of its contents;

(c) he or she understands his or her rights, duties and obligations and all of the terms, conditions and representations contained in the Guaranty and Indemnity and the consequences thereof;

(d) he or she is subject to no compulsion or undue influence from the Franchisor; and

(e) he or she is signing this Guaranty and Indemnity freely, voluntarily and without constraint.

**[Signatures on following page]**

**Dated** at _____ this _____ day of _____, 20___.

**GUARANTOR**

_____
[insert full legal name on birth certificate]

Date of Birth: _____
[insert date of birth on birth certificate]

Address: _____
_____

**GUARANTOR**

_____
[insert full legal name on birth certificate]

Date of Birth: _____
[insert date of birth on birth certificate]

Address: _____
_____

**GUARANTOR**

_____
[insert full legal name on birth certificate]

Date of Birth: _____
[insert date of birth on birth certificate]

Address: _____
_____

**GUARANTOR**

_____
[insert full legal name on birth certificate]

Date of Birth: _____
[insert date of birth on birth certificate]

Address: _____
_____

**GUARANTOR**

_____
[insert full legal name on birth certificate]

Date of Birth: _____
[insert date of birth on birth certificate]

Address: _____
_____

**GUARANTOR**

_____
[insert full legal name on birth certificate]

Date of Birth: _____
[insert date of birth on birth certificate]

Address: _____
_____

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## SCHEDULE G

## SHAREHOLDERS/MEMBERS/PARTNERS

The shareholders, members, or partners (collectively the "**Shareholders**") of the Franchisee and their respective shareholdings are as follows:

| NAME OF SHAREHOLDER | NUMBER & DESIGNATION OF SHARES |
|---|---|

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## SCHEDULE H

## ADDRESS FOR NOTICE

Until notice of an alternate address is given in accordance with the Franchise Agreement, the addresses for notice for the Franchisee and the Guarantor shall be as follows:

**If to the Franchisee at:** _____

e-mail address: _____
until the Commencement Date and thereafter at the Store.

**If to the Guarantor at:** _____
_____
_____
e-mail address: _____

**If to the Franchisor at:** _____

_____
_____
e-mail address: _____

and a copy to: _____
_____
_____
_____
e-mail address: _____

## SCHEDULE I

## COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, ADDRESSES, AND LISTINGS

This Collateral Assignment of Telephone Numbers, Addresses, and Listing ("**Assignment**") is entered into this ____ day of _____, 20___, in accordance with the terms of that certain Pokéworks Franchise Agreement ("**Franchise Agreement**") between _____ ("**Franchisee**"), and Beyond Franchise Group, LLC, a California limited liability company ("**Franchisor**"), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate a Pokéworks Store located at _____ ("**Franchise Business**").

**FOR VALUE RECEIVED**, Franchisee hereby assigns to Franchisor those certain telephone numbers, addresses, domain names, locators, directories and listings (collectively, the "**Numbers, Addresses, and Listings**") associated with Franchisor's trade and service marks and used from time to time in connection with the operation of the Franchise Business at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone, Internet, email, electronic network, directory, and listing entities with which Franchisee has dealt (all such entities are collectively referred to herein as "**Provider Companies**") to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement Franchisor shall have the right and is hereby empowered to effectuate the Assignment of the Numbers, Addresses, and Listings and, in such event, Franchisee shall have no further right, title or interest in the Numbers, Addresses, and Listings, and shall remain liable to the Provider Companies for all past due fees owing to the Provider Companies on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to an interest in the Numbers, Addresses, and Listings, and Franchisee appoints Franchisor as Franchisee's true and lawful attorney-in-fact to direct the Provider Companies to assign the same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Provider Companies to assign the Numbers, Addresses, and Listings to Franchisor. If Franchisee fails to promptly direct the Provider Companies to assign the Numbers, Addresses and Listings to Franchisor, Franchisor shall direct the Provider Companies to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Provider Companies may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Numbers, Addresses, and Listings upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Provider Companies' receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Provider Companies require that the parties execute the Provider Companies' assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall

effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

| **ASSIGNEE** | **ASSIGNOR** |
|---|---|
| **Beyond Franchise Group, LLC** | **Franchisee** |
| By: _____ | By: _____ |
| _____ [Print name] | _____ [Print name] |
| Its: _____ | Its: _____ |

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## SCHEDULE J

## STATEMENT OF FRANCHISEE

**[Note: Dates and Answers Must be Completed in the Prospective Franchisee's Own Handwriting]**

In order to make sure that no misunderstanding exists between you, the Franchisee, and us, Beyond Franchise Group, LLC. (also called "Pokéworks," the "Franchisor" or "we") and to make sure that no violations of law might have occurred, and understanding that we are relying on the statements you make in this document, you assure us as follows:

A. The following dates are true and correct:

| | Date | Initials | |
|---|---|---|---|
| 1. | _____, 20__ | _____ | The date on which I received a Franchise Disclosure Document regarding the Pokéworks franchised business. |
| 2. | _____, 20__ | _____ | The date of my first face-to-face meeting with an officer of Beyond Franchise Group, LLC to discuss a possible purchase of a Pokéworks franchised business. |
| 3. | _____, 20__ | _____ | The date on which I received a completed copy (other than signatures) of the Franchise Agreement which I later signed. |
| 4. | _____, 20___ | _____ | The date on which I signed the Franchise Agreement. |
| 5. | _____, 20___ | _____ | The earliest date on which I delivered cash, check or other consideration to an officer of Beyond Franchise Group, LLC. |

B. Representations.

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "side agreements," options, right-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to advertising, marketing, site location, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise), nor have I relied in any way on same, except as expressly set forth in the Franchise Agreement or an attached written Addendum signed by me and Pokéworks, except as follows:_____

_____

_____

(If none, you should write NONE in your own handwriting and initial.)

2. No oral, written, visual or other promises, agreements, commitments, representation, understandings, "side agreements" or otherwise which expanded upon or were

inconsistent with the Franchise Disclosure Document or the Franchise Agreement or any attached written addendum signed by me and an officer of Pokéworks, were made to me by any person or entity, nor have I relied in any way on same, except as follows:_____

_____

_____

(If none, you should write NONE in your own handwriting and initial.)

3. No oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise,) which stated or suggested a specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) from Pokéworks Stores, was made to me by any person or entity, nor have I relied in any way on any such, except as follows:_____

_____

_____

(If none, you should write NONE in your own handwriting and initial.)

4. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including but not limited to my obtaining financing, or my fully performing any of my obligations), nor have I relied in any way on same, except as expressly set forth in the Franchise Agreement or any attached written Addendum signed by me and Pokéworks:_____

_____

_____

(If none, you should write NONE in your own handwriting and initial.)

5. The individuals signing for me constitute all of the executive officers, partners, shareholders, investors and/or principals. Each of such individuals has reviewed the Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each attached written Addendum and any personal guaranties.

6. I have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and Pokéworks has strongly recommended that I obtain such independent advice. I have also been strongly advised by Pokéworks to discuss my proposed purchase of a Pokéworks Store with any existing Pokéworks franchisees prior to signing any binding documents or paying any sums and Pokéworks has supplied me with a list of all existing franchisees.

7. I understand that (a) entry into any business venture necessarily involves some unavoidable risk or loss or failure; (b) while the purchase of a franchise may improve the chances for success, the purchase of a Pokéworks or any other franchise is a speculative investment; (c) investment beyond that outlined in the Franchise Disclosure Document may be required to succeed; (d) there exists no guaranty against possible loss or failure in this or any other business; and e) the most important factors in the success of any Pokéworks Store, including the one to be operated by me, are my personal business skills, which include marketing, sales, and management, and require sound judgment and extremely hard work.

If there are any matters inconsistent with the statements in this document or if anyone has suggested that you sign this document without all of its statements being true, correct and complete, immediately inform Pokéworks (Phone: (831) 535-9061) and our president.

You understand and agree that we do not furnish, or authorize our salespersons, brokers or others to furnish, any oral or written information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or information from which such items might be ascertained), from franchise or non-franchised units, that no such results can be assured or estimated, and that actual results will vary from unit to unit.

You understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

**FRANCHISEE:**

_____
Date

**FRANCHISOR:**

_____
Date

By: _____

Its: _____

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## SCHEDULE K

## SAMPLE
## ACKNOWLEDGMENT OF TERMINATION AND RELEASE AGREEMENT

This Acknowledgment of Termination and Release Agreement ("**Agreement**") is entered into this _____ day of _____, 20___, between Beyond Franchise Group, LLC ("**Franchisor**") and _____ ("**Franchisee**"). The Franchisee and the Franchisor will collectively be referred to herein as the "**Parties**."

### RECITALS

**WHEREAS**, Franchisor and Franchisee entered into that certain Franchise Agreement ("**Franchise Agreement**") dated _____, 20___, in which Franchisor granted Franchisee the right to operate a Pokéworks Store; and

**WHEREAS**, on _____ 20___, Franchisee's rights under the terms of the Franchise Agreement were terminated ("**Termination**") as a result of

**WHEREAS**, the Parties desire to enter into this Agreement for the purpose of acknowledging the Termination; acknowledging Franchisor's retention of all rights and remedies under the Franchise Agreement including, but not limited to, Franchisor's right to retain all Initial Franchise Fees, Lease Negotiation Fees, Royalties, Marketing Fund Contributions, Administrative Fees, Training Fees and any other fees or charges under the Franchise Agreement, and the right to audit Franchisee's books and records; and fully and finally resolving all legal and equitable claims, known or unknown, of Franchisee existing against Franchisor that were or could have been asserted by Franchisee in any action.

**NOW, THEREFORE**, in consideration of the mutual covenants, promises and agreements herein contained, the parties hereto hereby covenant, promise and agree as follows:

### AGREEMENT

1. Acknowledgment of Termination. Franchisee acknowledges and agrees that all of its rights under the Franchise Agreement were fully and finally terminated on _____, 20___. Franchisee agrees to abide by all provisions which expressly survive the Termination of the Franchise Agreement, as more fully set forth in the Franchise Agreement.

2. Release by Franchisee. As of the date of this Agreement, Franchisee does hereby compromise, settle, and absolutely, unconditionally, and fully release, discharge, and hold harmless for itself and each of its respective heirs, executors, administrators, representatives, successors, assigns, officers, members, managers, directors, shareholders, employees, partners, and Affiliates (as hereinafter defined) (collectively, the "**Franchisee Releasing Parties**"), the Franchisor and its past, present and future officers, directors, agents, attorneys, employees, shareholders, successors, assigns, members, managers, and Affiliates (collectively, the "**Franchisor Released Parties**"), for all purposes, of and from any and all claims, debts, demands, damages, costs, expenses, actions, causes of action, or suits of any kind whatsoever, at common law, statutory or otherwise, whether now known or not, whether contingent or matured, including,

without limitation, any claim, demand, or cause of action arising out of or in connection with the Franchisee's Pokéworks Store or the Franchise Agreement or any other contractual relation between Franchisee and Franchisor and/or any Affiliate of the Franchisor, which the Franchisee Releasing Parties may have had or may now have directly or indirectly against any or all of the Franchisor Released Parties based upon or arising out of any event, act, or omission that has occurred prior to the date hereof. The Franchisee Releasing Parties further covenant and agree to never institute, prosecute or assist others to institute or prosecute, or in any way aid any claim, suit, action at law or in equity, or otherwise assert any claim against any or all of the Franchisor Released Parties for any damages (actual, consequential, punitive or otherwise), injunctive relief, or other loss or injury either to person or property, cost, expense, attorneys' fees, amounts paid on account of recovery or settlement, or any other damage or harm whatsoever, based upon or arising out of any event, act, or omission that has occurred prior to the date hereof. The Franchisor Released Parties are not releasing any claim which they may have against the Franchisee Releasing Parties or any rights or remedies the Franchisor Released Parties may have under the Franchise Agreement or the Confidentiality Agreement, (including but not limited to the right to retain all Initial Franchise Fees, Lease Negotiation Fees, Royalties, Marketing Fund Contributions, Administrative Fees, Training Fees any other sums paid to the Franchisor or its Affiliates by the Franchisee or its Affiliates and any audit rights), under law or equity, or under any other contractual relationship between the Franchisee and the Franchisor and/or any Affiliate of the Franchisor.

3. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

4. Full Release. Except as is set forth in this Agreement, the Parties intend that this Agreement shall be effective as a full and final accord and satisfaction and release as to the Franchisor Released Parties and shall extend to all matters, claims, demands, actions or causes of action of any kind or nature whatsoever which the Franchisee Releasing Parties may have against the Franchisor Released Parties. The Parties acknowledge that they may hereafter discover facts in addition to, or different from, those which they now know or believe to be true with respect to the subject matter of this Agreement but that, notwithstanding the foregoing, it is their intention hereby to fully, finally, completely and forever settle and release the Franchisor Released Parties and that the release given herein shall be and remain irrevocably in effect as a full and complete general release notwithstanding the existence of any such additional or different facts.

5. No Coercion. The Parties acknowledge that they are freely and voluntarily entering into this Agreement, uncoerced by any person, and that they have been advised and afforded the opportunity to seek the advice of legal counsel of their choice with regard to this Agreement.

6. Notices. Any notices given under this Agreement shall be in writing and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

7. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

8. Amendments. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto.

9. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

10. Jurisdiction. The Parties agree that any disputes relating to the enforcement of this Agreement will be governed by the dispute resolution provisions set out in the Franchise Agreement.

11. Fees and Costs. In any action to enforce, interpret or seek damages for violation of this Agreement, the prevailing Party shall recover all attorney's fees and litigation expenses.

12. Severability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.

13. Authorization. Each Party warrants that each individual executing this Agreement on behalf of the respective Parties is fully authorized to do so by each of the respective Parties and each individual executing this Agreement warrants that he or she is acting within the scope of his or her employment and authority in executing this Agreement.

14. Counterparts and Telecopies. This Agreement may be executed in counterparts or by copies transmitted by telecopy, all of which shall be given the same force and effect as the original. This Agreement shall be effective when the signatures of all Parties have been affixed to counterparts or copies.

15. Entirety. This Agreement contains the entire agreement between the Parties related to the subject matter hereof, and in entering into this Agreement, each Party represents that he, she, or it is doing so voluntarily and of his, her or its own free will, and have executed this Agreement below acknowledging that each Party has completely read and fully understands the terms of this Agreement.

**[Signatures on following page]**

**IN WITNESS WHEREOF**, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| **Beyond Franchise Group, LLC** | |
| By: _____ | By: _____ |
| Its: _____ | Its: _____ |

## SCHEDULE L

## SBA ADDENDUM TO FRANCHISE AGREEMENT

This ADDENDUM TO FRANCHISE AGREEMENT (the "**Addendum**") is made and entered into on _____, 20____, by and between Beyond Franchise Group, LLC, a California limited liability company ("**Franchisor**"), and _____, a _____ ("**Franchisee**").

RECITALS: Franchisor and Franchisee entered into a Franchise Agreement on _____, 20___ (the "**Franchise Agreement**"). Franchisee agreed among other things to operate and maintain a franchise located at _____. Franchisee has obtained from a lender a loan (the "**Loan**") in which funding is provided with the assistance of the United States Small Business Administration (the "**SBA**"). The SBA requires the execution of this Addendum as a condition for obtaining SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured as of the date hereof.

2. Section 12.5 of the Franchise Agreement provides that Franchisor (or any third party assignee of the Franchisor) may elect pursuant to its right of first refusal to exercise such option when Franchisee decides to sell partial interest(s) in the business. This section is hereby amended to reflect that Franchisor (or any third party assignee of Franchisor) will not exercise the option for any partial sale of Franchisee's business. Franchisor (or any third party assignee of Franchisor) may not become a partial owner of any SBA-financed franchises.

3. Notwithstanding anything to the contrary in Section 5.14 of the Franchise Agreement, Franchisor cannot establish maximum, minimum or other pricing requirements with respect to this franchisee unless such pricing requirements have been established in a franchise agreement that has been reviewed and approved by the SBA and listed on the SBA's Franchise Registry.

4. This Addendum automatically terminates on the earliest to occur of the following: (i) a termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) the SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum to Franchise Agreement as of the day and year first above written.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| **BEYOND FRANCHISE GROUP, LLC** | _____ |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |

# EXHIBIT C

# MULTIPLE UNIT DEVELOPMENT AGREEMENT WITH ATTACHMENTS

**BEYOND FRANCHISE GROUP, LLC**

**EXHIBIT C**

# POKÉWORKS™

# MULTIPLE UNIT DEVELOPMENT AGREEMENT

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**ATTACHMENTS:**


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## BEYOND FRANCHISE GROUP, LLC

## MULTIPLE UNIT DEVELOPMENT AGREEMENT

**THIS MULTIPLE UNIT DEVELOPMENT AGREEMENT** ("**Agreement**") is made and entered into this ____ day of _____, 20___, ("**Effective Date**") by and between **Beyond Franchise Group, LLC**, a California limited liability company, with a business address of 315 Cloverleaf Drive, Suite F, Baldwin Park, CA 91706 ("**Franchisor**"), and _____, with its business address at _____ ("**Multiple Unit Operator**").

### WITNESSETH:

**WHEREAS**, Franchisor holds the exclusive franchise rights to a proprietary system owned by Franchisor, which has been developed through significant expenditures of time, skill, effort and money ("**System**") relating to the establishment, development and operation of a Pokéworks restaurant ("**Franchised Restaurant**") which is a retail quick service restaurant selling Hawaiian poké made using high-quality, sustainably sourced fish from local waters and beyond, as well as a variety of related menu items, sushi dishes, beverages, and other items using the trademark POKÉWORKS™; and

**WHEREAS**, the System features use of the Marks (defined below), a distinctive exterior and interior design, decor, color scheme, fixtures and furnishings for the Franchised Restaurant, as well as uniform standards, specifications, methods, policies and procedures for store operations, proprietary inventory and management control, training and assistance, and advertising and promotional programs, all of which may be changed, improved upon, and further developed from time to time by Franchisor;

**WHEREAS**, Franchisor, through its dedicated operations, marketing methods, and merchandising policies, has developed the reputation, public image and good will of its System and established a firm foundation for its franchised retail operations consisting of the highest standards of training, management, supervision, appearance, services and quality of products;

**WHEREAS**, the System is identified by means of certain trademarks, including the marks POKÉWORKS™ and POKÉWORKS™ logo, and such other trade names, service marks, and trademarks as are now, and may hereafter be, designated for use in connection with the System ("**Marks**"), which Marks are owned by Beyond Restaurant Group, LLC, a California limited liability company which is the parent of Franchisor ("**Parent**"), and licensed to Franchisor to use and to sublicense Franchisor's franchisees to use the Marks in the operation of Franchised Restaurants;

**WHEREAS**, Franchisor continues to develop, expand, use, control and add to the Marks and the System for the benefit of and exclusive use by Franchisor and its franchisees in order to identify for the public the source of the products and services marketed thereunder and to represent the System's high standards of quality and service;

**WHEREAS**, Multiple Unit Operator desires to obtain the exclusive right to develop, construct, manage and operate a series of Pokéworks Franchised Restaurants under the development schedule described in **Attachment B** attached hereto ("**Development Schedule**") and within the territory described in **Attachment A** attached hereto ("**Development Territory**"), under the System and Marks, as well as to receive the training and other assistance provided by Franchisor in connection therewith;

**WHEREAS**, the Multiple Unit Operator hereby acknowledges that it has read this Agreement and Franchisor's Franchise Disclosure Document ("**Disclosure Document**"), and that it has no knowledge of any representations about the Pokéworks Franchise or about Franchisor or its franchising program or policies made by Franchisor or by its officers, directors, shareholders, employees or agents which are contrary to the statements in Franchisor's Disclosure Document or to the terms of this Agreement, and that it understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at all facilities which operate pursuant to the System and thereby to protect and preserve the goodwill of the System and the Marks; and

**WHEREAS**, Multiple Unit Operator understands and acknowledges the importance of Franchisor's uniformly high standards of quality and service and the necessity of operating the Pokéworks Franchises in strict conformity with Franchisor's quality control standards and specifications.

**NOW, THEREFORE**, the parties, in consideration of the promises, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

## I. GRANT.

A. Franchisor hereby grants to Multiple Unit Operator the right and license to develop, construct, operate and manage _____ (____) Franchised Restaurants in strict accordance with the System and under the Marks within the Development Territory described in **Attachment A**. Each Franchised Restaurant must be operated according to the terms of the individual franchise agreement ("**Franchise Agreement**") with respect thereto.

B. If the Multiple Unit Operator is developing Franchised Restaurants, and complies with the terms of this Agreement, the Development Schedule, and the individual Franchise Agreement for each Franchised Restaurant, then Franchisor will not franchise or license others, nor will it itself directly or indirectly develop, own, lease, construct or operate in any manner, any Franchised Restaurants in the Development Territory during the term hereof ("**Term**"); however, Franchisor reserves the right to sell products and services, including frozen products and other branded proprietary products, under the Marks or any other marks, through any other retail location, including grocery stores, convenience stores, hotel shops, kiosks, theatres, malls, airports, college campuses and gas stations, military bases, at special events or through any other channels of distribution, including through mail order, catalogue sales or over the Internet. In addition, Franchisor reserves the right to establish or grant express units ("**Express Units**") at any time within the Development Territory. "Express Units" shall mean food carts, trucks, and temporary pop-up units. Franchisor also reserves the right to (a) establish, operate or license to any other

person or entity the right to establish or operate a restaurant owned or licensed by Franchisor at any location outside the Development Territory; (b) develop, lease, and license the use of, at any location inside or outside of the Development Territory, trademarks other than the Marks in connection with the operation of a system which offers products and services which are the same as or similar to those offered under the System on any terms or conditions which Franchisor deems advisable; (c) merge with or be acquired by any other business, including a business that competes with Franchised Restaurants operated by Multiple Unit Operator, or to acquire and convert to the System operated by Franchisor any restaurants, including restaurants operated by competitors, located inside or outside of the Development Territory or otherwise operated independently as part of, or in association with, any other system or chain, whether franchised or corporately owned; and (d) implement multi-area marketing programs which may allow Franchisor or others to solicit or sell to customers anywhere, and to issue mandatory policies to coordinate such multi-area marketing programs. Upon the expiration or termination of this Agreement, the Multiple Unit Operator will no longer have an exclusive Development Territory and each Franchised Restaurant will be limited to operation in its own protected territory described in the individual Franchise Agreement.

C. This Agreement is not a franchise agreement and Multiple Unit Operator will have no right to use in any manner the Marks or System by virtue hereof. Each Franchised Restaurant will be governed by the individual Franchise Agreement executed by Franchisor and Multiple Unit Operator for each Franchised Restaurant.

D. The Multiple Unit Operator must contribute some amount of personal capital to the development of each Franchised Restaurant and must own at least a fifty-one percent (51%) equity interest in each Franchised Restaurant developed hereunder. In addition, Franchisee must ensure that a person having at least a twenty-five percent (25%) beneficial equity interest in the Franchisee ("**Equity Manager**") will at all times devote his or her full time and attention to managing, supervising and developing each Franchised Restaurant and that such person is at all times identified to the Franchisor. Multiple Unit Operator must identify all equity owners of Multiple Unit Operator by completing the Statement of Shareholders/Members/Partners attached to this Agreement as **Attachment D**. Multiple Unit Operator must provide Franchisor with an updated form of Attachment D within ten (10) business days of any change in the equity ownership of Multiple Unit Operator. The failure of Multiple Unit Operator to provide Franchisor with an updated Attachment D within the time-frame specified in this Section I.D will constitute a material default of this Agreement.

## II. TERM.

Unless sooner terminated pursuant to the provisions of Section VII, the Term of this Agreement will expire upon the earlier of (a) _____ years from the Effective Date, or (b) completion of the term of the Development Schedule.

## III. FRANCHISE AGREEMENT, INITIAL FRANCHISE FEE, AND INITIAL TRAINING.

A. With respect to each Franchised Restaurant to be developed under this Agreement:

1. As soon as Multiple Unit Operator locates a site within the Development Territory that it believes is suitable for construction of a Franchised Restaurant, Multiple Unit Operator must submit to Franchisor such information about the proposed location including, without limitation, lease terms, land acquisition terms, demographic criteria and preliminary site plans showing building orientation, proposed unit location, parking layout, and certain other information, as Franchisor may require from time to time in Franchisor's operations manual ("**Manual**"). If Multiple Unit Operator proposes that another entity will operate the Franchised Restaurant, Multiple Unit Operator must also submit information to Franchisor regarding the proposed franchisee entity. Franchisor reserves the right to request as much additional information regarding the site and the proposed franchisee entity as it deems necessary, in its sole discretion, and Multiple Unit Operator agrees to provide such information immediately upon request.

2. Should Franchisor approve of the site location per Section III.A.1 above, it will give its written approval to the Multiple Unit Operator to proceed with architectural drawings and final site plans, containing such information as Franchisor requires. The approval of the site location will not constitute final approval of the site for the Franchised Restaurant, or of the entity proposed as franchisee. Upon receipt of the site location approval, Multiple Unit Operator should make an offer to secure the site via purchase or lease, which offer must be contingent upon final approval by Franchisor of the site and of the proposed franchisee entity.

3. Should Franchisor provide final site approval and approve of the proposed franchisee entity for a Franchised Restaurant, Franchisor and Multiple Unit Operator (or its affiliate) must promptly enter into an individual Franchise Agreement for such Franchised Restaurant before the date Multiple Unit Operator begins construction on the franchise location, which agreement must be in the form of Franchisor's then current form of Franchise Agreement. The terms of the individual Franchise Agreement will then govern the further development and build-out of the Franchised Restaurant.

B. The Multiple Unit Operator must pay to Franchisor an Initial Franchise Fee for each Franchised Restaurant to be developed hereunder. At all times during the Term of this Agreement the initial franchise fee ("**Initial Franchise Fee**") will be the Initial Franchise Fee Franchisor is charging franchisees opening Franchised Restaurants under Multiple Unit Development Agreements at the time Multiple Unit Operator submits the proposed site to Franchisor. Upon entering into this Agreement, the Multiple Unit Operator must pay to Franchisor the Initial Franchise Fee for the first Franchised Restaurant to be developed under this Agreement plus fifty percent (50%) of the Initial Franchise Fees for all subsequent Franchised Restaurants. All such amounts collected by Franchisor shall be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether Area Developer opens any of the Franchised Restaurants it is obligated to open in the Development Territory. The Multiple Unit Developer must pay to Franchisor the remaining fifty percent (50%) of the Initial Franchise Fees for all subsequent Franchised Restaurants when the Multiple Unit Operator or its affiliate enters into the single-unit Franchise Agreement which corresponds to the respective Franchised Restaurant."

C. The terms of the Franchise Agreement notwithstanding, Franchisor will provide the Multiple Unit Operator with Franchisor's then current Training Program (as defined in the Franchise Agreement) and on-site opening assistance for the first two (2) Franchised Restaurants to be developed hereunder. Thereafter, Franchisor will provide only the Training Program, and

then only for one (1) designated Manager of each additional Franchised Restaurant, and will not provide on-site assistance. Instead, the Multiple Unit Operator must, after the opening of its first Franchised Restaurant, begin assembly of its own store opening assistance team, and said team must be fully trained and in place prior to the opening of the fourth Franchised Restaurant hereunder. After the opening of the third Franchised Restaurant, the Multiple Unit Operator's store opening team must provide the on-site opening assistance as stipulated by Franchisor and continue to provide said assistance for each and every Franchised Restaurant to be opened by the Multiple Unit Operator under the Development Schedule.

## IV. DEVELOPMENT SCHEDULE.

Multiple Unit Operator must open and continuously operate the Franchised Restaurants in accordance with the System and the Development Schedule set forth in **Attachment B**. In the event that Multiple Unit Operator opens and operates a greater number of Franchised Restaurants than is required to comply with the current period of the Development Schedule, the requirements of the succeeding period(s) will be deemed to have been satisfied to the extent of such excess number of Franchised Restaurants. Multiple Unit Operator will be permitted to open Franchised Restaurants in excess of the number of Franchised Restaurants set forth in the Development Schedule subject to the prior written approval of Franchisor if, in Franchisor's sole discretion, Franchisor determines that the Development Territory could support additional Franchised Restaurants. Multiple Unit Operator must pay Franchisor the then-current Initial Franchise Fee applicable at the time Multiple Unit Operator signs a Franchise Agreement for any additional Franchised Restaurants.

## V. LOCATION OF FRANCHISED RESTAURANTS.

The location of each Franchised Restaurant will be selected by the Multiple Unit Operator, within the Development Territory, subject to Franchisor's prior approval as set forth in Section III hereof, which approval will take into account all relevant demographic information then available to Franchisor. The establishment of any proposed site by Multiple Unit Operator prior to approval of Franchisor will be the sole risk and responsibility of Multiple Unit Operator and will not obligate Franchisor in any way to approve the same. The approval of a proposed site by Franchisor does not in any way constitute a warranty or representation by Franchisor as to the suitability of such site for location of a Franchised Restaurant.

## VI. FRANCHISE AGREEMENT.

Multiple Unit Operator will not commence construction on, or open any Franchised Restaurant until, among other things, the entire Initial Franchise Fee for such Franchised Restaurant has been paid in full and the individual Franchise Agreement for such Franchised Restaurant has been executed by both the Multiple Unit Operator and Franchisor.

## VII. DEFAULT AND TERMINATION.

Multiple Unit Operator will be in default under this Agreement should Multiple Unit Operator (or its affiliate): (a) fail to comply with the Development Schedule; (b) fail to perform any of its obligations under this Agreement or any individual Franchise Agreement; (c) cease to be a franchisee of Franchisor in good standing; (d) fail to comply with the provisions on transfer

contained herein; or (e) fail to comply in any way with the Multiple Unit Operator's representations set forth in Section XXIII.

Upon such default, Franchisor will have the right, at its option, and in its sole discretion, to do any or all of the following:

A. terminate this Agreement;

B. terminate the territorial exclusivity granted to Multiple Unit Operator;

C. reduce the size of the Multiple Unit Operator's Development Territory or the number of Franchised Restaurants Multiple Unit Operator may develop in the Development Territory; or

D. accelerate the Development Schedule on immediate written notice.

In addition, if any individual Franchise Agreement issued to Multiple Unit Operator, whether or not issued pursuant to this Agreement, is terminated for any reason, Franchisor will have the right to terminate this Agreement on immediate written notice to Multiple Unit Operator. Upon termination or expiration of the term of this Agreement, this Agreement will be of no further effect, and Franchisor will have the right to itself open, or license others to open, Franchised Restaurants within the Development Territory. For purposes of this Section VII, any Franchise Agreement issued by Franchisor to Multiple Unit Operator or its affiliates, or any corporation, partnership or joint venture, or their affiliates, in which Multiple Unit Operator or any stockholder, partner or joint venturer of Multiple Unit Operator, has any direct or indirect ownership or participation interest, will be deemed a Franchise Agreement issued to Multiple Unit Operator.

## VIII. ASSIGNMENT.

A. By Franchisor. Franchisor will have the absolute right to transfer or assign all or any Part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and Franchisor will thereby be released from any and all further liability to Multiple Unit Operator.

B. By Multiple Unit Operator.

1. Multiple Unit Operator understands and acknowledges that the rights and duties set forth in this Agreement are personal to Multiple Unit Operator and are granted in reliance upon the personal qualifications of Multiple Unit Operator or Multiple Unit Operator's principals. Multiple Unit Operator has represented to Franchisor that Multiple Unit Operator is entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of transferring the development and option rights hereunder.

2. Neither Multiple Unit Operator nor any partner, member, or shareholder thereof will, without Franchisor's prior written consent, directly or indirectly assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in Multiple Unit Operator. Any such proposed assignment occurring by operation of law or

otherwise, including any assignment by a trustee in bankruptcy, without Franchisor's prior written consent, will be a material default of this Agreement.

3. Any assignment, transfer or other disposition by the Multiple Unit Operator of a single-unit Franchised Restaurant within the Development Territory will be governed by the Franchise Agreement to which such single-unit Franchised Restaurant is bound.

4. Subject to the other provisions of Section VIII herein, including Paragraph 3 above and Paragraph 5 below, if Multiple Unit Operator wishes to sell, transfer or otherwise assign any portion, or all, of the Development Territory, the Multiple Unit Operator must notify Franchisor which may approve or disapprove the same in its sole discretion, and in addition Franchisor may require any or all of the following as conditions of its approval:

(a) All of the Multiple Unit Operator's accrued monetary obligations and all other outstanding obligations to Franchisor, its affiliates and suppliers must be fully paid and satisfied;

(b) The Multiple Unit Operator must not be in default of any provision of its Franchise Agreements, any amendments thereof or successors thereto, or any other agreement between the Multiple Unit Operator and Franchisor, its subsidiaries or affiliates;

(c) The Multiple Unit Operator and each of its affiliates, shareholders, members, partners, officers and directors must execute a general release, under seal, the consideration for which will be the approval of the transfer, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

(d) The transferee must enter into a written assignment, under seal and in a form satisfactory to Franchisor, assuming and agreeing to discharge all of the Multiple Unit Operator's obligations under the relevant Franchise Agreements and, if deemed necessary by Franchisor, the transferee's principals, individually, will guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor;

(e) The transferee must demonstrate to Franchisor's satisfaction that the transferee meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Restaurants (as may be evidenced by prior related experience or otherwise); has at least the same managerial and financial acumen required of new Multiple Unit Operators and must have sufficient equity capital, as determined by Franchisor in Franchisor's sole discretion, to operate the Franchised Restaurants;

(f) At Franchisor's option, the transferee must execute (and, upon Franchisor's request, must cause all interested parties to execute), for a term ending on the expiration date of the Franchise Agreement(s), the standard form of Franchise Agreement and Multiple Unit Development Agreement then being offered to new Multiple Unit Operators and such other ancillary agreements as Franchisor may require for the Franchised Restaurants, which agreements will supersede the Franchise Agreements and the Multiple Unit Development

Agreement between the Multiple Unit Operator and Franchisor in all respects and the terms of which agreements may differ from the terms of the Franchise Agreements and Multiple Unit Development Agreement, including, without limitation, the implementation of other fees and different royalty rates;

(g) The Multiple Unit Operator and its principals must remain liable for all direct and indirect obligations to Franchisor in connection with the Franchised Restaurants prior to the effective date of transfer and will continue to remain responsible for their obligations of nondisclosure, noncompetition and indemnification as provided in the Franchise Agreements and Guaranty, attached to this Agreement as **Attachment C**, and must execute any and all instruments reasonably requested by Franchisor to further evidence such liability; and

(h) Multiple Unit Operator or its approved transferee will pay to Franchisor, at the time of such transfer, a transfer fee equal to fifty percent (50%) of Franchisor's then-current Initial Franchise Fee for a single unit franchise at the time of the transfer.

5. If Multiple Unit Operator or its principals will at any time determine to sell, transfer or otherwise dispose of all or part of the rights under this Agreement or an ownership interest in Multiple Unit Operator, and Multiple Unit Operator or its principals obtains a bona fide, executed written offer from a responsible and fully disclosed purchaser, Multiple Unit Operator must notify Franchisor in writing of each such offer, and Franchisor will have the right and option, exercisable within a period of thirty (30) days from the date of delivery of such offer, by written notice to Multiple Unit Operator or its owners, to purchase the rights under this Agreement or such ownership interest for the price and on the terms and conditions contained in such purchaser's offer. If Franchisor does not exercise its right of first refusal, Multiple Unit Operator or its principals may complete the sale of Multiple Unit Operator or such ownership interest, subject to Franchisor's approval of the purchaser and all other conditions set forth in this Section VIII.B, provided that if such sale is not completed within one hundred twenty (120) days after delivery of such offer to Franchisor, Franchisor will again have the right of first refusal herein provided. In the event that the Multiple Unit Operator wishes to publicly offer its shares in any partnership or corporation which has an ownership interest in the Multiple Unit Operator, such public offering will be subject to the approval of Franchisor, such approval to not be unreasonably withheld.

6. Franchisor reserves the right to require Multiple Unit Operator to engage the services of a third-party escrow agent designated or approved by Franchisor to facilitate the transfer of Multiple Unit Operator's assets and development rights to an approved third-party and to handle disbursement of all proceeds resulting from such transfer, and Multiple Unit Operator agrees to comply with such designation, utilize the services of such escrow agent, and pay all fees required by such escrow agent.

C. Entity Ownership. Each shareholder, member, or partner of the corporation, limited liability company, or partnership which is granted the rights to serve as the Multiple Unit Operator hereunder must be a party to a shareholders' agreement, operating agreement, or partnership agreement which must provide, *inter alia*, that upon any dissolution of the corporation, limited liability company, or partnership, or upon any divorce decree among the parties who are also shareholders, members, or partners, that ownership of the shares, membership interest, or partnership interest will be transferred to the shareholder, member, or partner for agreed upon

consideration, which has primary responsibility for sales and marketing activities, typically the President, following any such dissolution or decree. The form and content of the shareholders' agreement, operating agreement, or partnership agreement must be approved by Franchisor prior to execution. Multiple Unit Operator's failure to comply with this Section VIII.C will constitute a material default of this Agreement.

## IX. FORCE MAJEURE.

In the event that Multiple Unit Operator is unable to comply with the Development Schedule due to strike, riot, civil disorder, war, failure to supply, fire, natural catastrophe or other similar events beyond its control, and upon notice to Franchisor, the Development Schedule and this Agreement will be extended for a corresponding period, not to exceed ninety (90) days; provided, however, that this Section IX will not extend the time for payment of any monetary obligations owed to Franchisor.

## X. CONFIDENTIALITY.

A. Nothing contained in this Agreement will be construed to require Franchisor to divulge to Multiple Unit Operator any trade secrets, techniques, methods or processes except the material contained in Franchisor's manuals and training materials, and then only pursuant to the terms, conditions and restrictions contained in the applicable Franchise Agreement. Multiple Unit Operator acknowledges that its knowledge of Franchisor's knowhow, processes, techniques, information and other proprietary data is derived entirely from information disclosed to it by Franchisor and that such information is proprietary, confidential and a trade secret of Franchisor. Multiple Unit Operator agrees to adhere fully and strictly to the confidentiality of such information and to exercise the highest degree of diligence in safeguarding Franchisor's trade secrets during and after the Term of this Agreement. Multiple Unit Operator will divulge such material only to its employees and agents and only to the extent necessary to permit the efficient operation of the Franchised Restaurants. It is expressly agreed that the ownership of all such items and property is and will remain vested solely in Franchisor.

B. The Multiple Unit Operator agrees that all terms of this Agreement will remain confidential and will not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures other than the existence of this Agreement without the prior written consent of Franchisor unless compelled by law or ordered to do so by a court of competent jurisdiction. It is agreed and understood that Multiple Unit Operator may disclose the terms of this Agreement to its professional advisors and lenders. Franchisor will be free to make such disclosure of the terms of this Agreement as it determines, in its sole discretion, to be in the best interest of Franchisor or the System.

## XI. NONCOMPETITION.

A. Multiple Unit Operator has heretofore specifically acknowledged that, pursuant to this Agreement, Multiple Unit Operator will receive valuable specialized Confidential Information and information regarding the business of Franchisor, and its System. Multiple Unit Operator covenants that during the Term of this Agreement and subject to the post term provisions contained

herein, except as otherwise approved in writing by Franchisor, Multiple Unit Operator must not, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partners or corporations:

1. Divert or attempt to divert any business or customer of the Franchised Restaurants to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks or the System;

2. Employ or seek to employ any person who is at that time employed by Franchisor or by Multiple Unit Operator or any other Multiple Unit Operator or franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment; or

3. Own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, have any interest in, or be involved in the operation of any business which consists substantially of the sale of poke or sushi food items as its main product line.

B. Multiple Unit Operator covenants that, except as otherwise approved in writing by Franchisor, Multiple Unit Operator will not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, have any interest in, or be involved in the operation of any business which consists substantially of the sale of poke or sushi food items as its main product line and which is located within a radius of fifty (50) miles of the Development Territory hereunder or the location of any Multiple Unit Operator, company-owned restaurant, or Franchised Restaurant under the System which is in existence on the date of expiration or termination of this Agreement.

C. Sections XI.A and XI.B will not apply to ownership by Multiple Unit Operator of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

D. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If any or all portions of the covenants in this Section XI are held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Multiple Unit Operator expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a Part of this Section XI.

E. Multiple Unit Operator understands and acknowledges that Franchisor will have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections XI.A and XI.B in this Agreement, or any portion thereof, without Multiple Unit Operator's consent, effective immediately upon receipt by Multiple Unit Operator of written notice thereof, and Multiple Unit

Operator agrees that it will forthwith comply with any covenant as so modified, which will be fully enforceable.

F. Multiple Unit Operator expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this Section XI. Multiple Unit Operator agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section XI provided Franchisor prevails in any or all of its claims against Multiple Unit Operator.

G. Multiple Unit Operator acknowledges that Multiple Unit Operator's violation of the terms of this Section XI would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Multiple Unit Operator accordingly consents to the issuance of an injunction by any court of competent jurisdiction or arbitrator having jurisdiction over the Agreement prohibiting any conduct by Multiple Unit Operator in violation of the terms of this Section XI.

H. At Franchisor's request, Multiple Unit Operator will require and obtain execution of covenants similar to those set forth in this Section XI (including covenants applicable upon the termination of a person's relationship with Multiple Unit Operator) from any or all of the following persons: (a) all directors and managers of each Franchised Restaurant; (b) all officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of Multiple Unit Operator and of any corporation directly or indirectly controlling Multiple Unit Operator if Multiple Unit Operator is a corporation; and (c) the members or general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner) if Multiple Unit Operator is a limited liability company or partnership. All covenants required by this Section XI must be in forms satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Multiple Unit Operator to obtain execution of a covenant required by this Section XI will constitute a material default under Section VII hereunder.

## XII. ENTIRE AGREEMENT.

This Agreement constitutes the entire understanding of the parties with respect to the development of the Development Territory, and will not be modified except by a written agreement signed by the parties hereto. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Franchisee. Where this Agreement and any Franchise Agreement between the parties conflict with respect to initial training, the amount or payment terms of Initial Franchise Fees or equity interests held by the franchisee or operating partners and unit managers, the terms of this Agreement will govern. Under no circumstances do the parties intend that this Agreement be interpreted in such a way as to grant Multiple Unit Operator any rights to grant sub-franchises in the Development Territory.



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## XIII. MONTHLY REPORTS.

Multiple Unit Operator agrees that it will provide to Franchisor a monthly report of its activities and progress in developing and establishing Franchised Restaurants as provided herein. The monthly reports must be submitted no later than the fifth (5th) day following the end of the preceding month during the Term of this Agreement.

## XIV. INDEPENDENT CONTRACTOR AND INDEMNIFICATION.

A. It is acknowledged and agreed that Multiple Unit Operator and Franchisor are independent contractors and nothing contained herein will be construed as constituting Multiple Unit Operator as the agent, partner or legal representative of Franchisor for any purpose whatsoever. Multiple Unit Operator will enter into contracts for the development of the Development Territory contemplated by this Agreement at its sole risk and expense and must be solely responsible for the direction, control and management of its agents and employees. Multiple Unit Operator acknowledges that it does not have authority to incur any obligations, responsibilities or liabilities on behalf of Franchisor, or to bind Franchisor by any representations or warranties, and agrees not to hold itself out as having such authority.

B. Multiple Unit Operator agrees to protect, defend, indemnify and hold Franchisor harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of, or in connection with Multiple Unit Operator's carrying out its obligations hereunder.

## XV. COMPLIANCE WITH APPLICABLE LAWS.

Multiple Unit Operator will develop all Franchised Restaurants in the Development Territory in accordance and compliance with all applicable federal, state and local statutes, laws, ordinances and regulations and agrees to promptly pay all financial obligations incurred in connection therewith.

## XVI. CHANGE IN DEVELOPMENT TERRITORY.

The parties acknowledge that the development of the Development Territory as anticipated hereunder has been determined according to the needs of the Multiple Unit Operator's targeted market in the Development Territory, as determined by Franchisor, as of the date of execution of this Agreement. The Multiple Unit Operator understands that, if there is an increased public demand for the products and services offered by Franchisor due to an increase in the number of individuals or corporations in the Development Territory, Franchisor will expect the Multiple Unit Operator to establish additional Franchised Restaurants within the Development Territory. While Franchisor will not require the Multiple Unit Operator to establish such additional Franchised Restaurants, Franchisor will strongly encourage Multiple Unit Operator to do so. Any additional Franchised Restaurant will be governed by Franchisor's then current form of individual Franchise Agreement.

## XVII. SUCCESSORS AND ASSIGNS.

This Agreement will be binding upon and inure to the benefit of each of the parties hereto and their heirs, successors, permitted assigns and personal representatives.

## XVIII. APPLICABLE LAW.

This Agreement will be governed by and construed in accordance with the laws of the State of California which laws will govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et. seq.*). The parties expressly consent to personal jurisdiction in the State of California and agree that, except as set forth in Section XXI, the state and federal court(s) located in Los Angeles, California will have exclusive jurisdiction for the purposes of carrying out this provision.

## XIX. RECEIPT OF DOCUMENTS.

Multiple Unit Operator acknowledges receipt of the Disclosure Document, Franchise Agreement, financial statements and other contracts for the Franchised Restaurant at least fourteen (14) days prior to execution hereof or payment of any monies.

## XX. NOTICE.

Whenever this Agreement requires notice, it must be in writing and must be sent by registered or certified mail, return receipt requested, to the other party at the addresses set forth below, unless written notice is given of a change of address.

All notices to Multiple Unit Operator will be conclusively deemed to have been received by Multiple Unit Operator upon the delivery or attempted delivery of such notice to Multiple Unit Operator's address listed herein, or such changed address.

| | |
|---|---|
| **Notices to Franchisor**: | Beyond Franchise Group, LLC<br>315 Cloverleaf Drive, Suite F<br>Baldwin Park, California 91706<br>Attention: Michael Wu |
| **With a Copy to:**<br>(which will not constitute notice) | Kevin P. Hein, Esq.<br>Alexius, LLC<br>1509 York Street, Suite 300<br>Denver, Colorado 80206 |
| **Notices to Multiple Unit Operator**: | _____<br>_____<br>_____<br>_____ |



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## XXI. ARBITRATION.

A. The parties agree that all controversies, claims and disputes between them arising out of or relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the performance of either party, and/or the purchase of the franchise by Multiple Unit Operator will be finally resolved by submitting such matter to binding arbitration under the Arbitration Rules of the United Nations Commission on International Trade Law in effect as of the date the demand for arbitration is filed. Each party must agree on one arbitrator selected from a panel of neutral arbitrators provided by the National Franchise Mediation Program of the CPR Institute for Dispute Resolution (located in New York, NY), and the arbitrator will be chosen by the striking method. In accordance with the terms of the Federal Arbitration Act, the Arbitrator will hear the dispute in Los Angeles, California, and conducted entirely in the English language. Each party must bear its own costs and attorney fees and one-half of the arbitrator's expenses. The arbitrator will have no authority to amend or modify the terms of this Agreement. Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party will not be liable for punitive or exemplary damages and the arbitrator will have no authority to award the same. The decision of the arbitrator will be final and binding. The Multiple Unit Operator knows, understands, and agrees that it is the intent of the parties that any arbitration between Franchisor and the Multiple Unit Operator will be of the Multiple Unit Operator's individual claims and that the claims subject to arbitration will not be arbitrated in conjunction with the claims of other Multiple Unit Operators or franchisees or on a class-wide basis, and Multiple Unit Operator hereby waives any right it may assert to have its claims arbitrated in conjunction with the claims of other Multiple Unit Operators or franchisees or on a class-wide basis.

B. Notwithstanding any provision contained in this Section XXI, Franchisor may, at its sole option, institute an action or actions for temporary or preliminary injunctive relief or seeking any other temporary or permanent equitable relief against the Multiple Unit Operator that may be necessary to protect its trademarks or other rights or property. However, in Franchisor's sole discretion, the final right of determination of the ultimate controversy, claim or dispute will be decided by arbitration as aforesaid and recourse to the courts will thereafter be limited to seeking an order to enforce an arbitral award. In no event will the Multiple Unit Operator be entitled to make, the Multiple Unit Operator will not make, and the Multiple Unit Operator hereby waives, any claim for money damages by way of set off, counterclaim, defense or otherwise based upon any claim or assertion by the Multiple Unit Operator that Franchisor has unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by the Multiple Unit Operator under any of the terms of this Agreement. The Multiple Unit Operator's sole remedy for any such claim will be an action or proceeding to enforce any such provisions, for specific performance or declaratory judgment.

## XXII. MODIFICATION BY FRANCHISOR.

Franchisor may modify and update its Manual, the Marks and the System unilaterally under any conditions and to any extent which Franchisor, in the exercise of its sole discretion, deems necessary to meet competition, protect trademarks or trade name, improve the quality of the products or services provided through the Franchised Restaurants, and Multiple Unit Operator will exclusively incur the costs of any such change in the Franchised Restaurant or the System which

has been caused by such modification. In the event that any improvement or addition to the Manual, the System or the Marks is developed by Multiple Unit Operator, then Multiple Unit Operator agrees to grant to Franchisor an irrevocable, worldwide, exclusive, royalty free license, with the right to sub license such improvement or addition.

## XXIII. REPRESENTATION REGARDING TERRORIST ACTIVITY.

A. Representation Regarding Terrorist Activity. Multiple Unit Operator and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Multiple Unit Operator and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Multiple Unit Operator and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

B. Multiple Unit Operator and its owners certify that none of them, their respective employees, or anyone associated with Multiple Unit Operator is listed in the Annex to Executive Order 13224 (which can be accessed at *http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html*). Multiple Unit Operator agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

C. Multiple Unit Operator certifies that it has no knowledge or information that, if generally known, would result in Multiple Unit Operator, its owners, their employees, or anyone associated with Multiple Unit Operator to be listed in the Annex to Executive Order 13224.

D. Multiple Unit Operator is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Multiple Unit Operator and its Owners specifically acknowledges and agrees that its and their indemnification responsibilities set forth in this Agreement pertain to its and their obligations under this Section XXIII.

E. Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Multiple Unit Operator, its owners, agents, its employees will constitute grounds for immediate termination of this Agreement and any other agreement Multiple Unit Operator has entered with Franchisor or any of Franchisor's affiliates.

F. "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control and any government agency outside the U.S.) addressing or in any way relating to terrorist acts and/or acts of war.

## XXIV. ACKNOWLEDGEMENTS.

A. Multiple Unit Operator acknowledges and recognizes that different terms and conditions, including different fee structures, may pertain to different Multiple Unit Development

Agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that Franchisor does not represent that all Multiple Unit Development Agreements or franchise agreements are or will be identical.

B. Multiple Unit Operator acknowledges that it is not, nor is it intended to be, a third party beneficiary of this Agreement or any other agreement to which Franchisor is a party.

C. Multiple Unit Operator represents to Franchisor that it has the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of its obligations hereunder and furthermore that the execution of this Agreement is not in contravention of any other written or oral obligation of the Multiple Unit Operator.

D. Multiple Unit Operator acknowledges that it received from Franchisor this Agreement with all blanks filled in at least five (5) business days prior to the execution of this Agreement.

E. Multiple Unit Operator acknowledges and accepts the following:

THE SUCCESS OF THE MULTIPLE UNIT OPERATOR IN MANAGING AND OPERATING MULTIPLE FRANCHISED RESTAURANTS IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, MULTIPLE UNIT OPERATOR'S INDEPENDENT BUSINESS ABILITY. MULTIPLE UNIT OPERATOR HAS BEEN GIVEN THE OPPORTUNITY AND BEEN ENCOURAGED TO OBTAIN INDEPENDENT ADVICE FROM LEGAL AND OTHER PROFESSIONALS PRIOR TO ENTERING INTO THIS AGREEMENT. THIS OFFERING IS NOT A SECURITY AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES OF THE FRANCHISED RESTAURANTS RESTS SOLELY WITH MULTIPLE UNIT OPERATOR. MULTIPLE UNIT OPERATOR HAS NOT RELIED ON ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE BUSINESS VENTURE CONTEMPLATED HEREBY. NO REPRESENTATIONS OR PROMISES HAVE BEEN MADE BY FRANCHISOR TO INDUCE MULTIPLE UNIT OPERATOR TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN. FRANCHISOR HAS NOT MADE ANY REPRESENTATION, WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL REVENUES, PROFITS OR SERVICES OF THE BUSINESS VENTURE TO MULTIPLE UNIT OPERATOR AND CANNOT, EXCEPT UNDER THE TERMS OF THIS AGREEMENT, EXERCISE CONTROL OVER MULTIPLE UNIT OPERATOR'S BUSINESS. MULTIPLE UNIT OPERATOR ACKNOWLEDGES AND AGREES THAT IT HAS NO KNOWLEDGE OF ANY REPRESENTATION MADE BY FRANCHISOR OR ITS REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.

**[Signatures on following page]**



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

**FRANCHISOR:**

**BEYOND FRANCHISE GROUP, LLC**

By: _____

_____

[Print Name]

Title: _____

**MULTIPLE UNIT OPERATOR:**

**WITNESS**

By: _____

_____

[Print Name]

_____ Title: _____



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# MULTIPLE UNIT DEVELOPMENT AGREEMENT

# ATTACHMENT A

# DESCRIPTION OF DEVELOPMENT TERRITORY

# ATTACHMENT A

# DESCRIPTION OF THE DEVELOPMENT TERRITORY

# MULTIPLE UNIT DEVELOPMENT AGREEMENT

# ATTACHMENT B

# DEVELOPMENT SCHEDULE

# ATTACHMENT B

# DEVELOPMENT SCHEDULE

| NUMBER OF MONTHS FROM DATE OF THIS AGREEMENT | TOTAL NUMBER OF FRANCHISED RESTAURANTS OPEN FOR BUSINESS |
|---|---|



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# MULTIPLE UNIT DEVELOPMENT AGREEMENT

# ATTACHMENT C

# GUARANTY

# ATTACHMENT C

# GUARANTY

In consideration of, and as an inducement to, the execution of that certain Multiple Unit Development Agreement, and any revisions, modifications, addenda and amendments thereto, (hereinafter collectively the "**Agreement**") dated _____, 20___, by and between **BEYOND FRANCHISE GROUP, LLC.**, a California limited liability company, ("**Franchisor**") and _____ ("**Multiple Unit Operator**"), each of the undersigned Guarantors agrees as follows:

1. The Guarantors do hereby jointly and severally unconditionally guaranty the full, prompt and complete performance of the Multiple Unit Operator under the terms, covenants and conditions of the Agreement, including without limitation, compliance with all confidentiality requirements, protection and preservation of confidential information, compliance with all non-compete provisions, compliance with the terms of any and all other agreements executed by Multiple Unit Operator in order to open and operate the Franchised Restaurants (as defined in the Agreement), and the complete and prompt payment of all indebtedness to Franchisor under the Agreement. The word "**indebtedness**" is used herein in its most comprehensive sense and includes without limitation any and all advances, debts, obligations and liabilities of the Multiple Unit Operator, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Guarantors are independent of the obligations of the Multiple Unit Operator and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against the Multiple Unit Operator or whether the Multiple Unit Operator is joined in any such action.

3. Franchisor will not be obligated to inquire into the power or authority of the Multiple Unit Operator or its partners or the officers, directors, agents, members or managers acting or purporting to act on the Multiple Unit Operator's behalf and any obligation or indebtedness made or created in reliance upon the exercise of such power and authority will be guaranteed hereunder. Where the Guarantors are corporations, limited liability companies, or partnerships it will be conclusively presumed that the Guarantors and the shareholders, members, partners, agents, officers and directors acting on their behalf have the express authority to bind such corporations, limited liability companies, or partnerships and that such corporations, limited liability companies, or partnerships have the express power to act as the Guarantors pursuant to this Guaranty and that such action directly promotes the business and is in the interest of such corporations, limited liability companies, or partnerships.

4. Franchisor, its successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the

indebtedness; (b) release or compromise any indebtedness of any of the undersigned hereunder or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the indebtedness; or (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. The undersigned further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Multiple Unit Operator and Franchisor resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Guaranty will be enforceable by and against the respective administrators, executors, successors and assigns of the Guarantors and the death of any Guarantor will not terminate the liability of such Guarantor or limit the liability of the other Guarantors hereunder.

7. If more than one person has executed this Guaranty, the term "**the undersigned**," as used herein will refer to each such person, and the liability of each of the undersigned hereunder will be joint and several and primary as sureties.

**[Signatures on following page]**

**IN WITNESS WHEREOF**, each of the undersigned has executed this Guaranty under seal effective as of the _____day of _____, 20___.

| | |
|---|---|
| _____ | _____ |
| [Signature] | [Signature] |
| _____ | _____ |
| [Printed Name] | [Printed Name] |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| Home Address | Home Address |
| _____ | _____ |
| Home Telephone | Home Telephone |
| _____ | _____ |
| Business Telephone | Business Telephone |
| _____ | _____ |
| Date | Date |
| _____ | _____ |
| [Signature] | [Signature] |
| _____ | _____ |
| [Printed Name] | [Printed Name] |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| Home Address | Home Address |
| _____ | _____ |
| Home Telephone | Home Telephone |
| _____ | _____ |
| Business Telephone | Business Telephone |
| _____ | _____ |
| Date | Date |

# MULTIPLE UNIT DEVELOPMENT AGREEMENT

# ATTACHMENT D

# STATEMENT OF SHAREHOLDERS/MEMBERS/PARTNERS

# ATTACHMENT D

# STATEMENT OF SHAREHOLDERS/MEMBERS/PARTNERS

The shareholders, members, or partners (collectively the "**Shareholders**") of the Multiple Unit Operator and their respective shareholdings are as follows:

| NAME OF SHAREHOLDER | NUMBER & DESIGNATION OF SHARES |
|---|---|

# EXHIBIT D

# LIST OF STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

## EXHIBIT D

## LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

| STATE | STATE ADMINISTRATOR | AGENT FOR SERVICE OF PROCESS |
|---|---|---|
| **CALIFORNIA** | Department of Business Oversight<br>One Sansome Street, Suite 600<br>San Francisco, CA 94104<br>415-972-8559<br>1-866-275-2677 | Commissioner of Business Oversight<br>320 West 4th Street, Suite 750<br>Los Angeles 90013-2344<br>1-866-275-2677 |
| **CONNECTICUT** | Securities and Business Investment Division<br>Connecticut Department of Banking<br>260 Constitution Plaza<br>Hartford, CT 06103<br>860-240-8230 | Connecticut Banking Commissioner<br>Same Address |
| **FLORIDA** | Department of Agriculture & Consumer Services<br>Division of Consumer Services<br>Mayo Building, Second Floor<br>Tallahassee, FL 32399-0800<br>850-245-6000 | Same |
| **GEORGIA** | Office of Consumer Affairs<br>2 Martin Luther King Drive, S.E.<br>Plaza Level, East Tower<br>Atlanta, GA 30334<br>404-656-3790 | Same |
| **HAWAII** | State of Hawaii<br>Business Registration Division<br>Securities Compliance Branch<br>Dept. of Commerce and Consumer Affairs<br>335 Merchant Street, Room 205<br>Honolulu, HI 96813<br>808-586-2722 | Hawaii Commissioner of Securities<br>Same Address |
| **ILLINOIS** | Franchise Division<br>Office of the Attorney General<br>500 South Second Street<br>Springfield, IL 62706<br>217-782-4465 | Illinois Attorney General<br>Same Address |
| **INDIANA** | Securities Commissioner<br>Indiana Securities Division<br>302 West Washington Street, Room E 111<br>Indianapolis, IN 46204<br>317-232-6681 | Indiana Secretary of State<br>201 State House<br>200 West Washington Street<br>Indianapolis, IN 46204 |
| **IOWA** | Iowa Securities Bureau<br>Second Floor<br>Lucas State Office Building<br>Des Moines, IA 50319<br>515-281-4441 | Same |

| STATE | STATE ADMINISTRATOR | AGENT FOR SERVICE OF PROCESS |
|---|---|---|
| **KENTUCKY** | Kentucky Attorney General's Office<br>Consumer Protection Division<br>1024 Capitol Center Drive<br>Frankfort, KY 40602<br>502-696-5389 | Same |
| **LOUISIANA** | Department of Urban & Community Affairs<br>Consumer Protection Office<br>301 Main Street, 6th Floor<br>One America Place<br>Baton Rouge, LA 70801<br>504-342-7013 (gen. info.) 504-342-7900 | Same |
| **MAINE** | Department of Business Regulations<br>State House - Station 35<br>Augusta, ME 04333<br>207-298-3671 | Same |
| **MARYLAND** | Office of the Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, MD 21202<br>410-576-6360 | Maryland Securities Commissioner<br>Same Address |
| **MICHIGAN** | Michigan Department of Attorney General<br>Consumer Protection Division<br>Antitrust and Franchise Unit<br>525 W. Ottawa Street<br>G. Mennen Williams Building, 1st Floor<br>Lansing, MI 48913<br>517-373-7117 | Michigan Department of Commerce<br>Corporations and Securities Bureau<br>Same Address |
| **MINNESOTA** | Minnesota Department of Commerce<br>85 7th Place East, Suite 500<br>St. Paul, MN 55101<br>651-296-4026 | Minnesota Commissioner of Commerce<br>Same Address |
| **NEBRASKA** | Department of Banking and Finance<br>1526 K Street, Suite 300<br>Lincoln, NE 68508<br>P.O. Box 95006<br>Lincoln, Nebraska 68509-5006<br>Tele: 402-471-2171 | Same |
| **NEW HAMPSHIRE** | Attorney General<br>Consumer Protection and Antitrust Bureau<br>State House Annex<br>Concord, NH 03301<br>603-271-3641 | Same |
| **NEW YORK** | Bureau of Investor Protection and Securities<br>New York State Department of Law<br>120 Broadway, 23rd Floor<br>New York, NY 10271<br>212-416-8222 | Attention: New York Secretary of State<br>New York Department of State<br>One Commerce Plaza,<br>99 Washington Avenue, 6th Floor<br>Albany, NY 12231-0001<br>(518) 473-2492 |

| STATE | STATE ADMINISTRATOR | AGENT FOR SERVICE OF PROCESS |
|---|---|---|
| **NORTH CAROLINA** | Secretary of State's Office/Securities Division<br>2 South Salisbury Street<br>Raleigh, NC 27601<br>919-733-3924 | Secretary of State<br>Secretary of State's Office<br>Same Address |
| **NORTH DAKOTA** | North Dakota Securities Department<br>600 East Boulevard Avenue<br>State Capitol, Fifth Floor<br>Bismarck, ND 58505-0510<br>701-328-4712; Fax: 701-328-0140 | North Dakota Securities Commissioner<br>Same Address |
| **OHIO** | Attorney General<br>Consumer Fraud & Crime Section<br>State Office Tower<br>30 East Broad Street, 15th Floor<br>Columbus, OH 43215<br>614-466-8831 or 800-282-0515 | Same |
| **OKLAHOMA** | Oklahoma Securities Commission<br>2915 Lincoln Blvd.<br>Oklahoma City, OK 73105<br>405-521-2451 | Same |
| **OREGON** | Department of Insurance and Finance<br>Corporate Securities Section<br>Labor and Industries Building<br>Salem, OR 96310<br>503-378-4387 | Director<br>Department of Insurance and Finance<br>Same Address |
| **RHODE ISLAND** | Rhode Island Department of Business Regulation<br>Securities Division<br>John O. Pastore Center – Building 69-1<br>1511 Pontiac Avenue<br>Cranston, RI 02920<br>401-222-3048 | Director, Rhode Island Department of Business Regulation<br>Same address |
| **SOUTH CAROLINA** | Secretary of State<br>P.O. Box 11350<br>Columbia, SC 29211<br>803-734-2166 | Same |
| **SOUTH DAKOTA** | South Dakota Department of Labor and Regulation<br>Division of Securities<br>124 S. Euclid, Suite 104<br>Pierre, SD 57501<br>605-773-4823 | Director of the South Dakota Division of Securities<br>Same Address |
| **TEXAS** | Secretary of State<br>Statutory Documents Section<br>P.O. Box 12887<br>Austin, TX 78711-2887<br>512-475-1769 | Same |

| STATE | STATE ADMINISTRATOR | AGENT FOR SERVICE OF PROCESS |
|---|---|---|
| **UTAH** | Utah Department of Commerce<br>Consumer Protection Division<br>160 East 300 South (P.O. Box 45804)<br>Salt Lake City, UT 84145-0804<br>TELE: 801-530-6601<br>FAX:801-530-6001 | Same |
| **VIRGINIA** | State Corporation Commission<br>Division of Securities and Retail Franchising<br>Tyler Building, 9th Floor<br>1300 E. Main Street<br>Richmond, VA 23219<br>804-371-9733 | Clerk of the State Corporation Commission<br>Tyler Building, 1st Floor<br>1300 E. Main Street<br>Richmond, VA 23219<br>804-371-9051 |
| **WASHINGTON** | Department of Financial Institutions<br>Securities Division<br>150 Israel Rd S.W.<br>Tumwater, WA 98501<br>360-902-8762 | Director, Dept. of Financial Institutions<br>Securities Division<br>150 Israel Rd S.W.<br>Tumwater, WA 98501 |
| **WISCONSIN** | Wisconsin Dept. of Financial Institutions<br>Division of Securities<br>345 W. Washington Avenue, 4th Floor<br>Madison, WI 53703<br>608-266-8557 | Wisconsin Commissioner of Securities<br>Same Address |

# EXHIBIT E

# LIST OF COMPANY-OWNED RESTAURANTS

## EXHIBIT E

## LIST OF COMPANY-OWNED RESTAURANTS

The following is a list of our Company-Owned Restaurants in the United States as of the date of this Franchise Disclosure Document:

**California**

Beyond Restaurant Group Irvine, LLC
Culver Plaza
15333 Culver Drive, Space #410
Irvine, CA 92604
Phone: 949-629-3875

Beyond Restaurant Group CA, LLC
211 Castro St.
Mountain View, CA 94041
Phone: 650-336-0058

Beyond Restaurant Group Riverview, LLC
55 River Oaks Place, Suite 30
San Jose, CA 95134
Phone: 408-912-2306

Beyond Restaurant Group Cupertino, LLC
10869 N Wolfe Rd
Cupertino, CA 95014
(Outlet not yet opened)

**New York**

Pokefresh NY LLC
63 W 37th Street
New York, NY 10018
Phone: (212) 575-8881

Pokeworks NY 2 LLC
122 E 42nd Street
New York, NY 10168
Phone: TBD

Pokeworks NY 3 LLC
21 East 15th Street
New York, NY 10003
Phone: 646-395-9884

**Washington**
Pokeworks Seattle, LLC
1200 Third Avenue, Suite 100
Seattle, WA 98101
Phone: 206-962-5123

**Washington**
Beyond Restaurant Group WA, LLC
222 Bellevue Way
Bellevue, WA 98004
Phone: TBD
(Outlet not yet opened)

# EXHIBIT F

# LIST OF FRANCHISEES

## EXHIBIT F

## LIST OF FRANCHISEES

The following is a list of our Franchisees in the United States as of the date of this Franchise Disclosure Document:

Pokeworks For Me, LLC
Brett Sigworth
261 Elm Street
Somerville, MA 02144
Phone: 617-996-1198

The following is a list of our franchisees who have signed agreements but the stores have not yet opened in the United States as of the date of this Franchise Disclosure Document:

Pokeworks For Me, LLC
Boston, MA

# EXHIBIT G

# STATE ADDENDUM

## EXHIBIT G

## SPECIFIC DISCLOSURES REQUIRED BY VARIOUS STATES

The Pokéworks Franchise Disclosure Document ("**FDD**") and Franchise Agreement ("**FA**") are modified and/or clarified as follows for franchisees and prospective franchisees in the following states:

***CALIFORNIA***

Franchise Disclosure Document

**ITEM 17 of the Franchise Disclosure Document is revised to including the following:**

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

Neither the Franchisor, any person or franchise broker in ITEM 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

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

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

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 and following).

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

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

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise

Investment Law (California Corporations Code Sections 3100 Through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

You must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations, Title 4 for the sale of alcoholic beverages.

California local county health departments inspect restaurants and other retail food facilities to ensure compliance with safe food handling practices and adequacy of kitchen facilities.

***ILLINOIS***

Franchise Disclosure Document

**ITEM 17 of the Franchise Disclosure Document and the Franchise Agreement is amended by adding the following:**

> In accordance with Illinois law 815 ILCS 705/19 and Rule Section 200.608, any provision in the Franchise Agreement or Multiple Unit Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois, except that the Franchise Agreement and Multiple Unit Development Agreement may provide for arbitration outside Illinois. In addition, Illinois law will govern the Franchise Agreement and Multiple Unit Development Agreement.

**The following should be added to Provision f. of ITEM 17 of the Franchise Disclosure Document:**

> Illinois law may affect the conditions under which we may terminate the Franchise Agreement or Multiple Unit Development Agreement, 815 ILCS 705/19 and Rule 200.608.

**The following should be added to Provision i. of ITEM 17 of the Franchise Disclosure Document:**

> Illinois law may affect your rights upon non-renewal, 815 ILCS 705/19 and 705/20.

Section 200.702 requires any person to whom the right to sell subfranchises or to service franchises is granted must first register as a subfranchisor prior to soliciting or servicing Illinois franchisees. The Franchise Disclosure Document is amended accordingly, to the extent required by Illinois law.

Franchise Agreement

**Article 2.2(a)(i) of the Franchise Agreement is deleted in its entirety.**

**Article 2 of the Franchise Agreement is amended by adding the following:**

2.4. **Illinois Law**. Your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

**Article 12.4(i) of the Franchise Agreement is deleted in its entirety.**

**Article 9 of the Franchise Agreement is amended by adding the following:**

**Illinois Law**. The conditions under which your franchise can be terminated may be affected by Illinois law, 815 ILCS 7051/19 and Rule 200.608.

**Article 16.2 of the Franchise Agreement is deleted in its entirety, and in its place is added:**

This Agreement shall be interpreted under the laws of the State of Illinois except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.).

**The first sentence of Article 16.5 of the Franchise Agreement is revised to read as follows:**

This Agreement and the representations contained in the Franchise Disclosure Document set forth the entire understanding between the parties relating to the subject matter hereof, and there are no agreements, promises, representations or understandings between the parties.

**Article 16.14(e) is revised to provide that litigation under this provision will take place in Illinois.**

Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is amended to the extent required by Illinois law.

The governing law or choice of law clause described in the Franchise Disclosure Document and contained in the Franchise Agreement may not be enforceable under Illinois law. This governing law clause shall not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable.

**Article 16.15 is amended by the addition of the following as the last sentence of the section:**

"However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 at Section 705/4."

Multiple Unit Development Agreement

**Article XVIII** is revised to provide that the Multiple Unit Development Agreement will be interpreted by the laws of State of Illinois and is revised to provide that litigation will take place in Illinois.

Any provision in the Multiple Unit Development Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is amended to the extent required by Illinois law.

The governing law or choice of law clause described in the Franchise Disclosure Document and contained in the Multiple Unit Development Agreement may not be enforceable under Illinois law. This governing law clause shall not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable.

***(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)***

***MARYLAND***

The Franchise Agreement, Multiple Unit Development Agreement, Acknowledgement, and the Statement of Prospective Franchisee are amended to state: "All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

ITEM 17 of the Franchise Disclosure Document, and the appropriate sections of the Multiple Unit Development Agreement, Franchise Agreement, and/or Receipt are amended to provide that the general release required, as a condition of renewal, sale and/or assignment transfer, shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

ITEM 17 of the Franchise Disclosure Document and sections of the Multiple Unit Development Agreement and Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration & Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

ITEM 17 of the Franchise Disclosure Document and sections of the Multiple Unit Development Agreement, and Franchise Agreement are amended to state that any limitation of claims provision will not act to reduce the amount of time afforded a franchise for bringing claims under the Maryland Franchise Registration and Disclosure Law.

The Franchise Disclosure Document, Multiple Unit Development Agreement, and Franchise Agreement are amended to state that you may commence any cause of action against us in any court of competent jurisdiction, including the state or federal courts of Maryland. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

The following is added as the last paragraph to the Statement of Franchisee attached as Attachment J to the Franchise Agreement: "The representations made in this Statement of Franchisee are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

The Multiple Unit Development Agreement and Franchise Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 and following).

The undersigned does hereby acknowledge receipt of this addendum.

DATED: _____.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| **Beyond Franchise Group, LLC** | _____ |
| By:_____ | By:_____ |
| Title:_____ | Title:_____ |

*MICHIGAN*

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

1. A prohibition on the right of a franchisee to join an association of franchisees.

2. A requirement that a franchisee asset to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

3. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

4. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(a) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

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

*MINNESOTA*

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

The Franchise Disclosure Document and Franchise Agreement are amended to state that we will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Pursuant to Minnesota Statute 80C.12 subdivisions 1(g), to the extent required by law, the Franchise Disclosure Document is amended to state that we will protect your right to use the trademark, service mark, trade name, logo or other commercial symbol or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of our trade name.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a general release. The Franchise Disclosure Document and Franchise Agreement are modified accordingly, to the extent required by Minnesota law.

*NEW YORK*

Offering Prospectus

**The following is added to the Cover Page of this Franchise Disclosure Document:**

**SPECIAL RISK FACTORS:**

**THE FRANCHISE AGREEMENT PERMITS YOU TO ARBITRATE WITH US ONLY IN LOS ANGELES, CALIFORNIA. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH THE FRANCHISOR IN THE ONTARIO THAN IN YOUR HOME STATE.**

**THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**

**THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

**INFORMATION ABOUT COMPARISONS OF FRANCHISORS MAY BE AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC**

**LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.**

**WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.**

**The following should be added to ITEM 3 of this Franchise Disclosure Document:**

Neither Pokéworks, its predecessor, a person identified in ITEM 2, or an affiliate offering franchises under Pokéworks's principal trademark has an administrative, criminal or civil action pending against it alleging a fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

Neither Pokéworks, its predecessor, a person identified in ITEM 2, or an affiliate offering franchises under Pokéworks's principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging a violation of a franchise, antifraud or securities law; fraud, embezzlement fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither Pokéworks, its predecessor, a person identified in ITEM 2, or an affiliate offering franchises under Pokéworks's principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person form membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any to the business activity as a result of an action brought by a public agency or department, including without limitation, action affecting a license as a real estate broker or sales agent.

**The following should be added to ITEM 4 of this Franchise Disclosure Document:**

Neither Pokéworks, its affiliate, its predecessor, officers or general partner during the 10-year period immediately before the date of the Franchise Disclosure Document: (a) filed as debtor or had filed against it) a petition to start an action under the U.S. Bankruptcy Code (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer or a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to

start an action under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

**The following should be added to ITEM 5 of this Franchise Disclosure Document:**

Proceeds from the Initial Franchise Fee will be used to cover our expenses associated with such things as:

(1) Providing you with initial training;

(2) Protection and enforcement of all trademarks, trade names and commercial symbols associated with our System;

(3) Legal and accounting fees and compliance with state and federal laws;

(4) Administrative expenses; and

(5) Provision of an operations manual.

**The following should be added to Provision d. of ITEM 17 of this Franchise Disclosure Document:**

You may terminate upon any ground permitted by law.

**The following should be added to Provision j. of ITEM 17 of this Franchise Disclosure Document:**

However, no assignment will be made except to an assignee who, in our good faith and judgment, is willing and able to assume our obligations under the Franchise Agreement.

The following should be added to Provision s. of ITEM 17 of this Franchise Disclosure Document:

Revisions to the Manual will not unduly affect your obligations, including economic requirements, under the Franchise Agreement.

The following should be added to Provision w. of ITEM 17 of this Franchise Disclosure Document:

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

Franchise Agreement

**Section 5.19 of the Franchise Agreement is amended by adding the following to the last sentence of the first paragraph:**

however, no changes to the Manual will be made which would impose an unreasonable economic burden to you or unreasonably increase your obligation;

**Section 16.2 of the Franchise Agreement shall be amended by adding the following:**

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

***NORTH DAKOTA***

Sections of the Franchise Disclosure Document and Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and or assignment, may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

The Franchise Agreement, Area Development Agreement and Non-Disclosure and Non-Competition Agreement, contain a covenant not to compete which may not be enforceable under North Dakota law.

Sections of the Franchise Disclosure Document, Franchise Agreement and Area Development Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document, Franchise Agreement and Area Development Agreement relating to choice of law, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement requiring you to consent to liquidated damages and/or termination penalties, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document, Franchise Agreement and Area Development Agreement requiring you to consent to a waiver of trial by jury, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

***RHODE ISLAND***

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The Franchise Disclosure Document, and the Franchise Agreement are amended accordingly to the extent required by law.

The above language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

***VIRGINIA***

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Beyond Franchise Group, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to ITEM 17.e.

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
>
> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Beyond Franchise Group, LLC for use in the Commonwealth of Virginia shall be amended as follows:

> Additional Disclosure. The following statements are added to ITEM 17.h.
>
> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

***WASHINGTON***

The following should be added to Provision d. of ITEM 17 of this Franchise Disclosure Document:

You may terminate upon any ground permitted by law.

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor 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 the franchisor 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 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.

DATED: _____.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| **Beyond Franchise Group, LLC** | _____ |
| By:_____ | By:_____ |
| Title:_____ | Title:_____ |

**This addendum may also be used as a rider to the franchise disclosure document.**

**ACKNOWLEDGMENT:**

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Agreement or Multiple Unit Development Agreement, dated the _____ day of _____, 20__, and of the Franchise Disclosure Document.

**BEYOND FRANCHISE GROUP, LLC:**

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

**FRANCHISEE:**

By: _____
Date: _____

**GUARANTOR:**

By: _____
Date: _____

# EXHIBIT H

# OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT H

# Franchise Operations Manual

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# EXHIBIT I

# LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

## EXHIBIT I

## LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

The following is a list of our franchisees in the United States who have left the system during our last fiscal year:

NONE.

# EXHIBIT J

# RECEIPT

# EXHIBIT J

## RECEIPT
## (Retain This Copy)

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

If Pokéworks 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, Pokéworks or an affiliate in connection with the proposed franchise sale. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, Pokéworks must provide this disclosure document to you at your first personal meeting to discuss the franchise.

New York State Law requires a franchisor to provide the franchise 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.

If Pokéworks 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, DC 20580, and the appropriate state agency identified on **Exhibit D**.

The name, principal business address and telephone number of the franchise seller offering the franchise is Michael Wu at 315 Cloverleaf Drive, Suite F, Baldwin Park, CA 91706, (831) 535-9061.

Issuance Date: **April 28, 2017**

See **Exhibit D** for Pokéworks's registered agents authorized to receive service of process.

I have received a disclosure document dated April 28, 2017 that included the following Exhibits:

| | |
|---|---|
| Exhibit A: | Financial Statements |
| Exhibit B: | Franchise Agreement with Schedules |
| Exhibit C: | Multiple Unit Development Agreement with Attachments |
| Exhibit D: | List of State Franchise Administrators and Agents for Service of Process |
| Exhibit E: | List of Company-Owned Restaurants |
| Exhibit F: | List of Franchisees |
| Exhibit G: | State Addendum |
| Exhibit H: | Operations Manual Table of Contents |
| Exhibit I: | List of Franchisees Who Have Left the System |
| Exhibit J: | Receipt |

| _____ | _____ | _____ |
|---|---|---|
| Date | Signature | Printed Name |

Please sign this copy of the receipt, date your signature, and return it to Michael Wu, 315 Cloverleaf Drive, Suite F, Baldwin Park, CA 91706.

# EXHIBIT J

## RECEIPT
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