# FRANCHISE DISCLOSURE DOCUMENT

Qamaria Yemeni Coffee Franchise, LLC
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This Franchise Disclosure Document describes a Qamaria Yemeni Coffee Co. franchise. A Qamaria Yemeni Coffee Co. franchise is a coffee cafe offering traditional Yemeni beverages, hot and iced coffees, and fresh traditional pastries.

The total investment necessary to begin operation of a single-unit Qamaria Yemeni Coffee Co. franchise (hereinafter, "Qamaria Coffee Business" or "Business") is between $241,150 and $357,800. This includes $55,000 to $60,000 that must be paid to us or our affiliate.

The total investment necessary to begin operation of a Qamaria Coffee Business under an Area Development Agreement is between $281,150 and $437,800 for a development schedule ranging between 3 and 5 cafes, and is determined by multiplying $20,000 times the number of franchised Businesses in your development schedule. This amount includes your required investment for your initial café and the Development Fee that must be paid to us. The minimum number of cafes that we will consider to enter into an Area Development Agreement is 3.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Hatem Aleidaroos at 1468 John A. Papalas, Lincoln Park, MI 48146, franchise@qamariacoffee.com and 248-242-6348.

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

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

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

**Issuance Date: July 5, 2024**

## How To Use This Franchise Disclosure Document

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

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

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

**Renewal**. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

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

## Some States Require Registration

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

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

## Special Risks To Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Michigan. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Michigan than in your own state.

2. **Short Operating History.** The franchisor is at an early state of development and has limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **Financial Condition**. The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide service and support you.

4. **Supplier Control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at the prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

5. **Unregistered Trademark**. One of the primary trademarks that you will use in your business is not federally registered. If the franchisor's right to use that trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

6. **Unopened Franchises**. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

**FRANCHISE DISCLOSURE DOCUMENT FOR PROSPECTIVE FRANCHISEES REQUIRED BY THE STATE OF MICHIGAN**

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise agreement or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise agreement.

(e) A provision that permits the franchisor to refuse to renew a franchise agreement on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subsection does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then- current, reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subsection 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 subsection 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 subsection (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless a 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.

If you have any questions regarding the foregoing provisions, contact the Michigan Department of Attorney General, Consumer Protection Division, Franchise, P.O. Box 30213, Lansing, Michigan 48909, (517) 355-7567.

**The Michigan Notice applies only to Franchisees who are residents of Michigan or locate their franchises in Michigan.**

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**Exhibits**

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

To simplify the language in this Franchise Disclosure Document, "Qamaria Coffee," "we," "us," and "our" means Qamaria Yemeni Coffee Franchise, LLC, doing business as Qamaria Coffee, the franchisor. "You," "your," and "Franchisee" means the person who buys the franchise from Qamaria Coffee and its owners, if the Franchisee is a business entity.

Franchisor, Parents, Predecessors, and Affiliates

Qamaria Yemeni Coffee Franchise, LLC is a Michigan limited liability organized on May 25, 2021. Our principal business address is 1468 John A. Papalas, Lincoln Park, MI 48146. We operate under our company name and the name "Qamaria Coffee." We began offering and selling Qamaria Coffee franchises in May 2021. We do not offer, and have not offered, franchises in any other line of business. At this time, our business activities include the operation of the Qamaria Coffee franchise system. We may also offer and sell products and services to our franchisees. We do not currently have other business activities. We reserve the right to conduct other business activities in the future.

We do not have any parents or predecessors. We have 2 affiliates. Our affiliate, Kanz Yemeni Coffee, LLC ("Kanz") sources coffee beans directly from Yemen. Kanz's principal business address is the same as ours. Our affiliate, Direct Traders Yemen, LLC ("Direct Traders") purchases coffee beans from Kanz and sells certain goods to our franchisees, including coffee products, paper products, syrups, cups, and milk. Direct Traders' principal business address is the same as ours. Neither of our affiliates have offered franchises in any line of business. We or our affiliates, now existing or later created, may provide additional goods and services to our franchisees.

Qamaria Yemeni Coffee Franchises

We offer Qamaria Coffee franchises (the "Franchise") that use our trade names, trademarks, service marks, associated logos and symbols ("Marks"), business system, processes and procedures, and trade secrets (collectively, the "System"). You will conduct a business offering a variety of food and beverage products and services for sale to the general public for takeout or consumption on premises (the "Business"). The Franchise Business is a coffee cafe offering traditional Yemeni beverages, hot and iced coffees, and fresh traditional pastries (the "Approved Products and Services"). You must sign our standard form Franchise Agreement, which is attached to this Franchise Disclosure Document as Exhibit A (the "Franchise Agreement"). You may only operate a single Qamaria Coffee Business Franchise for each Franchise Agreement you sign.

A Qamaria Coffee Business Franchise may be located in an attached or free-standing building in a commercial complex, in a strip mall, in a shopping center, or another location approved by us. The size of the location may vary from approximately 2,000 to 3,000 square feet with seating for 30 to 40. A Qamaria Coffee Business Franchise must be constructed to our specifications as to size, layout, color, scheme, décor, etc. A Qamaria Coffee Business Franchise will typically be located in a metropolitan area or surrounding suburbs with proximity to high traffic areas.

Development Program

If you would like to develop more than one Qamaria Coffee Business within a particular designated development area, and we agree to grant you development rights in that particular designated development area, you must sign a development agreement with us (the "Area Development Agreement"). If we do this with you, you will be given the right to develop an agreed-upon number of Qamaria Coffee Business franchises within a specific time period and in a defined development area. For each future unit Franchise, you will be required to sign our then-current form of Franchise Agreement that may be different from the form Franchise Agreement included in this Franchise Disclosure Document. The Area Development Agreement is attached as Exhibit B.

Market Competition

The market for the goods and services offered by a Qamaria Coffee Business is well-established and the Business is very competitive. As a Qamaria Coffee franchisee, you will be competing with a variety of food service establishments, including casual Businesses or Business chains and quick-service restaurant chains. In addition, your competitors will include other restaurants that serve related food items. Some of these competitors are larger, international companies and may include other franchised restaurants, offering similar types of beverages and food products. This is a very well-developed market and you will be operating your Qamaria Coffee Franchise in this highly competitive environment. Sales are not seasonal.

Industry Regulations

You must comply with all local, state, and federal laws and regulations relating to your Franchise Business and businesses in general. Building codes and requirements vary in different jurisdictions and it is important for you and your architect to be aware of and comply with all local laws as well as the federal laws including without limitation the Americans with Disabilities Act, Fair Labor Standards Act, Family and Medical Leave Act, Affordable Care Act, Federal Wage and Hour Laws, Title VII of the Civil Rights Act, Age Discrimination in Employment Act, Employee Retirement Income Security Act, and the Occupational Safety and Health Act. You must become familiar with federal, state and local laws and health regulations regulating restaurants and food handling and labeling generally, including any requirements related to nutritional representations and menu labeling, such as United States Department of Agriculture (USDA) standards; truth in menu and labeling laws; storage, preparation, and sale of food and beverage products; and health, sanitation, and safety regulations relating to food service. These laws and regulations may vary significantly from state to state and even from locality to locality. Some local agencies may require that employees who prepare your food products become certified food handlers. In order to obtain certification, your employees may be required to attend instructional courses, pass required tests and pay a fee. You should check with city, township and county regulatory agencies to determine if certification will be required of your employees. Laws exist in every state and most local units of government (cities, townships, villages, counties, etc.) that govern the food service industry including, without limitation, health, sanitation, and safety regulations regarding food storage, preparation, and safety. It is your sole responsibility to obtain, and keep in force, all necessary licenses and permits required by public authorities. The Federal Clean Air Act and various other state laws require certain state and local areas to meet national

air quality standards limiting emissions of ozone, carbon monoxide, and particles, including caps on emissions from commercial food preparation. Some state and local governments also regulate indoor air quality, including prohibiting the use of tobacco products in public places. It is your sole responsibility to maintain compliance with all applicable federal, state, or local laws, regulations, or ordinances.

In addition, you must ensure compliance with Payment Card Industry ("PCI") Data Security Standard ("DSS") Requirements and Security Assessment Procedures and other applicable PCI requirements ("PCI Requirements"). The purpose of the PCI Requirements is to ensure the protection and privacy of customer information and credit card numbers. The PCI Requirements require secured data connections and other steps to protect information. The PCI Requirements are substantial and complex and change regularly, so you must devote material business and management time and effort to your compliance efforts. You could incur significant liability if there is credit card fraud and you have not complied with the PCI Requirements.

There may be other laws and regulations applicable to your business.

Prior Business Experience

Neither we nor our affiliates operate a business of the type to be operated by our franchisees. We have offered franchises for the type of business to be operated by our franchisees since May 2021. Our affiliates have not offered franchises for the same type of business to be operated by our franchisees. Except as described above, neither we nor our affiliates have offered franchises in any other line of business.

## ITEM 2
## BUSINESS EXPERIENCE

Hatem Aleidaroos – Co-Founder and Operations Manager

Hatem Aleidaroos is one of our co-founders and has served as our Operations Manager since our inception in May 2021. Mr. Aleidaroos has also been a co-owner of our affiliates Kanz and Direct Traders since their inception in December 2022 and May 2019, respectively. From February 2018 to July 2019, Mr. Aleidaroos served as the Operations Manager at Aleidaroos Wholesale located in Dearborn, Michigan.

Munif Mawri – Co-Founder and Financial Manager

Munif Mawri is also one of our co-founders and has served as our Financial Manager since our inception in May 2021. Mr. Mawri has also been a co-owner of our affiliates Kanz and Direct Traders since their inception in December 2022 and May 2019, respectively. Since August 2018, Mr. Mawri has also served as a Manager of an Express Discount Pharmacy located in Lincoln Park, Michigan.

Sanad Mashgari - Chief Operating Officer

Sanad Mashgari has served as our Chief Operating Officer since January 2023. From January 2019 to January 2023 Mr. Mashgari served as a consultant at Blueprint Studio, LLC located in Dearborn, Michigan.

Zak Mahdi - Owner

Mr. Mahdi has been one of our owners since January 2023. Mr. Mahdi has also owned an interest in our affiliates Kanz and Direct Traders since December 2022 and January 2023, respectively. Since 2006, Mr. Mahdi has also owned his own law firm, The Zak Mahdi Law Firm, located in Dearborn, Michigan.

## 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

Initial Franchise Fees

You must pay us an initial franchise fee (the "Initial Franchise Fee") of $40,000. The Initial Franchise Fee is payable in full at the time you sign the Franchise Agreement. All Initial Franchise Fees are earned at the time of payment and are not refundable under any circumstances. Except as provided below, Initial Franchise Fees are uniform. It is our intention to charge all new franchisees the same Initial Franchise Fee.

You must pay our affiliate, Direct Traders, $15,000 to $20,000 for your initial supply of certain coffee products, paper products, syrups, milks, and cups. You must pay this fee before you open for business and immediately upon invoice. This payment is not refundable.

Development Rights

If you sign an Area Development Agreement, you must develop an agreed-upon number of Qamaria Coffee Business Franchises within a designated development area within a certain period of time (the "Development Schedule"). The minimum number of Franchises that we will consider to enter into an Area Development Agreement is 3. You must pay a Development Fee of $20,000 multiplied by the number of Franchises that you agree to develop in the designated development area (the "Development Fee"). You must pay the Development Fee in full when you sign the Area Development Agreement. The Development Fee is uniform, payable for the reservation of future development rights in the designated development area and is not refundable under any

circumstances. You will sign a separate franchise agreement in our then-current form, the terms and conditions of which may be materially different than the franchise agreement attached as Exhibit A, for each Franchise opened according to the Development Schedule and pay the nonrefundable then-current Initial Franchise Fee. We will credit $20,000 against the then-current Initial Franchise Fee for each Franchise you develop. You will pay the then-current Initial Franchise Fee each time you execute a Franchise Agreement. We will grant additional franchises under the Area Development Agreement according to the terms of the Area Development Agreement.

## ITEM 6
## OTHER FEES

| Type of Fee[(1)] | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty[(2)] | 5% of Gross Revenues. | Monthly via ACH by the 10th of the Month for Gross Revenues earned during the previous month. | Based on Gross Revenues (as defined herein) earned during the previous month. |
| Brand Fund Fee | Up to 2% of Gross Revenues. Currently, 0% of Gross Revenues | Monthly via ACH by the 10th of the Month for Gross Revenues earned during the previous month. | We do not currently impose a Brand Fund Fee but reserve the right to charge up to 2% of Gross Revenues. If we operate any corporate or affiliate owned Businesses and begin collecting a Brand Fund Fee, they will contribute to the Brand Fund on the same basis as franchisees. |
| Technology Fee | Up to $250 per month. Currently, $100 per month | Monthly via ACH on the 10th day of the month. | We currently charge a technology fee in the amount of $100 per month, which amount may increase over the term of the Franchise Agreement as implemented through our operations manuals. These amounts will be used by us for expenses relating to the development and maintenance of technology used in our System. |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Local Marketing Requirement[3] | 1% of monthly Gross Revenues | As incurred. | You must spend this amount each month on advertising in your local market. Any marketing materials you wish to use must first be approved by us in writing. If you fail to spend the local marketing requirement in any given period, you are required to pay the difference to the Brand Fund. |
| Cooperative Advertising Programs | Not to exceed 2% of Gross Revenue | As Cooperative Program directs | We may require your expenditures to be used in cooperative advertising and such contribution amount is determined by the cooperative, of which you will be a voting member. Contributions to the advertising cooperative may exceed the local marketing requirement but will in no event be more than 2% of Gross Revenue, and you will receive credit for each dollar contributed to the cooperative toward your local advertising requirement. See Item 11 for more information about Cooperative Advertising Programs |
| National Franchise Convention Fee | Currently $500 | Annually | Payable to us. |
| Operations Manual Replacement Fee | Currently $250 | As incurred. | Payable to us if you lose or destroy the Operations Manual. |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Additional Training or Assistance | Currently, $250 per person, per day plus our actual expenses | When training or assistance begins. | We may charge you if we determine you or your managers need additional training; for refresher training courses; for the annual convention; and for special assistance or training you need or request. For all training sessions and conferences, you must pay for your trainees' and representatives' wages, salaries, and benefits, and for their travel, lodging and meal expenses. |
| Transfer Fee | 30% of our then-current initial franchise fee or 5% of sales price, whichever is higher | Before transfer completed. | No charge if Franchise Agreement transferred to an entity you control. |
| Renewal Fee | 20% of our then-current initial franchise fee | At time of renewal. | Payable to us as one condition of our approval of your renewal. |
| Relocation Assistance | Cost of relocation | At time of assistance | If you need our assistance to relocate. |
| Inventory | Varies | On receipt of billing | You are required to purchase your ongoing supply of certain inventory items from our affiliate, Direct Traders. |
| Testing of Products or Approval of new Suppliers | Not to exceed $1,000 | When billed. | This covers the costs of testing new products or inspecting new suppliers you propose to us. |
| Audit | Cost of inspection | 15 days after billing. | Due if you do not give us reports, supporting records or other required information, or if you understate required Continuing Support and Royalty payments or Fund contributions by more than 2%. |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Maintenance and Refurbishing of Business | You must reimburse our expenses | 15 days after billing. | If, after we notify you, you do not undertake efforts to correct deficiencies in Business appearance, then we can undertake the repairs and you must reimburse us. |
| Insurance | You must reimburse our costs | 15 days after billing. | If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us. |
| Insufficient Funds | $75 | As incurred. | Due if you have insufficient funds to cover a payment, or if you pay by check, a check is returned for insufficient funds. |
| Cost of Enforcement | All costs including reasonable attorneys' fees | Upon demand. | You must reimburse us for all costs in enforcing obligations if we prevail, under both the Franchise Agreement and Regional Area Development Agreement. |
| Management Fee | $250 per person per day (plus actual costs and expenses) | As incurred. | Due when we (or a third party) manage your Business after your managing owner's death or disability or after your default or abandonment. |
| Indemnification | Will vary | As incurred. | You must reimburse us if we are held liable for claims from your Business' operation. |
| Liquidated Damages | See Note (4) | On Demand | Payable as part of the damages due to us if you breach the Franchise Agreement and the Franchise Agreement is terminated. |

Notes:

1. All fees are imposed by and payable to us or our affiliates except the local advertising requirement, which may be paid directly to advertising providers. All fees paid to us are non-refundable. We intend to uniformly impose the fees described in the table. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers.

   You must make all payments to us by electronic funds transfers (automatic bank transfers).

You must install, at your expense, and use pre-authorized payment and computerized point-of-sales systems, credit verification systems, automatic payment systems, electronic funds transfer systems, or automatic banking systems as we may specify. We may specify these requirements to fulfill any business purpose reasonably related to the operation of your Franchise and to allow us to access reports of Gross Revenues and other information and to initiate electronic or other transfers of all payments you are required to make to us. We may specify that any or all required payments to us be made daily, weekly, monthly, or another interval, instead as otherwise provided in the Franchise Agreement. We may require you to make required payments at different intervals than other franchisees.

2. As used in the Franchise Agreement, "Gross Revenues" means the total selling price of all services and products sold at or from your Franchise (not adjusted for credit card fees), including the full value of any gift certificate redeemed at your Franchise or coupon sold for use at your Franchise (fees retained by or paid to third-party sellers of such gift certificates or coupons are not excluded from calculation), and all income and revenue of every other kind and nature related to the operation or your Franchise, whether for cash or credit, but excluding taxes collected from customers and actually paid to taxing authority, and reduced by the amount of any documented refunds, credits, allowances, and chargebacks you in good faith give to customers.

3. You must provide documentation to our satisfaction that you have spent the required amount of local advertising or, in our discretion we may require you to pay the minimum local advertising amounts to us for advertising in your local market. If we require you to pay the minimum local advertising amounts to us, we may use these amounts, in our discretion, for local advertising and promotion for you or as part of cooperative advertising. If you fail to pay these amounts in your local market, you are required to pay the local advertising amount to us as additional royalty. If you participate in cooperative advertising, you will pay your proportionate share of each advertisement. If an advertising cooperative has been or is formed for your market, the cooperative may require advertising fees be paid to the cooperative, but only if authorized by a majority vote of the members of the cooperative. As of the date of this Franchise Disclosure Document, no advertising cooperatives have been formed. The amounts spent by you for local advertising, cooperative advertising, and any promotional programs specified by us will apply to your minimum local advertising obligations.

4. In addition to and not as an alternative to any other remedies available to us, if the Franchise Agreement is terminated before its expiration (other than termination by you for cause due to our breach), we will be entitled to recover from you damages attributable to the loss of bargain resulting from that termination. Our damages for loss of bargain will be the royalty fees and brand fund contributions that would have been payable to us for the balance of the term of the Franchise Agreement, but not more than 36 months. The aggregate amount of royalty fees and brand fund contributions that would have been payable will be calculated utilizing annual Gross Revenues equal to the annual Gross Revenues of the Franchise Business for the 12-month period [or such lesser period if you were not in operation for a full 12 months] immediately preceding the date of termination or the date that you ceased to operate if earlier than the date of termination and multiplying that amount by the applicable time period. If the Franchise Agreement is terminated by us before you open your Franchise, liquidated damages will be $100,000.

## ITEM 7 – ESTIMATED INITIAL INVESTMENT
## YOUR ESTIMATED INITIAL INVESTMENT

| Expenditure | Estimated Range | | Method of Payment | When Due | To Whom Payment is Made |
|---|---|---|---|---|---|
| | Low | High | | | |
| Initial Franchise Fee[1] | $40,000 | | As arranged | As incurred | To Us |
| Travel and Living Expenses While Training[2] | $500 | $4,000 | As arranged | As incurred | To third party |
| Real Estate Rent Deposits and Pre-Paid Expenses (3 months)[3] | $5,000 | $15,000 | As arranged | As incurred | To third party |
| Furniture, Fixtures, and Décor | $20,000 | $30,000 | As arranged | As incurred | Approved Suppliers |
| Construction of Leasehold Improvements[4] | $102,000 | $155,000 | As arranged | As incurred | To third party |
| Inventory and Supplies[5] | $15,000 | $20,000 | As arranged | As incurred | Our Affiliate or Approved Suppliers |
| Business Licenses and Permits [6] | $2,000 | $3,500 | As arranged | As incurred, before signing lease | To third party |
| Grand Opening | $2,000 | $3,000 | As arranged | As incurred | To third party |
| Computer and POS System [7] | $2,300 | $2,300 | As arranged | As incurred | Approved Suppliers |
| Insurance (3 months)[8] | $600 | $1,000 | As arranged | As incurred | To third party |
| Architectural/Engineering[9] | $7,000 | $15,000 | As arranged | As incurred | To third party |
| Equipment, TV, Cameras, and other Supplies | $30,000 | $40,000 | As arranged | As incurred | To third party |
| Signage[10] | $4,000 | $7,000 | As arranged | As incurred | To third party |
| Accountant and Attorney Fees[11] | $750 | $2,000 | As arranged | As incurred | To third party |
| Additional Funds (3 Months) [12] | $10,000 | $20,000 | As arranged | As incurred | To third party |
| **TOTAL ESTIMATED INITIAL INVESTMENT** | **$241,150** | **$357,800** | | | |

### Qamaria Coffee Area Development Program

| Expenditure | Estimated Range Area Development Program | | Method of Payment | When Due | To Whom Payment is Made |
|---|---|---|---|---|---|
| Initial Investment for Your Initial Business | $241,150 | $357,800 | See Chart Above | | |

| Expenditure | Estimated Range Area Development Program | | Method of Payment | When Due | To Whom Payment is Made |
|---|---|---|---|---|---|
| Area Development Fee[12] | $40,000 | $80,000 | Lump Sum | Upon entering into Area Development Agreement | To Us |
| **TOTAL ESTIMATED INITIAL INVESTMENT UNDER THE AREA DEVELOPMENT PROGRAM[13]** | **$281,150** | **$437,800** | | | |

Notes:

(1) The Initial Franchise Fee is payable to us when you sign your Franchise Agreement. This amount is not refundable. Except as may be noted, none of the payments to us or our affiliate are refundable. The refundability of payments to other parties is determined by your agreements with those parties.

(2) This estimate is for the cost of two (2) people to attend our initial training program in Lincoln Park or Commerce, Michigan. You are responsible for the travel and living expenses, wages, and other expenses incurred by your trainees during initial training. The actual cost will depend on your point of origin, method of travel, class of accommodations, and dining choices.

(3) This estimate is based on a commercial lease of approximately 2,000 to 3,000 square feet of interior retail space. The initial charge to you for leasing your franchise location is estimated to be 1 to 3 months of rent, a portion of which may include a security deposit. Your rent may be subject to escalation clauses based on inflation or other factors as provided in your lease. The annual rent amount may vary significantly depending on the condition, location, and size of the location and the demand for the location among prospective tenants. Our estimates are based on our experience in the markets in which we currently conduct business. Your rent costs could be lower or significantly higher if your location is in an area in which we do not conduct business. The estimates in the table do not reflect an amount for investment in real estate, since real estate costs vary significantly from market to market. Your initial investment will be much greater if you purchase real estate and construct your Franchise Location and we do not have any estimate of those costs.

(4) This category includes mechanical installations (e.g., HVAC), leasehold improvements (e.g. walls and counters, wall and floor coverings, ceilings, lighting, electrical and plumbing) for the franchise location. The costs of these items may vary considerably depending on the size, physical condition and location of the premises and the amount of the costs, if any, a landlord may be willing to assume (however, if the landlord assumes costs, you will probably pay a higher rent for the location and you may have to personally guaranty the lease payments for a period of time to allow the landlord to amortize its costs). The estimated cost assumes the landlord will provide you with a "white box," including utility hookups, etc. or will directly pay or reimburse you for a

portion of the expenses. If the landlord does not provide a "white box" or pay or reimburse you for a portion of the expenses, you may have to incur substantial additional expenses for leasehold improvements. The estimated range does not include fees and costs relating to obtaining building and other permits and licenses.

(5) You must purchase your initial and ongoing inventory of products and promotional items as we require from our affiliate and approved suppliers.

(6) This estimate includes the cost of acquiring business licenses and permits. Your costs will vary depending upon your Business's location.

(7) You must purchase certain computer equipment, POS Systems, and office supplies as we require. This estimate also includes the monthly fee for the first 3 months of operation that is charged by the supplier of the POS System. This estimate does not include any transaction fees or credit card fees charged by third parties.

(8) You must obtain and maintain, at your own expense, the insurance coverages we require and satisfy other insurance-related obligations. The amounts listed in this table reflect our estimate of basic insurance for your first three months of operation. Additional information regarding insurance needs, including coverage limits, can be found in Item 8 to this Franchise Disclosure Document.

(9) You are responsible for employing an architect or engineer to prepare drawings and specifications for the buildout and construction of your franchise location.

(10) You must purchase signage for the interior and exterior of your franchise location. The estimate varies based on the size of your franchise location and its exterior facade.

(11) We recommend that you consult with an attorney, accountant, and/or other advisors prior to purchasing a franchise. You must obtain state and local licenses and permits to operate the franchise.

(12) This category covers expenses you may incur during the three-month initial phase of your Business. These expenses may include advertising expenses, royalty, utilities, insurance premiums, payroll costs, additional inventory and supplies, etc. These expenses do not include any amounts for an owner's salary or draw. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the Business. We relied on our franchisees' experience in developing and operating similar businesses to formulate the amount required for this category.

(13) Based on a Development Schedule of 3-5 Franchises. If you sign an Area Development Agreement, you must develop an agreed-upon number of Franchises within the designated development area within a certain Development Schedule. The minimum number of Franchises that we will consider to enter into an Area Development Agreement is 3. You must pay a Development Fee of $20,000 multiplied by the number of Franchises that you agree to develop in

the designated development area. You must pay the Development Fee in full when you sign the Area Development Agreement. The Development Fee is payable for the reservation of future development rights in the designated development area and is not refundable under any circumstances. You will sign a separate franchise agreement in our then-current form, the terms and conditions of which may be materially different than the Franchise Agreement attached as Exhibit A, for each Franchise opened according to the Development Schedule and pay the nonrefundable then-current Initial Franchise Fee. However, we will credit $20,000 against the then-current Initial Franchise Fee for each Franchise you develop under the Area Development Agreement. We will grant additional franchises under the Area Development Agreement according to the terms of the Area Development Agreement.

We recommend that you have at least 40% of your estimated initial investment in equity and no more than 60% of your estimated initial investment financed with debt. We do not offer any financing for any part of your initial investment. The first table describes our estimate of your initial investment to develop one Franchise. The estimate covers the period before the opening of your Franchise and includes a category for additional expenses you may incur during the initial three-month phase after the opening of your Franchise. The estimate does not include cash requirements to cover operating losses or owner's salary or draw after the initial phase of the franchise. You may need additional funds available, whether in cash or through credit lines, or have other assets that you may liquidate, or that you may borrow against, to cover your personal living expenses and any operating losses after the initial phase of your Franchise.

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

You must purchase all products and services used in the development and operation of your Franchise in accordance with our specifications and only from manufacturers, suppliers or distributors designated or approved by us.

Obligations to Purchase or Lease from the Franchisor or Designated Suppliers

We designate certain products and services used in the development and operation of your Franchise Business as "Designated Products or Services." Designated Products or Services must be purchased in accordance with our specifications and only from us, or a manufacturer, supplier, distributor, or other service provider specifically designated by us (which may be our affiliate, now or not yet in existence) (a "Designated Supplier"). We are not required to approve other suppliers for Designated Products or Services and we do not issue criteria to our franchisees for Designated Products or Services.

We currently designate the following products and services as Designated Supplier Products that must be purchased from a Designated Supplier: coffee machines; coffee products, paper products, syrups, milks, cups, branded product, marketing materials, signs; and POS system hardware and software;. Our affiliate Direct Traders is the Designated Supplier of coffee, paper products, syrups, milk, and cups. Other than Direct Traders, none of our officers or owners own an interest in any Designated Suppliers.

Obligations to Purchase or Lease from Approved Suppliers

Unless otherwise specified by us, all items used in the Franchise Business, other than Designated Products or Services, must be obtained in accordance with our specifications from a supplier that has been approved by us (an "Approved Supplier"). An Approved Supplier will be a supplier that: (a) meets our standards for quality and uniformity of goods and services and other relevant standards established by us; (b) we have designated in writing as an Approved Supplier; and (c) we have not later revoked the designation as an Approved Supplier.

Obligations to Purchase under Specifications

Although we have the right to require you to purchase all items used in connection with your Franchise from Designated and Approved Suppliers, in our discretion we may issue specifications for certain products and allow you to purchase those products from any source as long as the products comply with our specifications. We formulate and modify our specifications based on our experience in the Business. Factors that we consider include reliability and practicality for the intended use, and quality and uniformity of products and services. Except as described below with respect to the approval of products or suppliers, we are not required to issue our specifications to our franchisees. Also, we may not issue specifications for some products and supplies and we may allow you to purchase those products and supplies from any source until we issue specifications and/or supplier requirements for those items.

Your lease must be approved by us. It is your responsibility to evaluate the commercial reasonableness and suitability of your lease and we recommend that you engage independent counsel to assist you in the evaluation and negotiation of your lease. Also, unless we otherwise agree, you and your landlord must sign a lease addendum acknowledging certain rights we have under the Franchise Agreement that relate to your lease and you must sign a collateral assignment of lease that assigns the lease to us at our option on the occurrence of certain events. A copy of our standard lease addendum and collateral assignment of lease are attached as exhibits to the Franchise Agreement.

In addition, your franchise location must be constructed or improved in accordance with the specifications we have issued for build-out, décor, signage, equipment, layout, front of the house and back of the house space layout, etc. We must approve all drawings, plans and specifications relating to the design, construction and/or improvement of the franchise location. We will have the right to inspect and approve the construction before you open your Franchise to make sure the approved plans and any specifications issued by us have been followed. If, in our opinion, the approved plans and any applicable specifications have not been followed, you must resolve any issues to our satisfaction before opening your Franchise. Although we have the right to review and comment on and must approve all drawings, plans and specifications relating to the design, construction, and/or improvement of your franchise location, we are only acting to ensure compliance with the approved plans and any applicable specifications issued by us. We will not evaluate or be responsible for compliance with governmental requirements, legal requirements or adequacy of design and engineering relating to the design and construction and/or improvement of your Franchise Location and you are solely responsible for those matters. You must also abide by

our requirements on alterations, remodeling, upgrading, and other improvements to your franchise location. The requirements will not exceed those applicable to new franchisees, will not occur more frequently than every 5 years, and will not exceed $100,000. You are responsible for the costs of all required changes, additions, and improvements.

Alternative Supplier Approval

You may request to have a supplier for items other than Designated Products or Services approved by submitting to us the information, samples or agreements necessary for our determination under the procedures specified by us. This request must be in writing and must include information about the product or supplier relating to our specifications, a sample of the product or service to be approved or a person at the manufacturer or supplier that we can contact for information. We may submit the information to an independent laboratory or another independent expert to determine if the product or supplier meets our specifications. We require that you reimburse us for our actual costs incurred in making this determination. On your request, and only on a confidential basis, we will furnish you with any issued standards and specifications for items other than Designated Products or Services, as well as any issued criteria for supplier approval. We will notify you in writing of our approval or disapproval of a supplier within 30 days after receiving all information that we reasonably believe is necessary to make the determination.

Before we approve a supplier, the supplier may be required to enter into an agreement with us in a form reasonably acceptable to us providing that the supplier will: (a) follow our procedures, specifications and standards, formulas, patterns, and recipes; (b) allow periodic quality control inspections of the supplier's premises and production facilities; (c) provide a reasonable number of samples, without charge, for inspection; (d) keep any trade secrets or other confidential information disclosed to it by us in confidence and have employees to which disclosure is made sign agreements that they will not use or disclose confidential information; and (e) pay a reasonable license fee for a limited license for the production and sale of items using our intellectual property. An approval of a supplier is not a blanket approval of the items the supplier may sell but only for specific items sold by that supplier as approved by us.

Revenues of Franchisor and Affiliates

We and our affiliates have the right to receive rebates or other fees from Designated and Approved Suppliers based on sales of goods or services to our franchisees. We currently do not have any arrangements to receive rebates from suppliers, but reserve the right to negotiate rebates in the future. If we negotiate and receive rebates, it is our intention that we will keep those rebates and not share them with you.

Also, if we or our affiliates directly supply products or services to you, we or they will derive revenue or other material consideration. In the year ending December 31, 2023, we did not receive any revenue, rebates, or other material consideration based on required purchases or leases of our franchisees; however, our affiliate, Direct Traders received $850,730.66 in revenue in connection with required purchases by our franchisees.

Percentage of Purchases

All of your purchases from us, Designated Suppliers, Approved Suppliers or in accordance with our specifications will represent 90% to 100% of your total purchases in the establishment of your franchise and 70% to 80% of your total purchases in operating your franchise.

Cooperatives

We do not have any purchasing or distribution cooperatives.

Negotiated Prices

We negotiate purchase arrangements, including prices and payment terms, with certain suppliers for certain products.

Material Benefits

We do not provide material benefits to a franchisee based on the use of Designated or Approved Suppliers.

Insurance

You must obtain and maintain insurance, at your expense, as we require, in addition to any other insurance required by applicable law, your landlord, or otherwise. We may periodically change the amounts of coverage required under the insurance policies and require different or additional kinds of insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name us and entities and persons affiliated with us as additional insureds. On our request, you must provide us with copies of all insurance policies together with proof of payment for insurance. You must send to us current certificates of insurance and copies of all insurance policies on an annual basis. Before you open your Franchise, you must furnish us with a certificate of insurance showing compliance with the insurance requirements. Currently, you must have the following insurance at a minimum:

- Comprehensive general liability insurance with limits of at least $1,000,000 per person per occurrence (and $2,000,000 aggregate for bodily injury) and at least $50,000 for property damage per occurrence;

- Personal injury and advertising injury insurance with limits of at least $1,000,000 per occurrence;

- Employer Practices Liability insurance with limits of at least $1,000,000;

- An Umbrella Liability insurance policy with a limit of at least $1,000,000;

- "All risk" insurance on the premises, equipment and supplies, for loss or damage by fire, windstorm, flood, casualty, theft and other risk usually insured against by the owners or lessors of similar property, for at least 100% of the replacement cost of the property. Unless you obtain a written waiver from us, any Franchise sustaining loss or damage must be repaired, restored, or rebuilt within 60 days after the date of the loss or damage;

- Automobile liability insurance on each vehicle used in the business within the minimum coverage limits as required by the law of the state or jurisdiction in which you are engaged in business; and

- Worker's compensation or similar insurance as required by the law of the state or jurisdiction in which you are engaged in business. This insurance must be maintained for trainees, as well as for those employed or engaged in the operation of your Franchise, if required by your state or jurisdiction.

## 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 | Section in Area Development Agreement | Item in Franchise Disclosure Document |
|---|---|---|---|
| a. Site selection and acquisition/lease | Sections 4.2, 7.2 | Section 4 | Items 5, 7 & 11 |
| b. Pre-opening purchases/leases | Sections 4.2 and 7.2 | Not Applicable | Items 7 |
| c. Site development and other pre-opening requirements | Section 7.2 | Section 4 | Items 7 & 11 |
| d. Initial and ongoing training | Section 5.2 | Not Applicable | Items 11 |
| e. Opening | Sections 7.2, 7.3 and 7.6.1 | Exhibit B | Items 6 & 7 |
| f. Fees | Section 6 | Section 3 | Items 5, 6 & 7 |
| g. Compliance with standards and policies/ Operations Manual | Sections 5.4, 5.6, 7.1 and 7.3 | Section 4 | Items 11 |
| h. Trademarks and proprietary information | Section 8.1 | Not Applicable | Items 13 & 14 |

| Obligation | Section in Franchise Agreement | Section in Area Development Agreement | Item in Franchise Disclosure Document |
|---|---|---|---|
| i. Restrictions on products/services offered | Sections 5.6 and 7.3.3 | Not Applicable | Items 8 & 16 |
| j. Warranty and customer service requirements | Not Applicable | Not Applicable | Not Applicable |
| k. Territorial development & sales quotas | Not Applicable | Section 4 | Item 12 |
| l. Ongoing products/service purchases | Sections 7.3.3 and 7.5.4.2 | Not Applicable | Items 8 & 16 |
| m. Maintenance, appearance, and remodeling requirements | Section 7.3.6 | Not Applicable | Items 11 |
| n. Insurance | Section 7.7 | Not Applicable | Items 7 |
| o. Advertising | Sections 5.5 and 7.1.3 | Not Applicable | Items 6 & 11 |
| p. Indemnification | Section 8.5 | Not Applicable | Items 6, 13 & 14 |
| q. Owner's participation/management/staffing | Sections 7.4 and 7.5 | Not Applicable | Items 11 & 15 |
| r. Records and reports | Section 7.6 | Not Applicable | Items 6 |
| s. Inspections and audits | Sections 6.5 and 7.3.4 | Not Applicable | Items 6 & 11 |
| t. Transfer | Sections 6.8 and 9 | Section 9 | Items 17 |
| u. Renewal | Section 4.6.2 | Not Applicable | Items 17 |
| v. Post-termination obligations | Section 10.3 | Section 8 | Items 17 |
| w. Non-competition covenants | Sections 8.6 and 10.3 | Not Applicable | Items 17 |
| x. Dispute resolution | Section 11 | Section 10 | Items 17 |

## ITEM 10
## FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or any of your obligations.

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

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

Pre-Opening Obligations

Before you open your Franchise, we (or our designee) will provide the following assistance and services to you:

(1) Designate your Territory (See Sections 4.3 and 7.2 of the Franchise Agreement);

(2) Loan you one (1) copy of the Confidential Operations Manual. The Confidential Operations Manual contains approximately 106 pages. The table of contents for the Confidential Operations Manual is attached to this Franchise Disclosure Documents as Exhibit E (See Section 5.4 of the Franchise Agreement);

(3) Provide site selection guidelines and criteria and provide site selection assistance to determine an acceptable location for your Franchise (See Section 7.2 of the Franchise Agreement). We will also provide site selection guidelines, criteria, and assistance using our then-current standards to determine locations if we enter into an Area Development Agreement with you (See Section 4.B. of the Area Development Agreement);

(4) Within 30 days of your signing the approved lease or location purchase, we will provide you with access to prototype design plans, specifications, décor and layout for a Business (if then existing), including requirements for design, color, scheme, image, interior layout and operation assets that include fixtures equipment interior signs and furnishings. We may also designate additional suppliers of goods and services (See Section 7.3 of the Franchise Agreement);

(5) Provide you with specifications and a list of approved vendors and suppliers from whom you are required to purchase certain of your equipment, signs, fixtures, opening inventory, and supplies. As of the date of this Disclosure Document, we are not a supplier of any of these items, but our affiliate Direct Traders is. We do not deliver or install any of these items for you (See Section 5.6 of the Franchise Agreement);

(6) Assist you in implementing an opening marketing initiative for your Franchise (See Section 5 of the Franchise Agreement);

(7) We, or our designee, will provide instruction and assistance prior to the opening of your Franchise and immediately following the opening by telephone or in-person, as we determine in our sole discretion (See Sections 5.2 and 5.5 of the Franchise Agreement); and

(8) Provide an initial training program for you and your managers ("Initial Training Program") as described below.

Post-Opening Obligations

During the operation of your Business, we may:

(1) Provide periodic telephone and electronic mail assistance on daily operations, marketing, advertising, personnel and other operating issues that you encounter, and provide review and analyses of your operations (See Section 5.3 of the Franchise Agreement);

(2) Update the Confidential Operations Manuals to incorporate improvements and new developments in the System. These revisions may be made at any time and you are required to follow them (See Section 5.4 of the Franchise Agreement);

(3) Make available to you initial training of replacement managers at a location that we determine. We may charge you a fee for this training. (See Section 5.2.1 of the Franchise Agreement);

(4) Advise as to source of supply for equipment, services, supplies, products and materials, and make reasonable efforts to negotiate, enter into and maintain contracts for equipment, supplies and services for your purchase (See Sections 5.6 and 7.3.3 of the Franchise Agreement);

(5) Assist you with sales promotions and administer a system-wide Brand Fund (See Section 7.5.3 of the Franchise Agreement) (See Brand Fund below) We are not required to spend any amount on advertising in your market, whether in relation to the Brand Fund or otherwise;

(6) At our option, assist you in establishing pricing, including setting minimum and/or maximum prices at which you must sell your products and services (See Section 7.3.3.g. of the Franchise Agreement);

(7) At our option, provide access to our Confidential Operations Manuals, franchisee resources and company news (See Sections 5.2.3 and 5.4 of the Franchise Agreement);

(8) At our option, maintain a website and include your franchise location on the website (See Section 7.5.4 of the Franchise Agreement); and

(9) Provide you access to marketing materials and advertisements, if and when they exist, for use by you (See Section 5.5 of the Franchise Agreement).

Brand Fund

We currently do not collect a Brand Fund Fee but reserve the right to require that you make contributions to the Brand Fund in an amount up to 2% of your Gross Revenues ("Brand Fund"). If we start collecting a Brand Fund Fee, we are not obligated to continue the Brand Fund and may change the amount or suspend contributions to our operations of the Brand Fund or terminate the Brand Fund (or reinstate the Brand Fund if it is terminated). If we start collecting a Brand Fund Fee, we intend that all franchisees will contribute to the Brand Fund at the same rate. We further intend that our corporate and affiliate owned locations, if opened, will contribute to the Brand Fund on the same basis as franchisees.

If created, we or an affiliate or other entity designated by us will administer and control the Brand Fund. We may use the Brand Fund to maximize general public recognition and patronage of the Marks and System; formulate, develop, and produce marketing, advertising and sales support materials for use by our franchisees; conduct marketing, advertising and promotional programs on a national, regional or local level; provide marketing support services to franchisees; develop, maintain and support the franchise technology and digital marketing for us and our franchisees; obtain public relations services; obtain marketing and advertising services to administer, create, distribute, place, publish, or otherwise provide marketing products and services to the Brand Fund; pay the expenses of the Brand Fund, including without limitation, salaries and other employment expenses of our marketing staff, administrative costs, overhead, and other expenses we incur in connection with the administration of the Brand Fund; and other uses as we determine at our discretion. We are not required to spend your contributions to place advertising in your market or in any specific media. All expenses of the Brand Fund will be paid from the Brand Fund. The Brand Fund will not be used for marketing that is principally a solicitation for the sale of franchises. We will submit to you, on request but no earlier than 120 days after the end of the fiscal year, an annual report of the receipts and disbursements of the Brand Fund, unaudited, prepared by our management, and provided in the manner we specify.

If we start collecting a Brand Fund Fee, we intend to spend fees contributed to the Brand Fund during the fiscal year in which the contributions are made, taking into account reserves for advertising promotions and campaigns, repayment of debt, and other business needs in the next fiscal year. If we spend less than the total amount of funds available in the Brand Fund during any fiscal year, we will spend the unused funds during a future fiscal year. If we spend an amount greater than the amount available to the Brand Fund, and we have contributed the additional amounts to the Brand Fund, we will be entitled to be reimbursed by the Brand Fund for all those excess expenditures.

We did not collect Brand Fund payments from franchisees during 2023. As a result, we do not have any data on the portions of the fees used for media placement, production of advertising, administrative costs, or other costs during 2023 or the portion of Brand Fund payments that were used for advertising that is principally a solicitation for the sale of franchises.

Local Advertising

You must spend a minimum of 1% of Gross Revenues each month for advertising in your local market. You must provide us with documentation, at the times and in the form and manner specified by us, to prove that you spent the required amount on local advertising or, in our discretion, we may require you to pay the local advertising amounts to us for advertising in your local market. If we require you to pay the local advertising amounts to us, we may use these amounts, in our discretion, for local advertising and promotion for you (including but not limited to digital advertising, flyers, promotions, mailers, etc.) or as part of cooperative advertising. If you fail to pay these amounts in your local market, you are required to remit the amounts to us as additional royalty. Your local advertising requirement is separate from and in addition to your obligations for grand opening advertising and for contributions to the Brand Fund. If we require you to pay the local advertising amounts to us, we will submit to you, on request, an annual report no later than 120 days after the close of our fiscal year, of the receipts and disbursements of those amounts, which will be unaudited and prepared by us.

We may require an advertising cooperative to be formed and operated in a local, regional, national, or other area designated by us (an "Advertising Area"). If your Franchise Business is within that designated Advertising Area, you must join, maintain a membership in, and sign and abide by the cooperative agreement for the advertising cooperative in that Advertising Area. Each advertising cooperative must adopt a cooperative agreement governing the organization and operation of the advertising cooperative. If specified by us, the cooperative agreement must require contributions to the advertising cooperative to be paid to us or to the advertising cooperative by electronic funds transfer. We must approve the structure of the advertising cooperative as well as the cooperative agreement and any changes to that agreement. The cooperative agreement must be submitted to us for prior approval. If we have not approved the cooperative agreement in writing within 14 days after receipt, the cooperative agreement will be deemed not approved. If the members of the advertising cooperative do not adopt and sign an approved cooperative agreement within 30 days after we designate the Advertising Area for the advertising cooperative, the advertising cooperative must adopt and you must sign our then current recommended cooperative agreement. The cooperative agreement cannot modify the terms of the Franchise Agreement, but may require you to make contributions to the advertising cooperative in addition to any Brand Fund contributions you are required to make to us. You must make contributions to the advertising cooperative at the times and in the amounts as determined by the advertising cooperative. Each Business in the advertising cooperative (including locations operated by us or our affiliates) will have one vote on matters before the advertising cooperative. Decisions will be made as provided in the cooperative agreement, or if not otherwise specified, based on a majority of the votes entitled to be cast by the members of the advertising cooperative. Any franchisee holding an officer, management, executive or committee position with the advertising cooperative must not be in default of their franchise agreement. The administration, costs, and expenses of each advertising cooperative will be the responsibility of the advertising cooperative. The advertising cooperative will be responsible for the collection of contributions from its members and we will not be responsible to you if other franchisees in the advertising cooperative fail to pay contributions or to otherwise abide by the cooperative agreement or the decisions of the advertising cooperative. We will have the authority to form, change, dissolve or merge advertising cooperatives. As of the date of the Disclosure

Document, no advertising cooperatives or franchise advisory councils have been formed.

The amounts you spend for cooperative advertising and promotional programs specified by us will apply to your local advertising obligation. Except for grand opening advertising, you will not be required to spend more than 2% of your Gross Revenues per month for local advertising, cooperative advertising, and promotional programs specified by us unless you agree otherwise. This limit does not apply to Brand Fund contributions paid to us.

Digital and Other Marketing Materials

Your use of the Internet, email, websites, social networks, mobile applications, wikis, podcasts, online forums, content sharing communities, blogging, other social media accounts or participations (including Facebook, Twitter, LinkedIn, YouTube, TikTok, Pinterest, and Instagram), mobile technology, and other digital media, digital coupons, keyword or adword purchasing programs, search engine optimization, search engine marketing, marketing using other forms of digital media, and toll-free telephone numbers ("Digital Marketing") in connection with the operation, advertising, and marketing of your Franchise is subject to the trademark, advertising, marketing, and other requirements of the Franchise Agreement. You must not use any Digital Marketing in connection with your Franchise, except with our prior written consent and then only in accordance with any policies and procedures specified by us.

All advertising by you in any medium must conform to our standards and specifications and must be approved by us in writing before it is used. You must not use your own advertising materials without our prior written consent. If you develop your own advertising materials, you must submit them to us for approval at least 30 days before use. We have the right to disapprove the use of any advertising materials by you at any time. You must discontinue the use of advertising materials immediately on receipt of our written notice, even if we previously approved the use of advertising materials.

Computer System and Internet Access

You must purchase and use the complete computer software services and electronic cash register/point-of-sale system (the "POS System") we require, which we have the right to change at any time. You are also required to obtain other necessary computer equipment and services, including an electronic cash register system, tablets, an office printer, and a laptop or desktop computer. The specified computer equipment and software will be used in your business to record sales transactions, including providing a break-down of credit card, check and cash sales, discounts, products sold, etc., be the method of delivering orders, be used for receipts of transactions, be used to manage gift card programs, and be used to provide sales data to us. We estimate that the initial cost for the POS System operating with one terminal is approximately $2,300. The POS Systems must be acquired from a Designated Supplier. The POS Systems are not our proprietary property. We reserve the right to change POS Systems in our discretion. We do not have an obligation to maintain, update, upgrade, or support the hardware or software and we reserve the right to require that you enter into a maintenance agreement with a Designated Supplier. (See Section 7.3.8 of the Franchise Agreement).

We have a right and you are required to provide us with independent access to the information that will be generated or stored in your computer systems, which includes, but is not limited to, customer, transaction, and operational information. There are no contractual limitations on our right to access the information and data. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Franchised Business and any other operations taking place through your Franchised Business.

You must have broadband Internet access, which will permit you to use web-based technology, gather information, exchange ideas and transfer data. You may use any independent Internet Service Provider of your choosing that provides broad-band access.

You must maintain a functioning email address so that we can communicate with you electronically. You are responsible for securing the data of your customers. You must comply with industry standards and all applicable laws relating to the protection of customer information and other personal information. You must comply with the PCI Requirements in connection with your Franchise. It is recommended that you also comply with the ISO/IEC 27000-series information security standards (or other comparable third-party information security standards) ("Information Security Standards"). It is your responsibility to research and understand the PCI Requirements and Information Security Standards, other industry standards, and applicable laws and to ensure that your business policies and practices comply with these requirements. You must periodically participate in audits of your information technology systems and data security policies by third party auditors as specified by us. We have the right to engage a vendor to consult with and advise you on compliance with the PCI Requirements and Information Security Standards and to require you to pay a portion of the cost of the vendor's services as determined under our policies or to directly engage the vendor for these purposes. Also, we will have the right to acquire a cyber insurance policy for our franchise system and to require you to pay a portion of the cost of the cyber insurance policy as determined under our policies and procedures..

We may upgrade our minimum computer system requirements at any time in order to keep pace with technology. There are no contractual limitations on the frequency or cost of this obligation. If we modify or impose a requirement, we will notify you in our manuals or other written communications, and will give you a reasonable time in which to comply at your expense. We estimate that the cost of upgrading and replacing a computer system is approximately $1,700 annually.

Manuals

After you sign your Franchise Agreement, and prior to initial training, we will give you electronic access to or lend you a paper or read-only disk copy of a single copy of our Confidential Operations Manuals. The Confidential Operations Manuals is 106 pages long and contains proprietary information that you must keep confidential. A copy of the Table of Contents for the Confidential Operations Manual is attached hereto as Exhibit E.

Initial Training Program

You must not begin to operate your Franchise unless you and up to 2 managers have attended and completed our initial training program. The training program must be completed to our satisfaction. You must provide us with written notice that you are ready to start the initial training program at least 30 days in advance of the time you desire to begin the initial training program. We do not guaranty that you will be able to start training after the 30 day period, but we will use reasonable efforts to schedule you for the initial training program as soon as possible after the 30 day period. You must complete the initial training program at least 30 days before you open your Franchise for business to the public. We reserve the right to waive a portion of the initial training program or alter the training schedule, if in our discretion, an owner or the manager has sufficient prior experience or training. If you fail to complete the training program to our satisfaction, we reserve the right to terminate your Franchise Agreement or require you to complete additional training. If we require you to complete additional training, in addition to all other expenses you may incur for travel, labor, lodging, meals, etc., you will pay us to conduct such additional training at a rate of $250 per person per day.

The following table provides additional information about the training program and an approximate time estimate.

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Introduction to Qamaria Yemeni Coffee Co. | 2 hours | 0 hours | Lincoln Park or Commerce, Michigan |
| Understanding Qamaria Yemeni Coffee Co. & its Menu | 3 hours | 0 hours | Lincoln Park or Commerce, Michigan |
| Permits, Coding Compliance and Safety | 2 hours | 1 hours | Lincoln Park or Commerce, Michigan |
| Customer Service | 0 hours | 7 hours | Lincoln Park or Commerce, Michigan |
| Opening and Closing Procedures | 0 hours | 2 hours | Lincoln Park or Commerce, Michigan |
| Food Preparation, Cooking & Handling | 0 hours | 30 hours | Lincoln Park or Commerce, Michigan |

| | | | |
|---|---|---|---|
| Dos and Don'ts | 0 hours | 3 hours | Lincoln Park or Commerce, Michigan |
| Marketing and Advertising | 2 hours | 0 hours | Lincoln Park or Commerce, Michigan |
| **TOTALS** | **9 hours** | **43 hours** | |

The hours devoted to each subject are estimates only and may vary substantially based on how quickly trainees grasp the material, their prior experience with the subject, and scheduling. Our training program lasts approximately two (2) weeks at Qamaria Coffee locations in Lincoln Park and Commerce, Michigan. We will train you and up to 2 of your managers. Prior to scheduling training, key pre-opening tasks must be completed such as locating and fitting out your Business, hiring staff and obtaining any business-related licenses. We typically schedule training on an as needed basis.

Hatem Aleidaroos will oversee initial training and he has approximately 15 years of restaurant experience and 4 years of experience with Qamaria Coffee Businesses. Other staff will assist in the initial training program and generally will have no less than 2 years of experience in the coffee industry and 2 years of experience with Qamaria Coffee Businesses.

Trainees are expected to read and have reviewed the Operations Manual prior to attending initial training. Supplemental training will be provided in a review of the material along with hands-on, observational and visual instruction on our daily procedures and best practices for operating the Business and event center.

We do not currently conduct, but may in the future, regional and/or national conferences. If and when we do, you must attend such conferences, which shall not occur more than one time per year. At our option, we may charge you a conference fee or a proportionate share of our out-of-pocket costs for each annual conference.

You and/or any previously-trained manager must attend any refresher or follow-up training that we designate. We will not charge you a fee for this training, however, you may incur out-of-pocket costs in attending.

Training for replacement managers or employees is required and provided on the same terms as the initial training provided to you, except that there may be a fee. Training for replacement managers will occur at a time we schedule on a space-available basis, and may not be available immediately after the replacement manager (or employee) is hired. You will be responsible for all expenses incurred by you and your employees in connection with attending all training programs, including the cost of transportation, lodging, meals and wages.

Training for transferees of your franchised business is required and provided on the same terms as the initial training provided to you, except that there may be a fee. Training for transferees will occur at a time we schedule on a space-available basis, but must be completed before the transfer takes place.

You must pay our travel, lodging, and meal expenses during training. You must also pay travel, lodging, and meal expenses for trainees and any compensation or benefits due trainees during initial training, or during any regional or national conferences, or any additional or refresher training.

Site Selection

If you have not selected a site approved by us before you sign your Franchise Agreement, we will approve a Territory within which you can locate a site for your business. We will assist you in evaluating proposed sites based on information that you provide to us and on other information that we deem relevant. We may, but we are not required to, visit proposed sites with you. We will approve or disapprove a proposed site within 30 days after you propose it in writing with appropriate documentation as required by us. If we disapprove a site, you must locate another site. If you do not, we may terminate the Franchise Agreement.

The factors that we consider when we recommend or approve a site include the surrounding population density, income levels, vehicle traffic counts, pedestrian traffic counts, visibility, ingress and egress, space dimensions, parking availability, signage restrictions, use restrictions, and economic terms. Although we may provide assistance in finding your location, it is your sole responsibility to find a suitable location for your Franchise and to evaluate the commercial value of the location for operation of your Franchise.

Opening of Business

We expect you to open their Franchise within 6 to 10 months after signing the Franchise Agreement. The main factors that we expect to affect this time period are the availability of suitable locations, the ability to obtain mutually acceptable lease terms, the need for rezoning of the location, the ability to obtain financing, the local time frame for obtaining building permits, construction delays, shortages, delayed installation of equipment, fixtures or signs, and your personal timetable. You must find a suitable location for your franchise within 2 months after signing the Franchise Agreement, sign your lease within 1 month of obtaining location consent from us, and open for business no later than 10 months after you sign your Franchise Agreement. If you fail to find suitable real estate, sign your lease, or open within the above timeframes, we may terminate your Franchise Agreement.

## ITEM 12
## TERRITORY

If you sign an Area Development Agreement, the Area Development Agreement gives you the right to establish an agreed-upon number of Franchises in a specified geographic area, subject to certain excluded areas described below. We describe your designated development area by boundary streets, highways or other recognizable demarcations and delineate it on a map or written description as part of the Area Development Agreement. If you are not in default under the Area Development Agreement, we will not establish or franchise or allow anyone else to establish a franchise in your designated development area during the term of the Area Development

Agreement. We can terminate or modify your rights in the designated development area if you do not comply with the Area Development Agreement, Development Schedule, or any other agreement you have with us. If we terminate or modify your territorial rights under the Area Development Agreement or your Area Development Agreement expires or terminates, you shall continue to have any approved territory rights you have under any individual Franchise Agreement that you signed for a particular Franchise. You receive no minimum territory. Your designated development area is not dependent upon achievement of a certain sales volume, market penetration, or any other contingency. 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. If we enter into an Area Development Agreement with you, we will provide site selection guidelines, criteria, and assistance using our then-current standards to determine the locations of the Franchises you agree to develop under your Development Schedule.

Your Franchise Agreement gives you the right to operate the Franchise and utilize our Marks and System at a single location in the approved territory described in Exhibit A of the Franchise Agreement ("Approved Territory"). The Approved Territory may range from a minimum area of zero (limited to your approved location) to a maximum area of 3 miles. In certain instances, such as the existence of physical boundaries like rivers, multi-landed highways, and the like, the size of the Approved Territory will not exceed 1 mile. We negotiate with you on the size of the Approved Territory based on various factors such as population and development density, demographics, traffic patterns, existing locations and viability of those locations, competition, proximity to shopping centers, and market feasibility.

Within your Approved Territory, neither we nor our affiliates have or will grant franchises or operate company-owned or affiliate-owned Businesses using our Marks. Notwithstanding the foregoing, under the Franchise Agreement, enclosed malls, institutions (such as without limitation, hospitals, schools, military bases, or convention centers), airports, parks (including theme parks), casinos, and sports arenas will be excluded from your Approved Territory and we may open other Businesses, or franchise the right to open Businesses to other persons, at any of these locations, regardless of where they are located and regardless of the name under which they operate. If your Franchise is located in an enclosed mall, institution, airport, casino, park, or sports arena, then the Approved Territory will be limited to the confines of that enclosed mall, institution, airport, casino, park, or sports arena. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Except as expressly limited by the preceding paragraphs, we and our affiliates retain all rights with respect to Qamaria Coffee Businesses, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to:

1. The right to establish and operate, and to grant to others the right to establish and operate similar business or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations inside or outside your

Approved Territory or designated development area under trademarks or service marks other than the Marks and on any terms and conditions we deem appropriate;

2. The right to provide, offer and sell, and to grant others the right to provide, offer, and sell, goods and services that are identical or similar to and/or competitive with those provided at Qamaria Coffee Businesses, whether identified by the Marks or other trademarks or service marks, through dissimilar channels of distribution (including, without limitation, retail manufacturing and distribution, ghost kitchens, mobile food trucks or trailers, off-site catering, vending, and other sales and programs through co-branded locations and internet or similar electronic media) both inside and outside your Approved Territory or designated development area and on any terms and conditions we deem appropriate;

3. The right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside your Approved Territory and designated development area under the Marks and on any terms and conditions we deem appropriate;

4. The right to operate, and to grant others the right to operate, Qamaria Coffee Businesses located anywhere outside your Approved Territory or designated development area under any terms and conditions we deem appropriate and regardless of the proximity to your Franchise;

5. The right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Qamaria Coffee Businesses, and franchising, licensing, or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in your Approved Territory or designated development area); and

6. The right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction) without your consent by a business providing products and services similar to those provided at Qamaria Coffee Businesses, or by other business, even if such business operates, franchises, and/or licenses competitive businesses in your Approved Territory or designated development area.

7. The right to allow third-party delivery service providers to make deliveries inside your Approved Territory or designated development area.

We are not required to pay you if we exercise any of the rights specified above inside your Approved Territory or designated development area. Nor are we responsible for any loss in sales due to a modification of your Approved Territory or designated development area.

You must receive our approval before relocating your Franchise within your Approved Territory. In determining whether to allow you to relocate your Franchise, we consider the same factors we would consider in initially approving a site for your Franchise. In addition, we consider such factors as whether you have: a) removed all obligations from the previous location (e.g., land or building lease, land contract, property or sales taxes); b) previously violated your Franchise

Agreement, any health codes, or other state or local ordinances, or regulations; c) made full payment of all monies owed to us; and d) received prior approval, from us, for the proposed location.

You may not relocate your Franchise outside of your Approved Territory. You may not establish additional outlets within or outside of your Approved Territory without purchasing an additional franchise from us.

You are not restricted from soliciting sales or accepting orders from outside of your Approved Territory, however, with the exception of using third party delivery services for deliveries within your Approved Territory, you may not use any alternative channels of distribution which are expressly reserved to us. You acknowledge that customers may submit orders through third-party mobile applications and other delivery services. We reserve the right to allow third-party delivery service providers to make deliveries in your Approved Territory. Continuation of your Approved Territory is not dependent upon your achievement of a certain sales volume, market penetration, or other contingency and there are no conditions under which your Approved Territory may be altered by us.

On renewal or transfer of a franchise, the Approved Territory may be modified. Depending on the then-current demographics of the area, and on our then-current standards for territories, if the territory is larger than our then-current standard territory, we may require you or the transferees to accept a renewal territory or a transfer territory smaller than the then-current territory.

You have no options, rights of first refusal, or similar rights to acquire additional franchises, unless we approve in writing. We and our affiliates have no plan to operate or franchise a business under a different trademark that will sell goods and services similar to those described in this disclosure document.

## ITEM 13
## TRADEMARKS

We grant you the right to operate a business using our System, which is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin (the "Marks"), as are designated by us in writing for use in connection with the System.

The following marks have been registered or are pending registration on the Principal Register of the United States Patent and Trademark Office:

| Trademark | Application Date | Application Number | Registration Date | Registration Number | Principal or Supplemental Register |
|---|---|---|---|---|---|
| Qamaria Yemeni Coffee Co. | 04/29/2021 | 90,680,713 | 04/26/2022 | 6,711,834 | Principal |

| | | | | | |
|---|---|---|---|---|---|
| Qamaria YEMENI COFFEE CO. | 07/05/2024 | 98,635,008 | | | Principal |

We do not have a federal registration for the last principal trademark listed in the table above. Therefore, that trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use that trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

You must follow our rules when you use the Marks. You cannot, under any circumstances, use any Mark with modifying words, designs or symbols, except for those which we license to you or have expressly approved in writing. You cannot modify a Mark in any way without our express written consent. You may not use any Mark in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

You may not, under any circumstances, use any of the Marks, including "Qamaria Coffee," in any manner, in the name of your corporation, limited liability company, partnership, or other legal entity.

Determinations

There is no currently effective determination of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, or any pending interference, opposition or cancellation proceeding, or any pending material litigation involving the above-described Marks which are relevant to your use of these Marks.

There are no currently effective agreements that limit our right to use or license the use of the trademarks listed in this section in a manner material to the franchise.

We intend to file all affidavits and renewals for the Marks required by the USPTO as the same become due.

Protection of Rights

You must notify us immediately when you learn about an infringement of or challenge to your use of our trademarks. We will take the action we think is appropriate in these situations, and we have exclusive control over any defense, settlement, prosecution, or other proceeding concerning any Mark. You must take actions that we determine appropriate to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks. We are not required to defend or indemnify you against a claim arising from your use of our Marks. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we become aware that a third party is using our Marks or any name or mark confusingly similar to the Marks without our authorization, we will, in our sole discretion, determine whether or not we will take any action against the third party on account of the alleged infringement of the Marks. You will not have any right to make any demand against any alleged infringer or to prosecute any claim of any kind or nature whatsoever against the alleged infringer for or on account of the infringement. If we choose to prosecute any infringement of the Marks, you must sign all documents and do all acts necessary or incidental to that action as our counsel may reasonably request. We do not have an obligation under the Franchise Agreement to take affirmative action when notified of infringement. We will have exclusive rights in any damages awarded or recovered in any prosecution of an infringement claim related to the Marks and we will not have any obligation to share any awards or recoveries with you.

Modification of Trademarks

We may modify or discontinue using any Mark in our discretion. You must abide by these changes and modifications at your expense. You have no rights under the Franchise Agreement to continue using a Mark after we have made modifications or changes.

We may acquire or develop additional trademarks, and may use those trademarks ourselves, make those trademarks available for use by you and other franchisees or make those trademarks available for use by other persons or entities. You may not directly or indirectly contest our rights in our Marks. We may require you to use and display a notice in a form we approve that you are an independently owned and operated franchisee under the System using the Marks under a Franchise Agreement.

Superior Prior Rights or Infringing Uses

We do not know of any superior rights or infringing uses that could materially affect your use of our Marks.

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

Patents and Copyrights

We do not own any patents or have any pending patent applications that are material to your franchise. We have not registered any copyrights with the United States Copyright Office, but we claim copyright protection in various marketing, sales, training, management, and other materials that we have created, whether or not we have obtained registrations. You may use these copyrighted materials during the term of the Franchise Agreement, in a manner consistent with our ownership rights, solely for the purposes allowed under the Franchise Agreement.

Proprietary Information

Our written materials and other aspects of our System are considered proprietary and confidential. This information may include manuals, training methods, operations methods, knowledge and

experience relating to Qamaria Coffee Businesses, advertising, marketing techniques and advertising programs, information regarding the identities and business transactions of customers and suppliers, computer software and similar technology, digital passwords and identifications, source code, data reports, knowledge of operating results and financial performance of Qamaria Coffee Businesses, and related intellectual property.

Determinations, Agreements or Uses Affecting Copyrights or Proprietary Information

There are no currently effective material determinations of the copyright office or any court regarding any of our copyrighted or proprietary information. There are no agreements currently in effect that limit our rights to use or license the copyrighted materials or any of our proprietary information. We do not know of any superior prior right or infringing uses of our copyrighted materials or our proprietary information that could materially affect your use of those materials or information.

Franchisee's Obligations

You must use our intellectual property only in accordance with our rules. You must use our intellectual property only in connection with the operation of the Franchise Business pursuant to the System and only in the manner specified in the Franchise Agreement or by us. You must not use our intellectual property in connection with any products or services not specifically authorized by us in writing. You must take reasonable steps to prevent disclosure of this information to others. We require that all of your individual owners (if you are a business entity) sign an agreement relating to confidentiality and/or non-competition. We may require that you have your employees sign an agreement relating to confidentiality and/or non-competition before disclosing confidential information to them. This agreement must be in a form approved by us and we have the right to be a third-party beneficiary of that agreement with independent enforcement rights. We provide this form as an example of the form of agreement acceptable to us; however, we do not represent or suggest that this is the appropriate form for use by you or that the form complies with the applicable laws in your jurisdiction. You should have any employee confidentiality and/or noncompetition agreement forms you intend to use reviewed by your attorney to ensure the form provides you with the protections that you desire and that the form complies with the applicable laws in your jurisdiction.

Under the Franchise Agreement, you agree not to contest, directly or indirectly, our right or interest in our copyrights, trade secrets, methods, and procedures which are part of our business or contest our sole right to register, use or license others to use such copyrights, trade secrets, methods, and procedures.

You must promptly notify us of any claim, suit, or demand against you on account of any alleged infringement, unfair competition, or similar matter relating to your use of our intellectual property. You must promptly notify us if you receive notice or are informed or learn that any third party who you believe is using our intellectual property without our authorization.

Defense of Copyrights and Proprietary Information

If we become aware of a claim against you on account of any alleged infringement, unfair competition, or similar matter relating to your use of our intellectual property, we may take action as we deem necessary and appropriate to protect and defend you against the claim by any third party. You must not settle or compromise any claim by a third party without our prior written consent. We will have the sole right to defend, compromise, or settle any claim, in our discretion, using attorneys of our choosing, and you agree to cooperate fully with us in connection with the defense of the claim. You may participate at your own expense in the defense or settlement, but our decisions with regard to our intellectual property will be final. We do not have an obligation under the Franchise Agreement to participate in your defense or to indemnify you for expenses or damages in a proceeding involving our intellectual property licensed to you.

Prosecution of Infringers

If we become aware that a third party is using our intellectual property without our authorization, we will, in our sole discretion, determine whether or not we will take any action against the third party on account of the alleged infringement of our intellectual property. You will not have any right to make any demand against any alleged infringer or to prosecute any claim of any kind or nature whatsoever against the alleged infringer for or on account of the infringement. If we choose to prosecute any infringement of our intellectual property, you must sign all documents and do all acts necessary or incidental to that action as our counsel may reasonably request. We do not have an obligation under the Franchise Agreement to take affirmative action when notified of infringement. We will have exclusive rights in any damages awarded or recovered in any prosecution of an infringement claim related to our intellectual property and we will not have any obligation to share any awards or recoveries with you.

Modification of Copyrights and Confidential Information

We may modify or discontinue using the subject matter covered by any copyright, confidential information, or other intellectual property in our discretion. You must use and abide by these changes and modifications at your expense. You have no rights under the Franchise Agreement to continue using and copyright, confidential information, or other intellectual property after we have made modifications or changes.

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

The success of your Franchise Business will depend to a large extent on your personal and continued efforts, supervision and attention. If you are an individual, you or a trained manager must personally manage the Franchise Business at all times. You and your manager, if any, must attend and successfully complete initial training.

If you are a legal entity, you must designate a managing shareholder, partner, or member ("Operating Principal"). If you are a legal entity, your Operating Principal or a trained manager must personally manage the Franchise Business at all times. Your Operating Principal and your manager, if any, must attend and successfully complete initial training.

Any replacement Operating Principal and/or manager must attend and successfully complete initial training. Neither an original manager nor a replacement manager needs to have an equity interest in the franchised business. Each Operating Principal, manager, supervisory employee, independent contractor, or other person attending initial training must sign an agreement in which he or she agrees to the confidentiality of System, agrees not to use any information about the system for his or her own benefit, and agrees not to compete in certain respects with the Business and other franchisees' Businesses Each of these persons must sign the confidentiality agreement (see Exhibit E to the Franchise Agreement) before you grant him or her access to our manuals or any other confidential information.

If you are a legal entity, each shareholder, principal officer, partner, or member must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for breach of, the Franchise Agreement (see Exhibit C to the Franchise Agreement).

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

You must offer for sale and sell only services and products that we have approved or authorized. You may not offer for sale or sell services or products that would detract from or be inconsistent with the System. You may use services or products not purchased from us, but those services or products must be of comparable quality and must be approved by us in writing before use to ensure maintenance of proper quality standards. You may not use or permit the use of your premises for any other purpose or activity at any time without first obtaining our written consent.

You must offer for sale all approved services and products; must not deviate from our specifications for the approved services and products without our written consent; and must discontinue offering any items that we disapprove in writing.

We may change the types of services and products that we approve or authorize, if the services and products are compatible with the System. There are no other limits on our right to make these changes.

You are not restricted in the customers to whom you may sell approved services or products, the prices of services that are rendered, or products that are sold. However, except for third-party delivery services, all sales must occur at or from the approved location of your Business. You may not solicit business outside your site through the use of a toll-free number, direct mail, Internet website or other advertising method without our prior written approval.

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

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

### THE FRANCHISE RELATIONSHIP

| Provision | Section in Franchise Agreement | Section in Area Development Agreement | Summary |
|---|---|---|---|
| a. Length of the franchise term | Section 4.6.1 | Not Applicable | Ten (10) years from the Effective Date of the Franchise Agreement. |
| b. Renewal or extension of the term | Section 4.6.2 | Not Applicable | If you are in good standing and have met the conditions set forth in row (c), below, you have the right to renew the Franchise Agreement for one (1) Ten (10) year term (or the length of your then- current lease term, whichever is shorter), with payment of any franchise renewal fee that is in effect at the time of renewal. The current renewal fee is 20% of the then-current Franchisee Fee. |

| Provision | | Section in Franchise Agreement | Section in Area Development Agreement | Summary |
|---|---|---|---|---|
| c. | Requirements for you to renew or extend | Section 4.6.2 | Not Applicable | Good standing; timely advance notice; pay any then-current renewal fee; sign new Franchise Agreement that may contain materially different terms and conditions than the Franchise Agreement in this Disclosure Document; be current in payments; sign release; and modernize Business to meet then-current standards. |
| d. | Termination by you | Not Applicable | Not Applicable | Not Applicable |
| e. | Termination by us without cause | Not Applicable | Not Applicable | Not Applicable |
| f. | Termination by us with cause | Section 10.2 | Sections 7 and 8 | We can terminate only if you default. |
| g. | "Cause" defined – curable defaults | Section 10.2.2 | Not Applicable | You have 30 days to cure noticed curable defaults other than for non- payment of fees. You have five (5) days to cure non-payment of fees. You will be in default of your Franchise Agreement and Area Development Agreement if you commit a default under any other franchise or other agreement you enter into with us. |
| h. | "Cause" defined – non-curable defaults | Section 10.2.1 | Section 7 | Non-curable defaults include misuse of trademarks; breach of non- competition; unauthorized assignment or transfer of any rights of the Franchise Agreement; material misrepresentation; lack of prior consent when required; abandonment; repeated defaults even if cured; threat to public health or safety; bankruptcy; plead guilty or no contest to or conviction of a felony. The Franchise Agreement provides |

| Provision | Section in Franchise Agreement | Section in Area Development Agreement | Summary |
|---|---|---|---|
| | | | for termination upon bankruptcy, which may not be enforceable under federal bankruptcy law. We may terminate your Franchise Agreement if we terminate your Area Development Agreement or any other franchise or other agreement you enter into with us. |
| i. Your obligations on expiration, termination or non-renewal | Section 10.3 | Section 8 | Obligations include final accounting, complete de-identification, our option to purchase assets, our option to assume your real estate lease (if any), and payment of amounts due. See row (r) below. |
| j. Our transfer of Franchise Agreement | Section 9.1 | Section 9 | No restriction on our right to assign. |
| k. "Transfer" by you – definition | Section 9.2 | Section 9 | Includes transfer of contract or assets, or any change of ownership. |
| l. Our approval of your transfer | Section 9.3 | Section 9 | We have the right to approve all transfers. |
| m. Conditions for our approval of transfer | Section 9.3 | Section 9 | New franchisee qualifies, payment of all of your outstanding debts to us, cure of any defaults, then- current agreement signed by new franchisee or assumption of existing agreement, transfer fee paid; training completed; and release signed by you and your Related Parties. |
| n. Our right of first refusal to acquire your business | Section 9.4 | Section 9 | We or our designee can match any offer for your business. |

| | Provision | Section in Franchise Agreement | Section in Area Development Agreement | Summary |
|---|---|---|---|---|
| o. | Our option to purchase your business | Section 9.4 | Section 9 | We or our designee may, but are not required to, purchase your inventory and equipment at the lesser of the fair market value or depreciated value, if franchise is terminated for any reason. |
| p. | Your death or disability | Section 9.5 | Section 9 | Heirs or beneficiaries must demonstrate within 90 days ability to operate franchise. Otherwise, franchise must be assigned by estate to approved buyer within six (6) months. |
| q. | Non-competition covenants during the term of the franchise | Section 8.6.1 | Not Applicable | No competing business during the Term. |
| r. | Non-competition covenants after the franchise expires, is terminated, or is not renewed | Sections 8.6.2 and 10.3 | Not Applicable | No competing business for two (2) years: (i) at the Approved Location, (ii) within 25 miles of the Approved location, or (iii) within 25 miles of another Qamaria Coffee Business (including after assignment). |
| s. | Modification of the Franchise Agreement | Section 11.4 | Section 10.E. | No modification, generally, unless on consent of both parties, but Operations Manual subject to change. |
| t. | Integration/merger clause | Section 11.6 | Section 10. J. | Only the terms of the Franchise Agreement and Area Development Agreement are binding (subject to this Disclosure Document and applicable state law). Any other promises may not be enforceable. |

| Provision | Section in Franchise Agreement | Section in Area Development Agreement | Summary |
|---|---|---|---|
| u. Dispute resolution by arbitration or mediation | Sections 11.7 and 11.8 | Section 10 | Except for certain claims, claims must first be mediated prior to arbitration or litigation. All disputes must be litigated in Michigan. |
| v. Choice of forum | Section 11.2.2 | Section 10 | Litigation must be where our principal place of business is located at the time of filing (subject to state law). |
| w. Choice of law | Section 11.2.1 | Section 10 | Michigan law applies (subject to applicable state law). |

## ITEM 18
## PUBLIC FIGURES

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

## ITEM 19
## FINANCIAL PERFORMANCE REPRESENTATIONS

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

We have included below certain actual historical unaudited gross sales information for certain of our franchisee-owned Qamaria Coffee Businesses that have been open and operating since June 2023. Ten of our franchisee-owned Qamaria Coffee Businesses have been open and operating under the System since June 2023. Qamaria Coffee Businesses that opened after June 2023 are not included in the table. The gross sales information reflects revenue earned between June 1, 2023 and May 31, 2024.

The information in the table has not been audited by us. Please carefully read all information in this Item 19, including the notes and explanations following the tables, which explain the

information and the limitations on the information contained in the table. Written substantiation for the financial performance representation will be made available to you on reasonable request.

**FRANCHISEE-OWNED QAMARIA COFFEE BUSINESSES**

| Average Gross Sales06/01/2023 to 05/31/2024 | Range of Gross Sales 06/01/2023 to 05/31/2024 | Median Gross Sales 06/01/2023 to 05/31/2024 | Number of Qamaria Coffee Businesses Attaining or Surpassing Average Results | Percentage of Qamaria Coffee Businesses Attaining or Surpassing Average Results |
|---|---|---|---|---|
| $704,020 | $279,376 to $1,393,328 | $517,064 | 5 | 50% |

**Our franchisees earned these amounts. Your individual results may differ. There is no assurance that you'll earn as much.**

For purposes of this Item 19, average gross sales includes the total revenue of the Qamaria Coffee Businesses before discounts and is net of sales tax. Tips are also not included in these gross sales numbers. Sales tax in your state may be different.

We may give a prospective franchisee who is seeking to buy a specific operating unit, whether owned by us, one of our corporate affiliates, or another franchisee, actual operating results of that unit. Your financial information may be included in future versions of our disclosure document.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's financial performance or the past historical performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Hatem Aleidaroos at 11468 John A. Papalas, Lincoln Park, MI 48146, franchise@qamariacoffee.com, 248-242-6348, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20
## BUSINESSES AND FRANCHISEE INFORMATION

### Table 1
**Systemwide Outlet Summary for Years 2021 to 2023**

| Outlet Type | Year | Outlets at Start of Year | Outlets at End of Year | Net Change |
|---|---|---|---|---|
| **Franchised** | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 3 | +3 |
| | 2023 | 3 | 10 | +7 |
| **Company Owned** | 2021 | 0 | 2 | +2 |
| | 2022 | 2 | 3 | +1 |
| | 2023 | 3 | 3 | 0 |
| **Total Outlets** | 2021 | 0 | 2 | +2 |
| | 2022 | 2 | 6 | +4 |
| | 2023 | 6 | 13 | +7 |

### Table 2
**Transfers of Outlet From Franchisees to New Owners (Other than Franchisor or an Affiliate) for Years 2021 to 2023**

| State | Year | Number of Transfers |
|---|---|---|
| **Total** | 2021 | 0 |
| | 2022 | 0 |
| | 2023 | 0 |

### Table 3
**Status of Franchised Outlets for Years 2021 to 2023**

| State | Year | Outlets at Start of Year | Outlets Opened | Termi-nations | Non-Renewals | Reacquired by Franchisor | Ceased Operat-ions | Outlets at End of Year |
|---|---|---|---|---|---|---|---|---|
| **California** | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| **Illinois** | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| **Michigan** | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| **Ohio** | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| **Texas** | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| **Total** | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 7 | 0 | 0 | 0 | 0 | 10 |

**Table 4**
**Status of Company-Owned Outlets For Years 2021 to 2023**

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at End of Year |
|---|---|---|---|---|---|---|---|
| **Michigan** | 2021 | 0 | 2 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 1 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 3 |
| **Total** | 2021 | 0 | 2 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 1 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 3 |

**Table 5**
**Projected Openings as of December 31, 2023**

| State | Franchise Agreements Signed But Not Opened as of December 31, 2023 | Projected New Franchised Outlets as of December 31, 2023 | Projected New Company-Owned Outlets as of December 31, 2023 |
|---|---|---|---|
| California | 4 | 4 | 0 |
| Florida | 1 | 1 | 0 |
| Illinois | 2 | 2 | 0 |
| Michigan | 1 | 1 | 0 |
| Minnesota | 0 | 1 | 0 |
| North Carolina | 0 | 1 | 0 |
| Ohio | 2 | 2 | 0 |
| Virgina | 1 | 1 | 0 |
| Wisconsin | 1 | 1 | 0 |
| **Total** | 12 | 14 | 0 |

Attached as Exhibit D to this disclosure document is a list of the names, addresses and telephone numbers of our current franchised businesses. Also attached as Exhibit D to this disclosure document is a list of the names, city, state and last known business telephone number, of every franchisee who had an outlet terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the previous fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Please note that Exhibit D is current as of the issuance date of this Disclosure Document, while the tables above reflect the status of our outlets at the end of our prior fiscal year. Any discrepancies between Exhibit D and Item 20 tables are due to events that have occurred in the intervening period.

During the last calendar year, no current or former franchisees have signed confidentiality clauses with us that would restrict them from speaking openly with you about their experience with us.

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

## ITEM 21
## FINANCIAL STATEMENTS

Our unaudited balance sheet and income statement as of July 31, 2024; audited Balance Sheet and the related Statements of Operations, Members' Equity, and Cash Flows as of December 31, 2021; audited Balance Sheet and the related Statements of Operations, Members' Equity, and Cash Flows as of December 31, 2022; and our audited Balance Sheet and the related Statements of Operations, Members' Equity, and Cash Flows as of December 31, 2023 are attached as Exhibit C.

## ITEM 22
## CONTRACTS

The following contracts are attached as exhibits to this Disclosure Document:

Exhibit A – Franchise Agreement
Exhibit B – Area Development Agreement
Exhibit G – Questionnaire
Exhibit H – Riders & Addenda
Exhibit J – Receipts

The following contracts are attached as exhibits to the Franchise Agreement:

Exhibit A – Franchise Data Sheet
Exhibit B – Statement of Ownership
Exhibit C – Principal Owner's Guaranty
Exhibit D – Sample Release Agreement, Waiver and Release of Claims

Exhibit E – Nondisclosure, Nonsolicitation and Noncompetition Agreement
Exhibit F – Sample Confidentiality Agreement
Exhibit G – Sample Approval of Requested Assignment
Exhibit H – Lease Addendum
Exhibit I – ACH Payment Agreement

The following contracts are attached as exhibits to the Area Development Agreement:

Exhibit A – Development Territory
Exhibit B – Development Schedule
Exhibit C – Unlimited Guaranty and Assumption of Obligations
Exhibit D – List of Principals
Exhibit E – State Addenda to the Area Development Agreement

## ITEM 23
## RECEIPTS

Exhibit J to this Franchise Disclosure Document includes detachable documents acknowledging your receipt of this disclosure document. The duplicate is for your records. Please sign one (1) copy of the receipt and return it to us at the following address:

Hatem Aleidaroos
Qamaria Yemeni Coffee Franchise, LLC
1468 John A Papalas
Lincoln, MI 48146
franchise@qamariacoffee.com

**EXHIBIT A TO QAMARIA YEMENI COFFEE FRANCHISE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

Qamaria™
- ESTD - YEMENI COFFEE CO. - 2020 -

# QAMARIA COFFEE FRANCHISE AGREEMENT

Franchise Owner: _____

Date: _____

Franchise Location: _____

# QAMARIA COFFEE FRANCHISE AGREEMENT

## 1. PARTIES

**THIS FRANCHISE AGREEMENT** (the "Agreement") is made and entered into on this _____day of _____, 20__(the "Effective Date"), by and between Qamaria Yemeni Coffee Franchise, LLC, a Michigan limited liability company, with its principal place of business at 1468 John A Papalas, Lincoln, MI 48146 ("Qamaria Coffee", "Franchisor", "we", "us", or "our"), and _____, located at _____(collectively, "You" or "Franchisee").

## 2. RECITALS

### 2.1 Ownership of the System

Qamaria Coffee has the right to license You certain intellectual property rights, trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the Qamaria Coffee trademarks and the words "Qamaria Coffee." Qamaria Coffee has spent a considerable amount of time, effort, and money to construct, and continues to develop, use, and control business methods, technical knowledge, marketing concepts, trade secrets, purchasing arrangements, commercial ideas, advertising materials, marketing strategies, information on sources of supply, administrative procedures, business forms, distinctive signs, trade dress, architectural designs and uniforms, and employee training techniques that, taken together, make up a proprietary system for the operation of the Business (the "System").

### 2.2 Objectives of Parties

You desire to enter into the business of operating a Qamaria Coffee Business under the System using the Trade Name and Marks (as those are defined in Sections 3.11 and 3.17, below), and You wish to obtain from Qamaria Coffee, and Qamaria Coffee wishes to grant to You, a franchise for that purpose.

## 3. DEFINITIONS

### 3.1 Approved Location

"Approved Location" means the street address of the physical location approved in writing by Qamaria Coffee for the operation of the Qamaria Coffee Business, You will operate under this Agreement, which shall be set forth in Exhibit A to this Agreement.

### 3.2 Approved Territory

"Approved Territory" or "Territory" means the area set forth in Exhibit A of this Agreement.

### 3.3 Brand Fund

"Brand Fund" means a fund established by Qamaria Coffee for purposes of increasing brand awareness and for advertising.

### 3.4 Qamaria Coffee

"Qamaria Coffee" means Qamaria Yemeni Coffee Franchise, LLC or any person or entity to which Qamaria Coffee allocates all or part of its rights and obligations under this Agreement.

### 3.5 Qamaria Coffee Business

"Qamaria Coffee Business" or the "Business" or the "Franchise Business" means the single "Qamaria Coffee" business that Qamaria Coffee licenses You to conduct under the Trade Name, Marks, and System within the Approved Territory, at the Approved Location, under this Agreement.

### 3.6 Expiration

"Expiration" means expiration of the Term of this Agreement, the non-renewal of this Agreement.

### 3.7 Franchise Network

"Franchise Network" means the network of Qamaria Coffee Businesses, all Qamaria Coffee franchisees, Qamaria Coffee Related Parties, and any other persons or business entities that Qamaria Coffee has licensed to use the Trade Name, Marks, System, or any of them.

### 3.8 Good Standing

"Good Standing" means timely compliance by You and Your Related Parties with all provisions of this Agreement and the Manual, specifically including provisions for timely payment of amounts You owe to Qamaria Coffee and its Related Parties.

### 3.9 Gross Revenues

"Gross Revenues" means the total selling price of all services and products sold at or from your Qamaria Coffee Business (not adjusted for discounts, credit card fees, or other third party charges), including the full value of any gift certificate redeemed at your Qamaria Coffee Business or coupon sold for use at your Qamaria Coffee Business (fees retained by or paid to third-party sellers of such gift certificates or coupons are not excluded from calculation), and all income and revenue of every other kind and nature related to the Qamaria Coffee Business operation, whether for cash or credit.

### 3.10 Manual

"Manual" means the confidential Operations Manual and all other manuals that Qamaria Coffee will lend to You, or authorize You to use, during the term of this Agreement and that contains

information, processes, procedures, forms and requirements for the establishment and operation of the Qamaria Coffee Business, and for use of Qamaria Coffees Trade Name and Marks, along with communications from Qamaria Coffee to You, including, but not limited to, bulletins, e-mails, and text messages.

### 3.11 Marks

"Marks" means those certain trademarks, service marks, trade dress, logotypes, slogans, and other commercial symbols licensed by Qamaria Coffee to You under this Agreement.

### 3.12 Operating Principal

"Operating Principal" means the managing shareholder, partner, or member that You must designate if you are a legal entity.

### 3.13 Proprietary Service

"Proprietary Service" means any product or service that is composed of or in accordance with Qamaria Coffee specifications or that bears or has been labeled with any of the Marks.

### 3.14 Related Party

"Related Party" or "Related Parties" means persons and companies affiliated with Qamaria Coffee or You, as the context indicates, including, but not limited to, owners (as defined herein), general partners, limited partners, shareholders, or members, owning an interest in (i) Qamaria Coffee or in You; (ii) corporations or limited liability companies in which Qamaria Coffee or You have an interest; (iii) corporations or limited liability companies in which any person or entity owning an interest in You also has an interest; or (iv) officers, directors, members, or agents of Qamaria Coffee or of You.

### 3.15 Termination

"Termination" means the termination of this Agreement under the circumstances described in this Agreement before the expiration of the Term.

### 3.16 Transfer

"Transfer" means any direct or indirect transfer, pledge, encumbrance, sale, gift, hypothecation, mortgage, sublicense, transfer through bequest or inheritance, transfer in trust, divorce or by operation of law or by any other means, or disposition of (i) any of the rights granted under this Agreement (ii) any part of this Agreement, (in) any rights or privileges incidental to this Agreement, (iv) the Business or any interest therein, or (v) any ownership interest in you, including, without limitation, any arrangement whereby you sell or pledge accounts receivable or any other assets of the Franchised Business (each a "Transfer"). Without limiting the foregoing, the term, "Transfer" includes any sale, resale, pledge, encumbrance transfer or assignment of: (a) any fractional partnership ownership interest if You are a partnership (b) any membership interest in you if you are a limited liability company and (c) any beneficial or economic ownership interest

in you, any transfer of any fractional portion of your voting stock, or any increase in the number of outstanding shares of your voting stock which results in a change of ownership, if you are a corporation.

### 3.17 Trade Name

"Trade Name" means the commercial names Qamaria, Qamaria Coffee, and Qamaria Yemeni Coffee Co., individually or collectively.

### 3.18 You

"You" means the person or entity that is named as "You" in Section 1 of this Agreement. In addition, "You" means all persons or entities that succeed to Your interest by Transfer, other transfer, or operation of law.

**NOW, THEREFORE**, for good and valuable consideration, and in consideration of the covenants and promises set forth in this Agreement, the parties agree as follows:

## 4. GRANT OF FRANCHISE

### 4.1 Granting Clause

Qamaria Coffee grants to You the right and You hereby undertake the obligation upon the terms and conditions set forth in this Agreement: (a) to establish the Qamaria Coffee Business at the Approved Location that includes the provision of such products and services as designated by Qamaria Coffee, and (b) to use solely in connection therewith the Trade Name, Marks, and System, as they may be changed, improved and further developed from time-to-time by Qamaria Coffee in its sole and absolute discretion. You shall not engage in any other business at the Approved Location without the prior written consent of Qamaria Coffee, which may be withheld for any or no reason.

### 4.2 Location

If you have not secured an Approved Location as of the Effective Date, You shall, at your sole cost and expense, secure an approved site for the Qamaria Coffee Business in accordance with Section 7.2 of this Agreement. It is your sole responsibility to locate and purchase and/or lease a suitable site for the Qamaria Coffee Business. You may not establish any other business at the Approved Location. You may not sublease space at the Approved Location to a third-party without our prior written consent. You may not market to customers outside of Your Approved Territory or engage in mail order, Internet, or any other sales except with Qamaria Coffee's express written approval, which may be withheld for any or no reason.

### 4.3 Approved Territory

During the term of this Agreement, and except as otherwise provided in this Agreement, Qamaria Coffee agrees that it shall not establish, nor license any other person to establish another Qamaria Coffee Business at any location within Your Approved Territory. Except as set forth in this Section 4.3, You have no exclusivity. You have no right to exclude development of concepts owned, franchised, or licensed by Qamaria Coffee or its affiliates.

## 4.4 Rights Reserved

Qamaria Coffee retains all rights that are not expressly granted to you under this Agreement. Without limiting this broad retention, and without granting You any rights therein, Qamaria Coffee shall have the right to:

(a) Operate a Qamaria Coffee concept at a trade show booth, mobile vehicle, or similar temporary location, within Your Approved Territory for up to fifteen (15) consecutive days;

(b) Offer Qamaria Coffee franchises to others for any site outside Your Approved Territory regardless of how close the site is to Your Approved Territory;

(c) Sell, rent and distribute any Proprietary Services directly or indirectly, and/or license others to sell and distribute, any Proprietary Services, directly or indirectly, from any location to any purchaser (including, but not limited to, sales made to purchasers in the Approved Territory through retail establishments, mail order, independent distributors, ghost kitchens, third-party delivery services, wholesale distribution, phone order, and on the Internet, and/or sales to delivery customers), except that Qamaria Coffee shall not do so from a Qamaria Coffee Business inside the Approved Territory;

(d) Develop, operate, and franchise others to operate, any business concept except a Qamaria Coffee Business at any place, including within the Approved Territory, and use the Marks or any other trademarks owned, licensed, or developed by Qamaria Coffee or its Affiliate in connection with those concepts, even if such concepts sell products and services similar to, the same as or competitive with, the Proprietary Services;

(e) In its sole discretion, approve or disprove other franchisees' requests to purchase local advertising that penetrates Your Approved Territory; and

(f) Merge with, acquire or be acquired by, any business of any kind under other systems and/or other marks, which business may offer, sell, operate or distribute and/or license others to offer, sell, operate and distribute goods and services through franchised or non-franchised businesses, at wholesale or retail, within and outside the Approved Territory.

## 4.5 Relocation

At Qamaria Coffee's option, You may relocate the Qamaria Coffee Business, but only with Qamaria Coffee's prior written consent, if all of the following conditions are met:

(a) You and Your Related Parties are not in breach and are in Good Standing under this Agreement and any other Agreement between Qamaria Coffee and You, and You and Your Related Parties are in compliance with all provisions of the Manual;

(b) You and any of Your Related Parties that have signed this Agreement have agreed to cancel this Agreement and execute a new Franchise Agreement in the form that is currently effective at the time of relocation, which new Franchise Agreement may contain terms that are materially different from the terms of this Agreement (with a term equal to the then-remaining term of this Agreement);

(c) You have secured a site that is not located in another Qamaria Coffee franchisee's approved Territory, and which meets our then-current size and demographic requirements and, if you are leasing the space, you have submitted the proposed lease agreement for our review and paid a Lease Review Fee;

(d) You agree to equip and furnish Your new Qamaria Coffee Business so that the Business meets the standards of appearance and function applicable to new Qamaria Coffee Businesses at the time of relocation;

(e) You and Your Related Parties that are parties to this Agreement shall have executed a general release, in a form satisfactory to Qamaria Coffee, of any and all claims against Qamaria Coffee and its Related Parties, affiliates, successors and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants and employees in their corporate and individual capacities, including, without limitation, claims arising under this Agreement, any other agreement between You and Qamaria Coffee or its affiliates, and federal, state, and local laws and rules; and

(f) You may cease to operate the Qamaria Coffee Business for no more than one (1) day only for the purposes of moving all equipment from the old Approved Location to the new approved location for the Qamaria Coffee Business.

## 4.6 Term and Renewal

### 4.6.1 Initial Term

Except as otherwise provided herein the initial term of this Agreement shall commence on the Effective Date and shall expire on the date that is Ten (10) years from the Effective Date (the "Term Expiration Date").

### 4.6.2 Renewal

You shall have the option to renew this Agreement for a renewal term (the "Renewal Term"), with such Renewal Term being for a period of Ten (10) years, or for the remainder of Your then-current lease term, whichever is shorter, subject to your satisfaction of the following conditions, all of which shall be met before each renewal:

(a) You and Your Related Parties are not in breach and in Good Standing under this Agreement, and any other Agreement between Qamaria Coffee and You, and You and Your Related Parties are in compliance with the Manual;

(b) You shall give Qamaria Coffee written notice of Your election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the then-current term;

(c) You and any Related Parties that have signed this Agreement shall have signed a copy of the then-current Franchise Agreement (except with respect to the renewal provisions thereof, which shall not supersede this Section 4.6.2) not less than thirty (30) days before the expiration of the then-current term, or thirty (30) days after You receive a signature-ready copy of the then-current Franchise Agreement from Qamaria Coffee, whichever is later. The then-current Franchise Agreement may contain terms that are materially different from the terms set forth in this Agreement;

(d) You shall have, before the beginning of the renewal term, at Your own expense, modernized the Qamaria Coffee Business and replaced and modernized the equipment, and the signs used in the Qamaria Coffee Business as Qamaria Coffee may require, in order for the Qamaria Coffee Business to meet the then-current standards of appearance and function at the time of renewal;

(e) You and Your Related Parties that are parties to this Agreement shall have executed a general release, in a form satisfactory to Qamaria Coffee, of any and all claims against Qamaria Coffee and its Related Parties, affiliates, successors, and assigns and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities, including, without limitation, claims arising under this Agreement, any other agreement between You and Qamaria Coffee or its affiliates, and federal, state, and local laws and rules;

(f) You shall have paid a Renewal Fee of 20% of the then-current Franchise Fee;

(g) You must submit a copy of the proposed lease agreement for the Premises You will occupy during the Renewal Term to Qamaria Coffee for review and approval at least forty-five (45) days before the end of the then-current term; and

(h) Such other reasonable conditions as Qamaria Coffee may impose in its discretion.

The provisions of the standard Franchise Agreement in use by Qamaria Coffee at the time of renewal may be materially different than those contained in this Agreement, including, but not limited to, provisions for increased royalties, advertising, and other fees. You hereby acknowledge and agree that Your right to renew this Agreement shall be contingent upon Your execution of the then-current form of Franchise Agreement and acceptance of the new provisions.

## 5. SERVICES TO FRANCHISEE

Qamaria Coffee agrees to perform the following services for You provided that You are, at the time when service is to be rendered, not in breach and are in Good Standing under this Agreement, any other agreement with Qamaria Coffee, and You are in compliance with the Manual.

## 5.1 Business Layout and Interior Decoration

If available at the time you sign your lease or purchase your property, Qamaria Coffee has available prototype or sample plans, Qamaria Coffee will make available prototype or sample plans and specifications for one or more existing Qamaria Coffee Business. You shall, at your own expense, tailor the plans and specifications provided by Qamaria Coffee for Your individual use and then submit the customized plans and specifications to Qamaria Coffee for written approval.

Qamaria Coffee's approval shall be limited to conformance with Qamaria Coffee prototype and sample plans, and shall not relieve you from complying with or relate in any way to Your obligations with respect to any federal, state or local laws, or codes and regulations, including the applicable provisions of the Americans with Disabilities Act (the "ADA"), regarding the construction, design and operation of the Qamaria Coffee Business, which subjects shall be Your sole responsibility.

You shall comply with all federal, state and local laws, and codes and regulations, including the applicable provisions of the ADA regarding the construction, design and operation of the Qamaria Coffee Business. You are solely responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances, or regulations, or which may be necessary or advisable owing to any restrictive covenants relating to Your location. After having obtained such approvals and clearances, You shall obtain all permits and certifications required for the lawful construction and operation of the Qamaria Coffee Business.

## 5.2 Training

### 5.2.1 Initial Training

Before the opening of Your Qamaria Coffee Business, you must attend and complete Qamaria Coffee's initial training program concerning the operation of the Qamaria Coffee Business under the Qamaria Coffee System for Your Operating Principal and manager, if any, if you are a legal entity, or You and your manager, if any, if you are an individual, and up to one (1) additional Business staff. Additional persons may attend initial training for a fee of up to $250 each, per day. You or Your Operating Principal (if you are a corporate entity) and/or manager, if any, shall attend and successfully complete the initial training program to the satisfaction of Qamaria Coffee before You may open the Qamaria Coffee Business.

### 5.2.2 Continuing Training

In an effort to maintain brand standards and to protect and enhance the goodwill associated with the System and the Marks, Qamaria Coffee may offer ongoing training or education programs on matters related to the operation or promotion of the Qamaria Coffee Business on an optional or mandatory basis, as it deems appropriate, in its sole discretion. You shall attend and complete all such continuing education programs Qamaria Coffee requires. You shall be responsible for Your own expenses and those of Your employees who attend any such training or education programs. Qamaria Coffee may also require you to pay a fee for continuing training and education programs

of its costs, plus an administrative fee. You must complete all education and training programs Qamaria Coffee designates to Qamaria Coffee satisfaction.

### 5.3 Periodic Advisory Assistance

Qamaria Coffee will, as it deems advisable, provide periodic advisory assistance to You concerning the operation and promotion of the Qamaria Coffee Business.

### 5.4 Manual

Qamaria Coffee will lend You a Manual containing instructions for use of the Marks, specifications for goods that will be used in or sold by the Qamaria Coffee Business, information on marketing, management, and administration methods developed by Qamaria Coffee for use in the Qamaria Coffee Business, names of approved suppliers, and other information that Qamaria Coffee believes may be necessary or helpful to You in Your operation of the Qamaria Coffee Business. Qamaria Coffee will revise the Manual periodically, at its discretion to conform to the changing needs of the Franchise Network and will distribute updated pages containing these revisions to You from time-to-time. Alternatively, and in lieu of a hard copy of the Manual, Qamaria Coffee may make available to You a Manual in electronic form that is accessible to you. Qamaria Coffee will notify You of any updates to the Manual. You shall be responsible for immediately downloading and complying with the revised Manual. Your failure to comply with the Manual, including any revisions thereto, constitutes a breach of this Agreement.

### 5.5 Advertising

Qamaria Coffee may, but is not required to, provide you with electronic access to certain advertising materials, including in PDF format. These materials may include video and audiotapes, copy-ready print advertising materials, posters, banners and miscellaneous point-of-sale Items, and may be regional or national at Qamaria Coffee sole discretion. Printing of any and all such materials shall be at your sole cost and expense. Qamaria Coffee reserves the right to change the format in which it provides these materials to you in the future. You shall not use any advertising, social media sites, or other marketing materials in connection with your Qamaria Coffee Business without receiving prior written approval from Qamaria Coffee. You must comply with all advertising and marketing programs, discount programs, coupons, gift card programs, pricing requirements, and other promotional programs required by Qamaria Coffee.

### 5.6 Approved Suppliers

Qamaria Coffee has the absolute right to limit the suppliers with whom you may deal. Qamaria Coffee will provide to You a list of the names and addresses of the approved suppliers who then-currently meet Qamaria Coffee standards and specifications in the Manual. Qamaria Coffee reserves the right to act and reserves the right to appoint an affiliate to act as the only approved supplier for some or all of the Approved Products and Services and products You will purchase for Your Qamaria Coffee Business. Qamaria Coffee reserves the right to charge a mark-up on any product or service sold to You. In advising You of suppliers who meet its standards and specifications, Qamaria Coffee expressly disclaims any warranties or representations as to the condition of the goods or services sold by the suppliers, including, without limitation, expressed or implied warranties as to merchantability or fitness for any intended purpose. You agree to look solely to the manufacturer or the supplier of goods, equipment or services for the remedy for any

defect in the goods or services. Qamaria Coffee reserves the right to change the list of approved suppliers from time-to-time, in its sole and absolute discretion.

Qamaria Coffee may receive payments and/or other compensation from approved suppliers in any form on account of such suppliers dealing with You and/or other franchisees, and Qamaria Coffee may use all amounts so received for any purpose Qamaria Coffee deems appropriate. You acknowledge and agree that Qamaria Coffee shall have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments, or benefits (collectively, "Allowances") offered by suppliers to You or to Qamaria Coffee or its affiliates based upon Your purchases of Proprietary Services, products and other goods and services. You assign to Qamaria Coffee or its designee all of Your right, title and interest in, and to any and all such Allowances, and authorize Qamaria Coffee or its designee to collect and retain any or all such Allowances without restriction.

Qamaria Coffee may, from time-to-time, revoke its approval of particular items, services, products or suppliers if Qamaria Coffee determines, in its sole and absolute discretion. Upon receipt of notice of such revocation, You shall cease to offer, sell or use any disapproved item, products or services and You shall immediately cease to purchase from any disapproved supplier.

## 6. PAYMENTS BY FRANCHISEE

### 6.1 Initial Franchise Fee

When You sign this Agreement, You shall pay Qamaria Coffee in cash or another form of payment that will make the funds immediately accessible to Qamaria Coffee, such as cashier's check or wire transfer, an initial franchise fee of $40,000 (the "Initial Franchise Fee"). The Initial Franchise Fee is fully earned upon receipt and is not refundable under any circumstances.

### 6.2 Royalties

On or before the tenth ($10^{th}$) day of each month during the term of this Agreement, You shall pay Qamaria Coffee a continuing royalty fee in the amount of 5% of Gross Revenues earned during the immediately-preceding month.

### 6.3 Method and Application of Payments

You shall pay your continuing royalties, advertising fees, and all other fees you are required to pay to Qamaria Coffee, in accordance with the procedures designated by Qamaria Coffee, which procedures Qamaria Coffee has the discretion to change at any time upon written notice to you. Payment of royalties and other fees shall be made by electronic funds transfer or direct deposit.

At no time will You sell, encumber or assign any of Your revenue stream, which includes, but is not limited to, current or future customer charges, to any other party without the prior written consent of Qamaria Coffee.

Qamaria Coffee has the right to apply any payment it receives from You to any past due amount You or any of your affiliates owe to Qamaria Coffee or any of Qamaria Coffee's affiliates regardless of how You indicate the payment is to be applied. Qamaria Coffee reserves the right to change the

manner in which you pay any and all fees you are required to pay to Qamaria Coffee at any time upon written notice to you.

### 6.4 When Payments Begin

Your obligation to pay royalties and other fees begins on the date Your Business opens for business to the public.

### 6.5 Audit

Qamaria Coffee has the right during normal working hours to audit Your books and records, including Your tax returns, bank records, financial statements, and other documents, systems, records, and items with respect to the Qamaria Coffee Business. If an audit discloses an underpayment of royalties, advertising, or other fees payable under this Agreement, You shall immediately pay these amounts to Qamaria Coffee, together with accrued interest on the amount underpaid in accordance with Section 6.9 of this Agreement. In addition, if the underpayment exceeds two percent (2%) of the total royalty, advertising, or other fee payable for any period covered under the audit, You shall reimburse Qamaria Coffee for all expenses actually incurred by Qamaria Coffee in connection with the audit, including reasonable attorneys' fees.

### 6.6 Training Fees and Costs

Qamaria Coffee will not charge a fee for the initial training program for Your Operating Principal, manager, if any, if you are a legal entity, or You and your manager, if any, if you are an individual and up to one (1) additional management staff. However, if additional persons are trained, Qamaria Coffee may charge a training fee of $250 per person, per day. Qamaria Coffee may also charge a training fee for continuing education programs at cost plus an administrative fee determined by Qamaria Coffee for all training offered by Qamaria Coffee, You shall pay any costs of travel, lodging, meals and other incidental expenses that You and Your employees incur. You shall also pay for the cost of business class transportation, lodging, meals, and other incidental expenses incurred by Qamaria Coffee in connection with any additional training required by Qamaria Coffee, including without limitation, training conducted at Your site.

### 6.7 Consulting Fees and Costs

In addition to the periodic advisory assistance described in Section 5.3, optional consulting services may be made available to You by Qamaria Coffee on a per hour fee basis, at a rate determined by Qamaria Coffee, plus reimbursement of costs. You shall promptly pay such consulting fees and reimburse Qamaria Coffee for all incidental costs and expenses incurred by Qamaria Coffee in rendering such consulting services, including, but not limited to, the cost of business class transportation, mileage, lodging, meals, and telephone, fax, and courier charges.

### 6.8 Transfer Fee

You shall pay to Qamaria Coffee a transfer fee of thirty percent (30%) of our then-current initial franchise fee or five percent (5%) of the sales price, whichever is greater, as a condition of, and prior to, any Transfer. Qamaria Coffee may impose such reasonable conditions and restrictions in connection with any Transfer.

### 6.9 Supplier and Product Evaluation Fee

If You would like to use alternative supplier for a product or service to be used in or sold at Your Qamaria Coffee Business (except in instances where we have designated a sole supplier of any product, item, good, equipment service or supplies), You must submit a Supplier and Product Evaluation Form (as set forth in Section 7.3.3) and may be required to pay a Supplier and Product Evaluation Fee. The current Supplier and Product Evaluation Fee is one thousand dollars ($1,000) for each alternative supplier request You submit to Us. If a fee is required, it is due and payable upon submission of an alternative supplier request. It is not refundable under any circumstances. We may grant or deny any such request in our sole and absolute discretion.

### 6.10 Priority of Payments

All fees required to be paid by You under this Agreement shall be paid on a preferred priority basis, before the payment of operating and capital expenditures, including, but not limited to, rent, vendors, suppliers, distributors, advertisers, salaries, commissions, and in advance of all distributions and remunerations by You to Your Operating Principal and/or Related Parties.

## 7. OBLIGATIONS OF FRANCHISEE

### 7.1 Use of Trade Name and Marks

#### 7.1.1 Permitted Use

You may use the Trade Name and Marks only in the operation of the Qamaria Coffee Business within the Approved Territory in accordance with the terms and conditions of this Agreement and subject to the limitations specified by Qamaria Coffee in the Manual or otherwise in writing. **You shall not, under any circumstances, use the Trade Name or any of the Marks, including "Qamaria Coffee," in any manner, in the name of your corporation, limited liability company, partnership or other legal entity.** You may not license any third party to use Qamaria Coffee Trade Name and Marks. You may not use the Trade Name or Marks on the internet, in any electronic advertising or social media, including but not limited to on Facebook®, Twitter®, Instagram®, YouTube® or other similar electronic advertising or social media without our prior written consent. You may not use any other trade name or marks at the Approved Location, or in connection with the Qamaria Coffee Business, without the express written consent and direction of Qamaria Coffee. You shall refrain from engaging in any action (or failing to take any action)that causes or could cause damage to the Marks, the System, or the goodwill associated with the Marks.

#### 7.1.2 Changes in Trade Names and Marks

Qamaria Coffee has invested substantial time, energy, and money in the promotion and protection of its Trade Name and Marks as they exist on the Effective Date. However, You and Qamaria Coffee recognize that rights in intangible property such as the Trade Name and Marks are often difficult to establish and defend, and that changes in the cultural and economic environment within which the System operates or third-party challenges to Qamaria Coffee rights in the Marks may

make changes in the Trade Name and Marks desirable or necessary. Qamaria Coffee therefore reserves the right to change its Trade Name and Marks (although it has no present intention to do so) and the specifications for each when at any time and for any reason in Qamaria Coffee's sole and absolute discretion. You agree that You shall promptly conform, at Your own expense, to any such changes.

#### 7.1.3 Advertising Materials

You agree to submit to Qamaria Coffee copies of any and all advertising and marketing materials that You propose to use at least two weeks before the first time they are used. Qamaria Coffee will review the materials within a reasonable time and will promptly notify You in writing as to whether it approves or rejects them. You shall not use any advertising or marketing materials unless and until they are approved by Qamaria Coffee. For purposes of this paragraph, advertising materials that differ from previously approved materials only in such variables as date or price will be considered to be previously approved. Even if Qamaria Coffee approves specified materials, it may later withdraw its approval in its sole and absolute discretion, including without limitation, if it reasonably believes this is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising, including any misrepresentation in the advertising material.

#### 7.1.4 Legal Protection

You agree to notify Qamaria Coffee immediately in writing if You become aware of any unauthorized use of Qamaria Coffee Trade Name, Marks, or System. You shall promptly notify Qamaria Coffee in writing of any claim, demand or suit against You or against Your principals. You shall promptly notify Qamaria Coffee in writing of any claim, demand or suit against You or against Your principals in connection with Your use of the Trade Name, Marks, or System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, You agree that Qamaria Coffee may select legal counsel and has the sole and exclusive right to control the proceedings.

### 7.2 Site Selection and Approval, Lease or Purchase of Location

#### 7.2.1 Site Selection

You shall, on Your own initiative and at Your own expense, locate, obtain and occupy the site for your Qamaria Coffee Business. The site shall meet the minimum demographic/geographic requirements prescribed by Qamaria Coffee, which may vary by region. You are responsible for completing and submitting to Qamaria Coffee for review and approval the information and materials regarding your proposed site that Qamaria Coffee requires. Qamaria Coffee will issue its preliminary approval or disapproval of your proposed site within 10 days after Qamaria Coffee has received all of the information and materials. Qamaria Coffee will not be deemed to have withheld its approval unreasonably if the proposed site fails to meet Qamaria Coffee then-current standards and specifications, as Qamaria Coffee determines in its sole and absolute discretion. If, after your submission to Qamaria Coffee of the necessary documents, Qamaria Coffee issues an approval of

your proposed site (the "Approved Location") you shall submit a copy of the proposed lease for the Approved Location before you sign the lease.

**You acknowledge and agree that our recommendation or approval of a particular site for the Qamaria Coffee Business, and any information communicated to you regarding our site-selection requirements or criteria, do not constitute a representation or warranty of any kind, express or implied, as to the suitability of the location or for any other purpose. By approving a particular site for the Qamaria Coffee Business, Qamaria Coffee does not guarantee that the Qamaria Coffee Business will be successful. You acknowledge that your selection of the site for the Qamaria Coffee Business is based on Your own independent investigation of the suitability of the site.**

If you do not locate an Approved Location and enter into a lease or purchase agreement for the Approved Location in accordance with paragraph 7.2.2 below within thirty (30) days of the date we approve the Approved Location, Qamaria Coffee may terminate this Agreement. You hereby acknowledge and agree that Qamaria Coffee will not refund the Initial Franchise Fee to You if You are unable to secure a satisfactory site.

#### 7.2.2 Purchase or Lease of the Location

As stated above, You must lease, sublease or purchase the Approved Location within sixty (60) days of the Effective Date. If you fail to do so, we have the right to immediately terminate this Agreement. We have the right, but not the obligation, to review the business terms of any lease, sublease, lease renewal or purchase contract for the Approved Location before You sign it. You must include all of the provisions set forth in the Lease Addendum attached to this Agreement as Exhibit H, along with any other provision we designate, in the lease agreement for the Approved Location. You shall not execute a lease, sublease, lease renewal or purchase agreement, or any modification to any lease, sublease or lease renewal, without first obtaining our written approval. If we disapprove of Your lease, sublease, lease renewal or purchase agreement, the Approved Location shall be deemed disapproved and you shall have no right to open or operate the Qamaria Coffee Business at such location. **You acknowledge that our approval of the lease, sublease, lease renewal or purchase contract, as applicable, does not constitute a warranty or representation of any kind, express or implied, as to its fairness, suitability, success, or for any other purpose.** You are strongly advised to seek legal counsel to review, negotiate and evaluate the proposed lease or other property document for the Approved Location on Your behalf. You shall provide us with a fully-executed copy of the lease, sublease, lease renewal or purchase contract within five (5) business days following the date such agreement is fully executed.

### 7.3 Quality Control

#### 7.3.1 Business Construction and Opening

(a) Plans and Specifications. Qamaria Coffee will provide you with its then-current generic, prototypical plans for a typical Qamaria Coffee Business, including a sample layout for the interior of a typical franchised location. You acknowledge that such plans and specifications shall not contain the requirements of any federal,

state, or local law, code, or regulation (including, without limitation, those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build your Qamaria Coffee Business. It shall be Your sole and absolute responsibility to construct the Qamaria Coffee Business in accordance with all applicable laws, including the ADA and local laws, rules and regulations governing public accommodations.

(b) Adaption of Plans and Specifications. You shall, at Your sole cost and expense, employ architects, designers, engineers or others as may be necessary to complete, adapt, modify or substitute the sample plans and specifications to Qamaria Coffee prior to commencing construction of the Qamaria Coffee Business. Qamaria Coffee will review such plans and specifications and will approve or provide comments on the plans and specifications to You.

(c) Qamaria Coffee Approval. You shall not commence construction of the Qamaria Coffee Business until Qamaria Coffee approves, in writing, the final plans and specifications to be used in constructing the Qamaria Coffee Business. Once the final plans are approved, You shall cause the Qamaria Coffee Business to be completed in full accordance therewith.

(d) Alterations and Modifications. If Qamaria Coffee determines that the Qamaria Coffee Business is not being built, or was not built, in full accordance with the final plans, Qamaria Coffee shall have the right to require You to cause to be made all alterations or modifications of the Qamaria Coffee Business that Qamaria Coffee deems necessary. Qamaria Coffee may consult with You, to the extent Qamaria Coffee deems necessary, on the construction and equipping of the Qamaria Coffee Business, but it will be and remain Your sole responsibility to diligently design, construct, equip and otherwise ready and open the Qamaria Coffee Business.

(e) Zoning and Permits. You shall be responsible, at your expense, for obtaining all zoning classifications, permits clearances, certificates of occupancy and Qamaria Coffee Business clearances which may be required by governmental authorities for the Qamaria Coffee Business.

(f) Insurance Coverage. You shall obtain and maintain in force during the entire period of such construction, such insurance policies required under Your lease agreement, in addition to such policies and coverage amounts as Qamaria Coffee may designate in its sole discretion. All insurance policies must name Qamaria Coffee as an additional insured. Currently, you must have the following insurance at a minimum:

- Comprehensive general liability insurance with limits of at least $1,000,000 per person per occurrence (and $2,000,000 aggregate for bodily injury) and at least $50,000 for property damage per occurrence;

- Personal injury and advertising injury insurance with limits of at least $1,000,000 per occurrence;

- Employer Practices Liability insurance with limits of at least $1,000,000;

- An Umbrella Liability insurance policy with a limit of at least $1,000,000;

- "All risk" insurance on the premises, equipment and supplies, for loss or damage by fire, windstorm, flood, casualty, theft and other risk usually insured against by the owners or lessors of similar property, for at least 100% of the replacement cost of the property. Unless you obtain a written waiver from us, any Qamaria Coffee Business sustaining loss or damage must be repaired, restored, or rebuilt within 60 days after the date of the loss or damage;

- Automobile liability insurance on each vehicle used in the business within the minimum coverage limits as required by the law of the state or jurisdiction in which you are engaged in business; and

- Worker's compensation or similar insurance as required by the law of the state or jurisdiction in which you are engaged in business. This insurance must be maintained for trainees, as well as for those employed or engaged in the operation of your Qamaria Coffee Business, if required by your state or jurisdiction.

(g) Licensed Contractors. You shall use licensed general contractors, designers and architects in performing any and all construction work at the Qamaria Coffee Business, including in connection with any remodeling or renovations. Qamaria Coffee expressly disclaims any warranty of the quality or merchantability of any goods or services provided by architects, contractors or any other persons or entities to which Qamaria Coffee may refer You. Qamaria Coffee is not responsible fordelays in the construction, equipping or decoration of any Qamaria Coffee Business, or for any loss resulting from the Qamaria Coffee Business design or construction. You acknowledge that Qamaria Coffee has no control over the landlord or developer, and numerous construction and/or related problems that could occur and delay the opening of the Qamaria Coffee Business.

(h) Qamaria Coffee Access to Business and Progress Reports. Qamaria Coffee shall have access to the Qamaria Coffee Business at all times during the Term, including while work is in progress and may require alterations or modifications of the construction of the Qamaria Coffee Business that Qamaria Coffee deems necessary to ensure brand uniformity and system standard compliance.

(i) Final Inspection, Approval. You shall promptly notify Qamaria Coffee of the date of completion of the construction of the Qamaria Coffee Business. Qamaria Coffee shall have the right to conduct a final inspection of the Qamaria Coffee Business.

You shall not open the Qamaria Coffee Business for business without the express written authorization of Qamaria Coffee, and Qamaria Coffee authorization to open may be conditioned upon your strict compliance with the specifications of the approved final plans and with the standards of the System.

(j) Installation of Equipment, Furnishings, Fixtures, and Signs/Décor.

i. You shall install and use in and about the Qamaria Coffee Business only such equipment, fixtures, furnishings, interior and exterior signage, and other personal property, which strictly conforms to the appearance, uniform standards, specifications and procedures of Qamaria Coffee and the System, as may be revised from time-to-time in Qamaria Coffee's sole discretion. Such items are sometimes referred to herein collectively as "Equipment and Furnishings." You shall purchase and install all Equipment and Furnishings only from those suppliers Qamaria Coffee designates or approves in its sole discretion, including affiliates of Qamaria Coffee. Qamaria Coffee shall have the right to retain any rebates or incentives offered by such vendors or suppliers. Qamaria Coffee reserves the right to be and also reserves the right to appoint one of its affiliates to be one of, or the sole, supplier of any Equipment and Furnishings and may derive revenue, benefits, or other material consideration from such purchases. Qamaria Coffee shall have the right to inspect and approve all Equipment and Furnishings and their installation to ensure your compliance with Qamaria Coffee System Standards and Specifications.

ii. You agree that all decor of the Qamaria Coffee Business must be previously approved by Qamaria Coffee and must comply with Qamaria Coffee standards, including as may be described in the Manual or in other written communications Qamaria Coffee provides to you, which may be periodically revised. Qamaria Coffee shall be deemed to be the owner of all copyrights in and to all forms of art or other visual media displayed in the Business, including pictures, drawings photographs and items that Qamaria Coffee directs you to display (the "Art"), as well as all intellectual property rights in and to the Art. You shall not, without Qamaria Coffee prior written consent, allow any of the Art to become a fixture of Your Qamaria Coffee Business and You shall not display or use the Art in any other business. Your failure to maintain your Qamaria Coffee Business's decor in compliance with Qamaria Coffee specifications and standards described in the Manual or otherwise constitutes a material breach of this Agreement.

(k) Completion and Opening Requirements. You shall complete construction of the Qamaria Coffee Business (including all exterior and interior carpentry, electrical painting, and finishing work, and installation of all furniture, fixtures, equipment, and signs) in accordance with the plans approved in writing by Qamaria Coffee, at your expense and open the Qamaria Coffee Business to the public no later than three hundred (300) days after the Effective Date (the "Required Opening Date'). Time

is of the essence. You may not open the Qamaria Coffee Business to the public until Qamaria Coffee issues a written approval authorizing your opening. Qamaria Coffee will not issue its approval, and you will be prohibited from opening the Business, if (a) the Business has not been constructed and equipped in accordance with Qamaria Coffee standards and specifications, (b) you fail to successfully complete initial training, or (c) in view of Qamaria Coffee management, Qamaria Coffee determines you are not prepared to open.

Opening without Qamaria Coffee's written certification that You are prepared to do so is a material breach of this Agreement and constitutes infringement on Qamaria Coffee intellectual property rights, justifying injunctive relief and termination of this Agreement. **By certifying that Qamaria Coffee management believes You are prepared to commence business, Qamaria Coffee does not guarantee that the Qamaria Coffee Business will be successful.** Your success will depend on a number of factors, including general economic conditions and Your skill and hard work which are not within Qamaria Coffee's control.

### 7.3.2 Compliance with Manual

You shall operate Your Qamaria Coffee Business in complete compliance with the standards and specifications, as set forth in the Manual, or otherwise in writing. Qamaria Coffee may make changes to any of these standards and specifications, at any time, in Qamaria Coffee sole and absolute discretion. Such changes may necessitate the purchase of equipment, supplies, furnishings, or other goods, completion of additional training by Your employees, remodeling of the Qamaria Coffee Business, or other cost to You. You shall promptly conform to the modified standards and specifications at Your own expense. You shall, at all times, keep Your copy of the Manual current (by, for example, inserting in it revised pages given to You by Qamaria Coffee and deleting superseded pages, or downloading from Qamaria Coffee website, the current version of the Manual upon notification of any revision to the Manual). If there is any dispute as to the requirements of the Manual at any point in time, the terms of the master copy of the Manual maintained by Qamaria Coffee will control.

You shall at all times treat the Manual, any other manuals created for or approved for use in the operation of the Qamaria Coffee Business, and the information contained therein as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Except for those portions of the Manual that Qamaria Coffee designates, in writing, as appropriate for copying and use at the Qamaria Coffee Business, You shall not, at any time, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any third party without our prior written consent. All copyrights in the Manual are the sole and exclusive property of Qamaria Coffee.

### 7.3.3 Required Products and Services

You must offer all of the products and services we designate. We have the right to modify these items from time-to-time, at our sole discretion. You may not offer or sell any other product or service without our prior written consent. You must use the proprietary and nonproprietary

techniques, materials and supplies we designate in the Manual. You must provide all services (including Proprietary Services) in accordance with the standards and specifications set forth in the Manual. You must, at all times, maintain sufficient staff, materials and supplies to meet reasonably anticipated customer demand.

(a) Approved Suppliers. We have the absolute right to limit the suppliers with whom you may deal. We may require you to purchase certain items, products, services, signs, furnishings, supplies, fixtures and equipment from us or distributors we have approved. Unless we specify otherwise in writing, you may be required to purchase all goods, items, products, equipment and services required for the development and operation of the Business from our approved or designated suppliers. We have the right to designate one supplier for any given item or service. We may provide you with a list of suppliers, which list may change over time. While the suppliers included on this list may be mandated, approved and/or recommended, we reserve the right to change this list, from time-to-time, in our sole discretion. Notifications of changes to the approved suppliers list will be communicated to you through changes to the Manual or other written communications, including via electronic mail. We may revoke approval of suppliers in our sole and absolute discretion, at any time, upon written notice. We may become an approved supplier, and/or the only supplier, for any item, product, good and/or service at any time. We reserve the right to own an interest in any entity that will act as an approved supplier for any or all products and services You will use, offer and/or sell in the Qamaria Coffee Business.

(b) Right to Derive Income. We may derive income, consideration payments and other benefits on account of your purchase or lease of any products, services, supplies, equipment and/or other items from us or any supplier, including approved suppliers and/or designated suppliers. This income may be derived in any form, including as a rebate from various suppliers based on the quantity of System franchisee purchases. We may use these benefits for any purpose we deem appropriate. We are not obligated to remit any benefits to you and reserve the right to retain all such benefits.

(c) Alternative Suppliers. If you want to purchase any item, product service, goods, equipment or supplies from a supplier or distributor who is not on our approved list, you may request our approval of the supplier or distributor (except in instances where we have designated a sole supplier of any product, item good, equipment, service or supplies), which we may grant or deny in our sole and absolute discretion. The proposed supplier's or distributor's product or service, as applicable, must conform in every respect to our standards and specifications, and the supplier or distributor must have a good business reputation and be able and willing to provide sufficient quantities of the product and adequate service to you. The supplier or distributor must also provide us with any information we request in order to analyze the supplier's or distributor's suitability, and the composition and conformity of the product to our standards. This evaluation may include a sampling of the product at either the supplier's/distributor's or our place of business as we may designate.

Where appropriate, we may require the supplier or distributor to provide us with product liability insurance. All suppliers and distributors must agree to provide us with reports concerning all purchases by you or other franchisees. You may be required to pay us a Supplier and Product Evaluation Fee of not more than one thousand dollars ($1,000) for each alternative supplier request You submit to Us. We cannot predict with any certainty how long any evaluation will take, however, we will attempt to complete our evaluation within thirty (30) days. Upon the completion of our evaluation, we will inform you of our approval or disapproval of your request. If we approve the supplier or distributor, the supplier or distributor is added to our approved list, however, our approval of a supplier or distributor relates only to the item or product line evaluated and specifically approved by us.

Our standards, specifications and other criteria, for supplier or distributor approval have been developed by us, our affiliates, and/or or principals through the expenditure of extensive work and time, and are considered confidential information. Therefore, we do not make our standards and specifications or our other criteria for supplier or distributor approval available to you or suppliers.

(d) Modifications. We may modify our specifications and standards for any item or revoke our approval of any supplier or distributor who fails to adhere to our quality standards or other requirements. We may limit the number of potential suppliers that we consider for approval and, for some categories of products, we may designate a third-party or ourselves as an exclusive supplier.

**NEITHER QAMARIA COFFEE, NOR ITS PARENTS OR AFFILIATES, MAKE ANY EXPRESS OR IMPLIED WARRANTIES REGARDING ANY ITEM, GOOD, PRODUCT, OR SERVICE, AND QAMARIA COFFEE AND ITS AFFILIATES EXCLUDE (AND EXPRESSLY DISCLAIM) ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE**, except as set forth in a particular written warranty, if any, provided in connection with a particular item or service.

(e) Further Restrictions. You shall not offer or sell any product, item or service we have not designated or expressly approved in writing without our prior written consent, which may be granted or withheld in our sole and absolute discretion. We reserve the right to sell products and services to you for a profit.

(f) Purchasing Programs, Promotional Programs. We may establish national, regional, or local purchasing programs for the purpose of negotiating purchases of certain products and/or services from approved or designated suppliers. The purchasing programs may (but are not required to) benefit you by reducing prices, increasing reliability in supply, improving distribution, and establishing consistent pricing for reasonable periods to avoid market fluctuations. If a national and/or regional or local purchasing program is established for the area where your Franchised Business is located, you must participate in the program.

(g) Pricing. You must offer all Proprietary Services, products and services that we designate. We reserve the right to prohibit you from charging prices higher or lower than our published prices for any service or item, to the maximum extent allowed by applicable law. We may also suggest pricing to you from time-to-time. We may change the types of authorized goods and services, and the prices for authorized goods and services sold by You in our sole discretion. There are no limitations on our right to make changes.

**7.3.4 Inspections**.

In an effort to advance the protection and enhancement of the Qamaria Coffee brand and the Marks, Qamaria Coffee and/or its designated agents or representatives may conduct periodic quality control and records inspections of the Qamaria Coffee Business at any time during the Term. Inspections may be made with or without prior notice. Without limiting the foregoing, you grant Qamaria Coffee and its agents the right to: (a) enter upon the Qamaria Coffee Business premises for the purpose of conducting inspections, and you shall cooperate with Qamaria Coffee representatives in such inspections by rendering such assistance as they may reasonably request; (b) photograph your Qamaria Coffee Business and observe and record video of your Business's operation for consecutive or intermittent periods as Qamaria Coffee deems necessary; (c) interview your personnel and customers; and (d) inspect and copy any books, records, and documents related to your Qamaria Coffee Business's operation. You shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. If any inspection reveals that you are not in compliance with any provision of this Agreement, the Manual, or any of Qamaria Coffee standards and/or specifications, you shall be deemed in breach of your obligations under this Agreement and Qamaria Coffee shall have the right to terminate this Agreement as provided under Section 10.2 of this Agreement, if you fail to cure the breach before the expiration of all applicable notice and cure periods. You further agree that You will reimburse Qamaria Coffee for its representative's time and travel expenses, if an additional inspection at the Qamaria Coffee Business is required when a violation has occurred, and You have not corrected the violation.

**7.3.5 Customer Satisfaction**

You must present customers with such evaluation cards or forms as the Franchisor may periodically prescribe, for return by the customers to Qamaria Coffee If Your scores from the customer response forms do not meet Qamaria Coffee's then-current standards, as may be described in the Manual, Qamaria Coffee may suggest ways in which You can improve Your scores. If You do not take immediate, effective steps to bring Your operation into conformity with Qamaria Coffee's standards, Your failure to do so will constitute a material breach of this Agreement, and You shall be subject to termination pursuant to Section 10.2.

You shall respond to all customer complaints, suggestions, and the like via e-mail, telephone, or regular mail within 48 hours of submission by the customer or prospective customer.

You shall install a video and/or security system, in a manner we deem acceptable, in our sole discretion, and shall provide Qamaria Coffee with access to view the video at any time.

### 7.3.6 Maintenance Requirements

All equipment repairs shall be completed within seventy-two (72) hours. Any damaged or "worn" equipment shall be repaired (reupholstered, etc.) every six months, or as needed. Interior walls of common areas shall be painted or "touched up" every six months, or as needed. You shall maintain the Qamaria Coffee Business in accordance with the requirements set forth in the Manual. From time-to-time, Qamaria Coffee may require You to remodel all or part of the Qamaria Coffee Business and purchase new equipment furniture, fixtures, signs and other such items as Qamaria Coffee designates in its sole discretion. You must promptly, at Your own cost and expense, remodel, refurbish, and improve the Qamaria Coffee Business as instructed by Qamaria Coffee.

### 7.3.7 Notification of Complaints

You shall notify Qamaria Coffee promptly if You are served with a complaint or demand in any legal proceeding that is in any way related to the Qamaria Coffee Business or if You become aware that You are the subject of any complaint to or investigation by a governmental agency, governmental licensing authority, or consumer protection agency. You shall notify Qamaria Coffee immediately upon receipt of any notice of a breach of the lease agreement for the premises of the Qamaria Coffee Business. You must notify Qamaria Coffee of any claim arising from or affecting the financial condition of your Qamaria Coffee Business.

### 7.3.8 Computer System Requirements

You shall purchase and maintain a computer and point-of-sale system, as designated by Qamaria Coffee (the "POS System"), to be used in the operation of the Qamaria Coffee Business and for reporting purposes. You shall comply with the following provisions relating to the POS System:

(a) You shall record all sales at or from the Qamaria Coffee Business at the time of sale, in accordance with Qamaria Coffee procedures, on the POS System;

(b) You shall update and upgrade the POS System as designed by Qamaria Coffee. Qamaria Coffee may require you to enter into a separate maintenance and/or support agreement for your POS System, at any time, at your sole cost and expense;

(c) You shall comply with such requirements determined by Qamaria Coffee, from time-to-time, regarding maintenance, training, storage and safeguarding of data, records, reports, and other matters relative to the POS System; and

(d) Qamaria Coffee has the right to independently access any and all information on your POS System, at any time, without first notifying you. Without limiting the generality of the foregoing, you shall, at your sole cost and expense, permit Qamaria Coffee immediate access to your POS System, electronically or otherwise, at all times, without prior notice to you. Qamaria Coffee shall have the right to use the information accessed on the POS System in any manner Qamaria Coffee

determines, including the right to use any and all such information in Qamaria Coffee Franchise Disclosure Document, and to share financial statements, including profit and loss statements, with other System franchisees.

**QAMARIA COFFEE MAKES NO WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, WITH REGARD TO ANY THIRD PARTY MATERIALS. QAMARIA COFFEE DISCLAIMS ANY AND ALL WARRANTIES RELATED TO THE COMPUTER SYSTEM, WHETHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, INTEROPERABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, QUIET ENJOYMENT, OR THOSE ARISING FROM TRADE USAGE OR COURSE OF DEALING. QAMARIA COFFEE DOES NOT WARRANT THAT THE COMPUTER SYSTEM WILL BE FREE FROM DEFECTS OR THAT USE OF THE COMPUTER SYSTEM WILL BE UNINTERRUPTED OR ERROR FREE.**

**IN NO EVENT WILL QAMARIA COFFEE BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL SPECIAL OR PUNITIVE DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY DAMAGES ASSOCIATED WITH LOSS OF USE, INTERRUPTION OF BUSINESS, LOSS OF DATA OR LOSS OF PROFITS) ARISING OUT OF OR IN ANY WAY RELATED TO THE COMPUTER SYSTEM OR ITS USE.**

#### 7.3.9 Data Security

You shall use your best efforts to protect your customers against any and all data breaches and cyber-events, including, without limitation, identity theft or theft of personal information (a "Data Security Breach"). If a Data Security Breach occurs, in the interest of protecting the goodwill associated with the Qamaria Coffee brand and franchise system, Qamaria Coffee hereby reserves the right to (but does not undertake the obligation to) directly or through its designee, perform or control any and all aspects of the response to such Data Security Breach, including, without limitation, the investigation, containment and resolution of the event and all communications with the franchise system, vendors and suppliers, customers, law enforcement agencies, regulatory authorities and the general public. You hereby acknowledge and agree that a Data Security Breach and/or any response to a Data Security Breach may impact operations of the Business, including, without limitation, interruption in operations. You hereby acknowledge and agree that neither Qamaria Coffee nor any of its parents, affiliates, subsidiaries, owners, officers, directors, or employees shall be liable to You for any damages arising out of or resulting from any Data Security Breach or any action or inaction in response to a Data Security Breach. You shall at all times be compliant with all Payment Card Industry Data Security Standards, any and all requirements imposed by all applicable payment processors and payment networks, including credit card and debit card processors, and any and all state and federal laws, rules and regulations relating to data privacy, data security and security breaches. You hereby acknowledge and agree that if Qamaria Coffee engages or designates a third party service provider to administer a data security program, you will be required to comply with the requirements of such service provider. It is your responsibility to ensure that you operate the Business at all times in compliance with all aforementioned laws, rules, regulations and requirements and you are strongly encouraged to

engage legal and data security professionals, including insurance providers to ensure your full compliance and adequate protection.

## 7.4 Management and Personnel

You are not required to devote a minimum number of hours to the management and operation of Your Qamaria Coffee Business. However, another manager who has successfully completed Qamaria Coffee initial training program shall be present at the Business whenever the Qamaria Coffee Business is open for business. You shall maintain, at all times, a staff of competent, conscientious, and trained employees sufficient to operate the Qamaria Coffee Business in compliance with Qamaria Coffee standards. Qamaria Coffee does not directly or indirectly direct or control labor or employment matters for You or Your employees, or for any of the Qamaria Coffee franchisees and/or their employees. Qamaria Coffee may make suggestions and may provide guidance relating to such matters; however, it is entirely Your responsibility to determine whether to adopt, follow and/or implement any of our suggestions. Notwithstanding anything contained in this Agreement to the contrary, mandatory specifications, standards and operating procedures including as set forth in any manual, do not include the terms or conditions of employment for any of your employees, nor do they include mandated or required personnel policies or procedures. You are required to indemnify Qamaria Coffee from and against any and all joint employer liability.

## 7.5 Advertising

Recognizing the value of advertising, marketing, and promotion, and the importance of the standardization of advertising, marketing, and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

### 7.5.1 Grand Opening

You shall spend up to $3,000 on a grand opening advertising program conducted in accordance with the guidelines for such a program as may be further described in the Manual, in addition to Your regular monthly Local Advertising pursuant to Section 7.5.2 of this Agreement. Such grand opening must occur within two (2) weeks of the opening of Your Qamaria Coffee Business.

### 7.5.2 Local Advertising

You shall spend at least one percent (1%) of Gross Revenue per month on local marketing, advertising and promotion in such manner as Qamaria Coffee may, in its sole discretion, direct in the Manual or otherwise in writing from time-to-time. Upon Qamaria Coffee's request, You shall provide satisfactory evidence of its local advertising and promotion expenditures in such manner as Qamaria Coffee shall direct in the manual or otherwise in writing from time-to-time. If You fail to spend the local marketing requirement in any given period, You are required to pay the difference to the Brand Fund.

### 7.5.3 Brand Fund Contribution

You shall pay to Qamaria Coffee a monthly Brand Fund fee of up to 2% of Gross Revenues. We do not currently charge the Brand Fund fee. If we start charging a Brand Fund fee, the fee must be paid on or before the 10th day of each month based on Gross Revenues you earned during the immediately preceding month. Qamaria Coffee is not obligated to continue the Brand Fund and may change the amount or suspend contributions to or operations of the Brand Fund or terminate the Brand Fund (or reinstate the Brand Fund if it is terminated).

Qamaria Coffee or an affiliate or other entity designated by Qamaria Coffee will administer and control the Brand Fund, if created. Qamaria Coffee may use the Brand Fund to maximize general public recognition and patronage of the Marks and System; formulate, develop, and produce marketing, advertising and sales support materials for use by our franchisees; conduct marketing, advertising and promotional programs on a national, regional or local level; provide marketing support services to franchisees; develop, maintain and support the franchise technology and digital marketing for us and our franchisees; obtain public relations services; obtain marketing and advertising services to administer, create, distribute, place, publish, or otherwise provide marketing products and services to the Brand Fund; pay the expenses of the Brand Fund, including without limitation, salaries and other employment expenses of our marketing staff, administrative costs, overhead, and other expenses we incur in connection with the administration of the Brand Fund; and other uses as Qamaria Coffee determines in its discretion. Qamaria Coffee is not required to spend Your contributions to place advertising in Your market or in any specific media. The Brand Fund will not be used for marketing that is principally a solicitation for the sale of franchises. Qamaria Coffee will submit to you, on reasonable advance written request but no earlier than 120 days after the end of the fiscal year, an annual report of the receipts and disbursements of the Brand Fund, unaudited, prepared by Qamaria Coffee's management, and provided in the manner Qamaria Coffee specifies.

### 7.5.4 Websites

Unless otherwise approved in writing by Qamaria Coffee, You shall not establish a separate Website. However, Qamaria Coffee shall have the right to require that You have one or more references or webpage(s), as designated and approved in advance by Qamaria Coffee, within Qamaria Coffee principal Website, which is currently www.qamariacoffee.com ("Our Website"). The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including, but not limited to, any account, page, or other presence on a social or business networking media site, such as Facebook, Twitter, Linked In, and on-line blogs and forums ("Networking Media Sites"). Qamaria Coffee shall have the right to require that You not have any Website other than the webpage(s), if any, made available on Our Website.

#### 7.5.4.1 Qamaria Coffee Website

Qamaria Coffee may approve a separate Website for You (which Qamaria Coffee is not obligated to approve; and which approval, if granted, may later be revoked by Qamaria Coffee) subject to the conditions set forth in this Section 7.5.4.1:

(a) You specifically acknowledge and agree that any Website owned or maintained by or for the benefit of You shall be subject to Qamaria Coffee prior review and approval;

(b) Any expenditures by You in connection with any Website shall not count towards fulfilling Your advertising obligations under this Section 7 of the Agreement;

(c) Before establishing any Website, You shall submit to Qamaria Coffee, for Qamaria Coffee prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner Qamaria Coffee may reasonably require;

(d) Qamaria Coffee may designate a single vendor or supplier for the purposes of assisting You in creating Your Website;

(e) If approved, You shall not subsequently modify such Website without Qamaria Coffee prior written approval as to such proposed modification;

(f) You shall comply with the standards and specifications for Websites that Qamaria Coffee may periodically prescribe in the Manual or otherwise in writing;

(g) If required by Qamaria Coffee, You shall establish such hyperlinks to Qamaria Coffee Website and other Websites as Qamaria Coffee may request in writing; and

(h) You shall not make any posting or other contribution to a Networking Media Site relating to Qamaria Coffee, the System, the Proprietary Marks, or the Franchised Business that: (i) is derogatory, disparaging, or critical of Qamaria Coffee; (ii) is offensive, inflammatory, or indecent; (iii) harms the goodwill and public image of the System and/or the Proprietary Marks; or (iv) violates Qamaria Coffee policies relating to the use of Networking Media Sites.

#### 7.5.4.2 Technology Fee

In addition to the conditions set forth in Section 7.5.4.1, You are required to pay Qamaria Coffee a monthly technology fee (the "Technology Fee") for the development and maintenance of technology used in the System. Currently, the Technology Fee is $100 per month and must be paid on the 10th day of every month.

#### 7.5.4.3 Changes to Technology

You acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, You agree that Qamaria Coffee shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System;

and You agree that You shall abide by those new standards established by Qamaria Coffee at your sole cost and expense as if this Agreement were periodically revised by Qamaria Coffee for that purpose.

### 7.5.5 Advertising Cooperative

Qamaria Coffee shall have the right, in its sole discretion, to designate any geographic area for purposes of establishing a regional advertising and promotional cooperative (the "Cooperative"), and to determine whether a Cooperative is applicable to Your Approved Territory. If a Cooperative has been established in Your area prior to opening the Business, You shall become a member of the Cooperative no later than thirty (30) days after opening the Business. If a Cooperative is established subsequent to Your opening of the Business, You shall become a member of the Cooperative no later than thirty (30) days after the date on which the cooperative commences operation. If the Business is within the Territory of more than on Cooperative, You shall not be required to be a member of more than one Cooperative within that Territory. We reserve the right to require you to contribute a portion of Your Gross Revenues to the Cooperative.

### 7.5.6 Signs

You shall permanently display, at Your own expense, in Your Qamaria Coffee Business and elsewhere in connection with your franchised business, Qamaria Coffee signs of any nature, form, color, number, location and size, and containing any legends, that Qamaria Coffee has designated in the Manual or otherwise in writing. Qamaria Coffee has the right to require you to change, modify, update upgrade and/or change any and all signs used in connection with the operation of your Qamaria Coffee Business at any time upon written notice to you and at your sole cost and expense.

### 7.5.7 Marketing Materials

All marketing and promotion by You shall be in such media and of such type and format as Qamaria Coffee may approve, shall be conducted in a dignified manner and shall conform to such standards and requirements as Qamaria Coffee may specify. You shall not use any advertising or promotional plans or materials unless and until You have received written approval from Qamaria Coffee You shall provide satisfactory evidence of Your local advertising and promotion expenditures in such as a manner as Qamaria Coffee shall direct in the Manual or otherwise in writing from time-to-time. Qamaria Coffee may make available to You, from time-to-time, at Your expense, such promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional maters.

### 7.5.8 Promotions

You acknowledge that periodic rebates, give-a-ways, coupons, and other promotions and programs are an integral part of the System. Accordingly, You, at your sole cost and expense, shall, from time-to-time, issue and offer such rebates, give-a-ways, coupons, and promotions, in accordance with

any advertising programs established by Qamaria Coffee, and shall further honor such rebates, give-a-ways, and promotions, issued by Qamaria Coffee.

#### 7.5.9 Telephone Directories

You shall, at your sole expense, obtain listings in the white and yellow pages of local telephone directories. You shall comply with Qamaria Coffee specifications concerning the form and size of such listings, and the number of directories in which such listings will be placed. Additionally, You are required to obtain listings and/or advertise with Qamaria Coffee and other franchisees of the System on electronic yellow pages directories and other online directories as Qamaria Coffee may designate in the Manual or otherwise in writing. Qamaria Coffee reserves the right to place, and subsequently remove or modify, such online listings and advertisements on Your behalf. For any listings or advertisement posted or on behalf of You, You shall promptly pay, upon demand by Qamaria Coffee, Your *pro rata* share of the costs of such listings or advertisements.

#### 7.5.10 Franchise Advisory Council

Qamaria Coffee shall have the right, in its discretion, to require the establishment of a franchise advisory council (the "Advisory Council") in Your Approved Territory. In the event such Advisory Council is established, You shall participate actively in the Advisory Council as Qamaria Coffee designates and participate in all Advisory Council meetings approved by Qamaria Coffee Qamaria Coffee reserves the right to prepare and amend the governing documents for the Advisory Council from time-to-time, in its sole discretion, at any time. Qamaria Coffee, in its sole discretion, will determine the topic areas to be considered by the Advisory Council. The purpose of the Advisory Council shall include, but is not limited to, exchanging ideas and problem-solving methods, advising Qamaria Coffee on expenditures for system-wide advertising, and coordinating franchisee efforts. Amounts and expenditures may vary from time-to-time due to variations in Advisory Council participation and costs, as determined by the Advisory Council, and as approved by Qamaria Coffee, Qamaria Coffee shall have the right to form, change, or dissolve an Advisory Council at any time in its sole discretion.

### 7.6 Financial Information

#### 7.6.1 Records

You shall record all sales and all receipts of revenue on individual serial-numbered receipts. Bank Deposits must validate all receipts. You shall retain daily sales reporting forms and accompanying records for at least three (3) years after the date of sale (or for a longer period if required by state or local law). You shall retain all other records and receipts used in the ordinary course of business. You shall furnish all records to Qamaria Coffee upon request.

#### 7.6.2 Reports

You shall submit to Qamaria Coffee, on or before the fifteenth (15th) day following the end of each month, financial reports on the income and expenses of the Qamaria Coffee Business in the format specified by Qamaria Coffee. You shall also submit to Qamaria Coffee, at the time of filing,

copies of all federal state and local income, sales, and property tax returns. Qamaria Coffee will use this data to confirm that You are complying with Your obligations under this Agreement, and to formulate earnings and expense information for possible disclosure to prospective franchisees. In addition to the foregoing, on or before the fifteenth (15th) day following the end of each month, you shall submit proof of payment for any leasehold rental obligations, sales tax, and payroll taxes.

## 7.7 Insurance

### 7.7.1 Minimum Insurance Requirements

You shall procure, prior to the commencement of any activities or operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement), at Your expense, an insurance policy or policies protecting You, Qamaria Coffee, and their respective officers, directors, partners, agents and employees against any demand or claim with respect to personal injury, death or property damage, business interruption, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Business, including, but not limited to, comprehensive general liability insurance, property insurance (including, but not limited to, fire, vandalism, and malicious mischief insurance for the replacement value of the Qamaria Coffee Business and its contents), casualty insurance, business interruption insurance, statutory workers' compensation insurance, employer's liability insurance, product liability insurance, and automobile insurance coverage for all vehicles used in connection with the operation of Business, if applicable. Such policy or policies shall be written by a responsible carrier or carriers acceptable to Qamaria Coffee, shall name Qamaria Coffee and its subsidiaries and affiliates as additional insureds, shall provide for Qamaria Coffee to receive notice upon cancellation or any event of default, including non-payment, and shall provide at least the types and minimum amounts of coverage specified in the Manual. Qamaria Coffee shall have the right, from time-to-time, to make such changes in minimum policy limits and endorsements in the Manual or otherwise in writing as it may determine in its reasonable discretion.

### 7.7.2 Non-Waiver

Your obligation to obtain and maintain the policy or policies in the amounts specified in the Manual shall not be limited in any way by reason of any insurance that may be maintained by Qamaria Coffee, nor shall Your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 8.5 of this Agreement.

### 7.7.3 Franchisor Entitled to Recover

All public liability and property damage policies shall contain a provision that Qamaria Coffee, although not named as an insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Qamaria Coffee or its agents or employees by reason of the negligence of You or your agents or employees.

### 7.7.4 Certificates of Insurance

Prior to the commencement of any operations under this Agreement, and thereafter at least thirty (30) days prior to the expiration of any policy, You shall deliver to Qamaria Coffee Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given Qamaria Coffee in the event of material alteration to or cancellation of the coverages evidenced by such Certificates.

### 7.7.5 Right to Procure Insurance

Should You, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time-to-time by Qamaria Coffee in the Manual or otherwise in writing, Qamaria Coffee shall have the right and authority (but not the obligation) to procure and maintain such insurance in Your name and to charge same to You, which charges, together with Our reasonable expenses in so acting, shall be payable by You immediately upon notice. The foregoing remedies shall be in addition to any other remedies Qamaria Coffee may have under this Agreement, or at law or in equity.

## 7.8 Financial and Legal Responsibility

### 7.8.1 Compliance with Law

You shall comply with all federal, state and local laws and regulations pertaining directly or indirectly to the Qamaria Coffee Business. You shall keep current and legally compliant all licenses, permits, bonds, contracts, and deposits made to or required by any government agency in connection with the operation of the Qamaria Coffee Business. You are responsible for compliance with all requirements imposed by applicable law, rule, or regulation.

### 7.8.2 Payment of Indebtedness

You shall pay promptly when due all taxes and debts that You incur in the conduct of Your business. Except in connection with the financing of the initial development of the Business, including your obtainment of any SBA financing, the Qamaria Coffee Business and all assets and equipment used in connection with the operation of the Qamaria Coffee Business shall remain free and clear of any pledge, mortgage, hypothecation, lien, charge, encumbrance, security interest or purchase right or options unless approved by Qamaria Coffee in writing. The Business revenues, including Gross Revenues and if You are a partnership, corporation, or limited liability company, each of your Owners' interest in the franchisee entity, shall be and remain free and clear of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options, unless approved by Qamaria Coffee in writing.

### 7.9 Franchised Business Operations

You shall use the Business solely for the operation of the business franchised hereunder; shall keep the Business open and in normal operation for such minimum hours and days as Qamaria Coffee may specify or otherwise directs from time-to-time; shall refrain from using or permitting the use of the Business for any other purpose or activity at any time without first obtaining the written consent of Qamaria Coffee; and shall operate the Business in strict conformity with such methods, standards, and specifications as Qamaria Coffee may, from time- to-time, prescribe in the Manual or otherwise in writing. You shall refrain from deviating from such standards, specifications, and procedures without Qamaria Coffee prior written consent.

## 8. RELATIONSHIP OF PARTIES

### 8.1 Interest in Marks and System

You expressly understand and acknowledge that:

(a) Qamaria Coffee (or its affiliate(s)) is the owner of all rights, title and interest in and to the Marks and the goodwill associated with and symbolized by them;

(b) The Marks are valid and serve to identify the System and those who are authorized to operate under the System;

(c) Neither You nor any principal of You shall directly or indirectly contest the validity of Qamaria Coffee ownership of the Marks, nor shall You directly or indirectly, seek to register the Marks with any government agency;

(d) Your use of the Marks does not give You any ownership interest or other interest in or to the Marks, except the license granted by this Agreement;

(e) Any and all goodwill arising from Your use of the Marks shall inure solely and exclusively to Qamaria Coffee's benefit, and upon expiration or termination of this Agreement, and the license herein granted, no monetary amount shall be assigned or attributable to any goodwill associated with Your use of the System or the Marks; and

(f) The right and license of the Marks granted hereunder to You is non-exclusive, and Qamaria Coffee thus has and retains the rights, among others:

i. to use the Marks itself in connection with selling services, products and other goods;

ii. to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees and corporate affiliates;

iii. to develop and establish other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to You; and

iv. to, from time-to-time, modify or delete existing Marks upon notice to You. You have absolutely no right to use any specific deleted mark owned or controlled by Qamaria Coffee or its Affiliate.

## 8.2 Independent Status

It is expressly agreed that the parties intend by this Agreement to establish between You and Qamaria Coffee the relationship of franchisee and franchisor. It is further agreed that You have no authority to create or assume in Qamaria Coffee's name or on Qamaria Coffee's behalf any obligation express or implied or to act or purport to act as agent or representative on our behalf for any purpose whatsoever. Neither You nor Qamaria Coffee is the employer, employee, agent, partner, fiduciary or co-venturer, of or with the other, each being independent. All employees and agents hired or engaged by or working for You will be only the employees or agents of Yours and will not, for any purpose be deemed employees or agents of Qamaria Coffee nor subject to Qamaria Coffee's direct or indirect control. Qamaria Coffee has no authority to exercise direct or indirect control over the hiring or termination of Your employees, independent contractors, agents or others who work for You, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the brand and the Marks. You shall file your own tax, regulatory and payroll reports with respect to your employees, agents and contractors, and You shall save, indemnify and hold Qamaria Coffee and its parents, affiliates, owners, officers, directors and subsidiaries harmless from any and all liability, costs and expenses, of any nature, that any such party incurs related to these obligations. You shall, in all respects, be an independent contractor and nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint-venturer, joint- employer, partner, employee or servant of the other for any purpose whatsoever. Without limiting the foregoing, You are an independent legal entity and must make this fact clear in Your dealings with suppliers, lessors, government agencies, employees, customers and others. You and Qamaria Coffee are completely separate entities and are not fiduciaries, partners joint-venturers, or agents of the other in any sense, and neither party has the right to bind the other. No act or assistance by either party to the other pursuant to this Agreement may be construed to alter this relationship. You are solely responsible for compliance with all federal, state, and local laws rules and regulations, and for complying with Qamaria Coffee policies, practices, and decisions relating to the operation of the Qamaria Coffee Business. You shall rely on Your own knowledge and judgment in making business decisions, subject only to the requirements of this Agreement and the Manual. You may not expressly or implicitly hold Yourself out as an employee, partner, shareholder, member, joint-venturer or representative of Qamaria Coffee, nor may You expressly or implicitly state or suggest that You have the right or power to bind Qamaria Coffee, or to incur any liability on Qamaria Coffee behalf. You may not use the Trade Name or Marks as part of Your corporate name, limited liability company name, or limited partnership name. There is no fiduciary duty between You and Qamaria Coffee.

## 8.3 Display of Disclaimer

You shall conspicuously display a sign that states that "THIS QAMARIA COFFEE BUSINESS IS AN INDEPENDENTLY OWNED AND OPERATED FRANCHISED BUSINESS" within each Business, business cards, client/customer agreements, paychecks, job applications, stationery, purchase order forms, invoices, and other documents that You use in Your business dealings with suppliers, government agencies, employees and customers. You must clearly identify Yourself as an independent legal entity as we require.

## 8.4 Confidentiality

You acknowledge and agree that the information, ideas, forms, marketing plans and other materials disclosed to You under this Agreement, whether or not included in the Manual, are confidential and proprietary information and trade secrets of Qamaria Coffee. Any and all information, knowledge and techniques which Qamaria Coffee designates as confidential shall be deemed confidential for purposes of this Agreement, except information which You can demonstrate came to Your attention prior to disclosure thereof by Qamaria Coffee or which, at or after the time of disclosure by Qamaria Coffee to You, had become or later becomes a part of the public domain, through publication or communication by others. You agree to maintain the confidentiality of all such material. You may not disclose any such information to any third-party, except to Your employees and agents, as necessary in the regular conduct of the Qamaria Coffee Business, and except as authorized in writing by Qamaria Coffee. You shall be responsible for requiring compliance of Your Related Parties and employees with the provisions of this Section. You shall obtain signed Nondisclosure, Nonsolicitation and Noncompetition Agreements, in the form of Exhibit E to this Agreement, from Your Related Parties and employees, and send Qamaria Coffee a copy of each such agreement upon demand.

## 8.5 Indemnification

You and your Related Parties agree to indemnify, defend and hold harmless us, our affiliates, and our and their respective shareholders, members, directors, officers, employees, agents, successors, and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for all claims, obligations, and damages directly or indirectly arising out of or related to your act or omission, the act or omission of any of your Related Parties, employees, agents or representatives, the Qamaria Coffee Business's operation, the business you conduct under this Agreement, or your breach of this Agreement, including, without limitation, those alleged to be caused by negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, claims include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants, arbitrators, attorneys' fees, expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation arbitration or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at Your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding

this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third-party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this paragraph. Without limiting the foregoing, if Qamaria Coffee is made a party to a legal proceeding in connection with Your act or omission, Qamaria Coffee may hire counsel to protect its interests and bill You for all costs and expenses incurred by Qamaria Coffee. You shall promptly reimburse Qamaria Coffee for such costs and expenses.

You shall notify Qamaria Coffee immediately when you learn about an infringement or challenge to your use of any Mark, including the Qamaria Coffee mark. Qamaria Coffee will take the action Qamaria Coffee deems appropriate in any such situation. Qamaria Coffee has exclusive control over any proceeding or settlement concerning any of the Marks. You must take all actions that, in the opinion of Qamaria Coffee counsel, may be advisable to protect and maintain Qamaria Coffee interests in any proceeding or to otherwise protect and maintain Qamaria Coffee interests in the Mark. Qamaria Coffee is not required to defend you against a claim arising from your use of any of the Marks. Qamaria Coffee has the right to control the defense and settlement of any proceeding. Qamaria Coffee will not reimburse you for your expenses and legal fees or for expenses in removing signage or discontinuing your use of any Mark. Qamaria Coffee will not reimburse you for disputes where Qamaria Coffee and/or any of its parents, affiliates, successors or assigns challenges your use of a Mark.

## 8.6 Covenants

### 8.6.1 In-Term Covenants

(a) During the Term, You shall not, directly or indirectly, for yourself or through, on behalf of, or in conjunction with any person or entity, own, maintain, operate, engage in, consult with, provide any assistance to, or have any interest (direct or indirect) in a Competitive Business (as defined below).

(b) You shall not divert or attempt to divert any business, client, or potential client of the Qamaria Coffee Business or any other System Business to any competitor, by direct or indirect inducement or otherwise, or to do or perform, directly or indirectly, any other act, injurious or prejudicial, to the goodwill associated with the Marks or the System.

The term "Competitive Business" shall mean any and all businesses that are competitive with Qamaria Coffee Businesses, including, without limitation any business that operates a fast-casual restaurant offering traditional Yemeni beverages, hot and iced coffees, and fresh traditional pastries.

### 8.6.2 Post-Term Covenants

You may not, for a continuous, uninterrupted period commencing upon the expiration, transfer or termination of this Agreement (regardless of the cause for termination), and continuing for two (2)

years thereafter, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons (including your spouse or any immediate family member, or the spouse or any immediate family member of any personal guarantor of this Agreement), partnership, limited liability company or corporation, own, maintain, operate, engage in, provide any assistance to, or have any interest in, any Competitive Business that is located: (i) at the Qamaria Coffee Business; (ii) within twenty-five (25) miles of Your Qamaria Coffee Business; or (iii) within twenty-five (25) miles of any other Qamaria Coffee Business located then in existence or under construction.

### 8.6.3 Miscellaneous

You agree that the length of time in Section 8.6.2 will be tolled for any period during which you are in breach of the covenant or any other period during which Qamaria Coffee seeks to enforce this Agreement. The parties agree that the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. You agree that the restrictions set forth in Section 8.6.2 are reasonably and necessary to protect Qamaria Coffee's legitimate business interests, cannot be reduced to a monetary claim, and any breach will cause Qamaria Coffee irreparable injury and harm. Accordingly, if you breach the restrictions set forth in Section 8.6.2., You agree that Qamaria Coffee shall be entitled to immediate injunctive relief preventing you from engaging in any further prohibited activity. Notwithstanding the foregoing, if any court of competent jurisdiction determines that the geographic limits, time period or line of business defined by this Section 8 (inclusive of all subsections) is unreasonable, the parties agree that such a court of competent jurisdiction may determine an appropriate limitation to accomplish the intent and purpose of this Section and the parties, and each of them, agree to be bound by such determination.

## 9. TRANSFER OF FRANCHISE

### 9.1 Franchisor's Right to Transfer

Qamaria Coffee shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Qamaria Coffee shall become solely responsible for all obligations of Qamaria Coffee under this Agreement from the date of assignment. You shall execute such documents, as Qamaria Coffee may request, that are reasonably necessary to permit Qamaria Coffee to transfer or assign this Agreement and all or any part of its rights or obligations herein.

### 9.2 Franchisee's Conditional Right to Transfer

You understand and acknowledge that the rights and duties set forth in this Agreement are personal to You, and that Qamaria Coffee has granted this franchise in reliance of Your (or, if You are a corporation, partnership, or limited liability company, your principals) business skill, financial capacity and personal character. Accordingly, neither You nor any immediate or remote successor to any part of Your interest in this Agreement, nor any individual, partnership, limited liability company, corporation or other legal entity, which directly or indirectly owns any interest in You, shall sell, assign, transfer, convey, pledge, encumber, merge or give away (collectively,

"Transfer") this Agreement, any direct or indirect interest in You, or in all or substantially all of the assets of the Franchise without prior written consent of Qamaria Coffee Any purported assignment or transfer not having the written consent of Qamaria Coffee, required by Section 9.3, shall be null and void and shall constitute a material breach of this Agreement, for which Qamaria Coffee may immediately terminate without opportunity to cure pursuant to Section 10.2.1 of this Agreement. The foregoing remedies shall be in addition to any other remedies Qamaria Coffee may have under this Agreement or at law or in equity.

**9.3 Conditions of Transfer**

You shall notify Qamaria Coffee in writing of any proposed transfer of this Agreement, any direct or indirect interest in You, or in all or substantially all of the assets of Qamaria Coffee Business, at least thirty (30) days before such transfer is proposed to take place. Qamaria Coffee shall not unreasonably withhold its consent to any transfer. Qamaria Coffee may, in its sole discretion, require any or all of the following as conditions of its approval:

(a) That all of Your accrued monetary obligations and all other outstanding obligations to Franchisor and its affiliates have been satisfied;

(b) That You are not in default of any provision of this Agreement, any amendment or addendum hereof or successor hereto, or any other agreement between You and Qamaria Coffee or its affiliates;

(c) That the transferor and each of its owners shall have executed a general release, in a form prescribed by Qamaria Coffee, of any and all claims against Qamaria Coffee and its affiliates, and their respective officers, directors, agents, shareholders, and employees;

(d) That the transferor (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Qamaria Coffee may request) demonstrate to Qamaria Coffee satisfaction that it meets Qamaria Coffee educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Qamaria Coffee Business (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the Qamaria Coffee Business, taking into consideration the purchase price paid by the transferee for the Qamaria Coffee Business; and has not operated a business in competition with Qamaria Coffee;

(e) That (1) at Qamaria Coffee's option, (a) the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Qamaria Coffee may request) enter into a written assignment, in a form satisfactory to Qamaria Coffee, assuming and agreeing to discharge all of Your obligations under this Agreement, or (b) the transferee(s) execute, for a term ending on the expiration date of this Agreement and with such renewal term(s) as may be provided by this Agreement, the Qamaria Coffee then-current form of Franchise Agreement and

other ancillary agreements as Qamaria Coffee may require for the Qamaria Coffee Business, which agreements shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, higher royalty fees, advertising contributions, or other fees, and a smaller or modified Territory, except that the transferee shall not be required to pay any initial franchise fee; and (2) the transferee's principal guaranty the performance of all such obligations in writing in a form satisfactory to Qamaria Coffee;

(f) That You remain liable for all of the obligations to Qamaria Coffee in connection with the Qamaria Coffee Business which arose prior to the effective date of the transfer and execute any and all instruments requested by Qamaria Coffee to evidence such liability;

(g) That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to Qamaria Coffee) and the transferee's manager (if transferee or transferee's principal will not manage the Qamaria Coffee Business), at the transferee's expense, have successfully completed any training programs then in effect upon such terms and conditions as Qamaria Coffee may reasonably require and pay Qamaria Coffee the then-current training fee;

(h) Qamaria Coffee approves the terms and conditions of the transfer agreement between transferor and transferee; and

(i) You pay to Qamaria Coffee a transfer fee of thirty percent (30%) of our then-current initial franchise fee or five percent (5%) of the sales price, whichever is greater; however, in the case of a transfer to a corporation or limited liability company formed by You for the convenience of ownership (as determined by Qamaria Coffee in its sole discretion), no such transfer fee shall be required, but you shall be required to reimburse Qamaria Coffee for its reasonable expenses incurred in connection with documenting such transfer.

### 9.4 Franchisor's Right of First Refusal

If any party holding any direct or indirect interest in this Agreement, in You, or in all or substantially all of the assets of the Business desires to accept any bona fide offer from a third party to purchase such interest, You shall notify Qamaria Coffee as provided in Section 9 hereof, and shall provide such information and documentation relating to the offer as Qamaria Coffee may require. Qamaria Coffee shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Qamaria Coffee intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Qamaria Coffee elects to purchase the seller's interest, closing on such purchase shall occur within sixty (60) days from the date of notice to the seller of the election to purchase by Qamaria Coffee. If Qamaria Coffee elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by Qamaria Coffee as in the case of the third party's initial offer. Failure of Qamaria Coffee

to exercise the option afforded by this Section 9 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 9, with respect to a proposed transfer. In the event the consideration, terms and/or conditions offered by a third party are such that Qamaria Coffee may not reasonably be required to furnish the same consideration, terms and/or conditions, then Qamaria Coffee may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by Qamaria Coffee at Qamaria Coffee expense, and the appraiser's determination shall be binding.

### 9.5 Death or Mental Incapacity

Upon the death, physical or mental incapacity of any person with an interest in this Agreement, in You, or in all or substantially all of the assets of the Business, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Qamaria Coffee within six (6) months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 9, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Qamaria Coffee within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement, pursuant to Section 10 hereof.

### 9.6 Non-Waiver

Qamaria Coffee's consent to a transfer of any interest in this Agreement, in You, or in all or substantially all of the assets of the Business, shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Qamaria Coffee right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

## 10. TERMINATION OF FRANCHISE

### 10.1 Termination by Consent of the Parties

This Agreement may be terminated upon the mutual written consent of the parties.

### 10.2 Termination by Qamaria Coffee

#### 10.2.1 Immediate Termination upon Notice of Default

Upon the occurrence of any of the following defaults, Qamaria Coffee may, at its option, terminate this Agreement without opportunity to cure effective immediately upon written notice to You:

(a) If You misuse the Trade Name, Marks or the System, or engage in conduct which reflects materially and unfavorably upon the goodwill associated with them, or if

You use in the Qamaria Coffee Business any names, marks, systems, logotypes or symbols that Qamaria Coffee has not authorized You to use.

(b) If You have any direct or indirect interest in the ownership or operation of any business other than the Qamaria Coffee Business that is confusingly similar to the Qamaria Coffee Business or uses the System or Marks, or if You fail to give Qamaria Coffee a signed copy of the Nondisclosure, Nonsolicitation and Noncompetition Agreement, a form of which is attached hereto as Exhibit E for You (or if You are a corporation, all officers and shareholders, or, if You are a partnership, all Your general partners, or, if You are a limited liability company, all Your members) within ten (10) days after Qamaria Coffee requests it.

(c) If You attempt to assign or Transfer Your rights under this Agreement in any manner not authorized by this Agreement.

(d) If You have made any material misrepresentations in connection with the acquisition of a Qamaria Coffee Business or to induce Qamaria Coffee to enter into this Agreement.

(e) If You act without Qamaria Coffee's prior written approval or consent in regard to any matter for which Qamaria Coffee's prior written approval or consent is expressly required by this Agreement.

(f) If Your lease is terminated or you lose possession of location You operate your Qamaria Coffee Business

(g) You cease to operate the Qamaria Coffee Business, unless (i) operations are suspended for a period of no more than one hundred and eighty (180) days, and (ii) the suspension is caused by fire, condemnation, or other act of God.

(h) If You fail to permanently correct a breach of this Agreement, or to meet the operational standards stated in the Manual, after being twice requested in writing by Qamaria Coffee to correct a similar breach or meet a similar standard in any twelve (12) months period.

(i) You fail to timely cure a breach of any other agreement between you and Qamaria Coffee or any affiliate of Yours and Qamaria Coffee.

(j) If a threat or danger to public health or safety results from the construction, maintenance or operation of the Qamaria Coffee Business.

(k) Except as otherwise required by the United States Bankruptcy Code, if You become insolvent, are adjudicated a bankrupt, or file or have filed against You a petition in bankruptcy, reorganization, or similar proceeding.

(l) If You plead guilty to, plead no contest to, or are convicted of, a felony, a crime involving moral turpitude, or any other crime or offense that Qamaria Coffee believes is reasonably likely to have an adverse effect on the System or Marks, the goodwill associated therewith, or Qamaria Coffee interest therein.

(m) If You maintain false books or records or submit any false reports to Qamaria Coffee.

(n) If You offer a product or service without Qamaria Coffee consent or fail to offer any product or service designated by Qamaria Coffee.

**10.2.2 Termination after Five Days' Notice to Cure**

Qamaria Coffee may, at its option, terminate this Agreement, effective five (5) days after written notice is given to You, if You fail to make any payment when due under this Agreement or any other agreement between You and Qamaria Coffee, between You and any affiliate of Qamaria Coffee, or between any affiliate of Yours and Qamaria Coffee or any affiliate of Qamaria Coffee.

**10.2.3 Termination after Thirty Days' Notice to Cure**

**Upon the occurrence of any of the following defaults, Qamaria Coffee may, at its option, terminate this Agreement after thirty (30) days' notice to cure:**

(a) If You fail to submit to Qamaria Coffee in a timely manner any information You are required to submit under this Agreement.

(b) If You fail to begin operation of the Qamaria Coffee Business within the time limits as provided in this Agreement, or if You fail to operate your Qamaria Coffee Business in accordance with this Agreement and/or the Manual.

(c) If You default in the performance of any other obligation under this Agreement, or any other agreement with Qamaria Coffee, or any other agreement with an affiliate of Qamaria Coffee, or any other agreement between an affiliate of Yours and Qamaria Coffee or an affiliate of Qamaria Coffee.

Under this Section 10.2.3, Qamaria Coffee may terminate this Agreement only by giving written notice of termination stating the nature of such default to You at least thirty (30) days prior to the effective date of termination; provided, however, that You may avoid termination by immediately initiating a remedy to cure such default, curing it to Qamaria Coffee satisfaction, and by promptly providing proof thereof to Qamaria Coffee within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to You effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

## 10.3 Rights and Obligations After Termination or Expiration

Upon termination of this Agreement for any reason, the parties will have the following rights and obligations:

(a) Qamaria Coffee will have no further obligations under this Agreement.

(b) You shall give the final accounting for the Qamaria Coffee Business, pay Qamaria Coffee within thirty (30) days after termination all payments due to Qamaria Coffee, and return the Manual and any other property belonging to Qamaria Coffee.

(c) You shall immediately and permanently cease to operate the Qamaria Coffee Business. You shall immediately and permanently stop using the Marks or any confusingly similar marks, the System, or any advertising, signs, stationery, or forms that bear identifying marks or colors that might give others the impression that You are operating a Qamaria Coffee Business. You shall refrain from any statement or action that might give others the impression that You are or ever were affiliated with the Qamaria Coffee Franchise Network.

(d) You shall promptly sign any documents and take any steps that, in the judgment of Qamaria Coffee, are necessary to delete Your listings from classified telephone directories, disconnect, or, at Qamaria Coffee option, assign the Qamaria Coffee all telephone numbers that have been used in the Qamaria Coffee Business, and terminate all other references that indicate You are or ever were affiliated with Qamaria Coffee or a Qamaria Coffee Business. By signing this Agreement, You irrevocably appoint Qamaria Coffee as Your attorney-in-fact to take the actions described in this paragraph if You do not do so Yourself within seven (7) days after termination of this Agreement. You further irrevocably assign Your telephone numbers listed on Exhibit A, or hereinafter acquired for the operation of Your Qamaria Coffee Business, to Qamaria Coffee.

(e) You shall maintain all records required by Qamaria Coffee under this Agreement for a period of not less than five (5) years after final payment of any amounts You owe to Qamaria Coffee when this Agreement is terminated (or such longer period as required by applicable law).

(f) Qamaria Coffee, or its designee, has an option to purchase the business from You, including but not limited to, any or all of the physical assets of the Qamaria Coffee Business, including its equipment, supplies and inventory, during a period of sixty (60) days following the effective date of termination. If Qamaria Coffee notifies You that it (or its designee) wishes to purchase the assets of the business from You following Termination of this Agreement, You must immediately surrender possession of the Qamaria Coffee Business to Qamaria Coffee or Its designee upon demand. Qamaria Coffee or its designee will operate the Qamaria Coffee Business

at its expense pending determination of the purchase price as set forth below. The equipment, supplies, and inventory will be valued as follows:

i. The lower of depreciated value or fair market value of the equipment, supplies, and inventory; and

ii. Depreciated value of other tangible personal property calculated on the straight-line method over a five (5) year life, less any liens or encumbrances.

Qamaria Coffee must send written notice to You within thirty (30) days after termination of this Agreement of its (or its designee's) election to exercise the option to purchase. If the parties do not agree on a price within the option period, the option period may be extended for up to fifteen (15) business days to permit appraisal by an independent appraiser who is mutually satisfactory to the parties. If the parties fail to agree upon an appraiser within the specified period, each will appoint an appraiser and the two appraisers thus appointed must agree on a third appraiser within ninety (90) days after termination who must determine the price for the physical assets of the Qamaria Coffee Business in accordance with the standards specified above. This determination will be final and binding upon both Qamaria Coffee, or Qamaria Coffee designee, as applicable, and You.

Qamaria Coffee or its designee may exclude from the assets appraised any signs, equipment, inventory, and materials that are not reasonably necessary (in function or quality) to the operation of the Qamaria Coffee Business, or that Qamaria Coffee has not approved as meeting Qamaria Coffee then-current standards, the purchase price determined by the appraisal will reflect such exclusions (the "Purchase Price").

The Purchase Price shall be paid at a closing date not later than ninety (90) days after determination. Qamaria Coffee has the right to offset against the Purchase Price any and all amounts that You or Your Related Parties owe Qamaria Coffee and/or its Related Parties. At closing, You agree to deliver instruments transferring (i) good and marketable title to the assets purchased, free and clear of all liens and encumbrances, with all sales and transfer taxes paid by You (ii) all licenses and permits related to the business which can be assigned, (iii) the leasehold interest in the Approved Location, (iv) a release agreement signed by You and Your Related Parties in a form and substance acceptable to Qamaria Coffee, and (v) such other documentation as we may reasonably request.

(g) Qamaria Coffee (or its designee) has an option to replace You as lessee under any equipment lease or note for equipment that is used in connection with the Qamaria Coffee Business. Upon request by Qamaria Coffee, You shall give Qamaria Coffee or its designee copies of the leases for all equipment used in the Qamaria Coffee Business immediately upon termination. Upon request by Qamaria Coffee, You

shall allow Qamaria Coffee and/or its designee the opportunity, at a mutually satisfactory time, to inspect the leased equipment. Qamaria Coffee must request the information and access described in this paragraph within fifteen (15) days after termination. It must advise You of its (or its designee's) intention to exercise the option within fifteen (15) days after it has received the information and/or inspected the equipment. Qamaria Coffee or its designee may assume any equipment lease in consideration of its assumption of future obligations under the lease. Upon exercise of this option by Qamaria Coffee or its designees, You shall be fully released and discharged from future rents and other future liabilities under the lease if the terms of the lease permit it, but not from any debts to the lessor that already exist on the date when the option is exercised.

(h) If Qamaria Coffee declines to exercise the option, purchase, or assume the lease on Your equipment, You may sell it to either another Qamaria Coffee franchisee or, with Qamaria Coffee prior written approval, You may de-brand the equipment and sell it to a non-franchisee.

(i) You may not sell, or in any way divulge, the client list of Your Qamaria Coffee Business.

(j) If the premises are leased from a third-party, and if Qamaria Coffee elects, you shall immediately assign your interest in the lease to Qamaria Coffee or its designee and immediately surrender possession of the premises to Qamaria Coffee. You are and shall remain liable for all of your obligations accruing up to the effective date of any lease agreement.

(k) Franchisee and its Related Parties shall abide by the post-termination restrictive covenants in Section 8.6 of this Agreement.

**10.4 <u>Liquidated Damages</u>**

In addition to any other remedies available to Qamaria Coffee, if this Agreement is terminated before its expiration (other than termination by you for cause), Qamaria Coffee will be entitled to recover from You liquidated damages attributable to the loss of bargain resulting from that termination. You and Qamaria Coffee stipulate and agree that Qamaria Coffee's liquidated damages for loss of bargain will be the royalty fees and brand fund contributions that would have been payable to Qamaria Coffee for the balance of the term of this Agreement, but not more than thirty-six (36) months. You and Qamaria Coffee agree that the aggregate amount of royalty fees and brand fund contributions that would have been payable will be calculated utilizing annual Gross Revenues equal to the annual Gross Revenues of the Franchise Business for the twelve month period [or such lesser period if You were not in operation for a full twelve (12) months] immediately preceding the date of termination or the date that You ceased to operate if earlier than the date of termination and multiplying that amount by the applicable time period. You and Qamaria Coffee acknowledge and agree that Qamaria Coffee's actual loss of bargain damages are incapable of calculation at the time of execution of this Agreement and the liquidated damages

calculated under this Section are a reasonable estimation of those damages. If the liquidated damages for loss of bargain payable under this Section are found to be invalid or unenforceable because they are found to be either a penalty or not a reasonable estimation of actual damages, the amount of the liquidated damages will be automatically amended to the extent necessary to be found valid and enforceable. The liquidated damages for loss of bargain described in this Section cover only Qamaria Coffee's damages from the loss of revenue as a result of Qamaria Coffee being unable to operate, or to allow a third party to operate, a Qamaria Coffee Business at the Approved Location. You and each of your owners agree that these liquidated damages do not cover any other remedies or damages to which we may be entitled as a result of your actions or inactions, including without limitation, past-due fees and expenses owed to us, injunctive relief to enforce trademark violations and restrictions on competition, and do not give us an adequate remedy at law for any default under, or for the enforcement of, any other provision of this Agreement. If You fail to open Your Qamaria Coffee Business, You agree that liquidated damages for Qamaria Coffee's loss of bargain shall be $100,000.

### 10.5 No Limitation of Remedies

No right or remedy conferred upon or reserved to Qamaria Coffee (including as set forth in Sections 10.3 and 10.4 above) is intended to be, nor shall be deemed exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. Nothing herein shall be construed to deprive Qamaria Coffee of the right to recover damages as compensation for other losses. Termination of this Agreement will not end any obligation of either party that has come into existence before termination. All obligations of the parties which, by their terms, or by reasonable implication are to be performed in whole or in part after termination, shall survive termination, including without limitation, your obligations of confidentiality, non-disclosure, and not to compete.

## 11. MISCELLANEOUS PROVISIONS

### 11.1 Construction of Contract

Section headings in this Agreement are for reference purposes only and will not in any way modify the statements contained in any section of this Agreement. Each word in this Agreement may be considered to include any number or gender that the context requires.

### 11.2 Governing Law, Venue and Jurisdiction

**11.2.1** This Agreement shall take effect upon its acceptance and execution by Qamaria Coffee. Except to the extent governed by the United States Arbitration Act (9 U.S.C. § 1, et seq.), and the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C § 1050, et seq.), this Agreement, the franchise, and all claims arising from or in any way related to the relationship between Qamaria Coffee, and/or any of its Related Parties, on the one hand, and you, and any of your owners, guarantors and/or affiliates, on the other hand, shall be interpreted and construed under the laws of the State of Michigan, which laws shall prevail in the event of any conflict of law, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchise, will not apply unless jurisdictional requirements are met independently without reference to this paragraph.

**11.2.2** In the event the arbitration clause set forth in Section 11.8 is inapplicable or unenforceable, and subject to Qamaria Coffee rights, as outlined in Section 11.9, the following provision shall govern: The parties hereby expressly agree that the state and federal courts having jurisdiction over Franchisor's principal place of business at the time the action is filed, shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. You acknowledge that this Agreement has been entered into in the State of Michigan and that you are to receive valuable and continuing services emanating from Qamaria Coffee headquarters in Michigan. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision.

## 11.3 Notices

The parties to this Agreement shall direct any notices to the other party at the Delivery Address specified below that party's name on the final page of this Agreement, or at another address if advised in writing that the address has been changed. The parties shall notify each other in writing of any Delivery Address changes. Notices may be delivered by facsimile (with simultaneous mailing of a copy by first class mail), by electronic mail (with simultaneous mailing of a copy by certified mail), courier, federal express, or first-class mail. Notice by facsimile and electronic mail will be considered delivered upon submission, by courier, upon delivery, and by certified mail three days after posting. Any notice by a means which affords the sender evidence of delivery or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

## 11.4 Amendments

This Agreement may be amended only by a document signed by all of the parties to this Agreement or by their authorized agents.

## 11.5 No Waivers

No delay, waiver, omission or forbearance on the part of Qamaria Coffee to exercise any right, option, duty, or power arising out of any breach of default by You under any of the terms, provisions, covenants, or conditions hereof shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against You or as to subsequent breach or default by You. Subsequent acceptance by Qamaria Coffee or any payments due to it hereunder shall not be deemed to be a waiver by Qamaria Coffee of any preceding breach by You of any terms, provisions, covenants, or conditions of this Agreement.

## 11.6 Integration

This Agreement and all exhibits to this Agreement, constitute the entire agreement between the parties. This Agreement supersedes any and all prior negotiations, understandings, representations and agreements. Except for those permitted to be made unilaterally by Qamaria Coffee hereunder,

no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require You to waive reliance on any representation that Qamaria Coffee made in the most recent disclosure document (including its exhibits and amendments) (the "FDD") that Qamaria Coffee delivered to You or Your representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement).

## 11.7 Negotiation and Mediation

### 11.7.1 Agreement to Use Procedure

The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. Other than an action by Qamaria Coffee under Section 11.9 of this Agreement, the parties agree that if any dispute arises between them, before beginning any legal action or arbitration to interpret or enforce this Agreement, they will first follow the procedures described in this section. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement.

### 11.7.2 Initiation of Procedures

The party that initiates these procedures ("Initiating Party") must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party's claim for relief including the damages sought, and identifying one or more persons with authority to settle the dispute for him, her, or it. The party receiving the notice ("Responding Party") has seven (7) days within which to designate by written notice to the Initiating Party one or more persons with authority to settle the dispute on the Responding Party's behalf (the "Authorized Persons").

### 11.7.3 Direct Negotiations

The Authorized Persons may investigate the dispute as they consider appropriate but agree to meet in-person at a location designated by Qamaria Coffee within seven (7) days from the date of the designation of Authorized Persons to discuss resolution of the dispute. The Authorized Persons may meet at any times and places, and as often as they agree. If the dispute has not been resolved within ten (10) days after their initial meeting, either party may begin mediation procedures by giving written notice to the other party that it is doing so.

### 11.7.4 Selection of Mediator

The Authorized Persons will have seven (7) days from the date on which one party gives notice that he, she or they are beginning mediation within which to submit to one another written lists of acceptable mediators who are not associated with either of the parties. Within seven (7) days from the date of receipt of any list, the Authorized Persons must rank all the mediators in numerical

order of preference and exchange the rankings. If one or more names are on both lists, the highest ranking one of these will be designated the mediator. If this process does not result in selection of a mediator, the parties agree jointly to request the arbitral organization designated in Section 11.8 to supply a list of qualified potential mediators. Within seven (7) days after receipt of the list, the parties must again rank the proposed mediators in numerical order of preference and must simultaneously exchange their lists. The mediator having the highest combined ranking shall be appointed as mediator. If the highest ranking mediator is not available to serve, the parties must go on to contact the mediator who was next highest in ranking until they are able to select a mediator.

#### 11.7.5 Time and Place for Mediation

In consultation with the parties, the mediator shall promptly designate a mutually acceptable time and place for the mediation. Unless circumstances make it impossible, the time may not be later than thirty (30) days after selection of the mediator.

#### 11.7.6 Exchange of Information

If either party to this Agreement believes he, she, or they need information in the possession of another party to this Agreement to prepare for the mediation, all parties must attempt in good faith to agree on procedures for an exchange of information, with the help of the mediator, if required.

#### 11.7.7 Summary of Views

At least seven (7) days before the first scheduled mediation session, each party must deliver to the mediator, and to the other party, a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include. The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her.

#### 11.7.8 Representatives

In the mediation, each party must be represented by an Authorized Person, who must physically attend mediation, and may be represented by counsel. In addition, each party may, with permission of the mediator, bring with him, her or them any additional persons who are needed to respond to questions, contribute information, and participate in the negotiations.

#### 11.7.9 Conduct of Mediation

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful, after reviewing the position papers, the mediator shall give both himself or herself and the Authorized Persons an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the Authorized Persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties.

All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible.

#### 11.7.10 Termination of Procedure

The parties agree to participate in the mediation procedure to its conclusion as set forth in this section. The mediation may be concluded (1) by the signing of a settlement agreement by the parties, (2) by the mediator's declaration that the mediation is terminated, or (3) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

#### 11.7.11 Fees of Mediator, Disqualification

The fees and expenses of the mediator must be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute, or any related or similar matter in which either of the parties is involved.

#### 11.7.12 Confidentiality

The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator, is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible will not be excluded from discovery or made inadmissible simply because of its use in the mediation.

### 11.8 Arbitration

Except as provided in Section 11.9, and if not resolved by the negotiation and mediation procedures described in Section 11.7 above, any dispute, controversy, or claim between you and/or any of your Related Parties, on the one hand, and Qamaria Coffee and/or any of Qamaria Coffee Related Parties, on the other hand, including, without limitation, any dispute, controversy, or claim arising under, out of, in connection with, or related to: (a) this Agreement; (b) the relationship of the parties; (c) the events leading up to the execution of this Agreement; (d) any loan or other finance arrangement between you and Qamaria Coffee or its Related Parties; (e) the parties'

relationship; (f) any System standard; (g) any claim based in tort or any theory of negligence; and/or (j) the scope or validity of the arbitration obligation under this Agreement, shall be determined in Wayne County, Michigan, by the American Arbitration Association ("AAA"). This arbitration clause will not deprive Qamaria Coffee of any right it may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction.

**11.8.1** The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one (1) arbitrator. The arbitrator shall be an attorney with substantial experience in franchise law. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear.

**11.8.2** In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such a proceeding will be forever barred.

**11.8.3** Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational action, or otherwise to join or consolidate any claim with any claim or any other proceeding involving third-parties. If a court or arbitrator determines that this limitation on joinder of, or class action certification of claims is unenforceable then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts in accordance with Section 11.8. The arbitration must take place in Wayne County, Michigan, or at such other location as Qamaria Coffee designates.

**11.8.4** The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or Qamaria Coffee. The arbitrator may not, under any circumstance, (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class or a consolidated action, or (d) make any award which extends, modifies or suspends any lawful term of this Agreement, or any reasonable standard of business performance that Qamaria Coffee sets. The arbitrator will have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which the main office of Qamaria Coffee is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to, any decision as to whether Section 11.8 is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

**11.8.5** The arbitrator can issue summary orders disposing of all or part of a claim, and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

**11.8.6** The arbitrator will have subpoena powers limited only by the laws of the State of Michigan.

**11.8.7** The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute will otherwise have the same discovery rights as are available in civil actions under the laws of the State of Michigan.

**11.8.8** All other procedural matters will be determined by applying the statutory common laws and rules of procedure that control a court of competent jurisdiction in the State of Michigan.

**11.8.9** Other than as may be required by law, the entire arbitration proceedings (including but not limited to, any rulings, decisions or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

**11.8.10** The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

**11.8.11** Qamaria Coffee reserves the right, but has no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Qamaria Coffee right to seek recovery of those costs against you.

**11.8.12** The Arbitrator shall render a reasoned award unless otherwise requested by the parties. If Qamaria Coffee requests a more detailed award, i.e. "findings of fact and conclusions of law," the parties shall evenly split the excess cost above the cost required for a reasoned award. However, if You request an award more detailed than a reasoned award, i.e. "findings of facts and conclusions of law," You shall bear the entire additional cost required for such award, which cost is above the cost for a reasoned award.

**11.8.13** Should Qamaria Coffee prevail in any arbitration, the Arbitrator shall require You to pay all expenses of Arbitration, as well as Qamaria Coffee attorneys' fees and costs.

**11.9 Exceptions to Arbitration and Mediation**

**11.9.1** Notwithstanding the provisions of Sections 11.7 and 11.8 of this Agreement, Qamaria Coffee shall be entitled, without bond, to the entry of temporary, preliminary and permanent injunctions, and orders of specific performance, enforcing the provisions of this Agreement in any court of competent jurisdiction relating to: (a) Your, and/or any of Your Related Party's, use of the Marks; (b) Your confidentiality and non- competition covenants (Section 8); (c) Your obligations upon termination or expiration of the franchise; or (d) Transfer or assignment by You. If Qamaria Coffee secures any such injunction (i.e. temporary restraining order, preliminary injunction, or permanent injunction) or order of specific performance, you agree to pay to Qamaria Coffee an amount equal to the aggregate of Qamaria Coffee costs of obtaining such relief including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts,

court costs, other litigation expenses, travel and living expenses, and any damages incurred by Qamaria Coffee as a result of the breach of any such provision.

**11.9.2** Further, at the election of Qamaria Coffee or its affiliate, the mediation and arbitration provisions of Sections 11.7 and 11.8, inclusive of all subparts, shall not apply to:(a) any claim by Qamaria Coffee relating to your failure to pay any fee due to Qamaria Coffee under this Agreement; and/or (b) any claim by Qamaria Coffee or its affiliate relating to use of the Proprietary Marks and/or the System, including, without limitation, claims for violations of the Lanham Act; and/or (c) any claim by Qamaria Coffee relating to a breach of your confidentiality and/or non-competition obligations under this Agreement.

## 11.10 Injunctive Remedy for Breach

You recognize that You are a member of a Franchise Network and that Your acts and omissions may have a positive or negative effect on the success of other businesses operating under Qamaria Coffee Trade Name and in association with its Marks. Failure on the part of a single franchisee to comply with the terms of its Franchise Agreement is likely to cause irreparable damage to Qamaria Coffee and to some or all of the other franchisees of Qamaria Coffee. For this reason, You agree that if Qamaria Coffee can demonstrate to a court of competent jurisdiction that there is a likelihood of Your breach or threatened breach of any of the terms of this Agreement, Qamaria Coffee will be entitled to an injunction restraining the breach or to a decree of specific performance, without showing or proving any actual damage and without the necessity of posting bond or other security, any bond or other security being waived hereby. Franchisor has the exclusive right to seek relief pursuant to this section in a court of competent jurisdiction as defined in section 11.2.2 of this Agreement or any other court of competent jurisdiction. Notwithstanding, if any Court of competent jurisdiction, as described herein, determines that a bond or other security is required, You agree that you will not seek bond or security in excess of $1,000 and, in fact, will oppose any effort by a Court to impose a bond or security in excess of $1,000.

## 11.11 Limitations of Actions

You may not maintain an arbitration against the Franchisor or its Related Parties unless: (a) You deliver written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to You, or when you should have known of said event had you been reasonably diligent; (b) thereafter, You must follow the negotiation and mediation procedures described above; and (c) You file an arbitration within one (1) year after the notice is delivered. While this Section 11.11 may limit the applicable statute of limitations, it is not intended to extend any applicable statute of limitation in any way. The limitations set forth in this Section 11.11 shall not apply to Qamaria Coffee, its affiliates or its Related Parties.

## 11.12 Attorneys' Fees and Costs

If legal action or arbitration is necessary, including any motion to compel arbitration, or action on appeal, to enforce the terms and conditions of this Agreement, or for violation of this Agreement, Qamaria Coffee will be entitled to recover reasonable compensation for preparation, investigation costs, court costs, arbitral costs, and reasonable accountants, attorneys, attorneys' assistants, and expert witness fees incurred by Qamaria Coffee. Further, if Qamaria Coffee is required to engage

legal counsel in connection with any failure by You to comply with this Agreement, You shall reimburse Qamaria Coffee for any of the above-listed costs and expenses incurred by Qamaria Coffee, regardless of whether Qamaria Coffee files or compels mediation, arbitration or litigation.

### 11.13 Severability

Except as expressly provided to the contrary herein, each portion, section, part term, and/or provision of this Agreement shall be considered severable, and if for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of or have any other effect upon, such other portions sections parts terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

### 11.14 Individual Dispute Resolution – No Class Action or Multi-Party Actions

Any legal action between or among the parties to this Agreement and any of their Related Parties shall be conducted on an individual basis and not on a consolidated or class-wide basis.

### 11.15 Waiver of Rights

THE PARTIES HERETO AND EACH OF THEM KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS:

**11.15.1 Jury Trial. The parties hereto and each of them EXPRESSLY WAIVE(S) THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in Section 11.8 is unenforceable. Each party acknowledges that it has had full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.**

**11.15.2 Damages Waiver.** The parties hereto and each of them EXPRESSLY WAIVE(S) ANY CLAIM FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES, ***except that*** this waiver and limitation shall not apply with respect to (a) your obligation to indemnify Qamaria Coffee pursuant to any provision of this Agreement, and/or (b) any claims Qamaria Coffee brings against you and/or your guarantors for unauthorized use of the Marks, unauthorized use or disclosure of any Confidential Information, unfair competition, breach of the

non-competition covenant and any other cause of action under the Lanham Act and Qamaria Coffee shall be entitled to receive an award of multiple damages, attorneys' fees and all damages as provided by law.

**11.15.3** The parties hereto and each of them **EXPRESSLY AGREE(S) THAT IN THE EVENT OF ANY FINAL DETERMINATION ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY ARBITRATION OR OTHER FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, except that QAMARIA COFFEE** may recover more than two (2) times its actual damages if you commit acts of willful trademark infringement or otherwise violate the Lanham Act, as provided by law.

**11.15.4.** You hereby expressly waive any and all rights, actions or claims for relief under the Federal Act entitled "Racketeer Influenced and Corrupt Organizations," 18 U.S.C. § 1961, *et seq.* ("RICO").

**11.15.5** You hereby expressly agree that the existence of any claims You may have against Qamaria Coffee or its Related Parties, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Qamaria Coffee of the covenants contained in this Agreement. You agree to pay all costs and expenses, including reasonable attorneys' fees, incurred by Qamaria Coffee in connection with the enforcement of any covenant contained in this Agreement.

## 11.16 Approval and Guaranty Provision

If You are a corporation, all officers and shareholders, or, if You are a partnership, all Your general partners, or, if You are a limited liability company, all Your members, shall approve this Agreement, permit You to furnish the financial information required by Qamaria Coffee, and agree to the restrictions placed on them including restrictions on the transferability of their interests in the franchise and the Qamaria Coffee Business and limitations on their rights to compete, and sign separately a Guaranty, guaranteeing Your payments and performance. Where required to satisfy our standards of creditworthiness, or to secure the obligations made under this Agreement, Your spouse or the spouses of Your Related Parties, may be asked to sign the Guaranty. Our form of Guaranty appears as Exhibit C to this Agreement.

## 11.17 Acceptance by Qamaria Coffee

This Agreement will not be binding on Qamaria Coffee unless and until an authorized management officer of Qamaria Coffee has signed it.

## 11.18 Receipt

The undersigned acknowledges receipt of this Agreement and the Franchise Disclosure Document, with exhibits, at least fourteen (14) calendar days (unless otherwise required by applicable law) before execution of this Agreement or Your payment of any monies to us refundable or otherwise.

### 11.19 Execution of Agreements

Each of the undersigned parties warrants that it has the full authority to sign this Agreement. If You are a partnership, limited liability company or corporation, the person executing this agreement on behalf of such partnership, limited liability company or corporation warrants to us, both individually and in his capacity as partner member, manager or officer, that all of the partners of the partnership all of the members or managers of the limited liability company, or all of the shareholders of the corporation, as applicable, have read and approved this Agreement, including any restrictions which this Agreement places upon rights to transfer their interest in the partnership limited liability company or corporation.

### 11.20 No Personal Liability

You agree that fulfillment of any and all of our obligations written in this Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be Qamaria Coffee sole responsibility and none of its agents, representatives, nor any individuals associated with it shall be personally liable to You for any reason.

### 11.21 Non-Uniform Agreements

Qamaria Coffee makes no representations or warranties that all other agreements with Qamaria Coffee System franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. You recognize, acknowledge and agree that Qamaria Coffee may waive or modify comparable provisions of other Franchise Agreements granted to other System franchisees in a non-uniform manner.

**IN WITNESS TO THE PROVISIONS OF THIS FRANCHISE AGREEMENT**, the undersigned have signed this Agreement on the date set forth in Section 1 hereof.

| FRANCHISOR: | FRANCHISEE: |
|---|---|
| Qamaria Yemeni Coffee Franchise, LLC | |
| By: _____ | By: _____ |
| Name: Hatem Aleidaroos | Name: _____ |
| Title: Operations Manager | Title: _____ |
| Date: _____ | Date: _____ |
| Delivery Addresses for Notices: | Delivery Address for Notices: |
| Qamaria Yemeni Coffee Franchise, LLC<br>1468 John A Papalas<br>Lincoln, MI 48146 | |

## EXHIBIT A TO QAMARIA COFFEE FRANCHISE AGREEMENT

### FRANCHISE DATA SHEET

1. The Effective Date set forth in the introductory Paragraph of the Franchise Agreement is: _____, 20__.

2. The Franchise Owner(s) set forth in the introductory Paragraph of the Franchise Agreement is: _____.

3. The address for notice to Franchise Owner under Section 11.3 of the Franchise Agreement is:

_____
_____

4. You Approved Location is located at:

5. Your Approved Territory is the following geographic area:

If map is attached, check here: ____

## EXHIBIT B TO QAMARIA COFFEE FRANCHISE AGREEMENT

### STATEMENT OF OWNERSHIP

Franchise: _____

Trade Name (if different than above): _____

Form of Ownership
(Check One)

___Individual ____Partnership ___Corporation ___Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: _____

Management (managers, officers, board of directors, etc.):

| Name | Title |
|---|---|
| | |
| | |
| | |

Members, Stockholders, Partners:

| Name | Position | Ownership Percentage |
|---|---|---|
| | | |
| | | |

**Principal Manager**. The following individual is hereby designated the "Principal" of the Franchise business. Qamaria Yemeni Coffee Franchise, LLC, and all of its vendors, suppliers, and associates may rely entirely on instructions from said Principal on behalf of the aforesaid franchise, to the exclusion of, and overriding, instructions from anyone else purporting to represent the

franchise. The only accepted method to change the identification of the Principal is to produce a signed statement to that effect, signed by 100% of the owners of the Franchise.

Name of Principal: _____

Franchisee acknowledges that this Statement of Ownership applies to the Qamaria Coffee Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must reported to Franchisor in writing.

**FRANCHISEE**:
Business Entity Name (if any):

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

## EXHIBIT C TO QAMARIA COFFEE FRANCHISE AGREEMENT

## PRINCIPAL OWNER'S GUARANTY

This Guaranty must be signed by each of the principal owners, and their spouses, (referred to as "you" or "your" for purposes of this Guaranty only) of _____(the "Business Entity") under the Franchise Agreement dated _____ (the "Agreement") with Qamaria Yemeni Coffee Franchise, LLC, a Michigan limited liability company ("we," "us," or "our").

1. **Incorporation of Terms**. Each term of the Agreement is incorporated into this Guaranty.

2. **Guaranty**. In consideration of and as an inducement to us signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: guarantee to us and our successors and assigns that (a) the Business Entity will punctually pay and perform every obligation and obey every restriction and covenant set forth in the Agreement and (b) each of you agrees to be personally bound by, and personally liable for the breach of, each and every obligation, restriction and covenant in the Agreement.

3. **Payment**. If the Business Entity fails to make any payment when due or otherwise defaults under any of the terms of the Agreement, immediately upon demand, you will pay to us the full amount owed, plus any interest or penalty allowed under the Agreement. All payments are made without set-off, deduction or withholding for any reason, and are final and free from any defense, claim or counterclaim of you, except the defense that the Business Entity has paid all obligations in full.

4. **Waivers**. Each of you waives: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

5. **Consents and Agreements**. Each of you consents and agrees that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may periodically grant to the Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will

continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

6. **Enforcement Costs**. If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

7. **Effectiveness**. Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Michigan law and we may enforce our rights regarding it in the courts of Wayne County, Michigan. Each of you irrevocably submits to the jurisdiction and venue of such courts.

Each of you now signs and delivers this Guaranty effective as of the date of the Agreement regardless of the actual date of signature. Each of the undersigned Guarantors represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is not married.

| **Signature of Each Guarantor** | **Percentage of Ownership in Franchisee** |
|---|---|
| _____ | _____% |
| _____ | _____% |
| _____ | _____% |
| _____ | _____% |
| _____ | _____% |

## EXHIBIT D TO QAMARIA COFFEE FRANCHISE AGREEMENT

### SAMPLE GENERAL RELEASE AGREEMENT
### WAIVER AND RELEASE OF CLAIMS

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

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Qamaria Coffee Business (as defined in the Agreement);

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

WHEREAS, as a condition to Franchisor's consent to the transfer (Franchisee's ability to enter into a successor Franchise Agreement), Releasor has agreed to execute this Release upon the terms and conditions stated below.

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

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

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, renewals and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, any and all of its affiliates, parents,

subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, renewals and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto.

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

4. Miscellaneous.

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

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

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

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

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

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

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

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

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

Dated: _____, 20____

FRANCHISEE:

_____

_____
By: _____
Title: _____

FRANCHISEE'S OWNERS:

Date: _____ _____
Signature

_____
Print Name

## EXHIBIT E TO QAMARIA COFFEE FRANCHISE AGREEMENT

## NONDISCLOSURE, NONSOLICITATION AND NONCOMPETITION AGREEMENT

This Agreement ("Agreement") is entered into by the undersigned ("you") in favor of Qamaria Yemeni Coffee Franchise, LLC, a Michigan limited liability company, and its renewals and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions.

*"Competitive Business"* shall mean any and all businesses that are competitive with Qamaria Coffee Businesses, including, without limitation, any (a) business that operates a Business, a fast-casual restaurant offering traditional Yemeni beverages, hot and iced coffees, and fresh traditional pastries, (c) business offering products and services of a similar nature to those of the Business, or (d) business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses described in subparts (a)-(c) of this Section. Furthermore, the Restricted Parties shall not divert, or attempt to divert, any prospective customer to a Competing Business in any manner.

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

*"Franchisee"* means the Qamaria Coffee franchisee for whom you are an officer, director, employee or independent contractor.

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

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

*"Manual"* means our confidential operations manual for the operation of a Qamaria Coffee Business.

*"Marks"* means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Qamaria Coffee Business, including "Qamaria Coffee," and any other trademarks, service marks or trade names that we designate for use by a Qamaria Coffee Business. The term "Marks" also includes any distinctive trade dress used to identify a Qamaria Coffee Business, whether now in existence or hereafter created.

*"Prohibited Activities"* means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant,

shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

*"Restricted Period"* means the two (2) year period after the Franchise Agreement terminates or expires or ends for any other reason or you cease to be an owner or manager or officer of Franchisee's Qamaria Coffee Business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period after the Franchise Agreement terminates or expires or ends for any other reason or you cease to be an owner or manager or officer of Franchisee's Qamaria Coffee Business.

*"Restricted Territory"* means the geographic area within: (i) a 25 mile radius from Franchisee's Qamaria Coffee Business (and including the address of primary operation); and (ii) a 25 mile radius from all other Qamaria Coffee Business that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 15 mile radius from Franchisee's Qamaria Coffee Business (and including the premises of the Business).

*"System"* means our system for the establishment, development, operation and management of a Qamaria Coffee Business, including Know-how, proprietary programs and products, confidential operations manuals and operating system.

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

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

4. **Unfair Competition During Relationship**. You agree not to unfairly compete with us at any time while you are a manager of Franchisee's Qamaria Coffee Business by engaging in any Prohibited Activities.

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

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

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

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

9. **Miscellaneous**.

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

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

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

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

EXECUTED on the date stated below.

Date: _____

_____
Signature

_____
Print Name

## EXHIBIT F TO QAMARIA COFFEE FRANCHISE AGREEMENT

## SAMPLE CONFIDENTIALITY AGREEMENT

This Agreement ("Agreement") is entered into by the undersigned ("you") in favor of Qamaria Yemeni Coffee Franchise, LLC, a Michigan limited liability company, and its renewals and assigns ("us"), upon the terms and conditions set forth in this Agreement.

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

"*Qamaria Coffee Business*" means a business that operates a Business under the Qamaria Coffee Marks (as defined herein).

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

"*Franchisee*" means the Qamaria Coffee franchisee for whom you are an officer, director, employee or independent contractor.

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

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

"*Manual*" means our confidential operations manual for the operation of a Qamaria Coffee Business.

"*Marks*" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Qamaria Coffee Business, including "Qamaria Coffee," and any other trademarks, service marks or trade names that we designate for use by a Qamaria Coffee Business. The term "Marks" also includes any distinctive trade dress used to identify a Qamaria Coffee Business, whether now in existence or hereafter created.

"*System*" means our system for the establishment, development, operation and management of a Qamaria Coffee Business, including Know-How, proprietary programs and products, confidential operations manuals and operating system.

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

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

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

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

6. **Breach**. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Qamaria Coffee franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be

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

7. **Miscellaneous**.

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

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

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

EXECUTED on the date stated below.

Date: _____ _____

Signature

_____

Print Name

## EXHIBIT G TO QAMARIA COFFEE FRANCHISE AGREEMENT

## SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment ("Agreement") is entered into this ___ day of _____, 20___, between Qamaria Yemeni Coffee Franchise, LLC ("Franchisor"), _____ ("Former Franchisee"), and _____("New Franchisee").

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain Franchise Agreement dated _____, 20_____ ("Franchise Agreement"), in which Franchisor granted Franchisor the right to operate a Qamaria Coffee franchise with a primary operating address of _____("Franchised Business"); and

WHEREAS, Former Franchisee desires to assign ("Requested Assignment") the Franchised Business to New Franchisee from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants, promises and agreements herein contained, the parties hereto covenant, promise and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement ("Franchisor's Assignment Fee").

2. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor's Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Franchise Agreement.

3. Termination of Rights to the Franchised Business. The parties acknowledge and agree that all of Former Franchisee's rights to operate the Franchised Business and rights under the Franchise Agreement are hereby relinquished and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business. Former Franchisee and its owners agree to comply with all of the covenants in the Franchise Agreement that expressly or by implication survive the termination, expiration or transfer of the Franchise Agreement.

Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement, which is attached to this Agreement as Attachment A.

4. New Franchise Agreement. New Franchisee shall execute Franchisor's current form of Franchise Agreement and attachments for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), which is attached to this Agreement as Attachment B, and any other required contracts for the operation of a Qamaria Coffee franchise as stated in Franchisor's Franchise Disclosure Document.

5. Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three (3) year period following the execution of this Agreement.

6. Acknowledgment by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("Transaction") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of a new Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Franchisee and shall not involve Franchisor.

7. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed or disposed of any interest in the Franchise Agreement or Franchised Business. Buyer hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the new Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

8. 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.

9. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Franchise Agreement.

10. Affiliate. When used in this Agreement, the term "Affiliate" has the meaning as given in Rule 144 under the Securities Act of 1933.

11. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

12. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed, as of the day and year first above written.

Dated: _____, 20___

FRANCHISOR:

Qamaria Yemeni Coffee Franchise, LLC

_____
By: _____
Title: _____

FORMER FRANCHISEE:

_____

_____
By: _____
Title: _____

NEW FRANCHISEE:

_____

_____
By: _____
Title: _____

**EXHIBIT G TO QAMARIA COFFEE FRANCHISE AGREEMENT**
**Attachment A**

**(INSERT Termination and Release Agreement)**

**EXHIBIT G TO QAMARIA COFFEE FRANCHISE AGREEMENT**
**Attachment B**

**(INSERT New Franchise Agreement to be Signed)**

## EXHIBIT H TO QAMARIA COFFEE FRANCHISE AGREEMENT

## LEASE ADDENDUM

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 Qamaria Coffee franchise from the leased premises ("Premises"), pursuant to a Franchise Agreement ("Franchise Agreement") with Qamaria Yemeni Coffee Franchise, LLC ("Franchisor") under the name "Qamaria Coffee" or other name designated by Franchisor (hereinafter referred to as "Franchised Business" or "Franchise 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. **Assignment**. Lessee shall have the right to assign all of its right, title and interest in the Lease to Franchisor or its parent, subsidiary, or affiliate (including another franchisee) at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor's consent in accordance with the Collateral Assignment of Lease attached hereto as Attachment 1. However, no assignment shall be effective until the time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or 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, subsidiary or affiliate. 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 franchisee without the Landlord's consent in accordance with Section 3(a).

2. **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 the 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 the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph

4(a). Franchisor will have an additional 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 via registered or certified mail, postage prepaid, to the following addresses:

Qamaria Yemeni Coffee Franchise, LLC
1468 John A Papalas
Lincoln, MI 48146

Franchisor may change its address for receiving notices by giving Lessor written notice of the 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 the Lease, Lessee agrees not to terminate, or in any way alter or amend the same, during the Term of the Franchise Agreement or any renewal 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 the effect shall be included in the Lease.

3. **Termination or Expiration**.

a. Upon Lessee's default and failure to cure the default within the applicable cure period, if any, 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 the reassignment, provided the franchisee agrees to assume Lessee's obligations and the Lease.

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 other modifications (such as repainting) as are reasonably necessary to protect the Qamaria Coffee or Qamaria Coffee trademarks 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 the assets being purchased by Franchisor.

4. **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 Franchised Business and Lessee would not lease the Premises without this Addendum. Lessor also

hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Attachment 1.

b. Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and 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.

5. **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.

6. **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.

7. **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 first year written above.

| LESSOR: | LESSEE: |
|---|---|
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

ATTACHMENT 1 TO LEASE ADDENDUM
COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the __ day of ___, 20__ ("Effective Date"), the undersigned, _____, ("Assignor") hereby assigns, transfers and sets over unto Qamaria Yemeni Coffee Franchise, LLC ("Assignee") all of Assignor's right, title and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as Exhibit A ("Lease") regarding the premises located at _____.

This Collateral Assignment of Lease ("Assignment") is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain Franchise Agreement for a Qamaria Coffee franchise between Assignee and Assignor ("Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in the event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options

**IN WITNESS WHEREOF**, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first written above.

**[SIGNATURE PAGES TO FOLLOW]**

ASSIGNOR:

_____

_____
By: _____
Title: _____

ASSIGNEE:

Qamaria Yemeni Coffee Franchise, LLC

_____
By: _____
Title: _____

## EXHIBIT I TO QAMARIA COFFEE FRANCHISE AGREEMENT

### ACH PAYMENT AGREEMENT

ACCOUNT NAME: _____
CUSTOMER NUMBER: _____
FRANCHISE NAME: _____

AUTHORIZATION AGREEMENT FOR ACH Payments:

(I/we) do hereby authorize Qamaria Yemeni Coffee Franchise, LLC, hereinafter named the "Franchisor", to initiate (debit or credit) entries to (my/our) (Checking Account / Savings Account) for any and all amounts due and owing to Franchisor, including without limitation, under the Franchise Agreement and all other amounts due and owing to Franchisor's affiliates, including as indicated and named below as the depository financial institution, hereafter named FINANCIAL INSTITUTION pursuant to the terms of the Franchise Agreement by and between us and the Franchisor.

(I/we) acknowledge that the origination of ACH transactions to my (my/our) account must comply with the provisions of U.S. law. Furthermore, if any such debit(s) should be returned NSF, (I/we) authorize the Franchisor to collect such debit(s) by electronic debit and subsequently collect a returned debit NSF fee of $75.00 per item by electronic debit from my account identified below. In the event all funds and interests are not received by Franchisor within 15 days from presentment and intended withdrawal from our account by Franchisor, then we will be deemed in default of the Franchise Agreement. We further agree to pay all reasonable costs of collection including but not limited to reasonable attorney's fees and court costs incurred by Franchisor. I am a duly authorized check signer on the financial institution account identified below and authorize all of the above as evidenced by my signature below.

CHECK (ACH) INFORMATION ROUTING NUMBER:
ACCOUNT NUMBER:
DEPOSITORY NAME:
BRANCH: _____
CITY: _____ STATE: _____ ZIP: _____

COMPANY NAME: _____
FIRST NAME/LAST NAME: _____
BILLING ADDRESS: _____
CITY: _____ STATE: _____ ZIP: _____
PHONE NUMBER: _____
CUSTOMER NUMBER: _____
SIGNATURE ON FILE: _____
PHONE OR EMAIL APPROVAL AUTHORIZATION NUMBER: _____

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

**EXHIBIT B TO QAMARIA YEMENI COFFEE FRANCHISE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**AREA DEVELOPMENT AGREEMENT**

**QAMARIA YEMENI COFFEE FRANCHISE, LLC**
**AREA DEVELOPMENT AGREEMENT**

This Area Development Agreement (this "Agreement") is made this day of_____, 20__ by and between **QAMARIA YEMENI COFFEE FRANCHISE, LLC**, a Michigan limited liability company with its principal business located at 1468 John A Papalas, Lincoln, MI 48146 ("we" or "us") and_____, a(n) _____ _____whose principal business address is ("developer" or "you"). If the developer is a corporation, partnership or limited liability company, certain provisions of the Agreement also apply to your owners and will be noted.

**RECITALS**

A. We have developed a unique system for operation of a fast-casual restaurant offering traditional Yemeni beverages, hot and iced coffees, and fresh traditional pastries, or any similar food using certain standards and specifications;

B. Many of the services and products are prepared and undertaken according to specified procedures or made with proprietary formulas, techniques and mixes;

C. We own the rights to certain trademark, service marks, and other indicia or origin used in connection with the operation of a Qamaria Coffee Business;

D. We have decided to license the right to develop and operate Qamaria Coffee franchises;

E. You desire to develop and operate several Qamaria Coffee franchises and we, in reliance on your representations, have approved your franchise application to do so in accordance with this Agreement.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

**DEFINITIONS**

1. For purposes of this Agreement, the terms below have the following definitions:

A. "Locations" means the Qamaria Coffee locations you develop and operate pursuant to this Agreement.

B. "Products" means the specific services and products required by us, or as we may modify, add, or change them from time to time.

C. "Principal Owner" means any person who directly or indirectly owns a 10% or greater interest in the developer when the developer is a corporation, limited liability company, a partnership, or a similar entity. However, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or entity who directly or indirectly owns less than a 10% interest in the developer, that person or entity may, in our sole discretion, be considered a Principal Owner for all purposes under this Agreement, including, but not limited to, the execution of the personal guaranty referenced in below. In addition, if the developer is a partnership entity, then each general partner is a Principal Owner, regardless of the percentage ownership interest. If the developer is one or more individuals, each individual is a Principal Owner of the developer. You must have at least one Principal Owner.

D. "System" means the Qamaria Coffee System, which consists of distinctive products and services prepared according to special and confidential processes and formulas with unique preparation, service and delivery procedures and techniques, offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, furnishings and materials and using certain distinctive types of facilities, equipment, supplies, business techniques, methods and procedures together with sales promotion programs, all of which we may modify and change from time to time.

E. "Trademarks" means the Qamaria Coffee trademarks and service marks that we license for use in connection with the System, including without limitation, those that are and that we may register with the United States Patent and Trademark Office and the trademarks, service marks and trade names set forth in each Franchise Agreement, as we may modify and change from time to time, and the trade dress and other commercial symbols used in the Locations. Trade dress includes the designs, color schemes and image we authorize you to use in the operation of the Locations from time to time.

## GRANT OF DEVELOPMENT RIGHTS

2. The following provisions control with respect to the rights granted hereunder:

A. We grant to you, under the terms and conditions of this Agreement, the right to develop and operate _____ (__) Qamaria Coffee locations (each a "Location," and collectively, the "Locations") within the territory described on Exhibit A ("Development Territory").

B. You are bound by the Development Schedule set forth in Exhibit B ("Development Schedule"). Time is of the essence for the development of each Location in accordance with the Development Schedule. Each Location must be developed and operated pursuant to a separate Franchise Agreement that you enter into with us pursuant to Section 4.B below.

C. If you are in compliance with the Development Schedule set forth on Exhibit B, we will not develop or operate or grant anyone else a franchise to develop and operate a Qamaria Coffee Location business in the Development Territory prior to the earlier of (i) the expiration or

termination of this Agreement; (ii) the date on which you must execute the Franchise Agreement for your last Location pursuant to the terms of the Development Schedule or (iii) the date on which the Designated Area for your final Location under this Agreement is determined, except (a) for the Special Sites defined in Section 2.D below; (b) in the event that the Development Territory covers more than one city, county or designated market area, the protection for each particular city, county or designated market area shall expire upon the earliest of (1) any of the foregoing events or (2) the date when the Designated Area for your final Location to be developed in such city, county or designated market area under this Agreement is determined; or (c) as otherwise provided in this Agreement.

Notwithstanding anything in this Agreement, upon the earliest occurrence of any of the foregoing events (i) the Development Territory shall expire and (ii) we will be entitled to develop and operate, or to franchise others to develop and operate, Qamaria Coffee Locations in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated. At the time you execute your final Franchise Agreement under the Development Schedule, you must have an Authorized Location for your final Location.

D. The rights granted under this Agreement are limited to the right to develop Locations located in the Development Territory, and do not include (i) any right to sell Products and services identified by the Trademarks at any location or through any other channels or methods of distribution, including the internet (or any other existing or future form of electronic commerce), other than at Locations within the Development Territory, (ii) any right to sell Products and services identified by the Trademarks to any person or entity for resale or further distribution, or (iii) any right to exclude, control or impose conditions on our development or operation of franchised, company or affiliate owned Locations at any time or at any location outside of the Development Territory. Those rights are only granted pursuant to a single-unit Franchise Agreement. You may not use "Qamaria Coffee" or any of the other Trademarks as part of the name of your corporation, partnership, limited liability company or other similar entity.

You acknowledge and agree that (i) we and our affiliates have the right to operate or franchise within the Designated Area one or more facilities selling all or some of the Products, using the Trademarks or any other trademarks, service marks or trade names, without compensation to any franchisee, provided however, that such facilities shall not be mobile facilities but rather from a fixed location if it is confined to your Designated Area; (ii) we and our affiliates have the right outside of the Development Territory to grant other franchises or operate company or affiliate owned Qamaria Coffee Locations and offer, sell or distribute any products or services associated with the System (now or in the future) under the Trademarks or any other trademarks, service marks or trade names or through any distribution channel or method, all without compensation to any developer; and (iii) we and our affiliates have the right to operate and franchise others to operate Locations or any other business within and outside the Development Territory under trademarks other than the Qamaria Coffee Trademarks, without compensation to any developer, except that our operation of, or association or affiliation with, Locations (through franchising or otherwise) in the Development Territory that compete with Qamaria Coffee Locations in the service oriented Location segment will only occur through some form of merger or acquisition with an existing Location chain.

In addition, we and our affiliates have the right to offer, sell or distribute, within the Development Territory, any Products or services associated with the System (now or in the future) or identified by the Trademarks, or any other trademarks, service marks or trade names, except for Prohibited Items (as defined below), through any distribution channels or methods, without compensation to any developer. The distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, wholesale, hospitals, clinics, health care facilities, business or industry locations (e.g. manufacturing site, office building), military installations, military commissaries or the internet (or any other existing or future form of electronic commerce).

The Prohibited Items are the following items that we will not sell in the Development Territory through other distribution channels or methods: NONE.

Further, you acknowledge that certain locations within the Development Territory are by their nature unique and separate in character from sites generally developed as Qamaria Coffee Locations. As a result, you agree that the following locations ("Special Sites") are excluded from the Development Territory and we have the right, subject to our then-current Special Sites Impact Policy, to develop or franchise such locations: (1) military bases; (2) public transportation facilities; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks; and (6) community and special events.

E. This Agreement is not a Franchise Agreement and you have no right to use in any manner the Trademarks by virtue of this Agreement. You have no right under this Agreement to sublicense or sub-franchise others to operate a business or Location or use the System or the Trademarks.

**DEVELOPMENT FEE**

3. You must pay a Development Fee as described below:

A. As consideration for the rights granted in this Agreement, you must pay us a "Development Fee" of $20,000, multiplied by _____(__) Locations (the number of Locations to be developed by under this Agreement), representing one-half of the Initial Franchise Fee for each Location to be developed under this Agreement. The Initial Franchise Fee for the first Location is $40,000. The Initial Franchise Fee for the second Location and for each subsequent Location is our then-current initial franchise fee being charged at the time you sign the Franchise Agreements for those locations less the $20,000 paid.

The Development Fee is consideration for this Agreement and not consideration for any Franchise Agreement, is fully earned by us upon execution of this Agreement and is non-refundable. The part of the Initial Franchise Fee that is included in the Development Fee is credited against the Initial Franchise Fee payable upon the signing of each individual Franchise Agreement. The balance of the Initial Franchise Fee for the first Location must be paid at the time of execution of this Agreement, together with the execution by you of the Franchise Agreement for the first Location. The total amount to be paid by you at the time of execution of this Agreement pursuant to this Section, including both the Development Fee and the balance of the Initial Franchise Fee

for your first Location is $_____. The balance of the Initial Franchise Fee for each subsequent Location is due as specified in Section 3.B.

B. You must submit a separate application for each Location to be established by you within the Development Territory as further described in Section 4. Upon our consent to the site of your Location, a separate Franchise Agreement must be executed for each such Location, at which time the balance of the Initial Franchise Fee for that Location is due and owing. Such payment represents the balance of the appropriate Initial Franchise Fee, as described above in Section 3.A. Upon the execution of each Franchise Agreement, the terms and conditions of the Franchise Agreement control the establishment and operation of such Location.

**DEVELOPMENT SCHEDULE**

4. The following provisions control with respect to your development rights and obligations:

A. You are bound by and strictly must follow the Development Schedule. By the dates set forth under the Development Schedule, you must enter into Franchise Agreements with us pursuant to this Agreement for the number of Locations described under the Development Schedule. You also must comply with the Development Schedule requirements regarding (i) the Location type to be developed and the opening date for each Location and (ii) the cumulative number of Locations to be open and continuously operating for business in the Development Territory. If you fail to either execute a Franchise Agreement or to open a Location according to the dates set forth in the Franchise Agreement, we, in our sole discretion, may (i) require that you hire a franchise development expert with recognized experience in developing franchises in a similar line of business to ours or (ii) immediately terminate this Agreement pursuant to Section 7.B.

B. You may not develop a Location unless (i) at least 45 days, but no more than 60 days, prior to the date set forth in the Development Schedule for the execution of each Franchise Agreement, you send us a notice (a) requiring that we send you our then current disclosure documents, (b) confirming your intention to develop the particular Location and (c) sending us all information necessary to complete the Franchise Agreement for the particular Location and (ii) all of the following conditions have been met (these conditions apply to each Location to be developed in the Development Territory):

1. Your Submission of Proposed Site. You must find a proposed site for the Location which you reasonably believe to conform to our site selection criteria, as modified by us from time to time, and submit to us a complete site report (containing such demographic, commercial, and other information and photographs as we may reasonably require) for such site.

2. Our Consent to Proposed Site. You must receive our written consent to your proposed site. We agree not to unreasonably withhold consent to a proposed site. Prior to granting our consent to a site, you must have the site evaluated by the proprietary site evaluator software that has been developed by Google Maps or any similar mapping software. In approving or disapproving any proposed site, we will

consider such matters as we deem material, including demographic characteristics of the proposed site, traffic patterns, competition, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics (including the purchase or lease obligations for the proposed site) and the size of premises, appearance and other physical characteristics. Our consent to a proposed site, however, does not in any way constitute a guaranty by us as to the success of the Location.

3. Your Submission of Information. You must furnish to us, at least 30 days prior to the earliest of (i) the date set forth in the Development Schedule by which you must execute a Franchise Agreement or (ii) the actual date in which the Franchise Agreement would be executed, a franchise application for the proposed Location, financial statements and other information regarding you, the operation of any of your other Locations within the Development Territory and the development and operation of the proposed Location (including, without limitation, investment and financing plans for the proposed Location) as we may reasonably require.

4. Your Compliance with Our Then-Current Standards for Franchisees. You must receive written confirmation from us that you meet our then-current standards for franchisees, including financial capability criteria for the development of a new Location. You acknowledge and agree that this requirement is necessary to ensure the proper development and operation of your Locations and preserve and enhance the reputation and goodwill of all Qamaria Coffee Locations and the goodwill of the Trademarks. Our confirmation that you meet our then-current standards for the development of a new Location, however, does not in any way constitute a guaranty by us as to your success.

5. Good Standing. You must not be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement between you or any of your affiliates and us or any of our affiliates. You also must have satisfied, on a timely basis, all monetary and material obligations under the Franchise Agreements for all existing Locations.

6. Execution of Franchise Agreement. You and we must enter into our then-current form of Franchise Agreement for the proposed Location. You understand that we may modify the then-current form of Franchise Agreement from time-to-time and that it may be different than the current form of Franchise Agreement, including different fees and obligations. You understand and agree that any and all Franchise Agreements will be construed and exist independently of this Agreement. The continued existence of each Franchise Agreement will be determined by the terms and conditions of such Franchise Agreement. Except as specifically set forth in this Agreement, the establishment and operation of each Location must be in accordance with the terms of the applicable Franchise Agreement.

C. You must begin substantial construction of each of the Locations at least 150 days before the deadline to open each of the Locations if the Location will be in a free-standing location or at

least 120 days before the deadline to open the Location if the Location will be in a non-free standing location. In addition, on or before the deadlines to start construction you must submit to us executed copies of any loan documents and/or any other document that proves that you have secured adequate financing to complete the construction of the Location by the date you are obligated to have that Location open and in operation. In the event that you fail to comply with any of these obligations, we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 7.B.

D. You recognize and acknowledge that this Agreement requires you to open Locations in the future pursuant to the Development Schedule. You further acknowledge that the estimated expenses and investment requirements set forth in the Franchise Disclosure Document and Franchise Agreement are only estimates and are subject to increase over time, and that future Locations likely will involve different initial investment and operating capital requirements than those stated in the Franchise Disclosure Document or Franchise Agreement provided to you prior to the execution of this Agreement. You are obligated to execute all the Franchise Agreements and open all the Locations on the dates set forth on the Development Schedule, regardless of (i) the requirement of a greater investment, (ii) the financial condition or performance of your prior Locations, or (iii) any other circumstances, financial or otherwise. The foregoing shall not be interpreted as imposing any obligation upon us to execute the Franchise Agreements under this Agreement if you have not complied with each and every condition necessary to develop the Locations.

**TERM**

5. Unless sooner terminated in accordance with Section 7 of this Agreement, the term of this Agreement and all rights granted to you will expire on the date that your last Qamaria Coffee Location is scheduled to be opened under the Development Schedule.

**YOUR DUTIES**

6. You must perform the following obligations:

A. You must comply with all of the terms and conditions of each Franchise Agreement, including the operating requirements specified in each Franchise Agreement.

B. You and your owners, officers, directors, shareholders, partners, members and managers (if any) acknowledge that your entire knowledge of the operation of a Qamaria Coffee Location

and the System, including the knowledge or know-how regarding the specifications, standards and operating procedures of the services and activities, is derived from information we disclose to you and that certain information is proprietary, confidential and constitutes our trade secrets. The term "trade secrets" refers to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the manuals or otherwise communicated to you in writing, verbally or through the internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Locations. You and your owners, officers, directors, shareholders, partners, members and managers (if any), jointly and severally, agree that at all times during and after the term of this Agreement, you will maintain the absolute confidentiality of all such proprietary information and will not disclose, copy, reproduce, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by us. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from the individuals identified in the first sentence of this paragraph and other key employees.

C. You must comply with all requirements of federal, state, and local laws, rules, and regulations.

D. If you at some time in the future desire to make either a public or a private offering of your securities, prior to such offering and sale, and prior to the public release of any statements, data, or other information of any kind relating to the proposed offering of your securities, you must secure our written approval, which approval will not be unreasonably withheld. You must secure our prior written consent to any and all press releases, news releases and any and all other publicity, the primary purpose of which is to generate interest in your offering. Only after we have given our written approval may you proceed to file, publish, issue, and release and make public any said data, material and information regarding the securities offering. It is specifically understood that any review by us is solely for our own information, and our approval does not constitute any kind of authorization, acceptance, agreement, endorsement, approval, or ratification of the same, either expressly or implied. You may make no oral or written notice of any kind whatsoever indicating or implying that we and/or our affiliates have any interest in the relationship whatsoever to the proposed offering other than acting as Franchisor. You agree to indemnify, defend, and hold us and our affiliates harmless, and our affiliates' directors, officers, successors and assigns harmless from all claims, demands, costs, fees, charges, liability or expense (including attorneys' fees) of any kind whatsoever arising from your offering of information published or communicated in actions taken in that regard.

E. If neither you, your Principal Owner, nor any other person in your organization possesses, in our judgment, adequate experience and skills to allow you to locate, obtain, and develop prime locations in the Development Territory to allow you to meet your development obligations under this Agreement, we can require that you hire or engage a person with those necessary skills.

## DEFAULT AND TERMINATION

7. The following provisions apply with respect to default and termination:

A. The rights and territorial protection granted to you in this Agreement have been granted in reliance on your representations and warranties, and strictly on the conditions set forth in Sections 2, 4 and 6 of this Agreement, including the condition that you comply strictly with the Development Schedule.

B. You will be deemed in default under this Agreement if you breach any of the terms of this Agreement, including the failure to meet the Development Schedule, or the terms of any Franchise Agreement or any other agreements between you or your affiliates and us or our affiliates. All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if: (i) you become insolvent, meaning unable to pay bills as they become due in the ordinary course of business, (ii) you fail to meet the development obligations set forth in the Development Schedule attached as Exhibit B, (iii) failure to start substantial construction of any of the Locations by the date established in Section 4.C (iv) failure to secure financing for the construction of any of the Locations by the date set forth in Section 4.C (v) you fail to comply with any other provision of this Agreement and do not correct the failure within 30 days after written notice of that failure is delivered to you, or (vi) we have delivered to you a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

C. Alternatively, and at our discretion, in the event that you fail to meet the Development Schedule, we may elect to modify the Development Schedule and reduce the number of Locations granted to you therein to a schedule which we believe, in our sole and absolute discretion, which you are more capable of managing.

## RIGHTS AND DUTIES OF PARTIES UPON TERMINATION OR EXPIRATION

8. Upon termination or expiration of this Agreement, all rights granted to you will automatically terminate, and:

A. All remaining rights granted to you to develop Locations under this Agreement will automatically be revoked and will be null and void. You will not be entitled to any refund of any fees. You will have no right to develop or operate any business for which a Franchise Agreement has not been executed by us. We will be entitled to develop and operate, or to franchise others to develop and operate, Qamaria Coffee Locations in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated.

B. You must immediately cease to operate your business under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former developer of ours.

C. You must take such action as may be necessary to cancel or assign to us or our designee, at our option, any assumed name or equivalent registration that contains the name or any of the

words “Qamaria Coffee” or any other Trademark of ours, and you must furnish us with evidence satisfactory to us of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

D. You must assign to us or our designee all your right, title, and interest in and to your telephone numbers and must notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number in any regular, classified or other telephone directory listing associated with the Trademarks and to authorize transfer of same at our direction.

E. You must, within thirty (30) days of the termination or expiration, pay all sums owing to us and our affiliates, including the balance of the Initial Franchise Fees that we would have received had you developed all of the Locations set forth in the Development Schedule. In addition to the Initial Franchise Fees for undeveloped Locations, you agree to pay as fair and reasonable liquidated damages (but not as a penalty) an amount equal to $100,000.00 for each undeveloped Location. You agree that this amount is for lost revenues from Continuing Fees and other amounts payable to us, including the fact that you were holding the development rights for those Locations and precluding the development of certain Locations in the Development Territory, and that it would be difficult to calculate with certainty the amount of damage we will incur. Notwithstanding your agreement, if a court determines that this liquidated damages payment is unenforceable, then we may pursue all other available remedies, including consequential damages.

All unpaid amounts will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In the event of termination for any default by you, the sums due will include all damages, costs, and expenses, including reasonable attorneys’ fees and expenses, incurred by us as a result of the default. You also must pay to us all damages, costs, and expenses, including reasonable attorneys’ fees and expenses that we incur subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

F. If this Agreement is terminated solely for your failure to meet the Development Schedule and for no other reason whatsoever, and you have opened at least 50% of the total number of Locations provided for in the Development Schedule, you may continue to operate those existing Locations under the terms of the separate Franchise Agreement for each Location. On the other hand, if this Agreement is terminated under any other circumstance, we have the option to purchase from you at book value all the assets used in the Locations that have been developed prior to the termination of this Agreement. Assets include leasehold improvements, equipment, automobiles/trucks/vans, furniture, fixtures, signs, inventory, liquor licenses, and other transferable licenses and permits for the Locations.

We have the unrestricted right to assign this option to purchase. We or our assignee will be entitled to all customary warranties and representations given by the seller of a business including, without limitation, representations and warranties as to (i) ownership, condition and title to assets; (ii) liens and encumbrances relating to the assets; and (iii) validity of contracts and liabilities, inuring to us or affecting the assets, contingent or otherwise. The purchase price for the assets of

the Locations will be determined in accordance with the post-termination purchase option provision in the individual Franchise Agreement for each Location (with the purchase price to include the value of any goodwill of the business attributable to your operation of the Location if you are in compliance with the terms and conditions of the Franchise Agreement for that Location). The purchase price must be paid in cash at the closing of the purchase, which must take place no later than 90 days after your receipt of notice of exercise of this option to purchase, at which time you must deliver instruments transferring to us or our assignee: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us or our assignee), with all sales and other transfer taxes paid by you; and (ii) all licenses and permits of the Locations that may be assigned or transferred. If you cannot deliver clear title to all of the purchased assets, or in the event there are other unresolved issues, the closing of the sale will be accomplished through an escrow. We have the right to set off against and reduce the purchase price by any and all amounts owed by you to us, and the amount of any encumbrances or liens against the assets or any obligations assumed by us. You and each holder of an interest in you must indemnify us and our affiliates against all liabilities not so assumed. You must maintain in force all insurance policies required pursuant to the applicable Franchise Agreement until the closing on the sale.

G. All of our and your obligations that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.

**TRANSFER**

9. The following provisions govern any transfer:

A. We have the right to transfer all or any part of our rights or obligations under this Agreement to any person or legal entity.

B. This Agreement is entered into by us with specific reliance upon your personal experience, skills and managerial and financial qualifications. Consequently, this Agreement, and your rights and obligations under it, are and will remain personal to you. You may only Transfer your rights and interests under this Agreement if you obtain our prior written consent and you transfer all of your rights and interests under all Franchise Agreements for Locations in the Development Territory. Accordingly, the assignment terms and conditions of the Franchise Agreements shall apply to any Transfer of your rights and interests under this Agreement. As used in this Agreement, the term "Transfer" means any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets, or of any interest in you.

C. THE COMPANY'S RIGHT OF FIRST REFUSAL. If developer (or its owners) shall at any time determine to sell, assign or transfer for consideration this Agreement (or an interest therein) or an ownership interest in developer, or all or substantially all of the assets of developer, developer (or its owners) shall obtain a bona fide, executed written offer and earnest money deposit

from a responsible and fully disclosed prospective purchaser and submit an exact copy of such offer to us. However, if the offeror proposes to buy any other property or rights, other than rights under Franchise Agreements executed pursuant hereto, from developer or any of its affiliated entities (or their respective owners) such proposal must be under a separate, contemporaneous offer. The price and terms of purchase offered to developer (or its owners) for the interest in this Agreement and Franchise Agreements or developer (or any affiliated entities) shall reflect the bona fide price offered therefore and shall not reflect any value for any other property or rights. We shall have the right, exercisable by written notice delivered to developer or its owners within fifteen (15) days from the date of delivery of an exact copy of such offer to us, to purchase this Agreement (or such interest in this Agreement) or such ownership interest in developer or such assets for the price and on the terms and conditions contained in such offer, provided that we may substitute cash for any form of payment proposed in such offer, our credit shall be deemed equal to the credit of any proposed purchaser and we shall have not less than fifteen (15) days to prepare for closing. If we do not exercise our right of first refusal, developer (or its owners) may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to our approval, provided, however, that if the sale to such purchaser is not completed within one hundred eighty (180) days after delivery of such offer to us, or if there is a material change in the terms of the sale, we shall again have the right of first refusal provided herein.

D. DEATH OR PERMANENT DISABILITY OF DEVELOPER. Upon the death or permanent disability of developer or an owner of developer, the executor, administrator, conservator or other personal representative of such person shall transfer his interest within a reasonable time, not to exceed six (6) months from the date of death or permanent disability, to a third party approved by us. Such transfer, including, without limitation, transfer by devise or inheritance, shall be subject to all the terms and conditions for assignments and transfers contained in Section and, unless transferred by gift, devise or inheritance, subject to the terms of Section 9(C) hereof. Failure to dispose of such interest within said period of time shall constitute a breach of this Agreement.

E. CONDITIONS FOR APPROVAL OF TRANSFER. If developer (or, if developer is a corporation or partnership, its shareholders or partners) is in full compliance with this Agreement and all Franchise Agreements, we shall not unreasonably withhold our approval of a transfer that meets all the applicable requirements of this Section 9(E). The proposed transferee and its owners must be individuals of good moral character and otherwise meet our then applicable standards for developers of Locations. A transfer of this Agreement may be made only in connection with the transfer to the same transferee of all interests of developer (and all of its affiliated entities) in every Location developed pursuant to this Agreement. If the transfer is of the development rights granted under this Agreement or a controlling interest in developer, or is one of a series of transfers which in the aggregate constitute the transfer of the development rights granted under this Agreement or a controlling interest in developer, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(1) The transferee must have sufficient business experience, aptitude and financial resources to operate developer's business and develop the Development Area;

(2) Developer must pay us and our affiliates all amounts owed to us or our affiliates which are then due and unpaid and submit all required reports and statements which have not yet been submitted;

(3) The transferee must agree to be bound by and expressly assume all of the terms and conditions of this Agreement for the remainder of its term;

(4) Developer (and its owners) must execute general releases of any and all claims against us, our affiliates, officers, directors, employees and agents;

(5) All Franchise Agreements between us and Developer or any affiliated entity must be transferred to the transferee of this Agreement (or the transferee of a controlling interest in developer);

(6) Developer or the transferee must pay us a transfer fee in an amount equal to the Company's out-of-pocket expenses, which shall not exceed Fifteen Thousand Dollars ($15,000), relating to review and approval of the proposed transfer; and this transfer fee shall be in addition to any and all transfer fees paid in connection with the transfers of Franchise Agreements in conjunction with this transfer;

(7) The transferee and/or its personnel must agree to complete our training program to our satisfaction, for which the transferee must pay to the Company its then-current training fee; and

(8) We shall not have exercised its right of first refusal pursuant to Section 9C hereof. If the proposed transfer is to or among owners of developer who have executed the attached form of Owner's Guaranty and Assumption of Developer's Obligations, none of the above requirements shall apply, and it should only require notice to the Company. Subparagraph (8) shall not apply to transfers by gift, bequest or inheritance. In connection with any assignment permitted under this Section 9E, developer shall provide us with all documents to be executed by developer and the proposed assignee or transferee at least thirty (30) days prior to execution.

**MISCELLANEOUS**

10. The parties agree to the following provisions:

A. You agree to indemnify, defend, and hold us, our affiliates and our officers, directors, shareholders and employees harmless from and against any and all claims, losses, damages and liabilities, however caused, arising directly or indirectly from, as a result of, or in connection with, the development, use and operation of your Locations, as well as the costs, including attorneys' fees, of defending against them ("Franchise Claims"). Franchise Claims include, but are not limited to, those arising from any death, personal injury or property damage (whether caused wholly or in part through our or our affiliate's active or passive negligence), latent or other defects in any Location, or your employment practices. In the event a Franchise Claim is made against us

or our affiliates, we reserve the right in our sole judgment to select our own legal counsel to represent our interests, at your cost.

B. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses.

C. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. This Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement constitutes the sole agreement between the parties with respect to the entire subject matter of this Agreement and embodies all prior agreements and negotiations with respect to the business.

D. Except as otherwise provided in this Agreement, any notice, demand or communication provided for must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and if such notice is a notice of default or of termination, by registered or certified mail, and addressed as follows:

1. If to us, addressed to QAMARIA YEMENI COFFEE FRANCHISE, LLC, Attn.: Hatem Aleidaroos at 1468 John A Papalas. Lincoln, MI 48146;

2. If to you, addressed to you at the last address we have on file for you;

Or, in either case, to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph.

E. Any modification, consent, approval, authorization or waiver granted in this Agreement required to be effective by signature will be valid only if in writing executed by the Principal Owner or, if on behalf of us, in writing executed by our Operations Manager.

F. Applicable Law. You agree to be bound by the Dispute Resolution provisions found in Section 11 of any Franchise Agreement between the parties as if set forth here and as being equally applicable to this Agreement and the dealings of the parties hereunder. Any disputes related to this Agreement shall only be brought in the appropriate forum having jurisdiction over our principal place of business at the time the action is filed.

G. If you are a corporation, partnership, limited liability company or partnership or other legal entity, all of your Principal Owners must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes a Principal Owner must execute the form of undertaking and guarantee at the end of this Agreement.

H. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

I. In the event of any failure of performance of this Agreement according to its terms by any party due to force majeure will not be deemed a breach of this Agreement. For purposes of this Agreement, "force majeure" shall mean acts of God, State or governmental action, riots, disturbance, war, strikes, lockouts, slowdowns, prolonged shortage of energy supplies or any raw material, epidemics, fire, flood, hurricane, typhoon, earthquake, lightning and explosion or other similar event or condition, not existing as of the date of signature of this Agreement, not reasonably foreseeable as of such date and not reasonably within the control of any party hereto, which prevents in whole or in material part the performance by one of the parties hereto of its obligations hereunder.

J. This Agreement and all related agreements executed simultaneously with this Agreement constitute the entire understanding of the parties and supersede any and all prior oral or written agreements between you and us on the matters contained in this Agreement. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document

**IN WITNESS WHEREOF**, the parties have executed the foregoing Agreement as of the dates written below.

| FRANCHISOR: | DEVELOPER: |
|---|---|
| Qamaria Yemeni Coffee Franchise, LLC | |
| By: _____ | By: _____ |
| Name: Hatem Aleidaroos | Name: _____ |
| Title: Operations Manager | Title: _____ |
| Date: _____ | Date: _____ |
| Delivery Addresses for Notices:<br>Qamaria Yemeni Coffee Franchise, LLC<br>1468 John A Papalas<br>Lincoln, MI 48146 | Delivery Address for Notices: |

## EXHIBIT A

## DEVELOPMENT TERRITORY

Your Development Territory shall consist of the following area:

_____

_____

_____

## EXHIBIT B

## DEVELOPMENT SCHEDULE

| Unit Number | Date by Which Franchise Agreement Must be Signed | Opening Date |
|---|---|---|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |

## EXHIBIT C TO AREA DEVELOPMENT AGREEMENT

## OWNER'S GUARANTY AND ASSUMPTION OF DEVELOPER'S OBLIGATIONS

As an inducement to QAMARIA YEMENI COFFEE FRANCHISE, LLC, a Michigan limited liability company ("Company") to execute Qamaria Coffee Franchise LLC's Area Development Agreement between Company and _____ ("Developer" or "You") dated _____, 20__ (the "Agreement"), the undersigned, jointly and severally, hereby unconditionally guarantee to Company and Company's successors and assigns that all of Developer's monetary and other obligations under the Agreement will be punctually paid and performed.

Upon demand by the Company, the undersigned each hereby jointly and severally agree to immediately make each payment required of Developer under the Agreement and waive any right to require the Company to: (a) proceed against Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Developer; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer; or (d) give notice of demand for payment by Developer. Without affecting the obligations of the undersigned under this Guarantee, the Company may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned each hereby jointly and severally agree to defend, indemnify and hold Company, Company's affiliates, and their respective officers, directors, employees, and agents harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Developer to perform any obligation of Developer under the Agreement, any amendment thereto, or any other agreement executed by Developer referred to therein.

The undersigned each hereby jointly and severally acknowledge and expressly agree to be individually bound by all of the covenants contained in the Agreement, and acknowledge and agree that this Guarantee does not grant the undersigned any right to use the "Qamaria Coffee" marks or system licensed to Developer under the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms.

Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

If the Company is required to enforce this Guarantee in a judicial or arbitration proceeding, and prevails in such proceeding, the Company shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If the Company is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse the Company for any of the above-listed costs and expenses the Company incurs.

Dispute Resolution. You agree to be bound by the Dispute Resolution provisions found in Section 11 of any Franchise Agreement between the parties as if set forth here and as being equally applicable to this Guaranty and the dealings of the parties hereunder.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

| **Signature of Each Guarantor** | **Percentage of Ownership in Franchisee** |
|---|---|
| _____ | _____% |
| _____ | _____% |
| _____ | _____% |
| _____ | _____% |
| _____ | _____% |

**EXHIBIT D TO THE AREA DEVELOPMENT AGREEMENT**

**LIST OF PRINCIPALS**

**Holders of Legal or Beneficial Interest:**

Name: _____

Position/Title: _____

Home Address: _____

_____

_____

Telephone No.: _____

E-mail Address: _____

Percentage of Ownership: _____%

Name: _____

Position/Title: _____

Home Address: _____

_____

_____

Telephone No.: _____

E-mail Address: _____

Percentage of Ownership: _____%

Name: _____

Position/Title: _____

Home Address: _____

_____

_____

Telephone No.: _____

E-mail Address: _____

Percentage of Ownership: _____%

Name: _____

Position/Title: _____

Home Address: _____

_____

_____

Telephone No.: _____

E-mail Address: _____

Percentage of Ownership: _____%

**EXHIBIT E TO THE AREA DEVELOPMENT AGREEMENT**

**ILLINOIS ADDENDUM**
**TO THE AREA DEVELOPMENT AGREEMENT**

If any of the terms of the Area Development Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement(s).

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

5. The Office of the Illinois Attorney General has imposed a deferral requirement of initial franchise fees until franchisor has satisfied its pre-opening obligations to franchisee and franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

| | |
|---|---|
| FRANCHISEE: | QAMARIA YEMENI COFFEE FRANCHISE, LLC |
| _____ | _____ |
| By:_____ | By:_____ |
| Dated: _____ | Dated:_____ |

**EXHIBIT C TO QAMARIA YEMENI COFFEE FRANCHISE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

**QAMARIA YEMENI COFFEE FRANCHISE, LLC.**

**Financial Statements**

**December 31, 2022**

**(With Independent Auditors' Report Thereon)**

**Dynamic Assurance Services, PLC**
Certified Public Accountants 321 N Center St
Northville, MI 48167
Tel. (248) 773-7799
Fax (313) 447-3882

Sam Khalil, C.P.A.

Members American Institute of Certified
Public Accountants Michigan Institute of
Certified Public Accountants

**Independent Auditors' Report**

To the Members of
Qamaria Yemeni Coffee Franchise, LLC.

***Report on the Financial Statements***

We have audited the accompanying financial statements of Qamaria Yemeni Coffee Franchise, LLC., which comprise the balance sheet as of December 31, 2022, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Qamaria Yemeni Coffee Franchise, LLC., as of December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Dynamic Assurance Services, PLC

Northville, MI

April 1, 2023

QAMARIA YEMENI COFFEE FRANCHISE,

Balance Sheet December 31, 2022 and 2021

| Assets | 2022 | 2021 |
|---|---|---|
| Cash | $125,792 | $4,462 |
| Accounts Receivable | 986 | - |
| Property and equipment, net of accumulated depreciation of $4,170 | | 4,170 |
| Total Assets | $ 126,778 | $ 8,632 |

Liabilities and Members's Equity (Deficit)

| | | |
|---|---|---|
| Liabilities | | |
| Deferred franchise fee | $ 245,000 | $ 30,000 |
| Total Liabilities | 245,000 | 30,000 |
| Members' Equity (deficit) | (118,222) | (21,368) |
| Total Members' Equity (deficit) | (118,222) | (21,368) |
| Total Liabilities and Members' Equity (deficit) | $ 126,778 | $ 8,632 |

See accompanying notes to financial statements

QAMARIA YEMENI COFFEE FRANCHISE,

Statement of Operations and Members' Equity For the Years Ending December 31, 2022

and 2021

| | 2022 | 2021 |
|---|---|---|
| Revenues: | | |
| Franchise Fees | 90,000 | 2,855 |
| Royalties | 34,989 | - |
| Total revenues | 124,989 | 2,855 |
| Expenses: | | |
| Purchases | - | 12,768 |
| Advertising | 89 | 5,075 |
| Auto and truck | 2,078 | 2,529 |
| Bank charges | 653 | 299 |
| Computer | 211 | - |
| Depreciation | 4,170 | - |
| Meals and entertainment | 3,279 | 5,574 |
| Office expense | 6,285 | 3,353 |
| Consulting | 88 | 17,105 |
| Postage | 81 | - |
| Repairs | 2,800 | - |
| Travel | 1,246 | 2,243 |
| Supplies | - | 1,031 |
| Utilities | 1,031 | - |
| Waste Removal | 159 | - |
| Total Expenses | 22,170 | 49,977 |
| Net Income | 102,819 | (47,122) |
| Contributions, net | (199,673) | 25,754 |
| Members' equity (deficit), beginning of period | (21,368) | - |
| Members' equity (deficit), end of period | $ (118,222) | $ (21,368) |

See accompanying notes to financial statements

QAMARIA YEMENI COFFEE FRANCHISE,

Statement of Cash Flows

For the Year Ending December 31, 2022 and 2021

| | 2022 | 2021 |
|---|---|---|
| Cash flow from operating activities: | | |
| Net income (loss) | $ 102,819 | $ (47,122) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 4,170 | - |
| (Increase) decrease in assets: | | - |
| Accounts Receivable | (986) | - |
| Increase (decrease) in Liabilities: | | |
| Deferred franchise fee | 215,000 | 30,000 |
| Net cash provided by operating activities | 321,003 | (17,122) |
| Cash flows from investment activities: | | |
| Fixed asset acquisition | - | (4,170) |
| Net cash used by investment activities | - | (4,170) |
| Cash flows from financing activities: | | |
| Contributions, net | (199,673) | 25,754 |
| Net cash provided by financing activities | (199,673) | 25,754 |
| Net increase in cash and cash equivalents | 121,330 | 4,462 |
| Cash and cash equivalents, beginning of period | 4,462 | - |
| Cash and cash equivalents, end of period | $ 125,792 | $ 4,462 |
| Supplementary disclosure of cash flow information: | | |
| Cash paid during the period for: | | |
| Interest | $ - | $ - |
| Income Taxes | $ - | $ - |

See accompanying notes to financial statements

## *1. Summary of Significant Accounting Policies*

Qamaria Yemeni Coffee Franchise, LLC. ("Company") was formed in the State of Michigan in May 2021. The principal purpose of the Company is to offer and sell franchises that sell specialty coffee using Yemeni coffee beans that have been organically harvested and processed. In addition, the Company sells other traditional coffee house items such as teas and pastries.

### *a. Method of Accounting*

Assets and liabilities and revenue and expense are recognized on the accrual basis of accounting.

### *b. Property and Equipment*

Property and equipment will be stated at cost. Depreciation will be computed using the straight-line method of depreciation over the estimated useful life of the assets, which are 5 years.

For federal income tax purposes, depreciation will be computed using the appropriate accelerated methods allowed for tax purposes.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment will be capitalized. Expenditures for maintenance and repairs will be charged to expense as incurred.

### *c. Franchise Revenues*

Income will principally be compromised of revenues earned by the Company as part of the franchise sales to customers. Additional revenues earned by the Company are expected from the sales of marketing materials and other services to the franchisees and royalties.

The company recognizes its franchise revenues in accordance with the statement of Financial Accounting Standards ASC 606, which allows that franchise fees from franchise sales be recognized, net of an allowance for uncollectible amounts, if the initial franchise fee is distinct from the franchise license. Initial franchise fees are typically deferred. A portion of the initial franchise fee is allocated to certain distinct performance obligations and is recognized as revenue when the company has determined it has provided substantially all of its material obligations required to recognize revenue related to those distinct performance obligations. Initial franchise fees generally consist of pre-opening services determined by Franchiser that are separate and distinct (typically up front and not brand specific) such as training, site selection, etc. and could be provided by a third party. Other components of the fee are deferred and recognized as other obligations of the agreement or conditions relating to the sale have been substantially performed or satisfied by the franchisor.

The company recognizes revenue when all of the following four criteria are met:

- Persuasive abundance of a sales arrangement exists
- all material obligations have been provided
- the sales price is fixed or determinable and
- collectability is probable

***1. Summary of Significant Accounting Policies – (Cont.)***

The individual franchise agreements typically have a set year initial term, but provide their franchisee with an opportunity to enter into renewal terms subject to certain conditions.

***d. Accounts Receivables***

Trade accounts receivable will consist of amounts due for franchise sales, will be carried at their estimated collectible amounts, and trade credit will be generally extended on a short-term basis; thus trade receivables do not bear interest. trade accounts receivable are to be periodically evaluated for collectability based on past credit history with customers and their current financial condition.

The company will use the reserve method of accounting for bad debts for financial reporting purposes and the direct write-off method for income tax purposes. trade accounts receivables are charged against the allowance account when such receivables are deemed to be uncollectible. management considers all unreserved accounts receivables to be collectible. As of July 30th, 2021, a total of $0.00 in accounts were reserved.

***e. Income Taxes***

The company filed an election with the Internal Revenue Service to be treated as a limited liability corporation ("LLC") for all its taxable years. an LLC is not subject to corporate income tax. the company's taxable income or loss and tax credits pass through to the members.

***f. Cash Flows***

For purposes of the statement of cash flows, cash equivalents consist of cash on hand and in banks.

***g. Pervasiveness of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the day of the financial statements and the reported amount of revenues and expenses during the reporting. Actual results could differ from those estimates.

***h. Long-lived assets***

The company reviews the carrying value of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No adjustments has been provided for in the financial statements.

***i. Concentration of credit risk***

The company maintains cash and checking accounts with federally insured banks.

***1. Property and Equipment***

Property and equipment at December 31, 2022, consists of the following:

| | | |
|---|---|---|
| Computer | $ | - |
| Office furniture and equipment | | 4,170 |
| Less accumulated depreciation | | (4,170) |
| | $ | - |

Depreciation expense for the period ended on December 31, 2022, amounted to $4,170.

*2.* Deferred Revenue

At December 31, 2022, $245,000 funds received for nine franchises signed in 2022 but not yet open and operating. Three franchises were sold and opened in 2022.

***3. Franchise Sales and Agreements***

The company is scheduled to start offering franchises in August 2021. as of August 3rd 2021, since company has not started selling franchises, no franchises have been recorded as sold.

the company will enter into franchise agreements with its franchisees. the company's franchise agreements require the company to provide various items to franchisees including, but not limited to, marketing and operational support.

***4. Subsequent Events***

Management has evaluated subsequent events through April 1st 2023, the date at which the financial statements were available for issue and does not believe that there are any subsequent events that require adjustment or disclosure in the accompanying financial statements.

**QAMARIA YEMENI** COFFEE FRANCHISE, LLC.

Financial Statements

December 31, 2021

(With Independent Auditors'
Report Thereon)

**SMITH, BUZZI & ASSOCIATES, LLC.**
CERTIFIED PUBLIC ACCOUNTANTS
9425 SUNSET DRIVE, SUITE 180
MIAMI, FLORIDA 33173
TEL. (305) 598-6701
FAX (305) 598-6716

JULIO M. BUZZI, C.P.A.
JOSEE. SMITH, C.P.A.

MEMBERS:
AMERICAN INSTITUTE OF Certified
PUBLIC ACCOUNTANTS FLORIDA
INSTITUTE OF
Certified PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Members of
Qamaria Yemeni Coffee Franchise, LLC,

***Report on the Financial Statements***

We have audited the accompanying financial statements of Qamaria Yemeni Coffee Franchise, LLC., which comprise the balance sheet as of December 31, 2021 and the related statements of operations and members' equity and cash flows for the period May 25, 2021 ("Inception date") to December 31, 2021 and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit, We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements, The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Qamaria Yemeni Coffee Franchise, LLC., as of December 31, 2021 and the results of its operations and its cash flows for the period May 25, 2021 ("Inception Date") to December 21, 2021 in conformity with accounting principles generally accepted in the United States of America.

Smith, Buzzi & Associates, LLC.

Miami, Florida
July 6, 2022

QAMARIA YEMENI COFFEE FRANCHISE, LLC.

Balance Sheet

December 31, 2021

| | |
|---|---|
| **Assets** | |
| Cash | $ 4,462 |
| Property and equipment, net of accumulated depreciation of $0 | 4,170 |
| Total assets | $ 8 632 |
| **Liabilities and Members' Equity (Deficit)** | |
| Liabilities | |
| Deferred franchise fee | $ 30,000 |
| Total Liabilities | 30,000 |
| Members' Equity (deficit) | (21,368) |
| Total Members' Equity (deficit) | (21,368) |
| Total Liabilities and Members' Equity (deficit) | $ 8 632 |

See accompanying notes to financial statements.

QUAMARIA YEMENI COFFEE FRANCHISE, LLC.

Statement of Operations and Members' Equity

For the Period May 25, 2021 (inception Oaten)
to December 31, 2021

| | |
|---|---|
| Revenues: | |
| Franchise sales | 2,855 |
| Total revenues | 2,855 |
| Cost of Sales: | |
| Freight costs | 2,692 |
| Cups | 10,076 |
| Total cost of sales | 12,768 |
| Gross profit (loss) | (9,913) |
| Expenses: | |
| Advertising | 5,075 |
| Auto and truck | 2,529 |
| Bank charges | 299 |
| Meals and entertainment | 5,574 |
| Office expense | 3,353 |
| Consulting | 17,105 |
| Travel | 2,243 |
| Supplies | 1,031 |
| Total expenses | 37,209 |
| Net income (loss) | (47,122) |
| Contributions, net | 25,754 |
| Members' Equity (deficit), beginning of period | |
| Members' Equity (deficit), end of period | $ (21,368) |

See accompanying notes to financial statements.

QAMARIA YEMENI COFFEE FRANCHISING, LLC.

Statement of Cash Flows

For the Period from May 25, 2022 ("Inception Date")
to December 31, 2021

| | |
|---|---|
| Cash flows from operating activities: | |
| Net income (loss) | $ (47,122) |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | |
| (Increase) decrease in assets: | |
| Accounts receivable | |
| Increase (decrease) in liabilities: | |
| Deferred franchise fee | 30,000 |
| Net cash used by operating activities | (17,122) |
| Cash flows from investing activities: | |
| Fixed asset acquisition | (4,170) |
| Net cash used by investing activities | (4,170) |
| Cash flows from financing activities: | |
| Contributions, net | 25,754 |
| Net cash provided by financing activities | 25,754 |
| Net increase in cash and cash equivalents | 4,462 |
| Cash and cash equivalents, beginning of period | |
| Cash and cash equivalents, end of period | $ 4,462 |
| Supplementary disclosure of cash flow information: | |
| Cash paid during the period for: | |
| Interest | $ - |
| Income taxes | $ - |

See accompanying notes to financial statements.

QAMARIA YEMENI COFFEE FRANCHISE, LLC.

Notes to Financial Statements

December 31, 2021

## 1. Summary of Significant Accounting Policies

Qamaria Yemeni Coffee Franchise, LLC. ("Company") was formed in the State of Michigan in May 2021. The principal purpose of the Company is to offer and sell franchises that sell specialty coffee using Yemeni coffee beans that have been organically harvested and processed. In addition, the Company sells other traditional coffee house items such as teas and pastries.

### a) Method of Accounting

Assets and liabilities and revenue and expenses are recognized on the accrual basis of accounting.

### b) Property and Equipment

Property and equipment will be stated at cost. Depreciation will be computed using the straight line method of depreciation over the estimated useful life of the assets, which are 5 years.

For federal income tax purposes, depreciation will be computed using the appropriate accelerated methods allowed for tax purposes.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment will be capitalized. Expenditures for maintenance and repairs will be charged to expense as incurred.

### c) Franchise Revenues

Income will principally be comprised of revenues earned by the Company as part of the franchise sales to customers. Additional revenues earned by the Company are expected from the sales of marketing materials and other services to the franchisees and royalties.

The Company recognizes its franchise revenues in accordance with Statement of Financial Accounting Standards ASC 606, which allows that franchise fees from area franchise sales be recognized, net of an allowance for uncollectible amounts, if the initial "franchise fee" is distinct from the franchise license. Franchise fees related to licenses are deferred over the life of the agreement. Other components of the fee are deferred and recognized as other obligations of the agreement or conditions relating to the sale have been substantially performed or satisfied by the franchisor. Generally, these services include training, support in approving franchisee's site selection and delivery of franchisee's initial inventory for use in the operations of the franchise. Franchise fees are recognized as revenue when all material services and conditions have been substantially completed or satisfied and no other material conditions or obligations related to the determination of substantial performance exist. These services, as defined above, are substantially complete prior to opening of a store. Revenue is recognized when the store opens.

**1. *Summary of Significant Accounting Policies - (Cont.)***

**c) *Franchise Revenues (Cont.)***

The Company recognizes revenue when all of the following four criteria are met:

persuasive evidence of a sales arrangement exists
all material obligations have been provided
the sales price is fixed or determinable and
collectability is probable

The individual franchise agreements typically have a set year initial term, but provide the franchisee with an opportunity to enter into renewal terms subject to certain conditions.

**d) *Accounts Receivable***

Trade accounts receivable will consist of amounts due for franchise sales, will be carried at their estimated collectible amounts and trade credit will be generally extended on a short- term basis; thus trade receivables do not bear interest. Trade accounts receivable are to be periodically evaluated for collectability based on past credit history with customers and their current financial condition.

The Company will use the reserve method of accounting for bad debts for financial reporting purposes and the direct write-off method for income tax purposes. Trade accounts receivable are charged against the allowance account when such receivables are deemed to be uncollectible. Management considers all unreserved accounts receivable to be collectible. As of December 31, 2021, a total of $0 in accounts were reserved.

**e) *Income Taxes***

The Company filed an election with the Internal Revenue service to be treated as a Limited Liability Corporation ("LLC$^{0}$) for all its taxable years. An LLC is not subject to corporate income tax. The Company's taxable income or loss and tax credits pass through to the members.

**f) *Cash Flows***

For purposes of the statement of cash flows, cash equivalents consist of cash on hand and in banks.

**1. *Summary of Significant Accounting Policies - (Cont.)***

**g) *Pervasiveness of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**h) *Long-Lived Assets***

The Company reviews the carrying value of its long lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No adjustment has been provided for in the financial statements.

**i) *Concentration of Credit Risk***

The Company maintains cash in checking accounts with federally insured banks.

**2. *Property and Equipment***

Property and equipment at December 31, 2021, consists of the following:

| | |
|---|---|
| Computer | $ |
| Office furniture and equipment | 4,170 |
| Less accumulated depreciation | |
| | $ 4 170 |

Depreciation expense for the period ended on December 31, 2021 amounted to $0.

### 3. Deferred Revenues

At December 31, 2021, $30,000 funds received for a franchise sale at year end was deferred as the contract for the franchise sale was not signed until 2022. The Company enters into franchise agreements of ten (10) year terms. A portion of these sales' fees are deferred as the Company has not earned those amounts.

### 4. Franchise Sales and Agreements

The Company started offering franchises in August 2021.

The Company will enter into franchise agreements with its franchisees. Company's franchise agreements require the Company to provide various

items to franchisees including, but not limited to, marketing and operational support.

### 5. Subsequent Events

Management has evaluated subsequent events through July 6, 2022, the date at which the financial statements were available for issue and does not believe that there are any subsequent events that require adjustment or disclosure in the accompanying financial statements.

**EXHIBIT D TO QAMARIA YEMENI COFFEE FRANCHISE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF CURRENT AND FORMER FRANCHISEES**

***List of Franchised Businesses***

**Qamaria Yemeni Coffee**
**5385 Crooks Rd**
**Troy, MI 48098**
**248-956-7914**

**Qamaria Yemeni Coffee**
**7706 Allen Rd**
**Allen Park, MI 48101**
**313-406-6911**

**Qamaria Yemeni Coffee**
**25245 Ford Rd. Suite B**
**Dearborn, MI 48128**
**313-406-6240**

**Qamaria Yemeni Coffee**
**1601 E Debbie #1111**
**Mansfield, TX 76063**
**682-400-8630**

**Qamaria Yemeni Coffee**
**3221 Hilliard Rome Rd**
**Hillard, OH 43026**
**347-993-9090**

**Qamaria Yemeni Coffee**
**9970 S Ridgeland Ave.**
**Chicago Ridge, IL 604415**
**708-581-3615**

**Qamaria Yemeni Coffee**
**4828 Waterview Town Center Dr. Suite 1000**
**Richmond, TX 77407**
**281-762-2116**

**Qamaria Yemeni Coffee**
**1927 Mack Ave**
**Gross Pointe Woods, MI 48236**
**718-902-4372**

**Qamaria Yemeni Coffee**
**12120 Westheimer Rd**
**Houston, TX 77007**
**313-632-4949**

**Qamaria Yemeni Coffee**
**229 E Commonwealth Ave**
**Fullerton, CA 92832**
**313-358-7831**

**Qamaria Yemeni Coffee**
**4400 McCoy Dr, Suite 124**
**Aurora, IL 60504**
**773-787-7718**

**Qamaria Yemeni Coffee**
**4818 S 76th St. Suite 7.**
**Greenfield, WI 53220**
**281-762-2116**

**Qamaria Yemeni Coffee**
**8911 S Old State Rd**
**Lewis Center, OH 43035**
**380-218-4524**

## ***List of Corporate or Affiliate-Owned Businesses***

Qamaria Yemeni Coffee
1273 N. Commerce Road
Commerce, Michigan48382
Tel: (248) 242-6348

Qamaria Yemeni Coffee
40200 W. 14 Mile Road
Commerce, Michigan 48390
Tel: (248) 242-6348

Qamaria Yemeni Coffee
11419 S. Saginaw St
Grand Blanc, MI 48439
810-498-4909

## ***Former Franchisees***

None

## ***Area Developers***

We do not have any current or former area developers.

**EXHIBIT E TO QAMARIA YEMENI COFFEE FRANCHISE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

# CONFIDENTIAL OPERATIONS MANUAL
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**EXHIBIT F TO QAMARIA YEMENI COFFEE FRANCHISE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

# LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

## State Administrators

**California**
Department of Financial
Protection and Innovation
2101 Arena Boulevard
Sacramento, California 95834
(916) 445-7205
(Toll Free) (866) 275-2677
Ask.DFPI@dfpi.ca.gov
www.dfpi.ca.gov

**Hawaii**
Commissioner of Securities
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

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

**Indiana**
Indiana Chief Deputy Commissioner
Secretary of State
Franchise Section – Securities Division
301 W. Washington Street, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

**Maryland**
Office of the Attorney General
Securities Division
2000 Saint Paul Place
Baltimore, Maryland 21202
(410) 576-7044

## State Agents for Service of Process

**California**
Department of Financial Protection and
Innovation
201 Arena Boulevard
Sacramento, California 95834
Ask.DFPI@dfpi.ca.gov
www.dfpi.ca.gov

**Hawaii**
Commissioner of Securities
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

**Illinois**
Illinois Franchise Development
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

**Indiana**
Indiana Chief Deputy Commissioner
Secretary of State
Franchise Section – Securities Division
301 W. Washington Street, Room E-111
Indianapolis, Indiana 46204

**Maryland**
Office of the Attorney General
Securities Division
2000 Saint Paul Place
Baltimore, Maryland 21202

**Michigan**
Michigan Franchise Administrator
Consumer Protection Division
Attention: Franchise Examiner
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

**Michigan**
Not Applicable

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

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

**New York**
NYS Department of Law
28 Liberty Street , 21st Floor
New York, New York 10005
(212) 416-8222

**New York**
Secretary of State of New York
99 Washington Avenue
Albany, New York 12231

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

**North Dakota**
North Dakota Securities Department
600 East Boulevard State Capitol
Fifth Floor, Dept. 414
Bismarck, North Dakota 58505

**Rhode Island**
Rhode Island Securities Examiner
Division of Securities
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9500

**Rhode Island**
Rhode Island
Department of Business Regulation
Division of Securities
1511 Pontiac Avenue
Cranston, Rhode Island 02920

**South Dakota**
South Dakota Franchise Administrator
Division of Securities
Department of Labor & Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605)773-4013

**South Dakota**
Director, Division of Securities
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

**Virginia**
Virginia Chief Examiner
State Corporation Commissioner
Division of Securities and Retail Franchising
1220 Bank Street
Richmond, Virginia 23219
(804)786-7751

**Virginia**
Clerk of the State Corporation Commissioner
P.O. Box 1197
Richmond, Virginia 23219

**Washington**
Washington Securities Administrator
Securities Division
P.O Box 9033
Olympia, Washington 98507
(360)902-8760

**Washington**
Director of Licensing
Securities Division
150 Israel Road
Turnwater, Washington 95801

**Wisconsin**
Wisconsin Commissioner of Securities
Registration Division
P.O. Box 1768
Madison, Wisconsin 53101
(608)266-8559

**Wisconsin**
Wisconsin Commissioner of Securities
Office of the Commissioner of Securities
101 East Wilson Street
Madison, Wisconsin 53702

**EXHIBIT G TO QAMARIA YEMENI COFFEE FRANCHISE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

# FRANCHISE DISCLOSURE QUESTIONNAIRE

## FRANCHISE DISCLOSURE QUESTIONNAIRE

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

This questionnaire does not apply in the State of California. Do not sign this questionnaire if the franchisee is a Maryland resident or if the franchised business will be located within the State of Maryland.

| | | | |
|---|---|---|---|
| 1. | Yes ____ | No ____ | Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it? |
| 2. | Yes ____ | No ____ | Have you received and personally reviewed the Franchise Disclosure Document we provided? |
| 3. | Yes ____ | No ____ | Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? |
| 4. | Yes ____ | No ____ | Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement? |
| 5. | Yes ____ | No ____ | Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor or have you had the opportunity for such review and chosen not to engage such professionals? |
| 6. | Yes ____ | No ____ | Have you discussed the benefits and risks of developing and operating a Qamaria Coffee Business with an existing Qamaria Coffee franchisee? |
| 7. | Yes ____ | No ____ | Do you understand the risks of developing and operating a Qamaria Coffee Business? |
| 8. | Yes ____ | No ____ | Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors? |

9. Yes ____ No ____ Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be litigated, mediated, and/or arbitrated in Michigan, if not resolved informally or by mediation?

10. Yes ____ No ____ Do you understand that you must satisfactorily complete the initial training course before we will allow your Business to open or consent to a transfer?

11. Yes ____ No ____ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Qamaria Coffee Business, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

12. Yes ____ No ____ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

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

14. Yes ____ No ____ Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the Qamaria Coffee Business, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?

15. Yes ____ No ____ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

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

EXPLANATION OF ANY NEGATIVE RESPONSE
(REFER TO QUESTION NUMBER)

| Questionnaire Number | Explanation of Negative Response |
|---|---|
| | |

_____
Signature of Franchise Applicant

_____
Name (please print)

Date: _____

_____
Signature of Franchise Applicant

_____
Name (please print)

Date: _____

**EXHIBIT H TO QAMARIA YEMENI COFFEE FRANCHISE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

# STATE ADDENDA AND AGREEMENT RIDERS

**ILLINOIS ADDENDUM**
**TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Your rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

5. The Office of the Illinois Attorney General has imposed a deferral requirement of initial franchise fees until franchisor has satisfied its pre-opening obligations to franchisee and franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

| | |
|---|---|
| FRANCHISEE: | QAMARIA YEMENI COFFEE FRANCHISE, LLC |
| _____ | _____ |
| By:_____ | By:_____ |
| Dated: _____ | Dated:_____ |

**ILLINOIS ADDENDUM**
**TO THE FRANCHISE DISCLOSURE DOCUMENT**

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement(s).

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

5. Item 5 is amended by adding the following: The Office of the Illinois Attorney General has imposed a deferral requirement of initial franchise fees until franchisor has satisfied its pre-opening obligations to franchisee and franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

6. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

| | |
|---|---|
| FRANCHISEE: | QAMARIA YEMENI COFFEE FRANCHISE, LLC |
| By:_____ | By:_____ |
| By:_____ | Date:_____ |

## MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

1. ITEM 5 of the Disclosure Document is amended to add the following:

   Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owned by the franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the outlet is opened. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. ITEM 17 of the Disclosure Document is amended to add the following:

Under the Maryland Franchise Registrations and Disclosure Law, Md. Code Ann. Bus. Reg. §14 201 et seq., no general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims under the Maryland Franchise Registration and Disclosure Law.

Any litigation between Franchisee and Franchisor may be instituted in any court of competent jurisdiction, including a court in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

- Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

- In the event of a conflict of laws if required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

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

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## MICHIGAN ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

1. A prohibition on the right of a franchisee to join an association of franchisees.

2. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

3. A provision that permits a franchisor to terminate a franchise before 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 that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

6. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

7. 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.

8. 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 Section 3.

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General
G. Mennen Williams Building,
7th Floor 525 W. Ottawa St.
P.O. Box 30212
Lansing, MI 48909
(517) 373-7117

## CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT.

**In any terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.**

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

a. California Business and Professions Code 20000 through 20043 provides rights to the franchisee concerning transfer, termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control. (Note: This is required to be disclosed in all filings.)

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

c. 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.

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

e. The franchise agreement requires binding arbitration. The arbitration will occur at Wayne County, Michigan with the costs being borne by equally by both parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

g. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require,

before a solicitation of a proposed material modification of an existing franchise.

h. 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 31000 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).

| | |
|---|---|
| FRANCHISEE | QAMARIA YEMENI COFFEE |
| BY:_____ | BY:_____ |
| DATE:_____ | DATE:_____ |

**CALIFORNIA ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT**

1. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FRANCHISEE: QAMARIA YEMENI COFFEE FRANCHISE

BY:_____ BY:_____

DATE:_____ DATE:_____

## CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner. If any terms of the Franchise Disclosure Document are inconsistent with the terms below, the terms below control.**

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 at least 14 days prior to execution of a franchise agreement.

The franchisor, any person or franchise broker in Item 2 of the FDD is not 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.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

OUR WEBSITE WWW.QAMARIACOFFEE.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFRONIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

a. California Business and Professions Code 20000 through 20043 provides rights to the franchisee concerning transfer, termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control. (Note: This is required to be disclosed in all filings.)

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

c. 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.

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

e. The franchise agreement requires binding arbitration. The arbitration will occur at Wayne County, Michigan with the costs being borne by equally by both parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

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

h. 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 31000 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).

i. We do not have a federal registration for one or more of our principal marks. Therefore, such trademark do not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

j. Pursuant to Section 313512.1 of the California Corporations Code, any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable: (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee. (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents. (c) Reliance by a franchisee on the franchise disclosure document, including any exhibits thereto; (d) Violations of any provision of this division.

## INDIANA ADDENDUM TO THE FRANCHISE AGREEMENT

**If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.**

Indiana law prohibits requiring you to prospectively agree to a release or waiver which purports to relieve any person from liability imposed by the Indiana Franchise Practices Act (IC 23-2-2.7(5)). The Franchise Agreement shall be deemed amended to the extent necessary to comply with IC 23-2-2.7(5).

Indiana law limits the parties agreement to resolve disputes in any jurisdiction outside of Indiana (IC 23-2-2.7(10). Subject to the Federal Arbitration Act, the Franchise Agreement shall be deemed amended and the forum for any court proceedings shall be in Indiana.

FRANCHISEE: QAMARIA YEMENI COFFEE FRANCHISE

BY:_____ BY:_____

DATE:_____ DATE:_____

## MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT

**If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.**

The Maryland Franchise Registration and Disclosure Law, COMAR 02.02.08.16L, provides that, as a condition of the sale of a franchise, We may not require you to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under the Franchise Registration and Disclosure Law.

The Franchise Agreement and Franchise Disclosure Document shall be deemed amended so that no release, assignment, novation, waiver or estoppel is required if it would violate the Maryland Franchise Registration and Disclosure Law. Nothing in the franchise agreement, including any acknowledgments or representations, shall be deemed a release or waiver of any right or obligation under the Maryland Franchise Registration and Disclosure Law.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

Article 19 of the Franchise Agreement is amended to provide as follows: Any lawsuit permitted under this Article shall be brought in the federal or state courts located in the State of Maryland. Item 17 is hereby amended by adding the identical language in the "summary" column of line v.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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|---|---|
| FRANCHISEE: | QAMARIA YEMENI COFFEE FRANCHISE, LLC |
| BY:_____ | BY:_____ |
| DATE:_____ | DATE:_____ |

## MARYLAND ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. IN ADDITION, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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|---|---|
| FRANCHISEE: | QAMARIA YEMENI COFFEE FRANCHISE, LLC |
| BY:_____ | BY:_____ |
| DATE:_____ | DATE:_____ |

# MINNESOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

**If any of the terms of the Franchise Disclosure Document or Franchise Agreement are inconsistent with the terms below, the terms below control.**

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or 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.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. §80C.214, Subds. 3, 4, and 5 which require, except in certain specified cases, that We give you 90 days notice of termination (with 60 days to cure) and 180 days notice of nonrenewal of the franchise agreement.

We will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name, to the extent required by Minn. Stat.

§80C.12, Subd. 1(g).

To the extent governed by Minn. Rule 2860.4400J, you shall not be deemed to have waived any rights under Minnesota law. You shall not be deemed to have consented to Us obtaining injunctive relief, although We may seek injunctive relief. A Court or the arbitrators shall determine whether to require a bond as a condition of injunctive relief.

If your Licensed Business will be in Minnesota, You will not pay your Initial Fee to Us until your business is open and we have completed all of Our material pre-opening obligations to you. Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly.

Minnesota Rules 2860.440(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

No statement, questionnaire, or acknowledgement signed or agreed to be a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

| | |
|---|---|
| FRANCHISEE: | QAMARIA YEMENI COFFEE FRANCHISE, LLC |
| BY:_____ | BY:_____ |
| DATE:_____ | DATE:_____ |

## NEW YORK ADDENDUM TO THE FRANCHISE AGREEMENT

**If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.**

***INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK 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 THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT***

Item 3 is amended to read as follows:

Neither We nor any person identified in Item 2 above have any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against us alleging a violation of any franchise law, antitrust or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither We nor any person identified in Item 2 above have been convicted of a felony or pleaded nolo contendere to any felony charge or during the 10 year period immediately preceding the date of this Franchise Disclosure Document, been convicted of or pleaded nolo contendere to a misdemeanor charge been held liable in any other civil action by final judgment or been the subject of any other material complaint or other legal proceeding where such felony, misdemeanor civil action, complaint or other legal proceeding involved violation of any franchise law, antifraud or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither We nor any person identified in Item 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise or under any federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of 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 by the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department.

Item 4 is amended to read as follows:

During the 10 year period immediately preceding the date of the Franchise Disclosure Document neither We nor any predecessor, affiliate, current officer or general partner of Us has been the subject of a bankruptcy proceeding, been adjudged bankrupt or reorganized due to insolvency or been a principal officer of a company or a general partner of a partnership at or within one year of the time that such company or partnership became the subject of a bankruptcy proceeding or was adjudged bankrupt or reorganized due to insolvency or is subject to any such pending bankruptcy or reorganization proceeding.

Item 5 is amended by adding the following: We will use the Initial Fee for the purposes of covering the costs of selling the franchise and other franchises, for your initial training, for general overhead and for profit.

Item 12 is amended by adding the following: Although We will consider many factors in determining the boundaries of your Marketing Area, it will contain a population of not less than 25,000 people.

Item 17 is amended by changing the caption and preliminary statement to read as follows:

Item 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 17 D is amended by adding the following: You may terminate the agreement on any grounds available by law.

Item 17 J is amended by adding the following: We will only assign to an assignee who in Our good faith judgment is willing and able to assume Our obligations

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|---|---|
| FRANCHISEE: | QAMARIA YEMENI COFFEE FRANCHISE, LLC |
| BY:_____ | BY:_____ |
| DATE:_____ | DATE:_____ |

## NEW YORK STATE ADDENDUM TO FDD

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALLTHE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESSFAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions other than routine litigation incidental to the business that is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years 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: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party 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 from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the nonwaiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by a franchisee": "You may terminate the agreement on any grounds available by law."

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law": The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the Rev. April 2, 2024 time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

# VIRGINIA ADDENDUM TO THE FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT.

**If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.**

Item 17 of the Franchise Disclosure Document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).

The Virgina State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payments of the initial franchise fee and other initial payments owed by franchisees to the franchisor until franchisor has completed its pre-opening obligations under the franchise agreement.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

| | |
|---|---|
| FRANCHISEE: | QAMARIA YEMENI COFFEE FRANCHISE, LLC |
| BY:_____ | BY:_____ |
| DATE:_____ | DATE:_____ |

## VIRGINIA ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT

The Virgina State Corporation Commission's Division and Retail Franchising requires us to defer payments of the development fee owed by franchisees to the franchisor has completed its pre-opening obligations under the development agreement.

| | |
|---|---|
| FRANCHISEE: | QAMARIA YEMENI COFFEE FRANCHISE, LLC |
| BY:_____ | BY:_____ |
| DATE:_____ | DATE:_____ |

**EXHIBIT I TO QAMARIA YEMENI COFFEE FRANCHISE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

## State Effective Dates

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

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

| State | Effective Date |
|---|---|
| California | Pending |
| Hawaii | |
| Illinois | Pending |
| Indiana | Pending |
| Maryland | Pending |
| Michigan | January 10, 2023 |
| Minnesota | Pending |
| New York | Pending |
| North Dakota | |
| Rhode Island | |
| South Dakota | |
| Virginia | October 5, 2023 |
| Washington | Pending |
| Wisconsin | January 3, 2024 |

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

**EXHIBIT J TO QAMARIA YEMENI COFFEE FRANCHISE, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

# RECEIPT

**RECEIPT**
**(RETURN ONE COPY TO US)**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Qamaria Yemeni Coffee Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Qamaria Yemeni Coffee Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit F.

The franchisor is Qamaria Yemeni Coffee Franchise, LLC, located at 1468 John A. Papalas, Lincoln Michigan, 48146. Its telephone number is 248-242-6348.

Issuance Date: July 5, 2024

The name, principal address and telephone number of the franchise seller for this offering is Hatem Aleidaroos, 1468 John A. Papalas, Lincoln ,Michigan, 48146, 248-242-6348.

Qamaria Yemeni Coffee Franchise, LLC authorizes the agents listed in Exhibit F to accept service of process for it.

I have received a disclosure document, dated July 5, 2024, that included the following Exhibits:

| | |
|---|---|
| A | Qamaria Coffee Franchise Agreement (with exhibits) |
| B | Area Development Agreement (with exhibits) |
| C | Financial Statements |
| D | List of Current and Former Franchisees |
| E | Confidential Operations Manual Table of Contents |
| F | List of State Administrators/Agents for Service of Process |
| G | Franchise Disclosure Questionnaire |
| H | State Addenda and Agreement Riders |
| I | State Effective Dates |
| J | Receipt |

Date: _____
(Do Not Leave Blank)

_____
Signature of Prospective Franchisee

_____
Print Name

You may return the signed receipt either by signing, dating and mailing it to Qamaria Yemeni Coffee Franchise, LLC, located 1468 John A. Papalas, Lincoln Michigan, 48146, or by emailing a copy of the signed and dated receipt to Qamaria Yemeni Coffee Franchise, LLC at cdcr.franchise@gmail.com.

**RECEIPT**
**(KEEP ONE COPY FOR YOURSELF)**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Qamaria Yemeni Coffee Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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| I | State Effective Dates |
| J | Receipt |

Date: _____
(Do Not Leave Blank)

_____
Signature of Prospective Franchisee

_____
Print Name