FRANCHISE DISCLOSURE DOCUMENT

SBK Burger Co., LLC
a Delaware limited liability company
13036 SE Kent Kangley Road
Kent, WA 98032
253-507-8653
franchising@secretburgerkitchen.com
www.secretburgerkitchen.com

The franchise offered is for the establishment and operation of a restaurant under the Secret Burger Kitchen name that features smashburgers, hamburgers, sandwiches, and other food and beverage products. We offer multi-unit franchises ("Area Development Franchise(s)") for the rights to open a minimum of three Secret Burger Kitchen restaurants ("Restaurants") in a designated area. We primarily offer Area Development Franchises, but we may offer single Restaurant franchises at our discretion.

The total investment necessary to begin operation of a Restaurant is between $420,000 and $1,174,000. This includes $55,000 to $84,000 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of three Restaurants under an Area Development Agreement is between $1,190,000 and $3,422,000. This includes $105,000 to $520,000 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of ten Restaurants under an Area Development Agreement is between $3,885,000 to $11,255,000. This includes $105,000 to $520,000 that must be paid to the franchisor or its affiliate(s).

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 the 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 the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mandeep Sandhu at mandeep@secretburgerkitchen.com or Paul Sandhu at paul@secretburgerkitchen.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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: April 20, 2026

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 C.
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 A 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 Secret Burger Kitchen 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 Secret Burger Kitchen franchisee?	Item 20 or Exhibits D and E list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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. **<u>Out-of-State Dispute Resolution.</u>** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Delaware. 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 Delaware than in your own state.

2. **<u>Financial Condition.</u>** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

3. **<u>Short Operating History.</u>** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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.

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I – Form of General Release

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

The Franchisor

SBK Burger Co., LLC (referred to in this Disclosure Document as "the Franchisor," "we," "us," or "our") was formed on January 15, 2025. Our principal place of business is 13036 SE Kent Kangley Road, Kent, WA 98032, and we do business under our corporate name and the Marks as described below. In this Disclosure Document, we refer to the person or entity that will be signing the Franchise Agreement (defined below) as "you," "your," or "franchisee," which includes all franchise owners and partners, if you are a corporation, partnership, or other entity.

We also offer the right to operate a Kitchen using the Marks from an existing commercial kitchen under a separate disclosure document. Other than this separate offering, we have not offered franchises in any other line of business, and we do not engage in any other business activity. We began offering franchises in June 2025.

Our agents for service of process are listed in **Exhibit H.**

Our Parents, Predecessors and Affiliates

We have no parent or predecessor. We do not have an affiliate that offers franchises in any line of business or provides products or services to our franchisees.

Description of Franchise

We offer franchises for the right to establish and operate restaurants under the Secret Burger Kitchen name and other Marks that sell smashburgers, hamburgers, sandwiches, and other permitted food and beverage products for dine-in, delivery and pick up ("Restaurant" or "Franchised Business").

We primarily offer the right to sign a multi-unit area development agreement ("Area Development Agreement") to develop multiple franchised Restaurants to be located within a specifically described geographic territory (the "Development Area"). We will mutually agree upon the number of Restaurants that you will open under the Area Development Agreement. You must open a minimum of three Restaurants, but may open as many as ten. The Area Development Agreement is attached as Exhibit C to this Disclosure Document. We will determine the Development Area before you sign the Area Development Agreement, and it will be included in the Area Development Agreement. Under the Area Development Agreement, you must establish a certain number of Restaurants within the Development Area.

The Restaurants must be opened according to a minimum performance schedule, and you must sign a separate franchise agreement ("Franchise Agreement") for each Restaurant established under the Area Development Agreement. The Franchise Agreement for the first Restaurant developed under the Area Development Agreement will be in the form attached as Exhibit B to this Disclosure Document. The Franchise Agreement for your first Restaurant will be signed at the same time as the Area Development Agreement. For each additional Restaurant developed under the Area Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees. The size of the Development Area will vary depending upon local market conditions, consumer demographics, population, and the number of Restaurants to be developed. You may not open a Restaurant for business until a fully executed Franchise Agreement is in place for that Restaurant, you have received our written authorization to open for business, and the initial franchise fee has been fully paid. While we primarily require that franchisees develop multiple units under an Area Development Agreement, we may, under certain circumstances, permit you to open a single Restaurant.

The Restaurants operate under the Secret Burger Kitchen name, and the additional principal service marks, trademarks, trade names, logos, emblems, and indicia of origin identified in Item 13. These principal marks and all other marks which may be designated by us in the future in writing for use with the System (defined below) are referred to in this Disclosure Document as the "Marks." Restaurants are operated under the Marks and the System in accordance with the terms of a Franchise Agreement.

The Restaurant will be located in a building, such as a hotel restaurant, shopping center, shopping mall, other urban center, or as a free-standing building. If you operate a Restaurant, it will typically be approximately 1,200 to 2,500 square feet in size. Each Restaurant will offer dine-in, carry-out, online ordering, and delivery services.

The Restaurants are established and operated under a comprehensive and unique system (the "System"). The System includes distinctive signage, interior and exterior design, décor and color scheme, and uniform standards. For all Restaurants, the System includes special recipes and menu items, including proprietary products and ingredients; specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures (including point of purchase and tracking systems); training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop, in our discretion.

Market and Competition

The market for restaurants is well-developed and very competitive. You will serve the general public and will compete with a variety of businesses, from locally owned to national and chain restaurants. You may also encounter competition from other Secret Burger Kitchen franchisees. We may establish other Restaurants and Kitchens in your area (to the extent permitted under the Franchise Agreement) and/or sell or license others to sell products in your area. Also, we may sell products through the Internet, toll-free telephone numbers, catalogs, or other similar means of distribution to customers at any location, which may be located in your area. See Items 12 and 16 for a description of your permitted activities and your rights, and our permitted and restricted activities and rights.

Industry Regulations

The restaurant industry is heavily regulated. Many of the laws, rules and regulations that apply to business generally have particular applicability to restaurants. All Restaurants must comply with federal, state and local laws applicable to the operation and licensing of a restaurant business, including obtaining all applicable health permits and/or inspections and approvals by municipal, county or state health departments that regulate food service operations and food and menu labelling.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer, President, and Chairman of the Board: Gurpaul Sandhu

Mr. Sandhu has been our Chief Executive Office, President, and Chairman of the Board in Kent, Washington since our formation in January 2025, and the Chief Executive Officer of SBK Broadway in Seattle, Washington since May 2025. He has been the owner of Kirkland 5288 LLC in Lacey, Washington since May 2021 and the owner of King South Holdings LLC, also in Lacey, Washington, since September 2020. He has been the Managing Member of KSH in Tacoma, Washington since November 2012.

Chief Operating Officer and Vice President: Mandeep Sandhu

Mr. Sandhu has been our Chief Operating Officer and Vice President in Kent, Washington since our formation in January 2025. He has been the Chief Operating Officer of SBK Broadway in Seattle, Washington since May 2025. He has also been the Chief Operating Officer of RK Hospitality LLC in Auburn, Washington since September 2017 and the General Manager of RK Sandhu Properties LLC in Hermiston, Oregon since September 2015. Previously, he was a Software Engineer with SpaceX in Redmond, Washington from March 2024 to August 2025, a Project Manager for Meta in Seattle, Washington from December 2021 to January 2024, and a Software Engineer for Amazon Web Services in Seattle, Washington from September 2019 to December 2021.

Vice President of Franchise Development: Amit Jouhal

Mr. Jouhal has been our Vice President of Franchise Development in Kent, Washington since November 2025. He also serves as a real estate broker for John L. Scott, Inc. in Kent, Washington since November 2024. Mr. Jouhal was previously a real estate broker for Realogics Sotheby's in Seattle, Washington from December 2020 to November 2024.

ITEM 3
LITIGATION

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

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee of $40,000 for the right to establish a single Restaurant under a Franchise Agreement. The initial franchise fee is paid in a lump sum when you sign the Franchise Agreement.

The initial franchise fee is imposed uniformly on all franchisees, except in the following circumstances: (i) Veterans of the United States military and first responders (police, fire and rescue) may qualify for a discounted initial franchise fee of $30,000, and (ii) the initial franchise fee may be reduced to $30,000 for any additional Restaurant you open after your first Restaurant.

The initial franchise fee is fully earned upon execution of the Franchise Agreement in consideration of the license granted to you to use our System and Marks, and for our lost or deferred opportunity to enter into a Franchise Agreement with others. If you fail to find a site within ninety (90) days of signing the Franchise Agreement, we may give you a partial refund.

Development Fee

You must pay to us a development fee for the right to develop multiple Restaurants within a designated Development Area under an Area Development Agreement. The minimum number of Restaurants you may develop is three and the maximum number of Restaurants you may develop is ten. The development fee is equal to the initial franchise fee for the first Restaurant ($40,000) plus $20,000 for each Restaurant to be developed. The development fee ranges from $80,000 for three Restaurants to $220,000 for ten Restaurants. The development fee is non-refundable and paid in a lump sum when you sign the Area Development Agreement.

Location Assistance Fee

At your request, we will conduct an on-site evaluation of a site for your proposed Restaurant. If you request that we conduct an on-site evaluation, you must pay us a location assistance fee and you must reimburse our expenses related to this assistance, such as travel, lodging and meals. We estimate this amount will range from $2,500 to $4,000.

Proprietary Products

We are the only approved supplier of the Secret Burger Seasoning Blend. You must purchase this product from us. We estimate that the required purchase of your initial inventory of this product will be $1,000.

There are no other purchases from or payments to us or any affiliate of ours that you must make before you open your Restaurant opens for business.

All of the fees described in this Item are each payable in lump sum. All of the fees are fully earned upon receipt and non-refundable.

ITEM 6
OTHER FEES

Fees (1)	Amount	Due Date	Remarks
Royalty Fee	5% of Gross Sales (2)	Payable weekly(3)	
Brand Fund Fee	Currently 3% of Gross Sales (may be increased to 4% of Gross Sales)(2)	Payable together with the Royalty Fee(3)	We reserve the right to establish and administer a national Brand Fund on behalf of the System to provide national or regional creative materials for the benefit of the System. You must contribute when we establish the Brand Fund. The Brand Fund is described in Item 11.
Local Advertising	Up to 2% of Gross Sales with a minimum 1% of Gross Sales(2)	As incurred	You must spend these amounts with your local advertising vendors. All advertising must be approved by us before you use it.
Opening Assistance	$10,000 plus expenses		We will provide on-site, pre-opening and opening training, supervision, and assistance to

Fees [1]	Amount	Due Date	Remarks
			Franchisee for a period of up to 5 days before a Restaurant's opening and 5 days after opening. You must pay our then-current fee for such opening assistance and to reimburse Franchisor for the expenses incurred by our representative, including, but not limited to, travel, lodging and meals, while providing the opening assistance.
Additional On-Site Training	$5,000 per trainer, plus expenses	When billed	If you request that we provide additional training at your Restaurant, or if we deem additional training necessary, you must pay our flat fee for each trainer we send to your Restaurant, and you must reimburse each trainer's expenses, including travel, lodging and meals.
Additional Personnel Training	$5,000 per person, plus expenses	When billed	If you request that we provide additional training to your personnel at our headquarters, or if we deem additional training necessary, you must pay our flat fee for each person you send to be trained, and you must reimburse the trainee's expenses, including travel, lodging and meals.
Interest	18% per annum or highest rate allowed by applicable law, whichever is less	On demand	Interest may be charged on all overdue amounts. Interest is calculated from the original due date until payment is received in full.
Audit Fee	Cost of audit	When billed	Payable if we conduct an onsite inspection or examination because you fail to submit payments, reports, records or other information in an timely manner, or if we find that you have understated any amount you owe to us or Gross Sales by 2% or more. You must also pay the understated amount plus interest.

Fees [1]	Amount	Due Date	Remarks
Transfer Fee	$10,000	Submitted with transfer application	
Successor Franchise Fee	$10,000	At time then-current Franchise Agreement is executed	You may elect to continue your rights to operate the Restaurant at the end of the initial term, if you meet certain conditions (including notice requirements) and pay the Successor Franchise Fee.
Inspection and Testing	All reasonable costs of evaluation and testing, currently estimated at a range of $1,000 to $5,000	With request for approval of product or supplier	Payable if you request that we evaluate a product or supplier that we have not previously approved and that you want to use in your Restaurant (see Item 8).
Costs and Attorneys' Fees	Will vary under circumstances	On demand	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement.
Indemnification	Will vary under circumstances	On demand	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Business, or for costs associated with defending claims that you used the trademarks in an unauthorized manner
Insufficient Funds Fee	$50	When assessed	If any EFT payment is not honored by your bank for any reason, you must pay a $50 insufficient funds fee
Temporary Management Assistance	Royalty Fee, Advertising Fee and our direct out-of-pocket costs and expenses	Each month that it applies	If we assume management of your Restaurant because you failed to cure a noticed default, we are entitled to collect an amount equivalent to the Royalty Fee and Advertising Fee that would be due under the Franchise Agreement, in addition to the out-of-pocket costs and expenses incurred in the management of your Restaurant. We can also collect these amounts, in addition to a reasonable fee for our

Fees [1]	Amount	Due Date	Remarks
			services, if we assume management of your Restaurant following the death or incapacity of the Operating Partner.
Product and Services Purchases	Prices set by us if we supply the products and/or services	When billed	You must buy products and services from our designated and approved suppliers whose items meet our standards and specifications. We reserve the right to be the sole supplier of products and services. If we exercise this right, you must purchase the designated products and/or services from us at the prices we specify.
Taxes	Amount of tax or fee	When assessed	If any tax or fee (other than federal or state income tax) is imposed on us by any governmental agency due to our receipt of fees you pay to us under the Franchise Agreement, you must pay the amount of such tax or fee as an additional franchise fee.
Annual Meeting	Conference fee, plus attendees' costs	Before meeting, if established	We may conduct an annual meeting of franchisees. We reserve the right to charge you to attend. As of the date of this disclosure document, we have not held and do not have plans to hold an annual meeting within the next fiscal year. If we conduct an annual meeting, we do not anticipate that the fee per attendee will exceed $1,500, but the actual fee will be based on a percentage of our costs to conduct the meeting. You may also have to pay the costs (i.e., travel, lodging, meals and wages) of your employees who attend.
Unapproved Products and Services	$250 per day for each day the unauthorized product or service was offered	On demand, if required	You will only pay this fee if you offer unauthorized products and/or services.

Fees [1]	Amount	Due Date	Remarks
Mystery Shopper Service	Not more than $500 per month	On demand, if implemented	You will only pay this fee if we implement a mystery shopper program.
Quality Assurance Audit	Not more than $5,000 per year	On demand, if implemented	You will only pay this fee if you are required to participate in a quality assurance audit.

Notes:

1. All fees described in this Item 6 are non-refundable. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us. All fees are uniformly imposed. The amounts stated may change due to changes in market conditions, our cost of providing services and future policy changes. If a fee is subject to increase by us (rather than a third party), the increase will not be more than 10% per year during the term of your franchise agreement to adjust to increased costs.

2. "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to the Restaurant (including income related to catering and delivery activities, catering and delivery charges not included in the price of menu items, and all amounts from selling or issuing gift or loyalty cards, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the point-of-sale system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes the following: (a) sales taxes collected directly from customers, based on present or future laws of federal, state or local governments, collected by you in the operation of the Restaurant, and any other tax, excise or duty which is levied or assessed against you by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Restaurant, provided that the taxes are actually transmitted to the appropriate taxing authority; (b) revenue you derive from selling or issuing Secret Burger Kitchen gift cards (although revenue you derive from selling products and services to customer who use those cards for payment is included in Gross Sales); and (c) documented refunds, credits and discounts you give in good faith to customers, as well as the redemption of reward or similar credit as part of an approved loyalty program (if those amounts were originally included in calculating Gross Sales. We may authorize certain other items to be excluded from Gross Sales. Any exclusion may be revoked or withdrawn at any time by us. If any state imposes a sales or other tax on the royalty fees, then we have the right to collect this tax from you.

3. Before your Restaurant opens, you are required to sign and deliver to us the documents we need to process electronic funds transfer ("EFT") payments for Royalty Fees and Advertising Fees. If any Gross Sales information obtained by us is subsequently determined by us to be inaccurate, and the actual amount of the Advertising Fee or Royalty Fee due was (i) more than the amount of the EFT processed by us, then we will withdraw immediately additional funds from your designated bank account for the difference; or (ii) less than the amount of the EFT processed by us, then we will either return the excess amount to you immediately, or credit the excess amount to the payment of your future Royalty Fee obligations.

ITEM 7
ESTIMATED INITIAL INVESTMENT

Franchise Agreement

YOUR ESTIMATED INITIAL INVESTMENT

(SINGLE FRANCHISE)

Item	Estimated Cost	Method of Payment	When Due	To Whom Paid
Initial Franchise Fee (1)	$40,000	Lump Sum	On signing Franchise Agreement	Us
Location Assistance Fee	$0 to $4,000	Lump Sum	$2,500 due upon your request for site evaluation; reimbursement for expenses due upon our request	Us
Real Estate and Leasehold Improvements (2)	$200,000 to $600,000	As Arranged	As Arranged	Suppliers
Lease Payments – 3 Months (3)	$10,000 to $40,000	As Arranged	As Arranged	Landlord
Equipment, Furnishings and Fixtures (4)	$80,000 to $200,000	As Arranged	As Arranged	Suppliers
Signage (5)	$15,000 to $30,000	As Arranged	As Arranged	Suppliers
Initial Inventory (6)	$15,000 to $40,000	As Arranged	As Incurred	Us and Approved Suppliers
Point of Sale System (7)	$12,000	As Arranged	As Arranged	Suppliers
Training Expenses (8)	$5,000 to $15,000	As Arranged	As Incurred	Us and third parties
Licenses and Permits (9)	$5,000 to $30,000	As Arranged	As Incurred	Government Agencies
Insurance – 3 Months (10)	$1,500 to $5,000	As Arranged	As Arranged	Insurance Companies
Grand Opening Advertising (11)	$5,000 to $15,000	As Arranged	As Arranged	Suppliers
Utility Deposits	$1,500 to $5,000	As Arranged	As Arranged	Third Parties

Item	Estimated Cost	Method of Payment	When Due	To Whom Paid
Professional Fees (12)	$5,000 to $15,000	As Arranged	As Arranged	Accountant; Attorney; Other Professionals
Additional Funds (13)	$25,000 to $100,000	As Incurred	As incurred	Third parties, employees
TOTAL(14)	**$420,000 to $1,174,000**			

Notes:

The above chart lists estimates of the initial investment funds to open one Restaurant. We do not offer you financing, directly or indirectly, for any part of your investment. If you are entering into a successor franchise or acquiring a Restaurant that is already open, you may not incur most of these costs. However, as a condition of transfer or obtaining a successor franchise, you must make certain improvements, modifications and upgrades to the Restaurant to meet our current Secret Burger Kitchen brand standards. Your costs will depend on the condition of the Restaurant.

1. ***Initial Franchise Fee***. The initial fees due under the Franchise Agreement are discussed in Item 5. The Initial Franchise Fee is non-refundable unless you fail to find a suitable location within 90 days of signing the Franchise Agreement.

2. ***Leasehold Improvements***. The cost of leasehold improvements will vary depending on numerous factors, including: (i) the size and configuration of the premises; (ii) pre-construction costs (such as demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost of materials and labor, which may vary based on geography and location. These amounts are based on the cost of adapting our prototypical architectural and design plans to remodel and finish-out of the Restaurant and the cost of leasehold improvements. These figures are our principals' best estimate based on remodeling/finish-out rates. These amounts may vary based on local conditions, including the availability and prices of materials and labor (including whether you must use union labor). These costs may also vary depending on whether certain of these costs will be incurred by the landlord or if your landlord grants any tenant improvement allowances. This estimate is for the improvement of a property with 1,200 to 2,500 square feet of space. The low estimate assumes that your lease is a second-generation restaurant space that meets our site-selection criteria or that your landlord will provide a partial build-out allowance. The high estimate applies to a site which has been obtained in the "vanilla box" stage, which refers to the interior condition of either a new or existing building or suite that includes heating/cooling with delivery systems, lighting, electrical switches and outlets, lavatories, a finished ceiling, walls that are prepped for painting, and a concrete slab floor. These estimates are inclusive of fees for architectural and design services, as well as other fees typically charged by licensed professionals, (such as project managers, general contractors and licenses tradesman), who are contracted to install electrical, plumbing, and HVAC (heating, ventilation, air conditioning). You must adapt our prototypical plans and specifications to suit your Restaurant premises. We may designate the supplier of architectural services. Fees for blue prints and plans are typically non-refundable. With some degree of frequency, landlords may provide monetary allowances for materials or work, or rent credits during the time of construction. Financing may be available through your bank for some of the leasehold improvement costs, however with such financing comes associated costs and fees, which will cause the cost to exceed the estimated amount. We recommend that you interview several contractors and check their references before engaging a contractor.

3. ***Lease Payments***. The figures are for the initial phase of the business for rent and assume that the premises of the Restaurant will be in a shopping center or urban location and be approximately 1200 to 2500 square feet in size. Lease costs are estimated at between $20 to $55 per square foot for space located in Seattle, Washington. Landlords may vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, the lease may require you to pay common area maintenance charges, your pro rata share of the real estate taxes and insurance, and your pro rata share of other charges. The actual amount you pay under the lease will vary depending on the size of the Restaurant, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region.

4. ***Equipment, Furnishings and Fixtures***. You must purchase equipment meeting our specifications to be used in the Restaurant, including gas ranges, a flat-top grill, hood, impinger oven, freezers, coolers, prep tables, grills, fryers, and small wares. The furnishings and fixtures you must purchase includes tables, chairs, booths, televisions, audio and entertainment systems, security and surveillance systems, office equipment and supplies, and artwork and décor. The cost of the equipment, furnishings and fixtures will vary according to local market conditions, the size of the facility, suppliers and other related factors. We do not know if the amounts you pay for equipment, furnishings and fixtures are refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchase.

5. ***Signage***. These amounts represent your cost for interior and exterior sign package. Your landlord or your local ordinances may have different restrictions it places on interior and exterior signage which may affect your costs. The amounts you pay for signage are typically non-refundable.

6. ***Initial Inventory***. These amounts represent your initial inventory of food, beverage, merchandise, cleaning supplies, office supplies and paper goods for use in the initial phase of operating the Restaurant. Costs will vary based on the size and location of the Restaurant, time of season, suppliers, and other related factors, including the Secret Burger Seasoning Blend that you must purchase from us. We do not know if the amounts you pay for your inventory items are refundable. Factors determining whether inventory items are refundable typically include the condition of the items at the time of return, level of usage and length of time of possession. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing. There may be laws, rules or regulations preventing the return of alcohol once purchased in your area. You should inquire about the laws, rules and regulations applicable to your Restaurant before purchasing.

7. ***Point-of-Sale System***. You must obtain the point-of-sale systems that we specify. The point-of-sale system is described in Item 11. We do not know if the amounts you pay for the point-of-sale system are refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing.

8. ***Training Expenses***. We provide Initial Training for your Management Team (defined below) at no additional charge. These estimates include only your out-of-pocket costs associated with attending our Initial Training program, including travel, lodging, and meals. These amounts do not include any fees or expenses for training any other personnel. Estimated wages for your managers during the Initial Training are not included in this amount. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation. The low end of our estimate assumes that you are within driving distance of our training facility. These expenses are typically non-refundable. You should inquire about the cancellation and refund policy of the airline, rental car or another transportation company and hotel at or before the time you make your reservations.

9. ***Licenses and Permits***. These are estimates of the costs for obtaining local business licenses which typically remain in effect for one year. The cost of these permits and licenses will vary substantially

depending on the location of the Restaurant. The expenses you will incur to obtain a permit or license to sell alcoholic beverages in your Restaurant could be substantially in excess of the high range in many states. You should consult the appropriate governmental authority concerning the availability of required licenses and the associated expenses for your Restaurant before you sign a Franchise Agreement. These fees are typically non-refundable. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment.

10. ***Insurance***. These figures are estimates of the cost of the quarterly premiums for the insurance you must obtain and maintain for your Restaurant, as described in Item 8. Insurance premiums may be payable monthly, quarterly, semi-annually or annually, based on the insurance company's practices and your creditworthiness. Factors that may affect your cost of insurance include the size and location of the Restaurant, value of the leasehold improvements, number of employees and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase.

11. ***Grand Opening Advertising Program***. You are required to conduct a grand opening marketing and advertising campaign for the period 15 days before and 30 days after you open your Restaurant. You are required to spend at least $5,000 conducting this campaign, but we suggest that you spend at least $25,000. The amounts you spend for advertising are typically non-refundable. You should inquire about the return and refund policy of the vendors at or before the time of purchasing.

12. ***Professional Fees***. We strongly recommend that you engage an accountant and an attorney to advise you in your evaluation of the franchise we are offering. Fees charged by these professionals will vary significantly based on expertise, billing arrangements (hourly fee or lump sum retainer), firm size and other factors. These fees are typically non-refundable. You should inquire about the refund policy of the professional at or before the time of hiring.

13. ***Additional Funds***. You will need capital to support ongoing expenses, such as payroll (estimated at $35,000-$50,000), utilities, royalty fees and local advertising if these costs are not covered by sales revenue for your first three months of operation. We estimate that the amount given will be sufficient to cover ongoing expenses for three months after the opening of your Restaurant. These expenses do not include any owner's salary or draw. This is only an estimate. These expenses are typically non-refundable.

Your actual costs may vary and will depend on factors such as the size and condition of the space and cost to convert to a Restaurant, your management skill, experience and business acumen; local economic conditions; the local market for products; the prevailing wage rate; market lease rates; competition; and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service.

Area Development Agreement

YOUR ESTIMATED INITIAL INVESTMENT

(AREA DEVELOPMENT)

TYPE OF EXPENDITURE	AMOUNT (LOW- 3 RESTAURANTS; HIGH-10 RESTAURANTS)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT MADE
Development Fee(1)	$60,000 to $220,000	Lump Sum	On signing the Area Development Agreement	Us
Initial Investment for First Restaurant(2)	$380,000 to $1,124,000	See Previous Chart	See Previous Chart	See Previous Chart
TOTAL ESTIMATE FOR 3 TO 10 RESTAURANTS(3)	$1,190,000 to $11,255,000			

Notes:

The above chart lists estimates of the initial investment funds to open multiple Restaurants under an Area Development Agreement. We do not offer you financing, directly or indirectly, for any part of your investment.

1. ***Development Fee***. If you sign an Area Development Agreement, the Development Fee is equal to the Initial Franchise Fee for the first Restaurant ($40,000) plus $20,000 for each additional Restaurant to be developed under the Area Development Agreement. The Development Fee is non-refundable. For your first Restaurant, $40,000 of the Development Fee will be applied to the Initial Franchise Fee due under the Franchise Agreement for the first Restaurant. For each subsequent Restaurant, $20,000 of the Development Fee will be applied to the Initial Franchise Fee due at the time you sign the Franchise Agreement for that Restaurant and you must pay the balance of the Initial Franchise Fee upon signing the Franchise Agreement.

2. ***Estimated Initial Investment for First Restaurant***. If you sign an Area Development Agreement, you must also sign the Franchise Agreement for your first Restaurant to be developed and will incur the full cost of opening your first Restaurant. The estimates are based on the table for a single franchise as listed above.

3. ***Estimated Investment for 3 to 10 Restaurants***. The range will depend on the number of Restaurants to be opened under the Area Development Agreement. The cost of opening a Restaurant in subsequent years may vary.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General Restrictions

We, and our affiliates, have spent considerable time, effort and financial resources to develop the System. We have established standards and specifications for most of the goods and services used in the development, improvement and operation of Restaurants in the System. To make sure that the highest degree of quality and service is maintained, you must operate the Restaurant in strict conformity with the methods, standards and specifications that we prescribe in the Operations Manual or otherwise in writing. We anticipate that our standards will change over time as we further improve and refine the System. You must adhere to these changes. Our requirements and your compliance are critical to assure the quality, safety and consistency of the goods and services provided by Restaurants in the System, and to protect and enhance the image of the Marks.

You must purchase or lease and install all fixtures, furnishings, equipment (including point-of-sale system, computer hardware and software), décor items, signs, uniforms and related items we require, all of which must conform to the standards and specifications in our Operations Manual or otherwise in writing, unless you have first obtained our written consent to do otherwise. You may not install or permit to be installed on the Restaurant premises any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items without our written consent or that do not comply with our specifications.

You must maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, products, merchandise, materials, packaging, supplies and paper goods that meet our standards and specifications. All menu items must be prepared in accordance with the recipes and procedures specified in the Operations Manual or other written materials. You must not deviate from these standards and specifications by the use or offer of non-conforming items, or differing amounts of any items, without obtaining our written consent first. You must sell and offer for sale only those menu items, products and services that we have expressly approved for sale in writing. You must offer for sale all products and services required by us in the manner and style we require, including dine-in, carry-out, and delivery. You must not deviate from our standards and specifications without obtaining our written consent first. You must discontinue offering for sale any items, products and services we may disapprove in writing at any time. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice in writing of any changes in the standards and specifications.

You must permit us or our agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from your inventory or from the Restaurant free of charge for testing by us or by an independent laboratory to determine whether the samples meet our then-current standards and specifications. In addition to any other remedies we may have, we may require you to pay for the testing if we have not previously approved the supplier of the item or if the sample fails to conform to our specifications.

All advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Restaurant) and other items we designate must bear the Marks (see Item 13) in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements in the Operations Manual or otherwise. You must obtain our approval before you use any advertising and promotional materials and plans if we have not prepared or approved them during the 12 months before their proposed use. Any advertising and promotional materials you submit to us for our review will become our property.

You must obtain our approval of the site for the Restaurant before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Restaurant before you sign the contract or lease. We may require you and your landlord to sign a Collateral Assignment of Lease with us (Attachment B to the Franchise Agreement). At our request, you must also sign a Security Agreement which creates a security interest for our benefit in your inventory items, fixtures and equipment and other assets owned by you and used in the operation of your Restaurant, in order to secure your obligations to us. The Security Agreement is included in Item 22 below of this Disclosure Document.

You must participate in our loyalty program, which may include honoring our promotional and discount codes and offering a free meal on members' birthdays. We may alter the loyalty program at any time and at our sole discretion.

You must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us, and our respective officers, directors, partners, employees and affiliates. The policies must provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, or any liability arising from your operation of the Restaurant, including employment practices coverage. All policies must be written by an "A" rated carrier or carriers whom we determine to be acceptable, must name us as an additional insured, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement or otherwise in the Operations Manual. Additionally, we may designate one or more insurance companies as the insurance carrier(s) for Secret Burger Kitchen Restaurants.

At a minimum, you must maintain (1) commercial/general liability in an amount not less than $1,000,000 per occurrence and $1,000,000 aggregate; (2) insurance on the contents and all improvements and betterments to the Restaurant at full replacement value, including theft and flood coverage (when applicable); (3) umbrella or excess insurance with not less than $1,000,000 in additional commercial general liability coverage; (4) business interruption insurance equivalent to twelve (12) months of revenue; (6) comprehensive crime and blanket employee dishonesty insurance (bonded) in an amount of not less than $50,000; (7) employment practices liability insurance with at least $250,000 in coverage; (8) worker's compensation insurance and employer liability in amounts provided by applicable law; and (9) such other insurance as may be required by us, the state or locality in which the Restaurant is located and operated, or the terms of the lease for the Restaurant.

Products and Services that You Must Purchase from Us or Designated Suppliers

We may require you to purchase certain products, ingredients, materials, services (including local advertising services and products), signs, furnishings, supplies, fixtures and equipment (including a particular point-of-sale system, computer hardware and software) solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications (collectively "approved suppliers"). We have the right to negotiate price and other terms with our approved suppliers for the benefit of the System.

We have developed, and may continue to develop for use in the System, certain products which are prepared from confidential proprietary recipes and other proprietary products which bear our Marks. Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to your and our benefit that we closely control the production and distribution of those products. Therefore, you will use only our proprietary recipes and other proprietary products and will purchase all of your requirements for those products solely from us or from a source designated by us. This includes purchasing our signature Secret Burger Seasoning Blend, for which we are the only approved supplier, directly from us.

We do not have any affiliates who offer or sell any products or services to franchisees in the System. Our affiliates may sell additional products or services to System franchisees in the future, at any time, and they may derive revenue or other material benefits on account of your and/or System franchisee purchases. We may source certain branded products and/or items for the Restaurants in our System and we may, but are not required to, develop private label and/or proprietary products, which may or may not bear our trademark. If any are developed, you must purchase these products from us or an approved or designated supplier.

We are the only approved supplier of the SBK Seasoning Blend, and our officers and directors own an interest in us.

System Modifications

We have the right to supplement, improve and otherwise change the System at any time, including in response to the opportunity to offer new services and products to customers of Restaurants in the System, the experience of franchised and affiliate-operated Restaurants over time and other factors. We will have full control and discretion over any of these developments and you must comply with all such requirements including offering and selling new or different products or services as specified by us.

Approved Suppliers

We will provide you the list of approved suppliers in the Operations Manual. We source our meat locally, and we will decide your approved meat supplier after your Protected Territory is determined. This list may, and likely will, change over time. We may designate additional approved suppliers or remove any supplier from our approved list at any time. We may modify our specifications and standards for any item or revoke our approval for any supplier who fails to adhere to our quality standards or other requirements. We will provide you notice of any such changes. 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 exclusive supplier.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Restaurants in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would not be in the best interests of the System or the franchised network of Restaurants.

We estimate that your purchases from us or approved suppliers, or that must conform to our specifications, will represent approximately 80% of your total purchases to establish and continue to operate the Restaurant. We do not guarantee the availability of independent sources of supply for any particular product or service required to establish or operate your Restaurant.

When determining whether to grant new or additional franchises, we consider many factors, including compliance with the foregoing requirements, but we do not provide any material benefits (such as the grant of additional or renewal franchises) to franchisees based on their use of approved suppliers.

Purchase of Products or Services from Other Suppliers

If you wish to purchase, lease or use any products or other items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so. We must approve any product or supplier in writing before you make any purchases of that product or from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. You must pay the cost of the inspection, and the actual cost of the test must be paid by you or the supplier. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our approval procedure does not obligate us to approve any particular product or supplier. We will notify you within 60 days of our approval or disapproval of any proposed product or supplier. We do not need to make our criteria for product or supplier approval available to you or to any supplier.

Negotiated Agreements and Derived Revenue

Our affiliates do not currently derive revenue from required purchases or leases. We will derive revenue from our franchisees' required purchase of the Secret Burger Seasoning. However, we and our affiliates may derive income, consideration, payments, and other benefits (collectively, "benefits") on account of your purchase or lease of any products, services, supplies or other items from us or any supplier, including approved suppliers. These benefits 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 the benefits.

We may, when we deem appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. We currently negotiate purchase arrangements with the suppliers of certain food and beverage products. We reserve the right to modify our arrangements with any supplier at any time.

Our total revenue for 2025 was $0; of this amount, 0% of it was obtained from required purchases and leases of products or services. In 2025, we did not receive any amounts from suppliers as a result of purchases by franchisees of designated items from these suppliers.

Purchasing or Distribution Cooperatives

We may establish national or regional purchasing or distribution cooperatives for the purpose of negotiating purchases of certain products or services from approved suppliers. The purchasing programs may benefit you by reducing prices, increasing reliability in supply, improving distribution, and/or establishing consistent pricing for reasonable periods to avoid market fluctuations. If a national or regional purchasing program is established for the region where your Restaurant is located, you must participate in the program.

As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described above in which you must participate.

Pricing and Promotion Requirements

We reserve the right to require all Restaurants in the System to offer all menu items at prices not to exceed the prices we publish from time to time, to the extent permissible under applicable laws. We also reserve the right to require all Restaurants in the System to offer all promotions we specify from time to time. We currently do not prohibit our franchisees from charging prices lower than our published menu prices for any item; however, we reserve the right to do so in the future, to the extent allowed by applicable law.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Item in Disclosure Document
a. Site selection and acquisition/ lease	Section II	Not applicable	Items 8 and 11
b. Pre-opening purchases/leases	Sections VII and VIII	Not applicable	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Sections II and VI	Not applicable	Items 1, 8 and 11
d. Initial and ongoing training	Section VI	Section 5 and 7	Items 5, 6 and 11
e. Opening	Sections II, VI and VIII	Section 3	Items 5, 6 and 11
f. Fees	Sections IV and VIII	Section 2	Items 5 and 6
g. Compliance with standards and policies/Operations Manuals	Sections II, III, VI, VII, VIII, IX, X, XI and XII	Sections 1, 6 and 10	Items 11 and 14
h. Trademarks and proprietary information	Sections IX and X and Attachment D	Sections 1 and 8	Items 11, 13 and 14
i. Restrictions on products/services offered	Sections VI and VII	Not applicable	Items 8 and 16
j. Warranty and customer service requirements	Section VII	Not applicable	Item 8
k. Territorial development and sales quotas	None	Sections 1, 3, 4, 6 and Schedule A	Item 12
l. Ongoing product/service purchases	Section VII	Not applicable	Items 6 and 8

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Item in Disclosure Document
m. Maintenance, appearance and remodeling requirements	Sections II, VII, XIV and XVIII	Not applicable	Items 8 and 11
n. Insurance	Section XII	Not applicable	Items 7 and 8
o. Advertising	Section VIII	Not applicable	Items 6, 8 and 11
p. Indemnification	Section XV	Section 11	Item 6
q. Owner's participation/ management/staffing	Sections VI and XIV	Not applicable	Items 1, 11 and 15
r. Records and Reports	Sections IV, VII and XI	Section 5	Item 6
s. Inspections and audits	Sections II, VII and XI	Not applicable	Items 6, 8 and 11
t. Transfer	Section XIV	Section 7	Items 6 and 17
u. Renewal	Section III	Not applicable	Items 6 and 17
v. Post-termination obligations	Section XVIII	Section 8	Items 6 and 17
w. Non-competition covenants	Section X and Attachment D	Section 8	Item 17
x. Dispute Resolution	Section XIX	Section 16	Items 6 and 17
y. Other (guarantee)	Sections VI and XIV	Section 17	Items 1 and 15

ITEM 10
FINANCING

We do not offer, either directly or indirectly, any financing arrangements to you. We do not guarantee your notes, leases or other 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 the opening of a Restaurant, we will provide the following assistance and services:

1. Provide the site selection guidance and assistance we deem advisable; you are responsible for site selection, which will approve or deny. (Franchise Agreement, Section 2.2) We will also designate your Protected Territory. (Franchise Agreement, Section 1.4).

2. At your request, conduct one on-site evaluation for your Restaurant at no additional charge. If you request additional evaluations, you must pay our then-current location assistance fee and reimburse our expenses. (Franchise Agreement, Section 5.2.)

3. Provide, on loan, our Operations Manual, which we may revise during the term of your Franchise Agreement. We may choose to make the Operations Manual available in either electronic or paper form, delivered in a manner and format chosen by us. (Franchise Agreement, Section 10.1)

4. Provide a list of our approved suppliers. (Franchise Agreement, Section 7.7). We do not, however, deliver or install any equipment, signs, fixtures, inventory or supplies.

5. Conduct our Initial Training program at our headquarters or at a Secret Burger Kitchen restaurant specified by us for up to two people at no additional charge. If you wish to have additional personnel trained you must pay our then-current fee. (Franchise Agreement, Sections 5.9 and 6.5).

6. Provide up to five days of on-site training at your Restaurant prior to opening and up to five days after opening. You must pay us a fee of $10,000 plus our representatives' per diem expenses incur while providing opening assistance at your Restaurant. (Franchise Agreement, Section 6.5.3.) This onsite support will be provided to franchisees only for the first Restaurant, or if you are opening multiple Restaurants for the first three (3) Restaurants after which you must be certified by us to provide this support to your additional Restaurants to be opened.

Continuing Obligations

During the operation of a Restaurant we will provide the following assistance and services:

1. As we reasonably determine necessary, visit and evaluate the Restaurant and the products and services provided to ensure that the high standards of quality, appearance and service of the System are maintained. (Franchise Agreement, Sections 5.4 and 7.6)

2. Provide advice and written materials (including updates to the Operations Manual) concerning techniques of managing and operating the Restaurant, including new developments and improvements in equipment, food products, packaging and preparation. (Franchise Agreement, Sections 5.6 and 10.1)

3. At your request, conduct additional on-site training at your Restaurant. You must pay our per-diem fee for each trainer providing the training (see Item 6). (Franchise Agreement, Sections 5.9 and 6.5)

4. Maintain and administer the Brand Fund. (Franchise Agreement, Sections 7.11 and 8.3)

5. Modify and issue brand standards for the Secret Burger Kitchen restaurants. (Franchise Agreement, Section 7.6)

Pricing: We reserve the right to require all Franchised Restaurants in the System to offer all menu items at prices not to exceed the prices we publish from time to time, to the extent permissible under applicable laws. We also reserve the right to require all Restaurants in the System to offer all promotions we specify from time to time. We currently do not prohibit our franchisees from charging prices lower than our published menu prices for any item; however, we reserve the right to do so in the future, to the extent allowed by applicable law.

Grand Opening Advertising Program: You are required to conduct a grand opening marketing and advertising campaign for the period 15 days before and 30 days after you open your Restaurant. You are required to spend at least $5,000 conducting this campaign, but we suggest that you spend at least $25,000. We may designate an approved supplier of local advertising and marketing services and may require you to engage that supplier's services in connection the grand opening of your Restaurant.

Local Advertising: We require you to spend up to 2% of Gross Sales on local advertising in your Protected Territory, with a minimum of 1% of Gross Sales. If your landlord requires you to participate in any marketing or promotion fund, the amounts you pay may be applied towards satisfying your local advertising obligations, if first approved in writing by us. We must approve all advertising before you use it. You must not advertise or use our Marks in any fashion on the Internet, World Wide Web (including social media or networking websites such as Facebook, LinkedIn, Instagram, Twitter or other platforms) or via other means of advertising through telecommunication without our express written consent. You must provide us with an advertising expenditure report within 30 days of our request to show that you have complied with the local advertising requirements. Costs and expenditures you incur with any of the following are not to be included in your expenditures on local advertising unless we approve in advance in writing: (1) incentive programs for your employees or agents, including the cost of honoring any coupons distributed in connection with the programs and including employee meals or meal discounts; (2) marketing research expenditures; (3) salaries and expenses of your employees, including salaries or expenses for attendance at advertising meetings or activities; (4) in-store materials consisting of fixtures or equipment; and (5) seminar and educational costs and expenses of your employees.

Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 12-month period must be submitted to us for our approval before you may use it. We will have 15 days after receipt of all materials to approve or disapprove of the proposed advertising materials. Unless we provide our written approval of the proposed advertising materials, the materials are deemed not approved. Any materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials.

We reserve the right to require you to include certain language in your local advertising, such as "Franchises Available" and our website address and phone number.

Brand Fund: We have established and administer a Brand Fund (the "Brand Fund") to advertise the System and the products offered by Secret Burger Kitchen and Restaurants on a regional or national basis. You must contribute to the Brand Fund 3% of the Gross Sales of the Restaurant each week, to be paid in the same manner as the royalty payments. We commenced franchising as of June 23, 2025; as of our fiscal year ended December 31, 2025, we did not collect or spend any Brand Fund fees. Our affiliate-owned Restaurants will contribute to the Brand Fund on an equal basis as compared to franchised locations.

The Brand Fund is maintained and administered by us or our designee as follows:

1. We direct all advertising programs and have sole discretion to approve the creative concepts, materials and media used in the programs and their placement and allocation. The Brand Fund is intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all Restaurants operating under the System. In administering the Brand Fund, we and our designees do not need to make expenditures for you that are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising.

2. The Brand Fund may be used to satisfy the costs of maintaining, administering, directing and preparing advertising, including the cost of preparing and conducting television, radio, magazine newspaper and internet and social media advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; employing advertising agencies; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally. The Brand Fund may also be used to provide rebates or reimbursements to you for local expenditures on products, services or improvements, approved in advance by us, which we believe will promote general public awareness and favorable support for the System, in our sole discretion.

3. All sums you pay to the Brand Fund will be maintained in a separate account. We may reimburse ourselves out of the Brand Fund for our reasonable administrative costs and expenses that we may incur in the administration or direction of the Brand Fund and advertising programs for you and the System. The amount of Advertising Fees contributed to the Brand Fund that will be used as reimbursement for administrative costs will not exceed 15% of all of the Advertising Fees contributed to the Brand Fund on an annual basis. Administrative expenses may include amounts equivalent to salaries, travel and other expenses of our or our designee's employees or contractors whose services are provided to further the purposes and efforts of the Brand Fund. The Brand Fund and its earnings will not otherwise benefit us. The Brand Fund is operated solely as a conduit for collecting and expending the advertising fees as outlined above. We are not a fiduciary of yours in relation to the Brand Fund. Any sums paid to the Brand Fund that are not spent in the year they are collected will be carried over to the following year, net of any applicable income taxes.

4. We will prepare an annual statement of the operations of the Brand Fund that will be made available to you if you request it. The Brand Fund will not be audited, unless we elect to require an audit, in which event all expenses for the audit will be paid out of Advertising Fees contributed to the Fund.

5. Although the Brand Fund is intended to be perpetual, we may terminate the Brand Fund at any time. The Brand Fund will not be terminated until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis. Except as previously stated, none of the Advertising Fees paid to us are refundable at any time, including upon termination or expiration of the Franchise Agreement. If we terminate the Brand Fund, we have the option to reinstate it at any time and it will be operated as described above.

6. We will not use the Brand Fund for advertising that is principally a solicitation for the sale of franchises for Restaurants.

7. We currently advertise the Restaurants and our menu items primarily using point of purchase advertising materials, electronic and internet marketing, public relations and promotions, and print media. As the number of Restaurants in the System expands, we envision using other forms of media, including television, radio, internet, magazine and newspaper advertising campaigns; and direct mail and outdoor billboard advertising. The majority of our advertising is developed by members of our staff or third-party consultants. We contemplate advertising on a national, regional and local basis through the use of the Brand Fund and local advertising.

8. Except as described above, we are not obligated to spend any amount on advertising in your Protected Territory.

Website and Extranet/Intranet: Websites (as defined below) are considered to be "advertising" under the Franchise Agreement and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term "Website" means an interactive electronic document contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to the Restaurant, the Marks, us, or the System. The term Website includes social media pages.

In connection with any Website, the Franchise Agreement provides that you may not establish a Website, nor may you offer, promote, or sell any products or services, or make any use of the Marks, through the Internet without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website. We may (but are not required to) include in any of our websites(s) an interior page containing information about your Restaurant. If we include such information on the website, we have the right to require you to prepare the page, at your expense, using our designated supplier and template. All information must be approved by us before it is posted.

We will have the right to establish a website or other electronic system providing private and secure communications (*e.g.*, an extranet or intranet) between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the extranet/intranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the extranet/intranet that you must acknowledge and/or sign.

You are strictly prohibited from promoting your Restaurant using networking or social media or social Websites, such as Facebook, LinkedIn or Twitter, except in accordance with the Operations Manual and/or other written directives provided by us.

Using suppliers designated by us, your customers will be able to submit an order on-line to your Restaurant for the customer to pick up or to be delivered by a third-party delivery service. You must use this service and you must have all menu items we specify available for order on-line through our Website.

Advisory Council: We will, in our discretion, form an advisory council, composed of designees of all or certain of our franchisees, to work with us to improve the System, the products offered by Secret Burger Kitchen Restaurants and Kitchens, advertising conducted by the Brand Fund, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision-making authority. We will have the right to form, change, merge or dissolve any advisory council.

Training: We provide you an initial training program ("Initial Training") lasting up to 5 days, which covers material aspects of the operation of your Restaurant. The topics covered are listed in the chart below. This training is offered on an as-needed basis at our headquarters in Tacoma, Washington or at another location we designate.

You must employ a minimum of one general manager ("General Manager") in connection with the operation of your Restaurant. Your Operating Partner and General Manager (the "Management Team") must attend and successfully complete, to our satisfaction, an Initial Training program prescribed by us ("Initial Training"). The Initial Training must be completed before your Restaurant opens for business. You are not permitted to open your Restaurant until your Management Team have attended and completed Initial Training to our satisfaction.

We will provide instructors and training materials for the Initial Training of your Management Team at no additional charge. You may also have additional personnel trained by us for the Restaurant, at your expense, at the current fee of $5,000 per person or our then-current fee, plus expenses (see Item 7). We will determine whether each member of your Management Team has satisfactorily completed Initial Training. If any member of your Management Team does not satisfactorily complete the Initial Training program or if we determine that any member or members of your Management Team cannot satisfactorily complete the training program, you must designate a replacement for such manager(s) to satisfactorily complete the training before you will be permitted to open your Restaurant. If your Operating Partner or the replacement Manager(s) cannot complete the Initial Training program to our satisfaction, we have the right to terminate your Franchise Agreement (see Item 5).

Any person subsequently designated by you to be a member of the Management Team must also receive and complete the Initial Training to our satisfaction, even if this requires sending that person to the training program in Tacoma, Washington. We reserve the right to charge a reasonable fee for the Initial Training we provide to a replacement or successor employee (in the amount of $5,000) (see Item 7). You must also pay for all expenses you and your Management Team may incur for any training program, including costs of travel, lodging, meals and wages.

Your Management Team must attend any additional training programs and seminars we offer, and we may designate any of these programs or seminars as mandatory. We reserve the right to charge a reasonable fee for these additional training programs and seminars. You must also pay for all expenses you or your Management Team incur in participating in any additional training, including costs of travel, lodging, meals, and wages.

For the opening of the Restaurant, we will provide you one (1) of our trained representatives. The trained representative will provide on-site, pre-opening and opening training, supervision, and assistance to you for up to ten (10) days around your Restaurant opening. You must pay our opening assistance fee and reimburse the expenses our representatives incur while providing opening assistance, such as travel, lodging and meals.

If, during the term of your Franchise Agreement, you request that we provide additional training on-site at your Restaurant, you must pay our then-current flat fee (currently, $5,000) being charged to franchisees generally for trained representative assistance, and you must reimburse us for any expenses our trained representative incurs, such as costs of travel, lodging, and meals (see Item 6).

We reserve the right to conduct an annual meeting of our franchisees to discuss improvements to the System, provide additional training and other similar items. We may designate that attendance at an annual meeting by you and your Management Team is mandatory. We will pay for presenting the annual meeting. You must pay for your attendees' expenses while attending the annual meeting, including travel, lodging, meals and wages. We will hold this meeting when we believe it is prudent to do so.

The proposed training schedule and activities of the Initial Training program are described below:

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation	8	0	Tacoma, Washington
Squad Training	0	40	Tacoma, Washington
Captain Training	0	40	Tacoma, Washington
General Manager Training	0	40-80	Tacoma, Washington
Operator Training	0	40	Tacoma, Washington

Training will be overseen by our Chief Executive Officer and President, Gurpaul Sandhu, our Chief Operating Officer and Vice President Mandeep Sandhu, Shayna Pate, Rafa Gongora, or Amit Jouhal.

Mr. Gurpaul Sandhu is our Chief Executive Officer and President and has been a hotel franchisee for twelve years. He currently owns and operates Kent South Hospitality ("KSH"), which operates a Kitchen; he also owns and operates SBK Broadway, LLC ("SBK Broadway") which operates a Restaurant.

Mr. Mandeep Sandhu currently owns and operates SBK Broadway, which operates a Restaurant.

Ms. Shayna Pate is the general manager of the Kitchen owned by KSH and has been the general manager of a hotel for eleven years.

Mr. Rafa Gongora has been the manager of a Kitchen since October 2024.

Mr. Amit Jouhal has been a Restaurant Operating Partner at the Kitchen owned by KSH and our Vice President of Franchise Development and Real Estate since February 2025.

The instructional materials used in the Initial Training consist of our Operations Manual, marketing and promotion materials, programs related to the operation of the point-of-sale system, and any other materials that we believe will be beneficial to our franchisees in the training process.

Prior to attending our Initial Training program, we require that you, your managers and any other personnel we designate be ServSafe certified. Some states and local laws may require additional ServSafe certifications. The ServSafe program was developed by the National Restaurant Association Educational Foundation (www.servsafe.com). The approximate cost for the ServSafe Manager certification is approximately $150 per person. The cost of this certification is not included in the initial franchise fee, and is your sole responsibility.

We may change the training program and requirements. If we change the training program and requirements at any time after the issuance date of this Disclosure Document, you must comply with the updated training program and requirements with respect to your Restaurant, even if they are different from the training program and requirements described above and even if you have already signed your Franchise Agreement.

Operations Manual: You will not be given a copy of our manuals or proprietary materials until you sign the Franchise Agreement. You must immediately return to us, at your expense, the Operations Manual following termination, transfer or expiration of the Franchise Agreement. The Table of Contents for our Operations Manual is attached to this Disclosure Document as Exhibit F. Our Operations Manual contains approximately 118 pages.

Site Selection: You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Restaurant and for constructing and equipping the Restaurant at the accepted site. You will select the site for the Restaurant subject to our approval. The Restaurant may not be relocated without first obtaining our written consent. Before you lease or purchase the site for the Restaurant, you must locate a site that satisfies our site-selection guidelines. We will conduct one on-site evaluation, but before we provide the evaluation you must submit to us in the form we specify a description of the site, including evidence that the site satisfies our site-selection guidelines, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site. If you request that we conduct additional site evaluations, you must pay our fee and expenses (see Item 5).

You must submit information and materials for the proposed site to us for approval no later than 90 days after you have signed the Franchise Agreement. We will have 30 days after we receive this information and materials from you to approve or disapprove the proposed site as the location for the

Restaurant. The criteria we use when evaluating potential sites for Restaurants includes general location, neighborhood, traffic patterns, availability of parking, size of the premises, physical characteristics of the buildings, and lease terms. If we do not provide our written approval of a proposed site, the site is deemed not approved. Our approval only means that the site meets our minimum requirements for a Restaurant.

We will provide you with our current written site selection guidelines and any other site selection counseling and assistance we think are advisable. Our guidelines for site selection may require that you conduct, at your expense, (i) aerial photography, (ii) an evaluation of the demographics of the market area for the location (including the population and income level of residents in the market area), and/or (iii) an analysis of the size and other physical attributes of the location, such as, tenant mix and/or proximity to residential neighborhoods schools, shopping centers, entertainment facilities and other businesses that attract consumers and generate traffic.

If you are unable to find a suitable location for your Restaurant within 90 days after you sign the Franchise Agreement, we reserve the right to terminate your Franchise Agreement and refund a portion of the initial franchise fee to you (see Item 5).

Other than as previously stated, we are not required to provide you with any assistance in locating a site for your Restaurant, or in negotiating the purchase or lease of any site.

Lease or Purchase Agreement: You must negotiate and obtain a lease or purchase agreement for your Restaurant at your expense and sign and deliver to us, at our request, a Collateral Assignment of your rights under the lease agreement in order to secure your obligations and our rights under your Franchise Agreement. As part of the site-selection process for your Restaurant, you may need to engage a real estate broker to, among other things, assist you with the site acquisition or lease negotiations.

If you opt to lease your Accepted Location, we may require the inclusion in each of your lease agreements any or all of the following:

1. A provision which restricts the use of the premises solely to the operation of your franchise;

2. A provision that, if you fail to timely pay all amounts due to us or the lessor, we have the right to charge and collect from you all resulting costs and expenses incurred by and penalties imposed on us.

3. A provision which prohibits you from subleasing or assigning all or any part of your rights or extending the term of or renewing the lease agreement without prior consent;

4. A provision giving us the right to enter the premises to make modifications necessary to protect the Marks or the System or to cure any default under your Franchise Agreement or the lease agreement; and

5. A provision reserving the right to receive an assignment of the leasehold interest upon the termination or expiration of the lease agreement or your Franchise Agreement.

Opening: We estimate that the time from when you sign the Franchise Agreement to the opening of the Restaurant will be approximately six (6) months. This time may be shorter or longer depending on the time necessary to obtain the accepted site by lease or purchase, to obtain financing, to obtain the permits and licenses for the construction and operation of the Restaurant, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Restaurant, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Restaurant, including purchasing inventory and supplies. You may not open the Restaurant until (1) we notify you in writing that the Restaurant meets our standards and specifications; (2) you and your Management Team have completed Initial Training to our satisfaction; (3) you pay the initial franchise fee and other amounts due to us; and (4) you provide us all required documentation regarding your ownership as well as all certificates for required insurance policies. Subject to these conditions, you must open the Restaurant and begin business within twelve (12) months after you sign the Franchise Agreement, and within nine (9) months after your proposed site is approved by us, unless you obtain a written extension of this time period from us.

Point-of-Sale System: You must purchase and use certain point-of-sale systems and related computer hardware, and software as specified in our Operations Manual that meet our specifications and that are capable of electronically interfacing with our computer system. You may purchase the point-of-sale system from any authorized seller. We expect that the point-of-sale system will cost as much as $12,000 if purchased. As of the date of this disclosure document we do not anticipate that you will be required to pay any additional amount for a maintenance contract for the system. The computer system is used to collect and monitor point-of-sale information and to create business reports and may be used to collect and monitor inventory control and shrinkage, payroll and accounting information, video, delivery, and credit card processing.

The computer system is designed to enable us to have immediate access to the information monitored by the system, and there is no contractual limitation on our access to or use of the information we obtain. We will have independent access to all information generated and stored in the systems. You must install and maintain all equipment, high-speed telecommunication lines and network cabling in accordance with our specifications and to permit us to access the point of sale (or other computer hardware and software) at the Restaurant premises as described above. This will permit us to electronically inspect and monitor information concerning your Restaurant's Gross Sales and any other information that may be contained or stored in the equipment and software. You must make sure that we have access at the times and in the manner we specify, at your cost. Our access to your computer system and any downloads of financial data that we may make are in addition to any required reports you must provide to us.

We reserve the right to change the designated point-of-sale system in the future and you must obtain the new point-of-sale system at your sole cost and expense. In addition, we may require you to update and/or upgrade all or a portion of your point-of-sale system during the term of your Franchise Agreement at your expense. The Franchise Agreement does not limit our ability to require you to update and/or upgrade your point-of-sale system or the cost of any update and/or upgrade.

You must obtain any upgrades and/or updates to the software used with the point-of-sale system and other computer software at your expense. Neither we nor any affiliate of ours will provide you with any maintenance, updates or upgrades to your computer software, hardware or point-of-sale system.

You must obtain and maintain Internet access or other means of electronic communication, as specified by us. It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement. We must have access at all times and in the manner that we specify.

Telephone Numbers and Internet Listings: You must, at our option, sign the forms and documents that we deem necessary to appoint us your true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to us upon the termination or expiration of the Franchise Agreement: (i) all rights to the telephone numbers of the Restaurant and any related and other business listings; and (ii) Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usages related to the Restaurant. You have no authority to and will not establish any website or listing on the Internet or World Wide Web without our express written consent, which we may withhold in our discretion.

ITEM 12
TERRITORY

Your Franchise Agreement will specify the site that will be the approved location ("Accepted Location") for your Restaurant. Your Franchise Agreement will also specify a protected territory ("Protected Territory"). We will not establish or license another person to establish a Restaurant within your Protected Territory during the term of your Franchise Agreement. In addition, we will not establish or license another person to establish a Kitchen within your Protected Territory after the date you enter into your Franchise Agreement. In some instances, prior to the date you enter into your Franchise Agreement, we may have granted another franchisee the right to operate a Kitchen in your Protected Territory (a "Preexisting Kitchen"). In the event there is a Preexisting Kitchen in your Protected Territory we will notify you of the location of the Preexisting Kitchen prior to the time you sign the Franchise Agreement. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The size and scope of the Protected Territory will be contained in the Franchise Agreement. Generally, the size of the Protected Territory typically will be based on multiple factors, including the number of persons living within a defined area surrounding the Restaurant, local daytime population, and the population density of the surrounding area.

You must comply with all payment and other material obligations in your Franchise Agreement in order to retain your Protected Territory. If you do not comply with such obligations, subject to the notice and cure periods stated in your Franchise Agreement, we have the right to terminate your Franchise Agreement. If we exercise this right, all territorial protection will be eliminated. You are not required to achieve or maintain any given level of sales or to satisfy any other contingency in order to retain your Protected Territory and, provided that you are not otherwise in default under your Franchise Agreement, your rights with respect to your Protected Territory will continue to apply even if the population in your Protected Territory increases, or you sell or transfer your Franchise.

Relocation and Additional Restaurants

You are not permitted to relocate your Restaurant without our prior written consent, which may be granted or withheld in our sole and absolute discretion. If, during the term of the Franchise Agreement, you wish to relocate your Restaurant, or if the Restaurant is damaged or destroyed and cannot be repaired within 60 days, you must submit to us in writing the materials we need to consider your request, including information concerning the proposed new location for the Restaurant. You must also meet certain other requirements, including being in compliance with the Franchise Agreement, the location meets our then-current requirements for a Restaurant and is located within your Protected Territory, and you must sign our then-current form of Franchise Agreement. If we consent to any proposed relocation, you must comply with any and all conditions we impose in connection with any such approved relocation.

To be considered for opening additional Restaurants, you must not be in breach of any agreement with us, and you must not owe us outstanding fees. You must agree to sign our then-current franchise agreement and a release. You must sign our then-current franchise agreement and a release and pay our then-current initial franchise fee.

Rights Retained by Franchisor and its Affiliates

Except as expressly limited by the Franchise Agreement, we and our affiliate(s) may: (i) establish and license others to establish Restaurants under the System at any location outside of your Protected Territory; (ii) establish and license others to establish restaurants using other proprietary marks, which offer or sell other products or services which are located either within or outside of your Protected Territory; (iii) establish and license produce, market, distribute, and sell, directly or indirectly, or grant others the right to produce, market, distribute and sell, directly or indirectly, any products from any location or to any purchaser (whether the purchaser is located within or outside your Protected Territory) under any proprietary mark, including *Secret Burger Kitchen*, through alternative channels of distribution, within or outside your Protected Territory, including Preexisting Kitchens and through the Internet, wholesale distribution centers, and grocery stores; and (iv) acquire, or be acquired by, merge or affiliate with, or engage in any transaction with other businesses in your Protected Territory. If we acquire a competitive business or a competitive franchise system with units operating in your Protected Territory, we have the right to operate, or license others to operate, the business in your Protected Territory without affording any rights to you or providing any compensation to you; provided that such business will not be licensed to operate under the Marks.

Restrictions on Sales and Solicitations

You are not permitted to solicit customers or advertise outside of your Protected Territory without our prior written approval. We may condition our approval on your agreement to offer other System franchisees who are operating Restaurants and/or Kitchens in territories encompassed by the circulation basis of the proposed advertising, the opportunity to participate in, and share the expense of your solicitation and/or advertising. You are not, however, required to obtain our prior written approval to use or circulate an advertisement outside of the Protected Territory if the advertisement is a general System advertisement and does not identify or promote your particular Restaurant. You must, however, first obtain our prior approval of the advertising materials you propose to use.

You are not permitted to use other channels of distribution such as catering, delivery, third-party delivery services, the Internet, catalog sales, telemarketing or other direct marketing, to make sales within or outside your Protected Territory without our prior written approval. We have the right to withhold our approval for any reason, and/or to condition our approval on the terms that we determine necessary, including requiring that your domain name and home page belong to us and be licensed to you for your use during the term of your Franchise Agreement.

You are not permitted to offer or provide catering or delivery services, or partner with third-party delivery services, to make sales within or outside your Protected Territory without our prior written approval. We have the right to withhold our approval for any reason, and/or to condition our approval on the terms that we determine necessary, including requiring that you are in compliance with the Franchise Agreement, have attained minimum performance criteria that we may designate from time to time (including, a minimum level of sales, minimum scores on inspections and/or minimum customer satisfaction levels). We may also limit your providing these services only within an area that is different than (smaller or larger) your Protected Area. As of the date of this Disclosure Document, franchisees have non-exclusive delivery rights within a 5-mile radius surrounding their location.

You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell our products to any business or other customer for resale.

While we will not establish or license another to establish a Restaurant within your Protected Territory, we and our affiliates may sell products under the Marks within and outside your Territory through any method of distribution other than a Restaurant, including sales through channels of distribution such as the Internet, catalog sales, or other direct marketing sales (together, "alternative distribution channels"). You will not receive any compensation for our sales through alternative distribution channels.

If we receive any orders for products through our Website, such as merchandise orders, we will fulfill those orders and you are not entitled to any revenue related to these orders, even if the orders are delivered to a customer within your Protected Territory. The exception to this policy is for any orders placed through our Website that are specific to your Restaurant – for example, a customer within your Protected Territory places a food order for your Restaurant online. We also have the exclusive right to sell any of our menu items or ingredients (such as pre-made, bottled sauces or spices) to any third party (such as grocery stores, convenience stores or club stores) for resale to customers. You may not sell any item at wholesale.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 that we may do this anywhere and at any time.

Except for the Restaurant and Kitchen currently operated by our affiliates, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Restaurants which sell our proprietary products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin designated by us (collectively, the "Marks"). These Marks may be used only in the manner we authorize and only for the operation of your Franchised Business.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You may not advertise on the Internet using, or establish, create or operate an Internet site or website using any domain name containing any of the Marks or the words "Secret Burger Kitchen" or any variation of "Secret Burger Kitchen" without our prior written consent. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Marks.

The following principal Marks are registered on the Principal Register with the U.S. Patent and Trademark Office ("USPTO"). We have completed all filings due for the registered Marks at this time, and we have not yet reached the deadline for renewal.

Mark	Registration Number	Date of Registration
SECRET BURGER GET SMASHED KITCHEN	8140961	Feb. 17, 2026
SECRET BURGER KITCHEN	8140960	Feb. 17, 2026

The following marks are pending registration with the USPTO:

Mark	Application Number	Application Date
SMASH EAT REPEAT	99050503	Feb. 21, 2025
SECRET BURGER SEASONING BLEND	99053065	Feb. 24, 2025

Currently, we know of no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; pending infringement, opposition or cancellation proceedings; or pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.

There are no agreements currently in effect which limit our right to use or to license others to use the Marks.

We know of no infringing or prior superior uses that could materially affect the use of the Marks in this state or any other state in which a Restaurant is to be located.

You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Controlling Principals must not communicate with any person other than us, or any designated affiliate, or our counsel involving any infringement, challenge or claim unless you are legally required to do so; however, you may communicate with your own counsel at your own expense. We will take the action we think is appropriate in these situations, and we have exclusive control over any litigation, proceeding or settlement involving any Marks. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our or our affiliate’s interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

Although we are not required to defend you against a claim arising from your use of the Marks, we will reimburse you for all expenses you reasonably incur in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner, have complied with our directions with regard to the proceeding, and your use of the Marks is in full compliance with the terms of the Franchise Agreement. We have the right to control the defense and settlement of any proceeding. 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 the Mark.

Except as provided above, we are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously.

We may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, signs, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your Restaurant for the new or modified Marks. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

The license to use the Marks granted in the Franchise Agreement is non-exclusive to you. We have and retain certain rights in the Marks including the following:

1. To grant other licenses for the use of the Marks in addition to those licenses already granted to existing franchisees;

2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and

3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign entity, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents. We do not own any right in or to any patents that are material to the franchise.

Copyrights. We own copyrights in the Operations Manual, our website, our marketing materials and other copyrightable items that are part of the System. While we claim federal and state copyright protection in these and similar items, we have not registered these materials with the United States Copyright Office, and we are not required to do so. You may use these items only as we specify while operating your Restaurant.

There are currently no effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Operations Manual: You must operate the Restaurant in accordance with the standards and procedures specified in the Operations Manual. One copy of the Operations Manual will be loaned to you by us for the term of the Franchise Agreement.

You must treat the Operations Manual and any other manuals we create or approve for use in your operation of the Restaurant, and the information contained in them (including our secret recipes), as confidential. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Operations Manual remains our sole property and must be kept in a secure place on the Restaurant premises.

We may revise the contents of the Operations Manual and you must comply with each new or changed standard. You must also ensure that the Operations Manual is always kept current. If there is a dispute as to the contents of the Operations Manual, the terms of the master copy maintained by us at our home office will be controlling. You must return to us all pages that are replaced in the Operations Manual, if we provide you with a paper copy of the Operations Manual. We may provide the Operations Manual electronically.

Confidential Information: We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, recipes, and know-how, knowledge of, and experience in, operating a Restaurant. We claim proprietary rights in this confidential information and protect them as trade secrets. We will provide our trade secrets and other confidential information to you during training, in the Operations Manual and as a result of the assistance we furnish you during the term of the Franchise Agreement. You and your Controlling Principals may only use the trade secrets and other confidential information for the purpose of operating your Restaurant. You and your Controlling Principals may only divulge trade secrets and other confidential information to employees who must have access to it in order to operate the Restaurant. You and your Controlling Principals are responsible for enforcing the confidentiality provision as to your employees.

Certain individuals with access to trade secrets and other confidential information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce these agreements.

All information, knowledge, know-how and techniques related to the System that we communicate to you, including the Operations Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential. Your use of the Operations Manual, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in Item 17.

All ideas, concepts, techniques or materials concerning the Restaurant and/or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our sole and exclusive property and part of the System that we may choose to adopt and/or disclose to other franchisees. Under the Franchise Agreement, you will assign to us all right, title and interest in and to any intellectual property so developed. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

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

The Franchise Agreement specifically requires that you, if you are an individual, or a principal of your franchise entity, if you are a corporation, limited liability company or other entity, personally participate in the direct on-premises supervision and operation of the Restaurant. It is our intention to select only those franchisees whose principals plan to actively participate in the direct operation of the affairs of their Restaurants.

You must have an "Operating Partner" who will be the main individual responsible for your business. The Operating Partner is required to have an equity interest in you. Before obtaining an equity interest in you, the Operating Partner must be approved by us. If you are an individual, you must be the Operating Partner. The Operating Partner must also complete our training program to our satisfaction. The Operating Partner must make certain non-disclosure and non-competition covenants in the Franchise Agreement. The Operating Partner is required to spend full time and best efforts in the operation of the Restaurant.

You must also designate a "General Manager" who will be the individual responsible for the daily operations of the Restaurant. The General Manager may be – but is not required to be – the same person as the Operating Partner. If you are an individual, we recommend that you be the General Manager. If you hire a General Manager, the General Manager must be approved by us and must complete our training program to our satisfaction. The General Manager is not required to have an equity interest in you. The General Manager must individually make certain non-disclosure and non-competition covenants in the Franchise Agreement.

The Operating Partner may serve as the General Manager but is not required to do so. If your Operating Partner is not the General Manager, your Operating Partner must still participate in the daily operation of your Restaurant. The Operating Partner (and the General Manager, if different than the Operating Partner) are expected to be at your Restaurant on average 50 hours per week.

Your Restaurant must always be under the direct, full-time, day-to-day supervision of a manager who has attended and completed Initial Training to our satisfaction. If you hire a replacement manager, that manager must also attend and complete our Initial Training to our satisfaction. You must keep us informed at all times of the identity of your Operating Partner and General Manager. The General Manager must also satisfy the applicable educational and experience requirements in the Franchise Agreement and the Operations Manual.

You must also obtain covenants not to compete, including covenants applicable on the termination of the person's relationship with you, from your General Manager and any of your other personnel who have received or will have access to our training before employment, and any holder of a beneficial interest in you (except for any limited partners) who is not designated as a Controlling Principal in the Franchise Agreement and does not sign the Franchise Agreement as a Controlling Principal. You must have all of your management personnel sign covenants that they will maintain the confidentiality of information they receive or have access to, based on their relationship with you (see Item 14). We reserve the right, in our discretion, to decrease the period of time or geographic scope of the non-competition covenants contained in the attachments or eliminate the non-competition covenants altogether for any party that must sign an agreement as described in this paragraph. (See Item 17.)

You must identify each of your directors, officers, shareholders, partners, members and others who have a direct or indirect ownership interest in you or in the Restaurant. As described in Item 1, we have identified certain persons under the Franchise Agreement that we refer to in this Disclosure Document as your Principals. Your Principals include your spouse, if you are a married individual. If we designate certain of your Principals as Controlling Principals, they must sign the Franchise Agreement and agree to be individually bound by certain obligations under the Agreement, including confidentiality and non-competition covenants and to personally guarantee your performance under the Agreement. We typically designate your principal equity owners and executive officers, as well as any other affiliated entities that operate Restaurants, as Controlling Principals.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the products, goods and services we specify. You may not sell any products, goods or services that we have not authorized you to sell and you must discontinue offering any products or services we disapprove. We may take action, including terminating your Franchise Agreement, if you purchase or sell unapproved products or purchase from unapproved suppliers.

You must prepare all menu items with our recipes and procedures for preparation contained in the Operations Manual or other written instructions, including the measurements of ingredients. You must not deviate from our standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without first obtaining our written consent. Periodically, we may allow certain products or services that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors as we determine, including test marketing, your qualifications, and regional or local differences.

You must refrain from using or permitting the use of the premises for any other purpose or activity at any time without first obtaining our written consent. Your Restaurant must be open and in operation for the minimum hours and days that we specify (currently, Sunday through Saturday from at least 11:00 am to 10:30 pm). You must keep the Restaurant very clean and maintain it in good repair and condition. You must make any additions, alterations, repairs and replacements, including repainting or replacement of obsolete signs, furnishings, equipment, and décor as we may reasonably direct. You must not make any changes to the premises without obtaining our written consent before you make the changes. You must obtain and pay for any new or additional equipment, including point-of-sale systems, computer hardware and software, fixtures, supplies and other products and materials that we require you to have to offer and sell new menu items from the Restaurant or to provide the Restaurant's services by alternative means, such as through delivery arrangements.

We may provide guidance to you concerning the minimum or maximum selling price for the goods, products and services offered from your Restaurant, and we may designate that any minimum or maximum selling price is mandatory, to the extent permissible under applicable law. We make no guarantees or warranties that offering products or merchandise at any price we recommend or require will enhance your sales or profits. Unless we authorize you to use a separate online platform for ordering, your prices for online orders will be set by us.

We may make available and may require you to purchase from us or our designated supplier for resale to your customers certain promotional merchandise, such as T-shirts and ball caps in amounts sufficient to meet your customer demand.

We do not impose any other restrictions in the Franchise Agreement or otherwise as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell, except as described in Item 12.

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 disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Section in Area Development Agreement	Summary
a. Length of the term of the franchise	Section 3.1	Section 4	FA: Term continues for 5 years from the date of the Franchise Agreement unless terminated earlier. ADA: Date upon which all Franchised Businesses set forth in the Development Schedule are opened and in operation.
b. Renewal or extension of the term	Section 3.2	Not applicable	FA: When the Term expires, you will have the option to obtain up to three Successor Franchise Agreements, each for a term of 5 years, provided, however, that the Franchise Agreement has not been terminated and you have complied with certain conditions. See disclosures under (c.) below. ADA: Not applicable
c. Requirements for franchisee to renew or extend	Section 3.2.1 – 3.2.8	Not applicable	FA: You may obtain a Successor Franchise Agreement if you: (i) deliver written notice to us of your desire to obtain a Successor Franchise Agreement not later than 180 days before the expiration of the Term; (ii) are not in default of any provision of the Franchise Agreement or any other agreement between you and us or you and our affiliates when you deliver your notice or on the date the Term expires; (iii) have not received more than three written notices of default during the Term; (iv) have satisfied all monetary obligations owed by you to us and our affiliates; (v) sign a current Franchise Agreement, the terms of which may differ substantially and may include increased fees (including increased Royalty Fee and Advertising

Provision	Section in Franchise Agreement	Section in Area Development Agreement	Summary
			Fees); and (vi) pay a successor franchise fee of $10,000. When renewing, you may be asked to sign a contract with materially different terms and conditions than your original contract. ADA: Not applicable
d. Termination by franchisee	Not applicable	Not applicable	FA: You may terminate the Franchise Agreement on any grounds available by law. ADA: Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable	FA: Not applicable ADA: Not applicable
f. Termination by franchisor with "cause"	Sections 17.1 and 17.2	Sections 6.1, 6.2 and 6.3	FA: Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination if not timely cured. ADA: We may terminate if you default under the Area Development Agreement or any Franchise Agreement.
g. "Cause" defined – curable defaults	Sections 17.1.3 and 17.2	Section 6.3	FA: We may terminate you for cause if you fail to cure certain defaults, including: if you or any of your affiliates fail to pay any monies owed to us, or our affiliates or vendors, and do not cure within 5 days after notice (or longer period required), fail to obtain signed confidentiality and non-competition covenants contained in the Franchise Agreement within 5 days after a request, fail to procure and maintain required insurance within 7 days after notice, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice, fail to cure any other default that is susceptible of cure within 30 days after notice. ADA: 30 days to satisfy a final judgment; 30 days to dismiss a suit to foreclose any lien or mortgage against the premises or

Provision	Section in Franchise Agreement	Section in Area Development Agreement	Summary
			any equipment of the Franchised Business; 15 days to remedy certain material breaches that are not otherwise uncurable. If the cause for termination is due to default under a Franchise Agreement, your cure period will be the same as the cure period for the particular default under that Franchise Agreement.
h. "Cause" defined – defaults which cannot be cured	Sections 17.1.2 and 17.1.3	Sections 6.1 and 6.2	FA: We may terminate you for cause if you fail to cure certain defaults, including: if you or your owners become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws, have outstanding judgments against you for over 30 days, sell unauthorized products or services, fail to acquire an accepted location within time required, fail to successfully complete training, fail to remodel when required, fail to open the Restaurant when required, fail to comply with any term and condition of any sublease or related agreement and have not cured the default within the given cure period, abandon or lose rights to the Restaurant premises, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, transfer any interest without our consent or maintain false books or records. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us. This is known as a cross-default provision. ADA: Bankruptcy or insolvency, execution against Area Developer's business or property; real or personal property; is sole after levy; Area Developer fails to meet the Development Schedule. Committing a non-curable default under a Franchise Agreement is also a non-curable default of the Area Development Agreement.

Provision	Section in Franchise Agreement	Section in Area Development Agreement	Summary
i. Franchisee's obligations on termination/ non-renewal	Section 18	Section 8.3	FA: Obligations include: You must stop operating the Restaurant and using the Marks and System and completely de-identify the business, pay all amounts due to us or our affiliates, return the Operations Manual and all other proprietary materials, comply with confidentiality requirements, and at our option, sell or assign to us your rights in the Restaurant premises and the equipment and fixtures used in the business. ADA: Compliance with post-termination covenant not to compete.
j. Assignment of contract by Franchisor	Sections 14.1 and 18.14	Section 7.1	FA: We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction. However, no assignment will be granted except to an assignee who, in our good faith judgment, is willing and able to assume our obligations. ADA: We may transfer the Area Development Agreement to any person or legal entity.
k. "Transfer" by franchisee – defined	Section 14.2.1	Section 7.1	FA: Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Restaurant or you (if you are not a natural person). ADA: Transfer of rights or obligations under the Area Development Agreement of the assets or ownership of Area Developer.
l. Franchisor approval of transfer by franchisee	Section 14.2.2	Section 7.4.8	FA: You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent. ADA: We have the right to approve transfers but will not unreasonably withhold consent if certain conditions are satisfied.
m. Conditions for franchisor	Section 14.2.2	Section 7.4	FA: Conditions include: You must pay all amounts due us or our affiliates, not

Provision	Section in Franchise Agreement	Section in Area Development Agreement	Summary
approval of transfer			otherwise be in default, sign a general release, and pay a transfer fee. Transferee must meet our criteria, attend training and sign then-current Franchise Agreement. ADA: Qualified transferee; transferee's completion of training programs; transferee's execution of required agreements and assumption of obligations; execution of release; payment of transfer fee.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.4	Sections 7.2 and 7.4	FA: Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions. ADA: We can match any offer made by a third party.
o. Franchisor's option to purchase franchisee's business	Section 14.4	Sections 7.2 and 7.4	FA: In addition to our right to purchase assets on termination or expiration of your Franchise Agreement, we also have the right of first refusal to purchase any interest or assets you propose to sell to a third party. ADA: We have the right of first refusal to purchase any interest or assets you propose to sell to a third party.
p. Death or disability of franchisee	Section 14.5	Not applicable	FA: If you or a Controlling Principal are a natural person, on death or permanent disability, the distributee must be approved by us, or the franchise must be transferred to someone approved by us within 12 months after death or within 6 months after notice of permanent disability. ADA: Not applicable
q. Non-competition covenants during the term of the franchise	Section 10.3.1	Section 8	FA: You are prohibited from operating or having an interest in a Competitive Business, unless it was open and operating prior to you entering into your Franchise Agreement, and disclosed to us in your Franchise Agreement.

Provision	Section in Franchise Agreement	Section in Area Development Agreement	Summary
			ADA: You will not divert any business or customer of our franchise's business to any competitor.
r. Non-competition covenants after the franchise is terminated or expires	Section 10.3.2	Section 8	FA: You and your Controlling Principals are prohibited for 2 years from expiration or termination of the franchise from operating or having an interest in any Competitive Business within 15 miles of any Restaurant or Kitchen in the System, unless it was open and operating prior to you entering into your Franchise Agreement, and disclosed to us in your Franchise Agreement. ADA: For 2 years following the term, you may not have any interest in another business that offers or sells smashburger and/or hamburgers in the Development Area or within a 15-mile radius of any of our franchised business or affiliated-owned businesses.
s. Modification of the agreement	Sections 10.1.2 and 19.2	Section 13.2	FA: Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with Operations Manual as amended from time to time. ADA: No modifications except by written agreement signed by both parties.
t. Integration/ merger clause	Section 19.2	Section 13.1	FA: Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. ADA: Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and area development agreement may not be enforceable.
u. Dispute resolution,	Sections 19.7, 19.8, 19.9,	Section 16.1	FA: Mediation in Delaware. If mediation is not successful, then arbitration may be commenced in Delaware.

Provision	Section in Franchise Agreement	Section in Area Development Agreement	Summary
mediation or arbitration	19.10 and 19.11		ADA: Non-binding mediation in a mutually agreeable location or Wilmington, Delaware. If arbitration remains necessary, binding arbitration in Delaware.
v. Choice of forum	Section 19.8	Section 16.3	FA: The venue for all proceedings related to or arising out of the Franchise Agreement is Delaware, unless otherwise brought by us (see Disclosure Document Addendum and State Amendments to Agreements). ADA: Subject to applicable state law, Delaware law applies.
w. Choice of Law	Section 19.8	Sections 16.2 and 16.3	FA: The Franchise Agreement is to be interpreted, governed and construed under Delaware law (see Disclosure Document Addendum and State Amendments to Agreement). ADA: Subject to applicable state law, Delaware law applies.

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 do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Gurpaul Sandhu, 13036 SE Kent Kangley Road, Kent, WA 98032, 253-507-8653, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1

Systemwide Outlet Summary
For years 2023, 2024 and 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Company-Owned (note 2)	2023	0	0	0
	2024	0	0	0
	2025	0	1	+1
Total Outlets	2023	0	0	0
	2024	0	0	0
	2025	0	1	+1

Table 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2023, 2024 and 2025

State	Year	Number of Transfers
Total	2023	0
	2024	0
	2025	0

Table 3

Status of Franchised Outlets
For years 2023, 2024 and 2025

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
All States	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Total	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0

Table 4

Status of Company-Owned Outlets
For years 2023, 2024 and 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States (note 2)	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	1	0	0	0	1
Total	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	1	0	0	0	1

Notes for tables 1 through 4:

1. All numbers are as of December 31, 2025.

2. As disclosed in Item 1, we do not own or operate any Restaurants. However, we have an affiliate that operates a Restaurant.

Table 5

Projected Openings as of January 1, 2026

States	Franchise Agreements Signed But Restaurant Not Open	Projected Franchised Restaurant Openings	Projected Company-Owned Restaurant Openings
California	0	1	0
Washington	0	0	1
Total	0	1	1

A list of the names of all franchisees and area developers and the addresses and telephones numbers of their franchises will be provided in Exhibit D to this disclosure document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit E to this disclosure document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the System.

There are no trademark-specific organizations formed by our franchisees that are associated with the System.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A are our audited financial statements for fiscal year 2025. **We have not been in business for three years or more and cannot include all of the required financial statements.**

Our fiscal year end is December 31.

ITEM 22
CONTRACTS

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

1.	Franchise Agreement	Exhibit B
2.	Area Development Agreement	Exhibit C
3.	Form of General Release	Exhibit I

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

1. Financial statements for the period ended December 31, 2025.

We have not been in business for three years or more and cannot include all of the required financial statements.

Financial Statements
December 31, 2025

SBK Burger Co., LLC

eidebailly.com

Eide Bailly

Independent Auditor's Report

To the Members
SBK Burger Co., LLC
Kent, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SBK Burger Co., LLC (the Company), which comprise the balance sheet as of December 31, 2025, and the related statements of operations and members' equity and cash flows for the period from inception (January 15, 2025) through December 31, 2025, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the period from inception (January 15, 2025) through December 31, 2025 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Eide Bailly LLP

April 17, 2026
Norfolk, Virginia

SBK Burger Co., LLC
Balance Sheet
December 31, 2025

Assets		
Current Assets		
Cash	$	83,681
Due from member		15,000
	$	98,681
Liabilities and Members' Equity		
Current Liabilities		
Accrued expenses	$	51,167
Members' Equity		47,514
	$	98,681

SBK Burger Co., LLC

Statement of Operations and Members' Equity

From the Period of Inception (January 15, 2025) through December 31, 2025

Operating Expenses		
Professional fees	$	146,674
Selling, marketing and brand development		33,709
Contract labor		11,303
Miscellaneous		9,628
Memberships and subscriptions		3,746
Information technology		2,941
Net loss	$	(208,001)
Beginning Members' Equity	$	-
Contributions		255,515
Ending Members' Equity	$	47,514

SBK Burger Co., LLC

Statement of Cash Flows

From the Period of Inception (January 15, 2025) through December 31, 2025

Operating Activities		
Net loss	$	(208,001)
Adjustments to reconcile net loss to net cash used in operating activities		
Expenses paid by members on behalf of the Company		40,000
Increase in liabilities		
Accrued expenses		51,167
Net Cash used in Operating Activities		(116,834)
Financing Activities		
Advances to member		(15,000)
Contributions		215,515
Net Cash from Financing Activities		200,515
Net Change in Cash		83,681
Cash at Beginning of Year		-
Cash at End of Year	$	83,681

Supplemental Disclosure of Noncash Activity

During the period from inception (January 15, 2025) through December 31, 2025, expenses totaling $40,000 were paid by the members on behalf of the Company and recorded as contributions in the accompanying statement of operations and members' equity.

Note 1 - Principal Business Activity and Significant Accounting Policies

Principal Business Activity

SBK Burger Co., LLC (the Company) is a Washington limited liability company formed on January 15, 2025. The Company is headquartered in Kent, Washington, and was established to manage the franchising activities of the Secret Burger Kitchen brand. The Company intends to sell franchise licenses to franchisees throughout the United States of America.

The Company has yet to begin its planned operations but intends to operate in the fast-casual restaurant industry, specifically to franchise the Secret Burger Kitchen brand through full-service restaurants or ghost kitchens. The Company is currently developing its brand and applying for its right to solicit the sale of franchise licenses in certain states.

The Company's activities are subject to significant risk and uncertainties including the denial of the right to sell franchise licenses and inability to obtain market penetration with the Secret Burger Kitchen brand. As of December 31, 2025, the Company had no franchisees under contract.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2025, the Company had no amounts in excess of FDIC-insured limits.

Income Taxes

The Company is organized as a limited liability company and taxed as a partnership under the provisions of the Internal Revenue Code and applicable state laws. The Company is not subject to income taxes; the results of its operations are passed directly to the members. Therefore, no provision or liability for income taxes has been included in the accompanying financial statements.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2025, the unrecognized tax benefits accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Revenue Recognition

When the Company begins to initiate franchise agreements, the Company will collect an initial franchise fee and may incur incremental costs of obtaining the contract. Management has identified all the following services as one performance obligation in connection with the Company's franchise agreements: start-up package, franchise name and brand usage, training, and operational assistance unique to the Secret Burger Kitchen brand, brand development and advertising services, an integrated business management system and credit card processing, and technical support. No franchise licenses were sold during 2025.

Franchise fee revenues, which will include initial franchise fees as well as area development fees, will be satisfied over time and will be recognized by the Company over the term of the franchise agreement, net of discounts given. Fees billed or received in advance of completing all material services or conditions will be reported as a contract liability until those services and conditions have been satisfied.

Royalty and advertising fees will be based on a percentage of the franchisee sales and will be recognized over time as the franchisee receives the benefits from the services. Generally, royalty and advertising will be billed and collected weekly in arrears at 5% and up to 2% of gross weekly sales, respectively. The Company collected no royalty or advertising fees during 2025. The Company will apply the practical expedient to recognize revenue based on the right to invoice where billing reflects the value of services transferred to the customer.

Advertising Expenses

The Company will incur two types of advertising expenditures: marketing and brand development expenses. Marketing expenses are paid to advertise the brand to potential franchisees and are expensed as incurred. Marketing expenses totaled $26,385, during the year ended December 31, 2025, and are included in selling, marketing and brand development expenses in the accompanying statement of operations and members' equity. Brand development expenses will be paid to advertise the brand to potential customers of existing franchisees and will be expensed as incurred. No brand development expenses were incurred during the year ended December 31, 2025.

Estimates

The presentation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure 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.

Subsequent Events

The Company has evaluated subsequent events through April 17, 2026, the date which the financial statements were available to be issued.

Note 2 - Related Party Transactions

The Company advanced funds to one of the members during the period of inception (January 15, 2025) through December 31, 2025. As of December 31, 2025, $15,000 is due from the member. The balance is unsecured and does not bear interest.

EXHIBIT B TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

SBK BURGER CO., LLC

FRANCHISE AGREEMENT

____
FRANCHISEE

____
DATE

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ATTACHMENTS

<u>SBK BURGER CO., LLC</u>

<u>FRANCHISE AGREEMENT</u>

THIS FRANCHISE AGREEMENT (the "**<u>Agreement</u>**') is made and entered into by and between SBK BURGER CO., LLC, a Delaware limited liability company, having its principal place of business at 13036 SE Kent Kangley Road, Kent, WA 98032 ("**<u>Franchisor</u>**") and the undersigned ("**<u>Franchisee</u>**") on the date this Agreement is executed by Franchisor below (the "**<u>Effective Date</u>**").

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, Franchisor has developed and owns a unique and distinctive system (hereinafter "**<u>System</u>**") relating to the establishment and operation of a casual restaurant, featuring smashburgers, hamburgers, sandwiches, and other food and beverage products for dine-in, take-out, or delivery service in a standalone location.

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items, uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time;

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "*Secret Burger Kitchen*" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by Franchisor in writing) for use in connection with the System (hereinafter referred to as "**<u>Marks</u>**");

WHEREAS, Franchisor continues to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service;

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearance and service and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications; and

WHEREAS, Franchisee desires to use the System in connection with the operation of a restaurant at the location accepted by the Franchisor as herein provided, as well as to receive the training and other assistance provided by Franchisor in connection therewith.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

ARTICLE I
<u>GRANT</u>

1.1 Grant of Franchise

In reliance on the representations and warranties of Franchisee and its Controlling Principals (as defined in Section 19.18) hereunder, Franchisor hereby grants to Franchisee, upon the terms and conditions in this Agreement, the right and license, and Franchisee hereby accepts the right and obligation, to operate a Secret Burger Kitchen Restaurant under the Marks and the System in accordance with this Agreement (a "**Restaurant**" or "**Franchised Business**"). Franchisee and the Controlling Principals have represented to Franchisor that they have entered into this Agreement with the intention to comply fully with the obligations to develop and operate a Restaurant hereunder and not for the purpose of reselling the rights to develop and operate the Restaurant hereunder. Franchisee and the Controlling Principals understand and acknowledge that Franchisor has granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by, Franchisee and the Controlling Principals and that this Agreement and the rights and obligations hereunder may not be transferred until after the Restaurant is open for business to the public in accordance with Section 2.6, and then only in accordance with ARTICLE XVI hereof.

1.2 Accepted Location

The specific street address of the Restaurant location accepted by Franchisor shall be set forth in Attachment A ("**Location**" or "**Accepted Location**"). Franchisee shall not relocate the Restaurant without the express prior written consent of Franchisor, pursuant to Section 1.3 below, which consent shall not be unreasonably withheld. This Agreement does not grant to Franchisee the right or license to operate the Restaurant or to offer or sell any products or services described under this Agreement at or from any other location other than the Accepted Location.

1.3 Relocation

If Franchisee wishes to relocate the Restaurant, Franchisee shall submit a written request to Franchisor detailing the proposed new location, which shall be within Franchisee's Protected Territory (as defined in Section 1.4), and the reason for the proposed relocation. If Franchisor consents to any proposed relocation, Franchisee shall comply with any and all conditions imposed by Franchisor in connection with any such approved relocation, including, without limitation, compliance with site-selection criteria, construction and build-out requirements, lease requirements, and opening requirements.

1.4 Protected Territory

Upon the execution of this Agreement, Franchisee will be assigned a territory (the "**Protected Territory**") that will also be described in Attachment A. Except as provided in this Agreement, and subject to Franchisee's and the Controlling Principals' material compliance with this Agreement, any other agreement among Franchisee or any of its Affiliates (defined in Section 19.18) and Franchisor, Franchisor shall not establish or authorize any other Person (as defined in Section 19.18), other than Franchisee, to establish a Restaurant in the Protected Territory during the term of this Agreement and any extensions hereof. Franchisee acknowledges and agrees that (a) the rights granted hereunder pertain only to the establishment of a Restaurant; (b) Franchisor also offers franchises for ghost kitchen franchises using the Marks ("Kitchens"); (c) prior to the Effective Date of this Agreement, Franchisor may have granted a Kitchen to a franchisee within the Protected Territory (a "Preexisting Kitchen"); and (d) from and after the Effective Date during the Term of this Agreement, Franchisor will not grant another franchisee the right to establish any Kitchens in the Protected Territory provided that Franchisee is in compliance with the terms and conditions of this Agreement. To the extent that a Preexisting Kitchen is located in the Protected Territory as of the Effective Date of this Agreement, the location of such Preexisting Kitchen is set forth on Attachment A.

Franchisee further acknowledges and agrees that (i) Franchisor's Affiliates currently operate, or may in the future operate, restaurants under different marks and with operating systems that are the same as or similar to the System, and that any such restaurants might compete with Franchisee's Restaurant; and (ii) the license granted hereby is only for the operation of one (1) Restaurant and only at the Accepted Location.

1.5 Franchisor's Reserved Rights

Except as expressly limited by Section 1.4, Franchisor and its Affiliates retain all rights with respect to Restaurants, the Marks and the sale of any products and services outside of Franchisee's Protected Territory, including, without limitation, the right:

1.5.1 to produce, market, distribute, and sell, directly or indirectly, and grant others the right to produce, market, distribute, and sell, directly or indirectly, any products (including the products offered at Restaurants under the System) through alternative channels of distribution, both within and outside the Protected Territory, using the Marks or other trademarks or service marks. The term "alternative channels of distribution" as use in this Section 1.5.1 includes, without limitation, distribution through the Internet, supermarkets, and wholesale distribution centers;

1.5.2 to advertise and promote the System within and outside the Protected Territory;

1.5.3 to operate and to grant others the right to operate Restaurants and Kitchens located outside the Protected Territory and under any terms and conditions Franchisor deems appropriate and regardless of proximity to Franchisee's Restaurant or Kitchen; and

1.5.4 to acquire, be acquired by, merge or affiliate with, or engage in any transaction with other businesses (whether or not these businesses are competitive) including competing franchise systems with restaurants operating in the Protected Territory. If Franchisor acquires a competitive business or a competitive franchise in the Protected Territory, Franchisor has the right to operate or license a third party to operate such competitive business in the Protected Territory without affording any rights or compensation to Franchisee; ***provided that,*** such businesses will not be licensed to use the Marks within the Protected Territory.

ARTICLE II
SITE SELECTION, PLANS AND CONSTRUCTION

2.1 Franchisee's Responsibility to Locate a Site

Franchisee assumes all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Restaurant within the Territory, and for constructing and equipping the Restaurant at such site. Franchisee shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Restaurant unless the site is accepted by Franchisor as set forth below. Franchisee acknowledges that the location, selection, procurement and development of a site for the Restaurant is Franchisee's responsibility; that in discharging such responsibility Franchisee shall consult with real estate and other professionals of Franchisee's choosing; and that Franchisor's approval of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Restaurant operated at that site will be profitable or otherwise successful.

2.2 Site Selection

2.2.1 Prior to acquiring by lease or purchase a site for the Restaurant, but within ninety (90) days of the Effective Date, Franchisee shall locate one or more sites for the Restaurant and shall submit to Franchisor in the form specified by Franchisor a description of the sites, together with such other information and materials as Franchisor may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the sites. Franchisor shall have thirty (30) days after receipt of this information and materials to provide advice, in its sole discretion, regarding each of the proposed sites as potential locations for the Restaurant. Franchisee shall select the location of the Restaurant from the sites approved by the Franchisor. Franchisor shall, solely in accordance with Section 5.2, provide location assistance. Franchisor's advice regarding a potential location for the Restaurant only signifies the Franchisor's then-current opinion and is in no way a guarantee of the potential success of a given location. If Franchisee is unable to locate an acceptable site within ninety (90) days of the Effective Date, Franchisor has the right to terminate this Agreement and Franchisor may provide a partial refund of the initial franchise fee, as described in Section 4.1.

2.2.2 If Franchisee requests that Franchisor conduct a site evaluation, then Franchisee shall pay Franchisor's then-current fee and reimburse Franchisor for reasonable travel expenses, including food, lodging and other reasonable out of pocket expenses for each Franchisor representative associated with all additional site inspections.

2.2.3 If Franchisee elects to purchase the premises for the Restaurant, Franchisee shall submit a copy of the proposed contract of sale to Franchisor for its written approval prior to its execution and shall furnish to Franchisor a copy of the executed contract of sale within ten (10) days after execution. If Franchisee will occupy the premises of the Restaurant under a lease or sublease, Franchisee shall submit a copy of the lease or sublease to Franchisor for written approval prior to its execution and shall furnish to Franchisor a copy of the executed lease or sublease within ten (10) days after execution. No lease or sublease for the Restaurant premises shall be accepted by Franchisor unless a Collateral Assignment of Lease, prepared by Franchisor and executed by Franchisor, Franchisee and the lessor or sublessor, in substantially the form attached as Attachment B, is attached to the lease and incorporated therein. Franchisor shall have ten (10) days after receipt of the lease, sublease or the proposed contract of sale to either approve or disapprove such documentation prior to its execution. Franchisor is not required to and has no obligation to negotiate the terms of Franchisee's lease. Franchisor may require the inclusion of certain provisions in the lease, including but not limited to:

2.2.3.1 The requirement that the lease term, including any options exercisable by Franchisee, must be a least as long as the Term;

2.2.3.2 A provision which restricts the use of the premises solely to the operation of the Restaurant;

2.2.3.3 A provision which prohibits Franchisee from subleasing or assigning all or any part of Franchisee's occupancy rights, or extending the term of or renewing the lease, without Franchisor's prior written consent; and

2.2.3.4 A provision giving Franchisor the right to enter the premises to make modifications necessary to protect the Marks or the System, or to cure any default under this Agreement, including the right to de-identify the premises as a Secret Burger Kitchen restaurant and to remove or destroy any material bearing any of the Marks.

2.2.4 After a location for the Restaurant is accepted by Franchisor and acquired by Franchisee pursuant to this Agreement, the location shall be described in Attachment A.

2.3 Zoning Clearances, Permits and Licenses

Franchisee shall be 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 as a result of any restrictive covenants relating to the Restaurant premises. Prior to beginning the construction of the Restaurant, Franchisee shall (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Restaurant, and (ii) certify in writing to Franchisor that the insurance coverage specified in

ARTICLE XII is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained. Upon written request, Franchisee shall provide to Franchisor additional copies of Franchisee's insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications.

2.4 Design of Restaurant

Franchisee must obtain any architectural, engineering and design services it deems necessary for the construction of the Restaurant at its own expense from an architectural design firm designated by Franchisor or, if Franchisee is permitted to use its own architectural design firm, such firm shall be approved by Franchisor, which approval shall not be unreasonably withheld. If Franchisor determines, in its reasonable discretion, that any such plans are not consistent with the best interests of the System, Franchisor may prohibit the implementation of such plans, and in this event will notify Franchisee of any objection(s) within ten (10) days of receiving such plans. If Franchisor fails to notify Franchisee of an objection to the plans within this time period, Franchisee may use such plans. If Franchisor objects to any such plans, it shall provide Franchisee with a reasonably detailed list of changes necessary to make the plans acceptable. Franchisor shall, upon a re-submission of the plans with such changes, notify Franchisee within ten (10) days of receiving the resubmitted plans whether the plans are acceptable. If Franchisor fails to notify Franchisee in writing of any objection within such time period, Franchisee may use the resubmitted plans. Franchisee acknowledges that Franchisor's review of such plans relates only to compliance with the System and that acceptance by Franchisor of such plans does not constitute a representation, warranty, or guarantee, express or implied, by Franchisor that such plans are accurate or free of error concerning their design or structural application.

2.5 Build-Out of Restaurant

If Franchisee's Restaurant is a Restaurant, Franchisee shall commence and diligently pursue construction or remodeling (as applicable) of the Restaurant in strict accordance with the design approved by Franchisor under Section 2.4. Commencement of construction shall be defined as the time at which any site work is initiated by or on behalf of Franchisee at the Accepted Location for the Restaurant. Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises. During the time of construction or remodeling, Franchisee shall provide Franchisor with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by Franchisor. In addition, Franchisor may make such on-site inspections as it may deem reasonably necessary to evaluate such progress. Franchisee shall notify Franchisor of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date. Franchisee shall promptly notify Franchisor of the actual date of completion of any construction and, within fourteen days (14) thereafter, Franchisor may, at its option, conduct an inspection of the completed Restaurant. Franchisee acknowledges and agrees that Franchisee will not open the Restaurant for business without the written authorization of Franchisor and that authorization to open shall be conditioned upon Franchisee's strict compliance with this Agreement.

2.6 Time is of the Essence

Franchisee acknowledges that time is of the essence. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Restaurant and commence business within twelve (12) months after the Effective Date of this Agreement and within nine (9) months after your site is approved by us, unless Franchisee obtains an extension of such time period from Franchisor in writing. The date the Restaurant actually opens for business to the public is herein called the "**Opening Date**". Prior to the Opening Date, Franchisee shall complete all exterior and interior preparations for the Restaurant, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications reasonably approved by Franchisor, and shall comply with all of its other pre-opening obligations, including, but not limited to, those obligations described in Sections 6.2 through 6.9, to Franchisor's reasonable satisfaction. If Franchisee fails to reasonably comply with any of such obligations, Franchisor shall have the right, at its sole option (i) to prohibit Franchisee from commencing business until the obligations are met or (ii) except for delay caused by a force majeure act as described in Section 17.1.3(f), treat Franchisee's failure to open the Restaurant and commence business in a timely manner as an event of material default under this Agreement and terminate the Agreement pursuant to Section 17.1. Franchisee acknowledges that Franchisor has no control over the landlord or developer and numerous construction or development related problems that could occur and delay the opening of the Restaurant. Franchisor is not responsible for delays in the construction, equipping, or decoration of the Restaurant or for any loss resulting from the Restaurant design or construction.

ARTICLE III
TERM AND RENEWAL

3.1 Term

Unless sooner terminated as provided in ARTICLE XVII hereof, the term ("**Term**") of this Agreement shall continue from the date stated on the first page hereof for a period of five (5) years.

3.2 Successor Franchise Agreement

Upon the expiration of the Term, Franchisee shall have the option to enter into no more than three successor franchise agreements (each a "**Successor Franchise Agreement**"), each for a term of five (5) years, ***provided that*** this Agreement has not been terminated and Franchisee has complied with the following conditions precedent:

3.2.1 Franchisee shall deliver written notice to Franchisor of Franchisee's desire to obtain a Successor Franchise Agreement not later than 180 days prior to the expiration of the Term. Such notice shall indicate that Franchisee wishes to obtain a 5-year Successor Franchise Agreement.

3.2.2 Franchisee shall not be in default of any provision of this Agreement, any amendments or successors to this Agreement, or any other agreement between Franchisee and Franchisor or its subsidiaries and Affiliates at the time Franchisee delivers the notice required under Section 3.2.1 above, or on the date the Term expires.

3.2.3 Franchisee must not have received more than three written notices of default during the Term of the Agreement, nor more than two such notices during the five years immediately preceding the expiration of the Term and must have substantially and consistently complied with all the terms and conditions of this Agreement during the Term;

3.2.4 Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its Affiliates;

3.2.5 Franchisor shall, within ninety (90) days before the expiration of the Term, provide Franchisee with any documents that Franchisee is required to execute for the successor franchise agreement, which documents may include, but are not limited to, a general release, Franchisor's then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by the Franchisor in the granting of Restaurant franchises, all of which may have terms different from the original agreements. Franchisee will not be obligated to pay a further initial franchise fee.

3.2.6 Franchisee shall execute the Successor Franchise Agreement and all other documents and instruments that Franchisor requires. Franchisee shall return the executed documents to Franchisor and pay the Successor Franchise Fee described below by no later than the expiration date of this Agreement. If Franchisor does not receive the executed documents and Successor Franchise Fee by such expiration date, then this Agreement shall expire, Franchisee shall have no further rights under this Agreement, and Franchisee shall comply with the provisions of ARTICLE XVIII and any other provisions that survive termination or expiration of this Agreement.

3.2.7 Franchisee shall, when it forwards the executed Franchise Agreement to Franchisor, include a successor franchise fee ("**Successor Franchise Fee**") payable to Franchisor of ten thousand dollars ($10,000).

3.2.8 Prior to entering into a Successor Franchise Agreement, Franchisee must make or provide for, in a manner satisfactory to Franchisor, the updating, remodeling, redecorating or other refurbishment of the Restaurant as Franchisor may reasonably require, which may include (a) acquisition and use of new furniture, fixtures, equipment (including computer equipment and POS systems), signs and décor, (b) renovation or improvement of the physical facility, and (c) renovation, rehabilitation or replacement of furniture, fixtures, equipment (including computer equipment and POS systems), signs and décor.

3.3 Refusal to Enter into Successor Franchise Agreement

Franchisor can refuse to enter into a Successor Franchise Agreement if Franchisee's lease, sublease or other document by which Franchisee has the right to occupy the Accepted Location is not extended before Franchisee's successor term is to take effect to cover the term of the Successor Franchise Agreement or if Franchisee does not have a written commitment from its landlord to renew the lease or sublease for a period at least equal to the Successor Franchise Agreement term.

3.4 Franchisee's Election Not to Enter into Successor Franchise Agreement

For the purposes hereof, the Franchisee shall be deemed to have irrevocably elected not to continue the franchise hereunder (and the option to do so through a Successor Franchise Agreement shall thereupon terminate) if the Franchisee fails to execute and return to the Franchisor its then-standard Franchise Agreement and other ancillary documents required by the Franchisor for a successor franchise together with the Successor Franchise Fee, or if Franchisee provides written notice to Franchisor within the final sixty (60) days of the Term indicating that Franchisee does not wish to enter into a Successor Franchise Agreement.

ARTICLE IV
FEES

4.1 Initial Franchise Fee

The initial franchise fee for the Restaurant shall be Forty Thousand Dollars ($40,000), which shall be paid in a lump sum upon execution of this Agreement. The amount of the initial franchise fee when so paid shall be deemed fully earned in consideration of the administrative and other expenses incurred by Franchisor in granting the franchise hereunder and for its lost or deferred opportunity to grant such franchise to any other party. The initial franchise fee is not refundable, in whole or in part, under any circumstances; provided, however, that if Franchisee fails to locate a site as set forth in Section 2.2.1 above, Franchisor may provide Franchisee a partial refund of the initial franchise fee. Franchisee agrees to execute and deliver any documents that Franchisor requires before receiving such refund that may be provided by Franchisor, including, but not limited to, a general release and a confidentiality and non-competition agreement.

4.2 Royalty Fees

4.2.1 During the Term, Franchisee shall pay to Franchisor, without offset, credit or deduction of any nature, a continuing nonrefundable royalty fee equal to five percent (5%) of Gross Sales (the "**Royalty Fee**"). The Royalty Fee shall be due and payable in accordance with Section 4.4 of this Agreement.

4.2.2 Each Royalty Fee shall be preceded by a royalty report itemizing the Gross Sales for the preceding week ending Tuesday ("**Royalty Report**") and any other reports required hereunder. Notwithstanding the foregoing, Franchisee shall provide Franchisor with such Gross Sales information on the Wednesday of each week (or next business day if the Wednesday is not a business day) by electronic mail (e-mail) or, if not reasonably available, by facsimile transmission or such other method of delivery as Franchisor may reasonably direct.

4.3 Brand Fund Fees

4.3.1 Franchisee shall make the Brand Fund Fee payments of three percent (3%) of Gross Sales (the "**Brand Fund Fee**") as Franchisor directs, in its sole and absolute discretion, to the Brand Fund (as defined in 8.3) established or designated by Franchisor for advertising, marketing, promotion or other purposes. The Brand Fund Fee shall be due and payable in accordance with Section 4.4 of this Agreement.

4.3.2 Franchisor reserves the right to direct that Franchisee pay an amount less than the entire Brand Fund Fee for a period of time designated by Franchisor, in its sole discretion, at any time.

4.4 Time of Payments/Pre-authorized Electronic Funds Transfer

4.4.1 Franchisee shall pay the Royalty Fee and the Brand Fund Fee to Franchisor every Wednesday, for the previous week's (Wednesday through Tuesday) Gross Sales. Franchisor currently requires Franchisee to pay all such fees by electronic funds transfer ("**EFT**"). Franchisee agrees that Franchisor shall have the right to withdraw such funds, and any other amounts Franchisee owes to Franchisor under this Agreement, from Franchisee's designated bank account by EFT initiated by Franchisor.

4.4.2 Franchisor will automatically draft the Royalty Fee and Brand Fund Fee from Franchisee's bank account on a weekly basis via EFT initiated by Franchisor. Franchisor reserves the right to change the dates on which Royalty Fees and Brand Fund Fees must be paid upon no less than 60 days prior notice.

4.4.3 Franchisee shall, upon execution of this Agreement, and at any time thereafter at Franchisor's reasonable request, sign and deliver to Franchisor such documents or forms as Franchisor determines are necessary for Franchisor to process EFT payments initiated by Franchisor for any and all amounts Franchisee owes to Franchisor under this Agreement, including Royalty Fees and Brand Fund Fees. A form of Authorization Agreement is attached as Attachment C to this Agreement. In addition, from time to time at Franchisor's reasonable request, Franchisee shall sign any other and further documents as Franchisor may require to enable Franchisor to draw drafts against Franchisee's bank accounts for such purposes.

4.4.4 Franchisee shall report all Gross Sales to Franchisor in the form and manner designated by Franchisor. If any Gross Sales information obtained by or submitted to Franchisor is subsequently determined by Franchisor to be inaccurate, and the actual amount of the Brand Fund Fee and Royalty Fee due was (i) more than the amount of the EFT processed by Franchisor, then Franchisor shall be entitled to withdraw immediately additional funds through EFT from Franchisee's designated bank account for the difference; or (ii) less than the amount of the EFT processed by Franchisor, then Franchisor shall either return the excess amount to Franchisee, or credit the excess amount to the payment of Franchisee's future Royalty Fee and Brand Fund Fee obligations.

4.4.5 Should any EFT payment not be honored by Franchisee's bank for any reason, Franchisee shall pay immediately to Franchisor an insufficient funds fee ("**Insufficient Funds Fee**") in the amount of Fifty Dollars ($50). If three (3) or more instances of an Insufficient Funds Fee occur within a twelve-month period, Franchisor shall have the right to automatically terminate this Agreement pursuant to Section 17.1. Franchisee further covenants and agrees that it shall at all times throughout the Term maintain a balance sufficient to cover the Royalty Fee and Brand Fund Fee in Franchisee's designated bank account. If the Royalty Fee and Brand Fund Fee are not received when due, interest may be charged by Franchisor in accordance with Section 4.7.

4.5 Gross Sales Reporting

Franchisor shall have unrestricted electronic access to Franchisee's point-of-sale system and any ancillary systems used to calculate online sales or sales through third party delivery systems (together the "**POS System**"), including access to daily Gross Sales information. The Royalty Fee and Brand Fund Fee calculations shall be based on the Gross Sales information accessed through Franchisee's POS System. Franchisor reserves the right to require Franchisee to prepare and submit Gross Sales reports and/or statements in the form and manner designated by Franchisor at any time, in lieu of accessing the Gross Sales information through the POS System. Franchisee shall immediately comply with any and all such requirements upon Franchisee's receipt of written notice from Franchisor. If, for any reason, Franchisor is unable to access Franchisee's Gross Sales electronically, or if Franchisee fails to submit Gross Sales information in the form and manner designated by Franchisor, Franchisor shall have the right to deduct from Franchisee's designated bank account an amount equal to one-hundred and twenty percent (120%) of the Royalty Fee payment and Brand Fund Fee payment for the immediately preceding period.

Franchisee acknowledges that Franchisor will have independent access to certain financial and other information of Franchisee that is stored electronically. During the term of this Agreement and any Successor Franchise Agreement between Franchisor and Franchisee, Franchisor will not disclose to any third party any specific financial or other information directly associated with Franchisee or the Restaurant unless authorized by Franchisee. Franchisor may, however, disclose such information: (a) to its employees, attorneys, accountants, consultants, agents and others retained or employed by Franchisor who have a need to know such information in order to facilitate the administration of the relationship between Franchisor and Franchisee, (b) to other franchisees in connection with system-wide benchmarking or incentive programs, or (c) to comply with applicable law, court orders or accounting rules. Franchisee acknowledges that after the termination or expiration of this Agreement or any Successor Franchise Agreement between Franchisor and Franchisee, Franchisor may release such information to other franchisees and prospective franchisees. Franchisor's obligations pursuant to this Section 4.5 will in no way restrict its right to compile aggregate data for research and other purposes and to use or disclose such aggregate data. Franchisee acknowledges that Franchisor may require Franchisee to enter into a software license agreement whereby Franchisee will record and store data on a server hosted by a third party, and that such third party may also have access to such data as may be necessary to perform such third party's obligations under the software license agreement.

4.6 No Offset or Withholding

Franchisee shall not offset or withhold payments owed to Franchisor for amounts purportedly due Franchisee from Franchisor or its Affiliates as a result of any dispute of any nature or otherwise. In the event of such a dispute, Franchisee shall continue to make all payments due under this Agreement to Franchisor and only thereafter seek reimbursement.

4.7 Interest

All Royalty Fee, Brand Fund Fee, amounts due for purchases from Franchisor or its Affiliates, and third-party vendor charges Franchisor collects from Franchisee, and other amounts Franchisee owes to Franchisor or its Affiliates shall bear interest from the date due until paid at the lesser of (i) eighteen percent (18%) per annum; or (ii) the maximum rate allowed by applicable law. Franchisee acknowledges that this Section 4.7 shall not constitute a commitment by Franchisor to extend credit to, or otherwise finance, Franchisee's operation of the Restaurant. Further, Franchisee acknowledges that its failure to pay amounts when due shall constitute a default under this Agreement as provided in Section 17.2, notwithstanding the provisions of this Section 4.7.

4.8 Taxes

If any state or governmental agency imposes a tax (other than federal or state income tax) on the Royalty Fees or Brand Fund Fees collected by Franchisor, then Franchisee agrees to pay Franchisor the amount of such tax as an additional Royalty Fee. Franchisor shall have no liability for any sales, use, excise, gross receipts, income, property or other taxes, whether levied upon Franchisee, the Restaurant, or its assets, in connection with the sales made, services performed, or business conducted by Franchisee.

4.9 Definition of Gross Sales

For the purposes of determining the Royalty Fees and Brand Fund Fees to be paid hereunder, "Gross Sales" shall mean the gross sum of the actual sales prices (before application of any and all discounts or coupons) of all goods, wares and merchandise sold, leased, licensed, or delivered, and the actual charges for all services performed by Franchisee, in, at, from or arising out of the Restaurant premises, whether for cash, credit, or trade-ins or otherwise, without reserve or deduction for cash shortages or inability or failure to collect. Gross Revenue shall include, without limitation, sales and services (a) where the orders therefor originate in, at, from, or arising out of the Restaurant premises, whether delivery or performance is made from the Accepted Location or from some other place, (b) made or performed by mail, telephone, telegraph, facsimile, e-mail, computer or internet orders received at or delivered for the Restaurant, and (c) which Franchisee or any other Person in the normal and customary course of its business would credit or attribute to Franchisee's operations under this Agreement. Gross Sales shall expressly exclude the following:

4.9.1 Sums representing sales taxes collected directly from customers by Franchisee in the operation of the Restaurant, based upon present or future laws of federal, state or local governments, and any other tax, excise or duty which is levied or assessed against Franchisee by any federal, state, municipal or local authority based on sales of specific products or services sold at or from the Restaurant, provided that such taxes are actually transmitted to the appropriate taxing authority;

4.9.2 Proceeds from isolated sales of trade fixtures not constituting any part of Franchisee's products and services offered for resale at the Restaurant nor having any material effect upon the ongoing operation of the Restaurant required under this Agreement; and

4.9.3 Sums attributable to delivery fees paid to third parties.

4.9.4 Franchisor may, from time to time, authorize certain additional items to be excluded from Gross Sales. Any such permission may be revoked or withdrawn at any time in writing by Franchisor in its discretion.

In addition to the foregoing, included within the definition of Gross Sales are all proceeds from the sale of coupons, gift certificates or vouchers; provided that at the time such coupons, gift certificates or vouchers are redeemed the retail price thereof shall be added to Gross Sales during the week in which such coupon, gift certificate or voucher is redeemed for the purpose of determining the amount of Gross Sales upon which the royalty fee is due.

4.10 Payment of Additional Fees

Franchisee shall pay such other fees or amounts described in this Agreement.

ARTICLE V
FRANCHISOR'S OBLIGATIONS

Franchisor agrees to provide the services described below with regard to the Restaurant:

5.1 Site-Selection Assistance

Such site-selection assistance as Franchisor may deem advisable.

5.2 On-Site Evaluation

Franchisor (or its designee) will, at the request of Franchisee, provide on-site evaluations for the Restaurant at such time as Franchisor may reasonably determine, but in any event after receipt of all required information and materials concerning such site prepared pursuant to ARTICLE II. If Franchisee requests a site evaluation, then Franchisee shall pay Franchisor's then-current fee and reimburse Franchisor for reasonable travel expenses, including food, lodging and other reasonable out of pocket expenses for each Franchisor representative associated with all additional site inspections.

5.3 Confidential Operations Manual

On loan, one (1) set of confidential operations manuals and such other manuals and written materials as Franchisor shall have developed for use in the Franchised Business (as the same may be revised by Franchisor from time to time, the **"Operations Manual"**), as more fully described in Section 10.1.

5.4 Visits and Evaluations

Visits to the Restaurant and evaluations of the products sold and services rendered therein from time to time as reasonably determined by Franchisor, as more fully described in Section 7.6.4.

5.5 Brand Fund and Promotional Materials

Certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Restaurant at a reasonable cost to Franchisee. Franchisor shall have the right to review and approve or disapprove all advertising and promotional materials that Franchisee proposes to use, pursuant to ARTICLE VIII.

5.6 Management and Operations Advice

Advice and written materials concerning techniques of managing and operating the Restaurant from time to time developed by Franchisor, including new developments and improvements in Restaurant equipment, food products and the packaging and preparation thereof and menu items.

5.7 Products for Resale; Equipment

From time to time and at Franchisor's reasonable discretion, at a reasonable cost, make available for resale to Franchisee's customers certain merchandise identifying the System, such as t-shirts, hats, bumper stickers and other memorabilia, in sufficient amounts to meet customer demand. Similarly, Franchisor may make available from time to time certain Restaurant equipment and décor items at a reasonable cost.

5.8 Approved Suppliers

A list of approved suppliers as described in Section 7.7 from time to time as Franchisor deems appropriate. Such approved suppliers may include Franchisor and/or its Affiliates.

5.9 Initial Training Program

An initial training program ("**Initial Training**") for Franchisee and Franchisee's Management Team (as defined in Section 6.5.1) and other training programs in accordance with the provisions of Sections 6.5.3, 6.5.6, and 6.5.7.

5.10 Opening Assistance

On-site pre-opening and post-opening assistance at the Restaurant in accordance with the provisions of Section 6.5.3.

ARTICLE VI
FRANCHISEE'S AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS

6.1 Best Efforts

Each of Franchisee and the Controlling Principals covenants and agrees that they shall use best efforts to operate the Restaurant so as to achieve optimum sales.

6.2 Representations of Corporate Entity

6.2.1 If Franchisee is a corporation, limited liability company, or partnership, Franchisee and the Controlling Principals represent, warrant and covenant that:

6.2.1.1 Franchisee is duly organized and validly existing under the state law of its formation;

6.2.1.2 Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification;

6.2.1.3 Franchisee's corporate charter, operating agreement, or written partnership agreement shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Restaurant, unless otherwise consented to in writing by Franchisor;

6.2.1.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's corporate power, if Franchisee is a corporation, or if Franchisee is a limited liability company, permitted under its operating agreement, or if Franchisee is a partnership, permitted under Franchisee's written partnership agreement and have been duly authorized by Franchisee;

6.2.2 If Franchisee is a corporation, limited liability company or other entity, copies of Franchisee's articles of incorporation or organization, bylaws, operating agreement, other governing documents, any amendments thereto, resolutions of the directors, managers, partners or other authorized individuals authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of ownership interest of the corporation, and any other documents as may be reasonably required by Franchisor shall be furnished to Franchisor prior to the execution of this Agreement and at such times as requested by Franchisor; or, if Franchisee is a partnership, copies of Franchisee's written partnership agreement, other governing documents and any amendments thereto shall be furnished to Franchisor prior to the execution of this Agreement and at such times as requested by Franchisor, including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if such approval or consent is required by Franchisee's written partnership agreement;

6.2.3 If Franchisee is a corporation, limited liability company, partnership or other form of legal entity other than an individual, the ownership interests in Franchisee are accurately and completely described in Attachment D. Franchisee shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Franchisee or, if Franchisee is a partnership or other form of legal entity, Franchisee shall maintain at all times a current list of all owners of an interest in the partnership or entity. Franchisee shall immediately provide a copy of the updated list of all owners to Franchisor upon the occurrence of any change of ownership and otherwise make its list of owners available to Franchisor upon reasonable written request;

6.2.4 If Franchisee is a corporation, limited liability company, or other legal entity, Franchisee shall maintain stop-transfer instructions against the transfer on its records of any of its equity securities and each certificate representing ownership of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section shall not apply to the transfer of equity securities of a publicly held corporation (as defined in Section 19.18). If Franchisee is a partnership, its written partnership agreement shall provide that ownership of an interest in the partnership is held subject to all restrictions imposed upon assignments by this Agreement;

6.2.5 Within thirty (30) days after the end of each fiscal year, Franchisee must provide Franchisor with the most recent financial statements of Franchisee. Such financial statements shall present fairly the financial position of Franchisee, at the dates indicated therein and with respect to Franchisee, the results of its operations and its cash flow for the years then ended. Franchisee agrees that it shall maintain at all times, during the term of this Agreement, sufficient working capital to fulfill its obligations under this Agreement. Each of the financial statements mentioned above shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. Franchisee and its Controlling Principals hereby warrant that no material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements of Franchisee.

6.2.6 If, after the execution of this Agreement, any individual ceases to qualify as one of Franchisee's Principals (defined in Section 19.18) or if any individual succeeds to or otherwise comes to occupy a position which would, upon designation by Franchisor, qualify him as one of Franchisee's Principals, Franchisee shall notify Franchisor within ten (10) days after any such change and, upon designation of such person by Franchisor as one of Franchisee's Principals or as a Controlling Principal, as the case may be, such individual shall execute such documents and instruments (including, as applicable, this Agreement) as may be required by Franchisor to be executed by others in such positions;

6.2.7 Franchisee's Principals (as defined in Section 19.18) shall each execute and bind themselves to the confidentiality and non-competition covenants set forth in the Confidentiality Agreement and Ancillary Covenants Not to Compete which forms Attachment E to this Agreement (see Sections 10.2.2 and 10.3.4). The Controlling Principals shall, jointly and severally, guarantee Franchisee's performance of all of Franchisee's obligations, covenants and agreements hereunder pursuant to the terms and conditions of the guaranty contained herein, and shall otherwise bind themselves to the terms of this Agreement as stated herein; and

6.2.8 Franchisee and the Controlling Principals acknowledge and agree that the representations, warranties and covenants set forth above in Sections 6.2.1 through 6.2.8 are continuing obligations of Franchisee and the Controlling Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and the Controlling Principals will cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

6.3 Operating Partner and General Manager

6.3.1 Franchisee shall designate and retain at all times an operating partner ("**Operating Partner**") to direct the operation and management of the Restaurant. Franchisee shall designate its Operating Partner concurrently with the execution of this Agreement. The Operating Partner shall be responsible for the daily operation of the Restaurant. The Operating Partner shall be the Franchisee, if the Franchisee is an individual, or one of the Controlling Principals, if the Franchisee is an entity. The Operating Partner shall, during the entire period he serves as Operating Partner, meet the qualifications set forth in Section 6.4.

6.3.2 Franchisee also shall designate and retain at all times a general manager ("**General Manager**") to direct the operation and management of the Restaurant. Franchisee shall designate its General Manager concurrently with the execution of this Agreement. The General Manager and the Operating Partner may be the same individual, but need not be. The General Manager is not required to hold any equity interest in the Franchisee. The General Manager shall be responsible for the daily operation of the Restaurant. The General Manager shall, during the entire period he serves as General Manager, meet the qualifications set forth in Section 6.4.

6.4 Qualifications of Operating Partner and General Manager

6.4.1 The Operating Partner and General Manager shall satisfy Franchisor's educational and business experience criteria as set forth in the Operations Manual or otherwise in writing by Franchisor;

6.4.2 The Operating Partner and General Manager shall devote full time and best efforts to the supervision and management of the Restaurant;

6.4.3 The Operating Partner and General Manager shall be individual(s) acceptable to Franchisor; and

6.4.4 The Operating Partner and General Manager shall satisfy the training requirements set forth in Section 6.5. If, during the term of this Agreement, the General Manager is not able to continue to serve as General Manager, respectively, or no longer qualifies to act as General Manager in accordance with this Section, Franchisee shall promptly notify Franchisor and designate a replacement General Manager within thirty (30) days after the General Manager ceases to serve. The replacement General Manager shall meet all the qualifications listed in this Section 6.4 (including completing all training and obtaining all certifications required by Franchisor). Franchisee shall provide for interim management of the Restaurant until such replacement is so designated, such interim management to be conducted in accordance with the terms of this

Agreement. Any failure to materially comply with the requirements of this Section 6.4.4 shall be deemed a material event of default under Section 17.1.3(p) hereof.

Notwithstanding the foregoing, the requirement for Franchisee to employ a General Manager shall not relieve Franchisee (and Operating Partner) of the responsibility to devote full time and best efforts to the operation of the Restaurant.

6.5 Training

Franchisee agrees that it is necessary to the continued operation of the System and the Restaurant that Franchisee receive such training as Franchisor may reasonably require, and accordingly agrees as follows:

6.5.1 Within the thirty (30) to sixty (60) days immediately prior to the Opening Date, Franchisee's Operating Partner and General Manager designated by Franchisee (collectively, "**Franchisee's Management Team**" and individually, each a "**Designated Manager**"), shall attend and complete, to Franchisor's reasonable satisfaction, Franchisor's initial training program ("**Initial Training**"). The Initial Training Program shall include classroom training and training in an operating Restaurant at such location(s) as may be designated by Franchisor. Franchisor shall provide instructors and training materials for the Initial Training of Franchisee's Management Team at no additional charge to Franchisee. If Franchisee wishes to send additional employees to Franchisor's Initial Training program, whether before the Restaurant opens or while the Restaurant is operating, Franchisee shall pay to Franchisor its then-current training fee for each additional trainee. The current training fee as of the date of this Agreement (which is subject to change) is $5,000 per trainee.

6.5.2 Franchisor shall determine, in its reasonable discretion, whether each Designated Manager has satisfactorily completed Initial Training. If the Initial Training is (a) not completed within the timeframe required by Franchisor, (b) not satisfactorily completed by any Designated Manager, or (c) if Franchisor in its reasonable business judgment, based upon the performance of any Designated Manager(s), determines that the training program cannot be satisfactorily completed by such Designated Manager(s), Franchisee shall, within fifteen (15) days of such written notice from Franchisor, designate a replacement to satisfactorily complete such training. Any Designated Manager subsequently selected by Franchisee shall (i) in the case of an Operating Partner or General Manager, meet the qualifications set forth in Section 6.4 and (ii) in the case of any Designated Manager, receive and complete the Initial Training. Franchisor reserves the right to charge a reasonable fee for any Initial Training provided by Franchisor to any replacement or successor Designated Manager or any other Restaurant personnel for any Initial Training provided to a replacement or successor Designated Manager or other Restaurant personnel. Franchisee shall be responsible for any and all expenses incurred by Franchisee or Franchisee's Management Team and other Restaurant personnel in connection with any Initial Training program, including, without limitation, costs of travel, lodging, meals and wages.

6.5.3 In connection with the opening of the Restaurant, Franchisor shall provide Franchisee with opening assistance by a representative of Franchisor or its designee. The trainers will provide on-site, pre-opening and opening training, supervision, and assistance to Franchisee for a period of up to five (5) days before the Restaurant's opening and five (5) days after. Franchisee agrees to pay our then-current fee for opening assistance and to reimburse Franchisor for the expenses incurred by such trained representative, including, but not limited to, travel, lodging and meals, while providing the opening assistance.

6.5.4 Upon the reasonable request of Franchisee or as Franchisor shall deem appropriate, Franchisor shall, during the Term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's Restaurant personnel. For this additional training and assistance, Franchisee shall pay the daily fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals. The current daily fee as of the date of this Agreement (which is subject to change) is $500 per trainer.

6.5.5 If Franchisor determines that any Designated Manager has not completed the Initial Training program to Franchisor's satisfaction, unless Franchisee selects a replacement Designated Manager as provided in Section 6.5.2, who satisfactorily completes the Initial Training, Franchisor has the right to terminate this Agreement without any compensation or refund of any of the Initial Franchise Fee to Franchisee.

6.5.6 Franchisor reserves the right to conduct an annual meeting of all franchisees in the System to discuss improvements to the System, provide additional training and other similar items. Franchisor may mandate attendance at an annual meeting by Franchisee's Management Team and may require Franchisee's Management Team to pay for the cost of the meeting. Franchisee must pay for its attendees' expenses while attending the annual meeting, including a meeting fee, travel, lodging, meals and wages. Franchisor will hold this meeting when it believes it is prudent to do so.

6.5.7 Franchisee's Management Team and such other Restaurant personnel as Franchisor may designate shall attend such additional training programs and seminars as Franchisor may offer from time to time, if Franchisor requires such attendance. Franchisor reserves the right to impose a reasonable fee for such additional training programs and seminars and, in addition, Franchisee shall be responsible for any and all expenses incurred by Franchisee or Franchisee's Management Team and other Restaurant personnel in connection with such additional training, including, without limitation, costs of travel, lodging, meals, and wages.

6.6 Employees

Franchisee is solely responsible for hiring, firing, compensating (and paying applicable payroll taxes on such compensation), scheduling and day-to-day supervision and control over its employees. Franchisee agrees to take such steps as are necessary to ensure that all employees of Franchisee keep a neat and clean personal appearance, preserve good customer relations (as further set forth in Section 7.12 below), and other System standards as Franchisor shall establish in the Operations Manual, or otherwise in writing. None of Franchisee's employees will be considered employees of the Franchisor. Franchisor will not have the power to hire, fire, control or supervise Franchisee's employees. Any recommendations Franchisor makes, in training, in the Operations Manual, or otherwise, regarding how Franchisee deals with Franchisee's employees are only recommendations that Franchisee may choose whether or not to implement. Franchisee must communicate clearly with Franchisee's employees in Franchisee's employee manuals, human resource materials, written or electronic correspondence, paychecks and other materials that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer or a joint employer. Franchisee agrees that Franchisor's authority under this Agreement does not directly or indirectly vest in Franchisor the power to hire, fire, control or supervise any of Franchisee's employees. Franchisor neither dictates nor controls labor or employment matters for Franchisee or Franchisee's employees.

Franchisee and the Controlling Principals understand that compliance by all franchisees operating under the System with Franchisor's training, development and operational requirements is an essential and material element of the System and that Franchisor and franchisees operating under the System consequently expend substantial time, effort and expense in training management personnel for the development and operation of their respective Restaurants.

6.7 Hours of Operation/Direct Supervision

6.7.1 Franchisee shall keep the Restaurant open and in normal operation for such minimum hours and days as Franchisor may specify in its sole discretion.

6.7.2 The Restaurant shall always be under the direct, on-premises supervision of a manager who has completed Initial Training to Franchisor's satisfaction (a "**Trained Manager**"), unless Franchisor otherwise consents in writing. A Trained Manager must devote his/her entire work time to the management of the Restaurant. In the event a Trained Manager is terminated or otherwise ceases his employment with Franchisor, Franchisee must notify Franchisor in writing immediately and hire a replacement manager within thirty (30) days. Within ten (10) days of hiring, the replacement manager shall participate, at Franchisee's expense, in the Initial Training conducted by Franchisor in accordance with Section 6.5 of this Agreement.

6.8 Compliance with Laws

Franchisee shall comply with all requirements of federal, state and local laws, rules, regulations, and orders, including but not limited to obtaining the appropriate licenses and permits required by Franchisee's local and state government.

Franchisee and its Controlling Principals agree to comply, and to assist Franchisor to the fullest extent possible in its efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and its Controlling Principals certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

6.9 Compliance with All Other Obligations

Franchisee shall comply with all other requirements and perform such other obligations as provided hereunder.

ARTICLE VII
FRANCHISE OPERATIONS

7.1 Compliance with Standards

Franchisee understands and acknowledges the importance of maintaining uniformity among all of the Restaurants in the System and the importance of complying with all of Franchisor's standards and specifications relating to the operation of the Restaurant. Franchisor reserves the right to require all Franchisee to offer all menu items at prices not to exceed the prices published from time to time, to the extent permissible under applicable laws. Franchisor also reserves the right to require Franchisee to offer all promotions specified by Franchisor.

7.2 Maintenance of Restaurant

Franchisee shall maintain the Restaurant (including adjacent public areas and parking lots) throughout the entire Term in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment (including, but not limited to, POS Systems or computer hardware and software systems), and décor as Franchisor may reasonably direct in order to maintain system-wide integrity and uniformity. Franchisee shall also obtain, at Franchisee's cost and expense, any new or additional equipment (including POS Systems or computer hardware and software systems), fixtures, supplies and other products and materials which may be reasonably required by Franchisor for Franchisee to offer and sell new menu items from the Restaurant or to provide the Restaurant services by alternative means. Except as may be expressly provided in the Operations Manual, no material alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures or furnishings shall be made in or about the Restaurant or the Accepted Location without the prior written approval of Franchisor, which shall not be unreasonably withheld.

7.3 Remodeling and Redecorating

7.3.1 Franchisor may require Franchisee to renovate or remodel the Restaurant ("**Remodeling**") in order to improve the appearance and efficient operation of the Restaurant, comply with the prevailing brand image of System Restaurants, or comply with System standards and/or applicable law. Without limiting the foregoing, Remodeling may include (i) the incorporation of updated design, trade dress, color schemes and presentations of the Marks in a manner consistent with the then-current image for new Restaurants entering the System; (ii) replacement of worn out obsolete equipment (POS Systems or computer hardware and software systems), fixtures, furniture, signs, supplies and other products and materials required for the operation of the Restaurant; (iii) the substitution of new or improved equipment (including POS Systems or computer hardware and software systems), fixtures, furniture, signs, supplies and other products and materials required for the operation of the Restaurant; (iv) redecorating the interior of the Restaurant or (v) reasonable structural modifications to the Restaurant.

7.3.2 Franchisor shall complete all required Remodeling within the time period prescribed by the Franchisor.

7.3.3 Franchisor will not require Franchisee to complete a Remodeling of the Restaurant during the first five (5) years after the Effective Date or during the last year of the Term except as required in order to qualify for a Successor Franchise Agreement. Franchisor also will not require Franchisee to complete a Remodeling more than once every five (5) years. Notwithstanding the foregoing, Franchisor may, without limitation, require Franchisees to (a) purchase additional equipment that is required in a majority of all System Restaurants, if Franchisor develops and authorizes new food preparation or service methods or products, specifically including but not limited to POS Systems as defined in Section 7.4.1; (b) make any and all repairs necessary to maintain the interior and exterior of the Restaurant in a clean and orderly condition satisfactory to Franchisor as required by Section 7.2; or (c) complete any required repairs or renovations upon any transfer of the Restaurant pursuant to ARTICLE XIV.

7.4 Computer System

7.4.1 Franchisee shall purchase and maintain a computer and POS System, as designated by Franchisor, from the supplier designated by Franchisor pursuant to Section 7.7 below, to be used in the operation of the Restaurant and for reporting purposes.

7.4.2 Franchisee shall update and upgrade the POS System as required by Franchisor. Franchisor may require Franchisee to enter into a separate maintenance and/or support agreement for Franchisee's POS System at any time, at Franchisee's sole cost and expense.

7.4.3 Franchisee shall record all sales at or from the Accepted Location or arising out of the Franchised Business at the time of sale, in accordance with Franchisor's procedures and on the POS System.

7.4.4 Franchisee shall comply with such requirements determined by Franchisor from time to time regarding maintenance, training, storage and safeguarding of data, records, reports and other matters relative to the POS System.

7.4.5 Franchisee shall install and maintain high-speed Internet access or other means of electronic communication as specified by Franchisor in the Operations Manual to permit Franchisor to access and retrieve any information stored on the POS System (or other computer hardware and software) Franchisee is required to utilize at the Restaurant premises.

7.4.6 Franchisor has the right to independently access any and all information on Franchisee's POS System at any time, without first notifying Franchisee. Without limiting the generality of the foregoing, Franchisee shall, at Franchisee's sole cost and expense, permit Franchisor immediate access to Franchisee's POS System, electronically or otherwise, at all times without prior notice to Franchisee. Franchisor shall have the right to use the information accessed on the POS System in any manner Franchisor determines, including the right to use any and all such information in Franchisor's Franchise Disclosure Document, and to share financial statements, including profit and loss statements, with other System franchisees.

7.4.7 Franchisee shall provide Franchisor access to any information collected from customers in connection with the Restaurant ("**Customer Data**") immediately upon request. Franchisee shall have the right to use Customer Data during the Term of this Agreement only in connection with the operation of the System in accordance with the policies and procedures that Franchisor may establish from time to time, which may include, without limitation, restrictions on the types of data that Franchisee may collect and/or use. Franchisee shall not sell or transfer Customer Data, or otherwise use Customer Data for any purpose other than the operation of the Restaurant. Franchisee shall comply with all applicable laws pertaining to the privacy of Customer Data or pertaining to the privacy of employee or transactional information.

7.4.8 At all times, Franchisee shall maintain credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, and electronic-fund-transfer systems that Franchisor designates as mandatory, and Franchisee must not use any such services or providers that Franchisor has not approved in writing or for which Franchisor has revoked its approval. Franchisor has the right to modify its requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke its approval of any service provider. Franchisee must comply with all credit-card policies, including minimum purchase requirements for a customer's use of a credit card as prescribed in the Operations Manual. Franchisee must comply with the Payment Card Industry Data Security Standards ("**PCI DSS**") as they may be revised and modified by the Payment Card Industry Security Standards Council (see www.pcisecuritystandards.org), or such successor or replacement organization and/or in accordance with other standards as Franchisor may specify, and the Fair and Accurate Credit Transactions Act ("**FACTA**"). Franchisee shall also upgrade periodically its POS System and related software, at its expense, to maintain compliance with PCI DSS, FACTA, and all related laws and regulations.

7.5 Gift Card and Loyalty Program

7.5.1 Franchisee shall participate in and comply with all terms and conditions of any gift card and/or loyalty programs designated by Franchisor ("collectively, "**Gift Cards**"). In connection with any such program(s), Franchisee may be required to, among other things: (i) enter into a Gift Card terms and conditions agreement with a designated supplier; (ii) purchase card processing machines and a specified quantity of Gift Cards; (iii) pay a transaction processing fee; and (iv) pay an ongoing maintenance and/or service fee.

7.5.2 Franchisee shall fully honor all Gift Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisee or another Secret Burger Kitchen Restaurant or Kitchen. Franchisee shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by Franchisor in the Operations Manual or otherwise in writing.

7.5.3 Without limiting the generality of Franchisee's indemnification obligations set forth in this Agreement, Franchisee acknowledges that Franchisee's indemnification obligations include any and all claims related to Gift Cards issued by Franchisee in connection with the operation of the Restaurant.

7.6 Operation of Restaurant in Compliance with Franchisor's Standards

To ensure that the highest degree of quality and service is maintained, Franchisee shall operate the Restaurant in strict conformity with such methods, standards and specifications of Franchisor set forth in the Operations Manual and as may from time to time otherwise be prescribed in writing. In particular, Franchisee also agrees:

7.6.1 To sell, offer for sale, or otherwise use in the Restaurant all food and beverage products, ingredients, materials, packaging, supplies, paper goods and non-food merchandise and items ("**<u>Products</u>**") and services that Franchisor requires and approves, and to sell, offer for sale, or otherwise use such Products and services only in the method, manner and style of distribution expressly prescribed by Franchisor in the Operations Manual or otherwise in writing.

7.6.2 To sell and offer for sale only the Products and services that have been expressly approved for sale in writing by Franchisor; to refrain from deviating from Franchisor's standards and specifications without Franchisor's prior written consent; and to discontinue selling and offering for sale any Products or services which Franchisor may, in its sole discretion, disapprove in writing at any time.

7.6.3 To maintain in sufficient supply and to use and sell at all times only such Products that conform to Franchisor's standards and specifications; to prepare all menu items in accordance with Franchisor's recipes and procedures for preparation contained in the Operations Manual or other written directives, including, but not limited to, the prescribed measurements of ingredients; and to refrain from deviating from Franchisor's standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without Franchisor's prior written consent.

7.6.4 To permit Franchisor or its agents (including third-party vendors) during normal business hours, to remove a reasonable number of samples of food or non-food items from Franchisee's inventory or from the Restaurant, without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether such samples meet Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform with Franchisor's reasonable specifications.

7.6.5 To purchase or lease and install, at Franchisee's expense, all fixtures, furnishings, equipment, décor items, signs, delivery/catering vehicles, and related items (collectively, "**<u>Equipment and Furnishings</u>**") as Franchisor may reasonably direct from time to time in the Operations Manual or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Restaurant premises, without Franchisor's prior written consent, any Equipment and Furnishings not previously approved as meeting

Franchisor's standards and specifications. If any Equipment and Furnishings is leased by Franchisee from a third party, such lease shall be approved by Franchisor, in writing, prior to execution. Franchisor's approval shall be conditioned upon such lease containing a provision which permits any interest of Franchisee in the lease to be assigned to Franchisor upon the termination or expiration of this Agreement and which prohibits the lessor from imposing an assignment or related fee upon Franchisor in connection with such assignment.

7.6.6 To grant Franchisor and its agents the right to enter upon the Restaurant premises and any delivery/catering vehicle, if applicable, during normal business hours, for the purpose of conducting inspections; to cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge Franchisee a reasonable fee for Franchisor's expenses in so acting, payable by Franchisee immediately upon demand.

7.6.7 To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code and customer service standards as Franchisor may reasonably prescribe from time to time.

7.6.8 To honor all credit, charge, courtesy or cash cards or other credit devices required or approved by Franchisor. The Franchisee must obtain the written approval of Franchisor prior to honoring any previously unapproved credit, charge, courtesy or cash cards or other credit devices.

7.7 Approved Suppliers

7.7.1 Franchisee shall purchase all services and items, including, without limitation, Products, inventory, services, Equipment and Furnishings, and supplies only from distributors and suppliers that Franchisor has approved or designated.

7.7.2 Franchisor will provide Franchisee with a list of designated or approved suppliers, which Franchisor has the right to change at any time in its sole and absolute discretion. Franchisor has the right to revoke its approval of any approved or designated supplier at any time, in which event, Franchisee shall immediately cease from purchasing or acquiring any items from any such disapproved supplier. Franchisor reserves the right to become an approved supplier, or the only approved supplier for any item or service.

7.7.3 If Franchisee wishes to purchase any items, Products, Equipment and Furnishings, merchandise, or supplies from any supplier which has not previously been approved by Franchisor, Franchisee may request Franchisor's approval of the supplier using the process below:

7.7.3.1 In order to be approved: (i) the product or service offered by the proposed supplier must conform in every respect to Franchisor's standards and specifications, and the supplier must have a good business reputation and be able and willing to provide sufficient quantities of the product or service to Franchisee; and (ii) the proposed supplier must provide Franchisor with any information Franchisor reasonably requests in order to analyze the supplier's or distributor's suitability, and the composition and conformity of the product or service to Franchisor's standards. Franchisor shall have the right to require that its representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered, either to Franchisor or to an independent laboratory designated by Franchisor, for testing. Franchisor expects that the cost of testing will range from $1,000 to $5,000 depending on the complexity of the products or services. Franchisee or the supplier will be responsible for all costs and expenses Franchisor incurs in the testing and approval process.

7.7.3.2 Franchisor cannot predict with any certainty how long Franchisor's evaluation will take; however, Franchisor will use its best efforts to complete the evaluation within sixty (60) days of Franchisee's written request. Upon the completion of the evaluation, Franchisor will inform Franchisee whether Franchisor will approve the proposed supplier. If Franchisor approves the supplier, the supplier will be added to Franchisor's approved list; however, Franchisor's approval of a supplier relates only to the item or product line evaluated and specifically approved by Franchisor.

7.7.3.3 The proposed supplier must agree to provide Franchisor with reports concerning all purchases made by Franchisee or other franchisees of the System. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria.

7.7.4 Franchisor's standards, specifications and other criteria for supplier or distributor approval have been developed by Franchisor through the expenditure of extensive work and time and are considered confidential information. Therefore, Franchisor has no obligation whatsoever to make its standards and specifications, or Franchisor's other criteria for supplier or distributor approval, available to Franchisee or proposed or approved suppliers.

7.7.5 Nothing in this Section 7.7 shall be construed to require Franchisor to approve any particular supplier.

7.8 Proprietary Products

Franchisee acknowledges and agrees that Franchisor has developed, and may continue to develop, for use in the System certain products which are prepared from confidential proprietary recipes and which are trade secrets of Franchisor and other proprietary products bearing the Franchisor's Marks, including the SBK Sauce and the Secret Burger Seasoning Blend. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that Franchisor closely controls the production and distribution of such products. Accordingly, Franchisee agrees that it shall use only Franchisor's secret recipes and proprietary products and shall purchase all of Franchisee's requirements for such products solely from Franchisor or from a source designated by Franchisor, which Franchisee acknowledges may be Franchisor's affiliate. Franchisee further agrees to purchase from Franchisor, its affiliate or another designated source for resale to Franchisee's customers certain merchandise identifying the System as Franchisor shall require, such as t-shirts, hats, and other memorabilia and promotional products, in amounts sufficient to satisfy Franchisee's customer demand.

7.9 Franchisor's Right to Derive Revenue and Consideration

Franchisee acknowledges and agrees that Franchisor reserves the right to derive income, consideration, payments and other material benefits on account of Franchisee's purchase, lease, or license and any other franchisee's purchase, lease, or license, of any item or service, including, without limitation, Equipment and Furnishings, Products, services and other items from Franchisor or any supplier, including approved suppliers and designated suppliers. This income may be derived in any form, including as a rebate from suppliers based on the quantity of System franchisee purchases. Franchisor may use these benefits for any purpose Franchisor deems appropriate. Franchisor is not obligated to remit any benefits to Franchisee and reserves the right to retain all such benefits. Franchisor does not guarantee the availability of independent sources of supply for any particular item, Product or service required to establish or operate the Restaurant.

7.10 Purchasing Programs

Franchisor shall have the right, in its discretion, to designate any geographical area for purposes of establishing a purchasing program ("**Purchasing Program**"). If a Purchasing Program applicable to the Restaurant has been established as of the Opening Date, or is established at any time during the Term, Franchisee shall immediately participate in the Purchasing Program, unless prohibited by applicable law.

7.11 Brand Fund and Promotional Materials

Franchisee shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business), and other items which may be designated by Franchisor to bear the Marks in the form, color, location and manner prescribed by Franchisor, including, without limitation, notations about the ownership of the Marks. Franchisee shall further comply with the advertising and promotional obligations set forth in ARTICLE VIII.

7.12 Customer Relations

Franchisee shall take such steps as are necessary to ensure that Franchisee and Franchisee's employees preserve good customer relations and render competent, prompt, courteous and knowledgeable service. Franchisee and Franchisee's employees shall handle all customer complaints, refunds and other adjustments in a manner that will not detract from the name and goodwill of Franchisor, and as may be prescribed in writing by Franchisor. If Franchisee fails to do so, and Franchisor elects to provide customer-relation services directly to Franchisee's customers, Franchisee shall pay to Franchisor its then current hourly rate for all Franchisor-designated personnel providing such services.

7.13 Complaints

Franchisee shall process and handle all customer complaints connected with or relating to the Restaurant, violations of law or infractions cited by a regulatory authority and shall promptly notify Franchisor by telephone and in writing of all of the following: (i) food related illnesses, (ii) environmental, safety, alcohol beverage control or health inspections or violations, (iii) claims exceeding Five Hundred Dollars ($500.00), and (iv) any other material claims against or losses suffered by Franchisee. Franchisee shall maintain for Franchisor's inspection any governmental or trade association inspection reports affecting the Restaurant or equipment located in the Restaurant during the term of this Agreement and for thirty (30) days after the expiration or earlier termination hereof.

7.14 Power of Attorney for Telephone Listings, etc.

Upon the execution of this Agreement or at any time thereafter, Franchisee shall, at the option of Franchisor, execute such forms and documents as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to Franchisor only upon the termination or expiration of this Agreement, as required under Section 18.15: (i) all rights to the telephone numbers of the Restaurant and any related and other business listings; and (ii) Internet listings, domain names, Internet accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usages related to the Franchised Business. This power of attorney shall survive expiration or termination of this Agreement.

Franchisee agrees that it has no authority to and shall not establish any website or listing on the Internet or World Wide Web without the express written consent of Franchisor, which consent may be denied without reason and may be conditioned upon Franchisor having administrative access to any such site or listing.

7.15 Tax Returns

Franchisee must provide to Franchisor copies of all federal, state and local tax returns within thirty (30) days of their submission to the appropriate taxing authority.

7.16 Unapproved Products and Services

In the event Franchisee sells any Products or performs any services that Franchisor has not prescribed, approved or authorized, Franchisee shall, immediately upon notice from Franchisor: (i) cease and desist offering or providing the unauthorized or unapproved Products or from performing such services and (ii) pay to Franchisor, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars ($250) per day for each day the unauthorized Product or service is offered or provided by Franchisee after written notice from Franchisor. The prohibited product or service fine shall be in addition to all other remedies available to Franchisor under this Agreement or at law.

7.17 Mystery Shopper Service

Franchisor may designate an independent evaluation service to conduct a "mystery shopper" quality control and evaluation program with respect to Franchisor or affiliate-owned and/or franchised Restaurants. Franchisee agrees that the Restaurant will participate in such mystery shopper program, as prescribed and required by Franchisor. Franchisor shall have the right to require Franchisee to pay the then-current charges imposed by such evaluation service with respect to inspections of the Restaurant, either directly to the provider of the service or to Franchisor, as reimbursement of the cost of such service provided to Franchisor, and Franchisee agrees that it shall promptly pay such charges; provided, however, that such charges shall not exceed Five Hundred Dollars ($500) during each calendar month of the Term.

7.18 Quality Assurance Audits

Franchisor may designate an independent evaluation service to conduct, on a periodic basis, but no more than four times per each calendar year, a quality assurance audit with respect to Franchisor or affiliate-owned and/or franchised Restaurants to determine whether the Restaurant premises are in conformance with Franchisor's standards and specifications. Franchisee agrees that the Restaurant will participate in quality assurance program, as prescribed and required by Franchisor. Franchisor shall have the right to require Franchisee to pay the then-current charges imposed by such quality assurance service with respect to inspections of the Restaurant and Franchisee agrees that it shall promptly pay such charges; provided, however, that such charges shall not exceed Five Thousand Dollars ($5,000) per year of the Term.

7.19 Customer Surveys

Franchisee shall participate in all customer surveys and satisfaction audits, which may require that Franchisee provide discounted or complimentary products. Additionally, Franchisee shall participate in any complaint resolution and other programs as Franchisor may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

ARTICLE VIII
ADVERTISING AND RELATED FEES

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

8.1 Participation in Promotions

Franchisee shall participate in all national, regional, or local advertising and promotional activities Franchisor requires. Franchisee acknowledges that Franchisor may frequently implement promotions such as discount programs, coupons, frequent customer or loyalty cards, special menu promotions and other activities designed to enhance customer awareness and build traffic at Restaurants on a national, regional or local level. Franchisee acknowledges that its participation in these programs is essential to their success and that Franchisee's participation may entail some cost to Franchisee. Franchisee agrees that Franchisor has no obligation to reimburse Franchisee for any costs Franchisee incurs due to Franchisee's mandatory participation in these promotional programs.

8.2 Local Advertising

In addition to the ongoing advertising contributions set forth herein and, subject to any allocation of Franchisee's expenditures for local advertising to the Brand Fund as described in Section 8.3, Franchisee shall spend, for the first year of the Term of this Agreement, not less than one percent (1.0%) of Gross Sales each week on advertising for the Restaurant in its Protected Territory ("**Local Advertising**"). Franchisee shall submit to Franchisor, within thirty (30) days of Franchisor's request, advertising expenditure reports accurately reflecting Franchisee's Local Advertising expenditures, including verification copies of all advertising and any other information that Franchisor requires. In addition to the restrictions set forth below, costs and expenditures incurred by Franchisee in connection with any of the following shall not be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing:

8.2.1 Incentive programs for employees or agents of Franchisee; including the cost of honoring any coupons distributed in connection with such programs;

8.2.2 Marketing research expenditures;

8.2.3 Salaries and expenses of any employees of Franchisee, including salaries or expenses for attendance at advertising meetings or activities;

8.2.4 In-store materials consisting of fixtures or equipment; and

8.2.5 Seminar and educational costs and expenses of employees of Franchisee.

8.3 Brand Fund

Franchisor reserves the right to establish and administer a Brand Fund for the purpose of advertising the System on a regional or national basis (the "**Brand Fund**"). Upon thirty (30) days' advance notice from Franchisor that the Brand Fund has been established, Franchisee agrees to contribute three percent (3%) of the Gross Sales of the Restaurant for each week to the Brand Fund ("**Brand Fund Fee**"). The Brand Fund Fee shall be paid in accordance with Section 4.3. Franchisee agrees that the Brand Fund shall be maintained and administered by Franchisor or its designee as follows:

8.3.1 Franchisor shall direct all advertising programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Restaurants operating under the System. Franchisor and its Affiliates shall, with respect to Restaurants operated by them, contribute to the Brand Fund generally on the same basis as Franchisee. In administering the Brand Fund, Franchisor and its designees undertake no obligation to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising.

8.3.2 Franchisee agrees that the Brand Fund, and any and all earnings of the Brand Fund, may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; development and maintenance of a website, internet marketing; public relations activities; employing advertising agencies to assist therein; and costs of Franchisor's personnel and other departmental costs for advertising that is internally administered or prepared by Franchisor). All sums paid by Franchisee to the Brand Fund shall be maintained in a separate account by Franchisor and may be used to defray any of Franchisor's general operating expenses, as described above, as Franchisor may incur in activities reasonably related to the administration or direction of the Brand Fund and advertising programs for franchisees and the System. The Brand Fund and its earnings shall not otherwise inure to the benefit of Franchisor. The Brand Fund is operated solely as a conduit for collecting and expending the Brand Fund Fees as outlined above and Franchisor does not act in a fiduciary capacity for the Franchisee in relation to the Brand Fund. Franchisor makes no representations or warranties regarding the effectiveness of any advertising and marketing activities funded by the Brand Fund Fee and Franchisor has no liability to Franchisee with respect to how the Brand Fund Fee is spent.

8.3.3 Franchisee expressly acknowledges that the Brand Fund may be used to pay administrative expenses to Franchisor or its designee in an amount not to exceed fifteen percent (15%) of all the Brand Fund Fees contributed by System Restaurants to the Brand Fund on an annual basis. Administrative expenses may include amounts equivalent to salaries, travel and other expenses of Franchisor's or its designee's employees whose services are provided to further the purposes and efforts of the Brand Fund for System Restaurants.

8.3.4 Brand Fund Fees contributed to the Brand Fund may also be used to provide rebates or reimbursements to Franchisee for local expenditures on products, services or improvements, approved in advance by Franchisor, which Franchisor believes will promote general public awareness and favorable support for the System.

8.3.5 A statement of the operations of the Brand Fund shall be prepared annually by Franchisor and shall be made available to Franchisee upon written request. The Brand Fund will not be audited, unless Franchisor elects to require an audit, in which event all expenses for the audit will be paid out of Brand Fund Fees contributed to the Brand Fund.

8.3.6 Any monies remaining in the Brand Fund at the end of any year will carry over to the next year, net of any applicable income taxes. Franchisor expects to use any interest or other earnings of the Brand Fund before using current contributions but is not obligated to do so. Although the Brand Fund is intended to be of perpetual duration, Franchisor may terminate the Brand Fund. The Brand Fund shall not be terminated, however, until all monies in the Brand Fund have been expended for advertising or promotional purposes or returned to contributing Franchised Businesses or those operated by Franchisor, without interest, on the basis of their respective contributions.

8.3.7 If Franchisor terminates the Brand Fund, Franchisor may, in its sole discretion, reinstate the Brand Fund at any time, and Franchisee agrees to contribute to said reinstated Brand Fund as described herein.

8.4 Use of Brand Fund Fee for Local Marketing Purposes

In lieu of or in addition to establishment of the Brand Fund, Franchisor reserves the right to require that some or all of the Brand Fund Fee be used directly by Franchisee for marketing, advertising, sponsorships, public relations or promotions specifically directed to or featuring the Restaurant ("**Local Marketing Purposes**"). If Franchisor elects to have Franchisee directly spend a portion of the Brand Fund Fee for Local Marketing Purposes, Franchisee shall submit to Franchisor, on a quarterly basis, a marketing plan, which plan shall be subject to Franchisor's approval, and which shall specifically describe how Franchisee proposes to spend the designated portion of the Brand Fund Fee for Local Marketing Purposes for each quarter of the calendar year. If Franchisee fails to spend the designated amount for Local Marketing Purposes as Franchisor directs, Franchisor shall have the right, in addition to any and all other rights and remedies available under this Agreement or applicable law, to require Franchisee to immediately pay all sums Franchisee was required to but failed to expend (i) to the Brand Fund or (ii) to Franchisor to be used for Local Marketing Purposes.

8.5 Cooperative Funds

Franchisor may, in its discretion, create a regional advertising cooperative in any area, and establish the rules and regulations therefor. Immediately upon the Franchisor's request, Franchisee must become a member of the Cooperative for the area in which some or all of Franchisee's Territory is located. In no event may the Restaurant be required to be a member of more than one cooperative. The Cooperative must be governed in the manner Franchisor prescribes. The Cooperative may require each of its members to make contributions thereto not to exceed two percent (2%) of such member's Gross Sales. Any funds contributed to a regional advertising cooperative will be credited against the Franchisee's obligation to pay for Local Advertising as set forth in Section 8.2 above. The following provisions apply to each cooperative:

8.5.1 the Cooperative must be organized and governed in a form and manner, and commence operation on a date that the Franchisor approves in advance in writing;

8.5.2 the Cooperative must be organized for the exclusive purpose of administering advertising programs and developing, subject to the Franchisor's approval, standardized promotional materials for the members' use in Local Advertising within the Cooperative's area;

8.5.3 the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by the Franchisor and must not restrict or expand the Franchisee's rights or obligations under this Agreement;

8.5.4 except as otherwise provided in this Agreement, and subject to the Franchisor's approval, any lawful action of the Cooperative (including, without limitation, imposing assessments for Local Advertising) at a meeting attended by members possessing more than fifty percent (50%) of the total voting power in the Cooperative is binding upon the Franchisee if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each Restaurant, whether franchised or owned by Franchisor or its Affiliates, having one (1) vote, but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of Restaurants owned;

8.5.5 without the Franchisor's prior written approval, the Cooperative may not use, nor furnish to its members, any advertising or promotional plans or materials; all such plans and materials must be submitted to the Franchisor in accordance with the procedure set forth in Section 8.5;

8.5.6 the Cooperative may require its members to periodically contribute to it in such amounts as it determines, subject to the limit set forth in the first paragraph of this Section 8.5;;

8.5.7 no later than the fifteenth (15^{th}) day of each month, each member/franchisee must submit its contribution under Section 8.5.6 for the preceding calendar month to the Cooperative, together with such other statements or reports as the Franchisor or the Cooperative may require, with the Franchisor's prior written approval;

8.5.8 If an impasse occurs because of a Cooperative members' inability or failure, within forty-five (45) days, to resolve any issue affecting the Cooperative's establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to the Franchisor for consideration, and its resolution of such issue is final and binding on all Cooperative members; and

8.5.9 the Cooperative will render quarterly and annual advertising expenditure reports (and such other financial statements as the Franchisor may require) to the Franchisor.

8.6 Conduct of Advertising; Approval of Brand Fund Materials

8.6.1 Franchisee shall not solicit customers and/or advertise outside of the Protected Territory except to the extent that Franchisee has received Franchisor's prior written authorization, which may be granted or withheld in Franchisor's sole discretion. Franchisor may condition its authorization on, among other things, Franchisee's agreement to offer other System franchisees who are operating Restaurants in territories encompassed by the circulation base of the proposed advertising, the opportunity to participate in, and share the expense of, such solicitation and/or advertising. Notwithstanding the foregoing, Franchisee is not required to obtain Franchisor's prior written authorization to use or circulate an advertisement outside of the Protected Territory provided that such advertisement is a general System advertisement and does not identify or promote Franchisee's particular Restaurant, and provided, further, that Franchisor has approved the form and content of the advertising materials in accordance with Section 8.6.2 below.

8.6.2 All advertising and promotion by Franchisee in any medium shall be conducted in a professional manner, shall prominently display the Marks and shall conform to the standards and requirements of Franchisor as set forth in the Operations Manual or otherwise. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the twelve (12) months prior to their proposed use. Franchisee shall submit such unapproved plans and materials to Franchisor, and Franchisor shall have fifteen (15) days to notify Franchisee of its approval or disapproval of such materials. If Franchisor does not provide its specific approval of the proposed materials within this 15-day period, the proposed materials are deemed to be not approved. Any plans and materials that Franchisee submits to Franchisor for its review will become Franchisor's property and there will be no restriction on Franchisor's use or dissemination of such materials. Franchisee shall further obtain Franchisor's prior written approval before using any of the Marks on any item, including signs, stationary, business cards, forms and other supplies.

8.6.3 Franchisor reserves the right to require Franchisee to include certain language on all advertising to be used locally by Franchisee, including, but not limited to, "Franchises Available" and reference to Franchisor's telephone number and/or website.

8.7 Pricing

Franchisor reserves the right, subject to compliance with applicable laws, to require Franchisee to offer all menu items at prices not to exceed the prices Franchisor publishes from time to time, effective upon written notice to Franchisee. Franchisor reserves the right to prohibit Franchisee from charging prices lower than Franchisor's published menu prices for any item, to the maximum extent permitted by applicable law.

8.8 Grand Opening Advertising

Franchisee must spend a minimum of five thousand dollars ($5,000) on a grand opening advertising campaign ("**Grand Opening Campaign**") to advertise the opening of the Restaurant. The Grand Opening Campaign shall be conducted in the forty-five (45) day period comprising the fifteen (15) days prior to and thirty (30) days following the Opening Date. Franchisor may designate an approved supplier of local advertising and marketing services and may require Franchisee to engage such supplier's services in connection with the Grand Opening Campaign. Franchisee shall prepare and submit to Franchisor a written plan detailing the Grand Opening Campaign containing such information as Franchisor may require in its Operations Manual no later than sixty (60) days before the Restaurant opens for business. Franchisor shall review such plan and either approve or disapprove such plan within fifteen (15) days of Franchisor's receipt of the plan. Within four (4) months of the Opening Date, Franchisee must furnish Franchisor such evidence as Franchisor may reasonably require verifying Franchisee's compliance with the Grand Opening Campaign requirements.

8.9 Minimum Requirements Only

Franchisee acknowledges that the required contributions and expenditures set forth in this ARTICLE VIII are minimum requirements only, and that Franchisee may expend additional funds for advertising, marketing and promotion of the Restaurant.

8.10 Websites

As used in this Agreement, the term "Website" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, Franchisee agrees to the following:

8.10.1 Franchisor shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Marks, Secret Burger Kitchen Restaurants and Kitchens, and any or all of the products offered at Restaurants and Kitchens, the franchising of Secret Burger Kitchen Restaurants and Kitchens, and/or the System. Franchisor shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; Franchisor shall also have the right to discontinue operation of the Website.

8.10.2 Franchisor shall have the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the Franchised Business, with such web page(s) to be located within Franchisor's Website, and Franchisee shall pay Franchisor's then-current fee to establish such web page. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance and content of any such web pages; and Franchisor shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

8.10.3 Franchisee shall not establish a separate Website without Franchisor's prior written approval (which Franchisor shall not be obligated to provide). If approved to establish a Website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such Website. Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement and will be subject to (among other things) Franchisor's approval under this ARTICLE VIII.

8.10.4 Without limiting Franchisor's rights under this Section 8.10 or Section 9.3.5, Franchisee acknowledges that it is strictly prohibited from promoting the Restaurant on any social, networking or peer-review Website, including Facebook, Instagram, Yelp, Google Business, Tripadvisor, LinkedIn, Twitter, Pinterest, Groupon, LivingSocial, or any similar sites, without Franchise's prior written consent in each instance. Franchisor may withhold or revoke its consent under this subsection for any reason. As a condition of granting any consent, Franchise shall have the right to establish any requirement Franchisor deems appropriate

8.10.5 Franchisor shall have the right to modify the provisions of this Section 8.10 relating to Websites as Franchisor shall solely determine is necessary or appropriate upon prior written notice to Franchisee.

8.11 On-line Ordering

Franchisee agrees to use the on-line ordering system mandated by Franchisor, as such may exist or may be amended from time to time. Franchisee agrees to pay any and all fees required by Franchisor's approved supplier for such system, and to comply with all policies and procedures pertaining to such system. Franchisee agrees to adhere to the pricing specified by Franchisor on the online ordering system, unless Franchisor has given Franchisee written permission to do otherwise.

ARTICLE IX
TRADEMARKS

9.1 Use of Marks

The Marks are owned by Franchisor. Franchisor grants Franchisee the right to use the Marks and Trade Dress during the term of this Agreement only in the manner authorized by Franchisor. Any unauthorized use of the Marks or Trade Dress shall constitute an infringement of Franchisor's rights.

9.2 Limited License

Franchisee expressly understands and acknowledges that:

9.2.1 Franchisee shall have the right to use the Marks and Trade Dress only (i) at the Accepted Location and in connection with the operation of the Restaurant in strict accordance with the terms of this Agreement, the Operations Manual, and Franchisor's standards and specifications, and (ii) in connection with the advertising and/or promotion of the Restaurant in strict accordance with the terms of this Agreement, the Operations Manual and Franchisor's standards and specifications.

9.2.2 Nothing in this Agreement grants Franchisee the right to offer or sell products or services from any location other than the Accepted Location or by any other means, including, without limitation, catalog or mail order sales, internet sales (or the like), without Franchisor's prior written consent, which may be given or withheld by Franchisor in its sole and absolute discretion.

9.2.3 In the event Franchisor is the licensee of the owner of all right, title and interest in and to the Marks, Trade Dress and the goodwill associated with and symbolized by them, any references in this ARTICLE IX to Franchisor's rights, title and interest in and to the Marks and Trade Dress shall be deemed to include the rights, title and interest of the owner of the Marks and Trade Dress. Franchisee's use of the Marks and Trade Dress pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Marks and Trade Dress, except the license granted by this Agreement. Franchisee shall not represent in any manner that it has acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of Franchisee's use of any of the Marks or Trade Dress.

9.2.4 Neither Franchisee nor any Controlling Principal shall take any action that would prejudice or interfere with the validity of Franchisor's rights with respect to the Marks.

9.2.5 The limited license to use the Marks granted hereby applies only to such Marks as are designated by Franchisor, and which are not subsequently designated by Franchisor as being withdrawn from use, together with those which may hereafter be designated by Franchisor in writing.

9.2.6 Any and all goodwill arising from Franchisee's use of the Marks and the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Marks.

9.2.7 Franchisee shall not contest the validity of or Franchisor's interest in the Marks or assist others to contest the validity of Franchisor's interest in the Marks.

9.2.8 Any unauthorized use of the Marks shall constitute an infringement of Franchisor's rights in the Marks and a material event of default hereunder. Franchisee agrees that it shall provide Franchisor with all assignments, affidavits, documents, information and assistance Franchisor reasonably requests to fully vest in Franchisor all such rights, title and interest in and to the Marks, including all such items as are reasonably requested by Franchisor to register, maintain and enforce such rights in the Marks.

9.2.9 If it becomes advisable at any time, in Franchisor's discretion, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then Franchisee shall be obligated to comply with any such instruction by Franchisor. Franchisor shall not have any obligation in such event to reimburse Franchisee for its documented expenses of compliance. Franchisee waives any other claim arising from or relating to any Mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any Mark addition, modification, substitution or discontinuation. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

9.3 Limitation on Use of Marks

With respect to Franchisee's franchised use of the Marks pursuant to this Agreement, Franchisee further agrees that:

9.3.1 Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Restaurant only under the name "Secret Burger Kitchen" without prefix or suffix. Franchisee shall not use the Marks as part of its corporate or other legal name and shall obtain the Franchisor's approval of such corporate or other legal name prior to filing it with the applicable state authority.

9.3.2 During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as the owner of the Restaurant in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Restaurant or any delivery vehicle as Franchisor may designate in writing.

9.3.3 Franchisee shall not use the Marks to incur any obligation or indebtedness on behalf of Franchisor;

9.3.4 Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

9.3.5 Franchisee shall not develop, create, generate, own, license, lease or use, in any manner, any Website, e-mail address, domain name, bulletin board, newsgroup or other Internet-related medium which in any way displays, in whole or in part, the Marks, or any of them, or any words, symbols, or terms confusingly similar to the Marks, without Franchisor prior written consent, and then only in such manner and in strict accordance with such procedures, policies, standards and specifications as Franchisor may establish from time to time. If such consent is granted, Franchisor reserves the right to revoke such consent effective upon written notice to Franchisee.

9.4 Notification of Infringement or Claim

Franchisee shall notify Franchisor immediately by telephone and thereafter in writing of any apparent infringement of or challenge to Franchisee's use of any Mark, of any claim by any Person of any rights in any Mark, and Franchisee and the Controlling Principals shall not communicate with any Person other than Franchisor, its counsel and Franchisee's counsel (at Franchisee's sole cost and expense) in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, any settlement, litigation or proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Marks. Franchisor will indemnify Franchisee and hold it harmless from and against any and all claims, liabilities, costs, damages and reasonable expenses for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Marks (including settlement amounts), provided that the conduct of Franchisee and the Controlling Principals with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement.

9.5 Retention of Rights by Franchisor

The right and license of the Marks granted hereunder to Franchisee is non-exclusive and Franchisor thus has and retains the following rights, among others, subject only to the limitations of ARTICLE I:

9.5.1 To grant other licenses for use of the Marks, in addition to those licenses already granted to existing franchisees;

9.5.2 To develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any rights to Franchisee; and

9.5.3 To engage, directly or indirectly, through its employees, representatives, licensees, assigns, agents and others, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services, and (b) the use in connection with such production, distribution and sale, of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by Franchisor.

ARTICLE X
CONFIDENTIALITY AND NON-COMPETITION COVENANTS

10.1 Confidential Operations Manual

10.1.1 To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall conduct its business in accordance with the Operations Manual, other written directives which Franchisor may reasonably issue to Franchisee from time to time whether or not such directives are included in the Operations Manual, and any other manuals and materials created or approved for use in the operation of the Franchised Business. Franchisor reserves the right to provide the Operations Manual in electronic or digital format. The Operations Manual shall expressly include, without limitation, printed manuals, computerized documents or software, information provided on the Internet or an extranet, audiotapes, videotapes or any other medium periodically for use with the System provided by Franchisor to Franchisee, whether or not designated by Franchisor as part of the Operations Manual, as well as all amendments to the foregoing.

10.1.2 Franchisee acknowledges that the Operations Manual may be modified by Franchisor it its sole and absolute discretion, at any time. Without limiting the generality of the foregoing, Franchisor may update and change the Operations Manual periodically ("**Operating Amendments**"), including to reflect changes in the System standards. Franchisor may notify Franchisee of Operating Amendments via mail, electronic mail, facsimile, Internet transmission, extranet, or by any other means. Franchisor may require Franchisee to access an extranet or comparable system on a daily basis to check for Operating Amendments. If Franchisee fails to do so as designated by Franchisor, Franchisee shall nevertheless be bound by any Operating Amendments Franchisee would have received had Franchisee checked for the Operating Amendments as required. Franchisee shall comply with any Operating Amendments within the time period specified by Franchisor or if no effective date is specified, within thirty (30) days after Franchisor notifies Franchisee of the Operating Amendments via any of the methods specified in this Section 10.1.2.

10.1.3 Franchisee and the Controlling Principals shall at all times treat the Operations Manual and the information contained therein as confidential and shall use best efforts to maintain such information as trade secrets and confidential in accordance with this ARTICLE X. Without limiting the generality of the foregoing, Franchisee and the Controlling Principals shall use best efforts to protect the Operations Manual from viewing by any other Person and treat the Operations Manual with the same degree of care as they would treat their most highly confidential documents. Only Franchisee's employees who must have access to the Operations Manual in order to operate the Restaurant shall be authorized to view the Operations Manual, and each such employee shall be given access to only such portions of the Operations Manual as needed in order to perform the employee's specific responsibilities to Franchisee. Franchisee and the Controlling Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any Person other than those authorized above.

10.1.4 The Operations Manual, written directives, other manuals and materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor, shall at all times be kept in a secure place on the Restaurant premises, or, if in digital or electronic form, in a secure, password-protected folder on the Restaurant computer system, and shall be returned to Franchisor immediately upon request or upon termination or expiration of this Agreement.

10.1.5 The Operations Manual and any Operating Amendments to the Operations Manual shall supplement and be deemed part of this Agreement.

10.1.6 Franchisee shall at all times ensure that the Operations Manual are kept current and up to date pursuant to Section 10.1.2. In the event of any dispute as to the contents of the Operations Manual, the terms of the master copy of the Operations Manual maintained by Franchisor at Franchisor's headquarters shall control.

10.2 Confidential Information

10.2.1 Neither Franchisee nor any Controlling Principal shall, during the Term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other Person and, following the expiration or termination of this Agreement, they shall not use for their own benefit or for the benefit of any other Person any confidential information, knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprised in connection with the operation of the Restaurant under the terms of this Agreement. Franchisee and the Controlling Principals shall divulge such confidential information only to such of Franchisee's employees as must have access to it in order to operate the Restaurant. Any and all information, knowledge, know-how, trade secrets, techniques and any materials used in or related to the System which Franchisor provides to Franchisee in connection with this Agreement shall be deemed confidential for purposes of this Agreement. Neither Franchisee nor the Controlling Principals shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized Person. The covenant in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each of the Controlling Principals.

10.2.2 As a condition of employment, Franchisee shall require and obtain the execution of covenants similar to those set forth in Section 10.2.1 from each Designated Manager and all other personnel of Franchisee who have received or will have access to the Operations Manual or any other confidential information. Such covenants shall be substantially in the form set forth in Attachment E. All of Franchisee's Principals not required to sign this Agreement as a Controlling Principal also must execute such covenants. Franchisee shall provide Franchisor with a copy of all executed covenants within five (5) days after hiring such managers and/or personnel.

10.2.3 Franchisee acknowledges that any failure to comply with the requirements of this ARTICLE X will cause Franchisor irreparable injury, and that Franchisor shall be entitled to specific performance of, or an injunction against violation of, the requirements of this ARTICLE X, without proof of actual damages, and without the necessity of posting any bond. Franchisee agrees to pay all court costs and reasonable attorneys' fees and expert fees incurred by Franchisor in seeking enforcement of this ARTICLE X.

10.2.4 Franchisee and the Controlling Principals must not implement any change, modification, amendment, or improvement to the System without Franchisor's express prior written consent. Franchisee must notify Franchisor in writing of any change, modification, amendment, or improvement in the System which Franchisee proposes to make, and must provide to Franchisor such information that Franchisor requests regarding the proposed change, modification, amendment, or improvement. No such change, modification, amendment or improvement will be implemented or made without Franchisor's express prior written consent. Franchisee and the Controlling Principals acknowledge and agree that Franchisor will have the right to incorporate the proposed change, modification, amendment, or improvement into the System and will obtain all right, title, and interest therein, including, without limitation, any rights to any patents, patent improvements, trade secrets and copyrights, for which Franchisor is not required to provide any compensation to Franchisee. Franchisee and the Controlling Principals further acknowledge and agree to execute any such documentation, from time to time, that Franchisor may require to give effect to this Section.

10.3 Non-Competition

10.3.1 Franchisee and the Controlling Principals specifically acknowledge that, pursuant to this Agreement, Franchisee and the Controlling Principals will receive valuable training, trade secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the System which are beyond the present skills and experience of Franchisee and the Controlling Principals and Franchisee's managers and employees. Franchisee and the Controlling Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Restaurant, and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such specialized training, trade secrets and confidential information (including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the System which are beyond the present skills and experience of Franchisee and the Controlling Principals and Franchisee's managers and employees), Franchisee and the Controlling Principals covenant that with respect to Franchisee, during the Term of this Agreement (or with respect to each of the Controlling Principals, during the Term of this Agreement for so long as such individual or entity satisfies the definition of "Controlling Principals" as described in Section 19.18 of this Agreement), except as otherwise approved in writing by Franchisor, which approval may be withheld or denied in Franchisor's sole and absolute discretion, neither Franchisee nor any of the Controlling Principals will, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any Person:

(a) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, be employed by, assist or make loans to (i) any restaurant or ghost kitchen that derives twenty percent (20%) or more of its gross revenue from the sale of smashburgers and/or hamburgers, other than a restaurant or ghost kitchen owned or operated by Franchisee and/or its Principals prior to the Effective Date of this Agreement and disclosed to Franchisor on Attachment C, or (ii) any business that specializes in developing, operating or franchising restaurants or ghost kitchens that derive twenty percent (20%) or more of their revenue from the sale of smashburgers and/or hamburgers (collectively, "Competitive Business").

(b) Divert or attempt to divert, any franchise business opportunity or customer of the Franchised Business to any other person or entity, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(c) Employ, or seek to employ, any management-level employee who is at the time or was within the preceding ninety (90) days employed by Franchisor, or any franchisee or developer of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment except as may occur in connection with Franchisee's employment of such person if permitted under the Franchise Agreement.

10.3.2 To the extent permitted by applicable law, with respect to Franchisee, and for a continuous uninterrupted period commencing upon the expiration, termination of, or transfer of all of Franchisee's interest in, this Agreement (or, with respect to each of the Controlling Principals, commencing upon the earlier of: (i) the expiration, termination of, or transfer of all of Franchisee's interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of "Controlling Principals" as described in Section 19.18 of this Agreement) and continuing for two (2) years thereafter, except as otherwise approved in Franchisor's sole and absolute discretion, neither Franchisee, nor any of the Controlling Principals will, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any Person:

(a) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, be employed by, assist or make loans to any Competitive Business located within a fifteen (15) mile radius of the location of any Kitchen or Restaurant.

(b) Divert, or attempt to divert, any customer of the Franchised Business to any Competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(c) Employ, or seek to employ, any management-level employee who is at that time or was within the preceding ninety (90) days employed by Franchisor, or by any other franchisee or developer of Franchisor, or otherwise directly or indirectly induce such individual to leave his or her employment, except as may be permitted under any existing development agreement or franchise agreement between Franchisor and Franchisee.

10.3.3 The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the covenants herein shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee and the Controlling Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

(a) Franchisee and the Controlling Principals understand and acknowledge that Franchisor shall have the right, in its sole and absolute discretion, to reduce the scope of any covenant set forth in this Section 10.3 in this Agreement, or any portion thereof, without their consent, effective immediately upon notice to Franchisee; and Franchisee and the Controlling Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 19.2 hereof.

(b) Franchisee and the Controlling Principals expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

(c) Sections 10.3.1(b) and 10.3.2(c) shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

10.3.4 As a condition of employment, Franchisee shall require and obtain execution of covenants similar to those set forth in this Section 10.3 (including covenants applicable upon the termination of an individual's employment with Franchisee) from its Designated Managers and all other personnel of Franchisee who have received or will have access to Initial Training from Franchisor. Such covenants shall be substantially in the form set forth in Attachment E. Franchisee shall provide Franchisor with a copy of all executed covenants within five (5) days after hiring such managers and/or personnel. All of Franchisee's Principals not required to sign this Agreement as a Controlling Principal also must execute such covenants. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to decrease the period of time or geographic scope of the non-competition covenant set forth in Attachment E or eliminate such non-competition covenant altogether for any party that is required to execute such agreement under this Section 10.3.4.

10.4 Failure to Comply

Franchisee and the Controlling Principals acknowledge that any failure to comply with the requirements of this Section shall constitute a material event of default under ARTICLE XVII hereof. Franchisee and the Controlling Principals acknowledge that a violation of the terms of this Section would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee and the Controlling Principals accordingly consent to the issuance of an injunction prohibiting any conduct by Franchisee or the Controlling Principals in violation of the terms of this Section. Franchisee and the Controlling Principals agree to pay all court costs and reasonable attorneys' fees and expert fees incurred by Franchisor in connection with the enforcement of this Section, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of such Section.

ARTICLE XI
BOOKS AND RECORDS

11.1 Books and Records

Franchisee shall maintain during the Term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer system in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Operations Manual or otherwise in writing.

11.2 Reports

In addition to the remittance of any reports required by ARTICLE IV and ARTICLE VIII of this Agreement, Franchisee shall comply with the following reporting obligations:

11.2.1 Franchisee shall, at Franchisee's expense, submit to Franchisor, in the form prescribed by Franchisor, a profit and loss statement for each four-week period (which may be unaudited), in the form and manner prescribed by Franchisor, for Franchisee within fifteen (15) days after the end of each month during the term hereof. Each such statement shall be signed by Franchisee's treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct;

11.2.2 Franchisee shall, at its expense, provide to Franchisor a complete annual financial statement for Franchisee prepared by an independent certified public accountant in the form and manner prescribed by Franchisor, within ninety (90) days after the end of each fiscal year of Franchisee during the Term hereof, showing the results of operations of Franchisee during such fiscal year; Franchisor reserves the right to require such financial statements to be audited by an independent certified public accountant satisfactory to Franchisor at Franchisee's cost and expense if an inspection discloses an understatement of payments due to Franchisor of two percent (2%) or more in any report, pursuant to Section 11.3 or if Franchisor has any other good faith basis for making such request; and

11.2.3 Franchisee shall also submit to Franchisor, for review or auditing, such other forms, reports, records, information and data as Franchisor may reasonably designate, and which pertain to the Franchised Business, in the form and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in writing.

11.3 Inspections; Audits

Franchisor or its designees shall have the right, during normal business hours, to inspect, review, audit, examine and copy any or all of the books and records of Franchisee as Franchisor may require at the Restaurant. Franchisee shall make such books and records available to Franchisor or its designees immediately upon request. If any required royalty or other payments due to Franchisor are delinquent, or if an inspection should reveal that such payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 4.4.4. If we conduct an on-site inspection or examination due to Franchisee's failure to submit any payments, reports, records or other information we require, or to furnish these items on a timely basis, or if an inspection or audit discloses an understatement in any report of two percent (2%) or more, Franchisee shall, in addition, reimburse Franchisor for all costs and expenses connected with the inspection or audit (including, without limitation, reasonable accounting, other expert and attorneys' fees). These remedies shall be in addition to any other remedies Franchisor may have at law or in equity.

11.4 Correction of Errors

Franchisee understands and agrees that the receipt or acceptance by Franchisor of any of the statements furnished or royalties paid to Franchisor (or the cashing of any royalty checks or processing of any EFTs) shall not preclude Franchisor from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by the Franchisee and the appropriate payment shall be made by the Franchisee.

11.5 Authorization of Franchisor

Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other Persons with which Franchisee does business to disclose to Franchisor any requested financial information in their possession relating to Franchisee or the Restaurant. Franchisee authorizes Franchisor to disclose data from Franchisee's reports, if Franchisor determines, in its sole and absolute discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

ARTICLE XII
INSURANCE

12.1 Franchisee shall procure, upon execution of this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor, its successors and assigns, its officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Restaurant, including employment practices coverage. Franchisor's then-current insurance requirements are included in the Operations Manual, and Franchisee agrees to comply with such insurance requirements, as they may be amended or updated by Franchisor from time to time. Franchisor reserves the right to designate one or more insurance companies as the insurance carrier(s) for Secret Burger Kitchen Restaurants and Kitchens, in which event Franchisee shall obtain its insurance policies from such insurance carrier(s).

12.2 Such policy or policies shall be written by a responsible, duly licensed "A" rated carrier or carriers reasonably acceptable to Franchisor. As of the date of this Agreement, such policy or policies shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by Franchisor from time to time), in accordance with standards and specifications set forth in writing, the following:

12.2.1 Commercial/general liability in an amount not less than One Million Dollars ($1,000,000) per occurrence and One Million Dollars ($1,000,000) aggregate;

12.2.2 All-risk property insurance on the contents (including without limitation all Equipment and Furnishings and Products) and leasehold for the Restaurant, including theft and flood coverage (when applicable); coverage shall be written in a value which will cover not less than eighty (80%) percent of the replacement cost of the building and one hundred (100%) percent of the replacement cost of the contents of the building;

12.2.3 Umbrella or excess insurance with not less than $1,000,000 in additional commercial general liability coverage;

12.2.4 Business interruption insurance equivalent to twelve (12) months of revenue;

12.2.5 Comprehensive crime and blanket employee dishonesty insurance (bonded) in an amount of not less than $50,000;

12.2.6 Employment practices liability insurance with at least $250,000 in coverage; practices.

12.2.7 Worker's compensation insurance and employer liability in amounts provided by applicable law; and

12.2.8 Such other insurance as may be required by the state or locality in which the Restaurant is located and operated or as may be required by the terms of the lease for the Restaurant.

12.3 In connection with any construction, renovation, refurbishment or remodeling of the Restaurant, Franchisee shall maintain Builder's Risks/installation insurance in forms and amounts, and written by a responsible, duly licensed carrier or carriers, reasonably satisfactory to Franchisor.

12.4 Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in ARTICLE XV of this Agreement.

12.5 All general liability and property damage policies shall contain a provision that Franchisor, its officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its servants, agents or employees by reason of the negligence of Franchisee or its servants, agents or employees.

12.6 Upon execution of this Agreement, and thereafter in accordance with ARTICLE X hereof and thirty (30) days prior to the expiration of any such policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder, with the exception of workers' compensation, shall name Franchisor and its officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by Franchisee of any policy provisions. Further, all insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Franchisor in the event of a material alteration to or cancellation of the policies.

12.7 Should Franchisee, 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 Franchisor in writing. Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses, not to exceed seven percent (7%) of the cost of the insurance procured, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have at law or in equity.

12.8 Upon written request by Franchisor, Franchisee shall procure from its insurance carrier or carriers a report of claims made and reserves set against the Franchisee's insurance policies.

ARTICLE XIII
DEBTS AND TAXES

13.1 Taxes

Franchisee shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business under this Agreement. Without limiting the provisions of ARTICLE XV, Franchisee shall be solely liable for the payment of all Taxes and shall indemnify Franchisor for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether such Taxes were correctly or legally asserted or not. Franchisee shall submit a copy of all tax filings sent to federal, state and local tax authorities to Franchisor within ten (10) business days after such filing has been made with the appropriate taxing authority.

The term "**Taxes**" means any present or future taxes, levies, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, or the exercise of rights granted pursuant to this Agreement.

13.2 Payments to Franchisor

Each payment to be made to Franchisor hereunder shall be made free and clear and without deduction for any Taxes.

13.3 Tax Disputes

In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the premises of the Franchised Business or any improvements thereon.

13.4 Compliance with Laws

Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.

13.5 Notification of Action or Proceeding

Franchisee shall notify and deliver to Franchisor, in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

ARTICLE XIV
TRANSFER OF INTEREST

14.1 Transfer by Franchisor

Franchisor shall have the right, without the need for Franchisee's consent, to assign, transfer or sell its rights under this Agreement to any Person, provided that the transferee agrees in writing to assume all obligations undertaken by Franchisor herein. Upon such assignment and assumption, Franchisor shall have no further obligations hereunder, except for accrued liabilities, if any. Franchisee further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other Persons, or be acquired by another Person; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic, legal or financial restructuring. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, Marks (or any variation thereof) and System and/or the loss of association with or identification of SBK Burger Co., LLC as Franchisor under this Agreement. Without limiting the foregoing, Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Restaurants operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which Franchisee acknowledges may be within its Protected Territory, proximate thereto, or proximate to Franchisee's Accepted Location). However, Franchisor represents that it will not convert any such acquired restaurant premises that are operating within Franchisee's Protected Territory to a Restaurant.

If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the restaurant business or to offer or sell any products or services to Franchisee.

14.2 Transfer by Franchisee

14.2.1 Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of Franchisee and the Controlling Principals. Accordingly, neither Franchisee nor any Controlling Principal, nor any successor or assignee of Franchisee or any Controlling Principal, shall sell, assign (including but not limited to by operation of law, such as an assignment under bankruptcy or insolvency laws, in connection with a merger, divorce or otherwise), transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement, in the Restaurant and/or any of the Restaurant's material assets (other than in connection with replacing, upgrading or otherwise dealing with such assets as required or permitted by this Agreement), in Franchisee or in any Controlling Principal that is an entity, in each case without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

14.2.2 Franchisee acknowledges that a transfer requiring Franchisor's prior written consent shall be deemed to occur upon any sale, resale, pledge, encumbrance, transfer or assignment of (i) any fractional partnership interest if Franchisee is a partnership; (ii) any membership interest, if Franchisee is a limited liability company; or (iii) any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, if Franchisee is a corporation. Any new partner, shareholder, member, or manager (as applicable) will be required to personally guarantee Franchisee's obligations under this Agreement.

14.2.3 Franchisee shall not grant a security interest in the Restaurant or in any of Franchisee's assets without Franchisor's prior written consent, which shall not be unreasonably withheld. In connection therewith, the secured party will be required by Franchisor to agree that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option to be substituted as obligor to the secured party and to cure any default of Franchisee.

14.2.4 If Franchisee wishes to transfer all or part of its interest in the Restaurant, any of the Restaurant's material assets (except as provided in Section 14.2.1 above) or this Agreement, or if Franchisee or a Controlling Principal wishes to transfer or permit a transfer of any ownership interest in Franchisee or in a Controlling Principal that is an entity, then in each such case (any or all of which are referred to in this ARTICLE XIV as a "**Restricted Transfer**"), transferor and the proposed transferee shall apply to Franchisor for its consent. Franchisor shall not unreasonably withhold its consent to a Restricted Transfer. Notwithstanding the foregoing, Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval:

(a) All of the accrued monetary obligations of Franchisee or any of its Affiliates and all other outstanding obligations to Franchisor arising under this Agreement or any other agreement shall have been satisfied in a timely manner and Franchisee shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;

(b) Franchisee and its Affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates at the time of transaction;

(c) The transferor and its Principals (if applicable) shall have executed a general release, in a form reasonably satisfactory to Franchisor, of any and all claims against Franchisor, its officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and federal, state and local laws, rules and regulations;

(d) The transferee shall demonstrate to Franchisor's reasonable satisfaction that transferee meets the criteria considered by Franchisor when reviewing a prospective franchisee's application for a franchise, including, but not limited to, Franchisor's educational, managerial and business standards; transferee's good moral character, business reputation and credit rating; transferee's aptitude and ability to conduct the Franchised Business (as may be evidenced by prior related business experience or otherwise); transferee's financial resources and capital for operation of the Franchised Business; and the geographic proximity and number of other restaurants owned or operated by transferee;

(e) The transferee shall enter into a written agreement, in a form reasonably satisfactory to Franchisor, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Agreement; and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreement as transferee's Principals and guarantee the performance of all such obligations, covenants and agreements;

(f) The transferee shall execute, for a term ending on the expiration date of this Agreement and with such renewal terms as may be provided by this Agreement, the standard-form franchise agreement then being offered to new System franchisees and other ancillary agreements as Franchisor may require for the Restaurant, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, the then-current System-wide percentage royalty fee, advertising contribution or expenditure requirement; provided, however, that the transferee shall not be required to pay any initial franchise fee;

(g) The transferee, at its expense, shall renovate, modernize and otherwise upgrade the Restaurant and, if applicable, any delivery vehicles to conform to the then-current standards and specifications of the System, and shall complete the upgrading and other requirements which conform to the System-wide standards within the time period reasonably specified by Franchisor;

(h) The transferor shall remain liable for all of the obligations to Franchisor in connection with the Restaurant incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

(i) At the transferee's expense, the transferee, the transferee's operating partner, general manager, and/or any other applicable Restaurant personnel shall complete any training programs then in effect for franchisees of Restaurants upon such terms and conditions as Franchisor may reasonably require;

(j) To reimburse Franchisor for reviewing the application to transfer, including, without limitation, training expenses, legal and accounting fees, Franchisee shall pay to Franchisor a transfer fee equal to Ten Thousand Dollars ($10,000);

(k) If the transferee is a corporation, limited liability company or a partnership, the transferee and its Controlling Principals shall make and will be bound by any or all of the representations, warranties and covenants set forth at ARTICLE VI as Franchisor requests. Transferee shall provide to Franchisor evidence satisfactory to Franchisor that the terms of such Section have been satisfied and are true and correct on the date of transfer; and

(l) The transferor must comply with the confidentiality, non-competition, non-solicitation, and non-interference obligations under this Agreement.

14.2.5 Franchisee acknowledges and agrees that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

14.3 Transfer to a Corporation or Limited Liability Company

In the event Franchisee is an individual or general partnership, and the proposed transfer is to a corporation or limited liability company formed solely for the convenience of ownership, Franchisor's consent may be conditioned upon any of the requirements set forth at Section 14.2.4, except that the requirements set forth at Sections 14.2.4(c), 14.2.4(d), 14.2.4(f), 14.2.4(g), 14.2.4(i), and 14.2.4(k) shall not apply. For this Section 14.3 to apply to a proposed transfer, Franchisee must be the owner of all of the voting stock or interest of the transferee and, if Franchisee is more than one (1) individual, each individual shall have the same proportionate ownership interest in the corporation as he had in Franchisee prior to the transfer. A transfer under this Section 14.3 may occur one (1) time only.

14.4 Franchisor's Right to Purchase Business

14.4.1 Any party holding any interest in Franchisee or in the franchise granted by Franchisor pursuant to this Agreement and who desires to accept any bona fide offer from a third party to purchase such interest or the Restaurant (including a sale of substantially all of the assets of the Restaurant) shall notify Franchisor in writing of each such offer and shall provide such information and documentation relating to the offer as Franchisor may require. This right of first refusal shall not apply to a transfer under Section 14.3.

14.4.2 Upon Franchisor's request, Franchisee must provide Franchisor any information about the business and operations of the Restaurant that Franchisor requests.

14.4.3 Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of the written notification under Section 14.4.1 above, to send written notice to the seller (that is, the Franchisee or the Controlling Principal as the case may be) that Franchisor intends to purchase the seller's interest, or the Restaurant, as applicable, on the same terms and conditions offered by the third party and at the same price. If Franchisor does not provide written notice to the seller within the 30-day period, the Franchisor will be deemed to have not exercised the right of first refusal provided to it under Section 14.4.1

14.4.4 If Franchisor elects to purchase the seller's interest, closing on such purchase must occur within thirty (30) days from the date of the notice to the seller of the election to purchase by Franchisor. If Franchisor exercises its right of first refusal, Franchisor will waive the transfer fee described in Section 14.2.4(j). Any material change in the terms of any offer prior to closing shall constitute a new offer subject to same rights of first refusal by Franchisor as in the case of an initial offer.

14.4.5 Failure of Franchisor to exercise the option afforded by Section 14.4.1 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 14.2 with respect to a proposed transfer, including without limitation, the requirement that Franchisee obtains Franchisor's prior written approval of the transfer.

14.4.6 If the consideration, terms, and/or conditions offered by a third party include assets directly not related to the Restaurant or otherwise are such that Franchisor may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Franchisor may purchase the interest in the Restaurant proposed to be sold for an amount reasonably allocable to that interest. If the parties cannot agree within a reasonable time of the reasonable equivalent in cash of the consideration, terms, and/or conditions allocable to the interest in the Restaurant, an independent appraiser shall be mutually designated by the Franchisee and Franchisor, and such independent appraiser's determination shall be binding.

14.5 Death or Disability of Franchisee

14.5.1 Upon the death of Franchisee (if Franchisee is a natural person) or any Controlling Principal who is a natural person and who has an interest in this Agreement, the Restaurant or Franchisee (the "**Deceased**"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by Franchisor within twelve (12) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer such interest to a third party approved by Franchisor within twelve (12) months after the death of the Deceased.

14.5.2 Upon the permanent disability of Franchisee (if Franchisee is a natural person) or any Controlling Principal who is a natural person and who has an interest in this Agreement, the Restaurant or Franchisee, Franchisor may, in its reasonable discretion, require such interest to be transferred to a third party in accordance with the conditions described in this ARTICLE XIV within six (6) months after notice to Franchisee. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent an individual from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor, upon examination of the individual; or if the individual refuses to submit to an examination, then he or she automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section 14.5. The costs of any examination required by this Section 14.5 shall be paid by Franchisor.

14.5.3 Upon the death or claim of permanent disability of Franchisee or any Controlling Principal, Franchisee or a representative of Franchisee must notify Franchisor of such death or claim of permanent disability within ten (10) days of its occurrence. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Section 14.5 for any *inter vivos* transfer. If an interest is not transferred upon death or permanent disability as required in this Section 14.5, then such failure shall constitute a material event of default under this Agreement.

14.6 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Restaurant operations which would cause harm to the Restaurant, thereby depreciating the value thereof, Franchisee authorizes Franchisor, to, at its option, in the event that Franchisee is absent for any reason or is incapacitated by reason of illness and is unable, in the sole and reasonable judgment of Franchisor, to operate the Restaurant to the Franchisor's required standards, operate the Restaurant for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. All monies from the operation of the Restaurant during such period of operation by Franchisor shall be kept in a separate account, and the expenses of the Restaurant, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. If, as herein provided, Franchisor temporarily operates the Restaurant franchised herein for Franchisee, Franchisee agrees to indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all acts which Franchisor may perform, as regards the interests of Franchisee or third parties.

14.7 No Waiver of Claims

Franchisor's consent to a transfer of any interest described herein shall not constitute a waiver of any claims which Franchisor may have against the transferring party, nor shall it be deemed a waiver of

Franchisor's right to demand material and full compliance with any of the terms of this Agreement by the transferee.

14.8 Public Offering

Securities or partnership interests in Franchisee may be offered to the public (a "public offering") only with the prior written consent of Franchisor, which consent may be withheld in its sole and absolute discretion. As a condition of its approval to such offering, Franchisor may, in its sole and absolute discretion, require that immediately after such offering that Franchisee and the Controlling Principals retain a Controlling Interest in Franchisee. For the purpose of this Agreement, "**Controlling Interest**" shall mean: (a) if Franchisee is a corporation, that the Controlling Principals, either individually or cumulatively, (i) directly or indirectly own at least fifty-one percent (51%) of the shares of each class of Franchisee's issued and outstanding capital stock and (ii) be entitled, under its governing documents and under any agreements among the shareholders, to cast a sufficient number of votes to require such corporation to take or omit to take any action which such corporation is required to take or omit to take under this Agreement, or (b) if Franchisee is a partnership, that the Controlling Principals (i) own at least a fifty-one percent (51%) interest in the operating profits and operating losses of the partnership as well as at least a fifty-one percent (51%) ownership interest in the partnership (and at least a fifty-one percent (51%) interest in the shares of each class of capital stock of any corporate general partner) and (ii) be entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement.

14.9 Review of Public Offering Materials by Franchisor

All materials required for a public offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to being filed with any governmental agency; and any materials (including any private placement memoranda) to be used in any exempt offering or private placement shall be submitted to Franchisor for such review prior to their use. No Franchisee offering (public or private) shall imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of securities of Franchisee or Franchisor, and Franchisor's review of any offering materials shall be limited solely to the subject of the relationship between Franchisee and Franchisor. Franchisor may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Franchisee, its Controlling Principals and the other participants in the offering must fully indemnify Franchisor, and its officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in connection with the offering. For each proposed public or private offering, Franchisee shall pay to Franchisor a non-refundable fee of Franchisor's actual costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Franchisee shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by Section 14.8.

ARTICLE XV
INDEMNIFICATION

15.1 Indemnification by Franchisee

Franchisee and each of the Controlling Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor, its successors and assigns, their respective partners and Affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them ("**Indemnitees**"), from all "losses and expenses" (as defined in Section

15.4 below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

15.1.1 The infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of the Controlling Principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted hereunder pursuant to ARTICLE X);

15.1.2 The violation, breach or asserted violation or breach by Franchisee or any of the Controlling Principals of any federal, state or local law, regulation, ruling, standard or directive or any industry standard, including, without limitation, the violation or alleged violation of any wage, labor or employment law with respect to Franchisee's employees;

15.1.3 Libel, slander or any other form of defamation of Franchisor, the System or any developer or franchisee operating under the System, by Franchisee or by any of the Controlling Principals;

15.1.4 The violation or breach by Franchisee or by any of the Controlling Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between Franchisee or any of its Affiliates and Franchisor and its Indemnitees; and

15.1.5 Acts, errors, or omissions of Franchisee, any of Franchisee's Affiliates and any of the Controlling Principals and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee and its Affiliates in connection with the establishment and operation of the Restaurant, including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that Franchisor cannot and does not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, Franchisee or any employee, agent or independent contractor of Franchisee and that the safe operation of any motor vehicle is, therefore, entirely Franchisee's responsibility.

15.2 Notification of Action or Claim

Franchisee and each of the Controlling Principals agree to give Franchisor written notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation within fifteen (15) days after the Franchisee receives notice thereof. At the expense and risk of Franchisee and each of the Controlling Principals, Franchisor may elect to assume (but under no circumstance is obligated to undertake) or appoint associate counsel of its own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Franchisor shall, in no manner or form, diminish the obligation of Franchisee and each of the Controlling Principals to indemnify the Indemnitees and to hold them harmless.

15.3 Franchisor May Settle

In order to protect Persons or property, or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it in its reasonable judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's reasonable judgment, there are reasonable grounds to believe that:

15.3.1 any of the acts or circumstances enumerated in Section 15.1.1 through 15.1.4 above have occurred; or

15.3.2 any act, error, or omission as described in Section 15.1.5 may result directly or indirectly in damage, injury, or harm to the System, any Person or any property.

15.4 Losses and Expenses

All losses and expenses incurred under this ARTICLE XV shall be chargeable to and paid by Franchisee or any of the Controlling Principals pursuant to its obligations of indemnity under this ARTICLE XV, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense.

As used in this ARTICLE XV, the phrase "losses and expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' fees, expert fees, court costs, settlement amounts, judgments, compensation for damages to the Franchisor's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

15.5 Indemnitees Do Not Assume Liability

The Indemnitees do not hereby assume any liability whatsoever for acts, errors, or omissions of any third party with whom Franchisee, any of the Controlling Principals, Franchisee's Affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee or its Affiliates may contract, regardless of the purpose. Franchisee and each of the Controlling Principals shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of Franchisee, the Controlling Principals, Franchisee's Affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee and its Affiliates and any such other third parties without limitation and without regard to the cause or causes thereof or the negligence of Franchisor or any other party or parties arising in connection therewith and whether such negligence be sole, joint or concurrent, or active or passive.

15.6 Recovery from Third Parties

Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee or any of the Controlling Principals. Franchisee and each of the Controlling Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from Franchisee or any of the Controlling Principals by the Indemnitees.

15.7 Survival of Terms

Franchisee and the Controlling Principals expressly agree that the terms of this ARTICLE XV shall survive the termination, expiration or transfer of this Agreement or any interest herein.

ARTICLE XVI
RELATIONSHIP OF THE PARTIES

16.1 No Relationship

The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose.

16.2 Independent Contractor

During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor conducting its Restaurant operations pursuant to the rights granted by Franchisor. Franchisee agrees to take such action as shall be reasonably necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Restaurant premises established for the purposes hereunder and on any delivery vehicle and on all letterhead, business cards, forms, and as further described in the Operations Manual. Franchisor reserves the right to specify in writing the content and form of such notice.

16.3 Franchisee Not Authorized

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee or any of the Controlling Principals to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of Franchisee or any of the Controlling Principals or any claim or judgment arising therefrom. Franchisee further acknowledges and agrees that this Agreement relates solely to, and is limited to, operation of the Restaurant at the Accepted Location, and affords Franchisee no right, title or interest in any additional franchises to be operated at any other location (subject to relocation of the Restaurant, if authorized, under Section 1.3 of this Agreement). Franchisee shall not, without the express written consent of Franchisor, which consent may be withheld in Franchisor's sole and absolute discretion, offer or sell Products or services through any other means or locations, including, without limitation, retail or wholesale stores, supermarkets, grocery stores, convenience stores, temporary locations, portable kiosks or trailers, food trucks, catalogs, mail order or electronic means (including the Internet).

ARTICLE XVII
TERMINATION

17.1 Automatic Termination – Limited Right to Cure

17.1.1 Franchisee acknowledges and agrees that each of Franchisee's obligations described in this Agreement is a material and essential obligation of Franchisee; that non-performance of such obligations will adversely and substantially affect the Franchisor and the System; and that the exercise by Franchisor of the rights and remedies set forth herein is appropriate and reasonable.

17.1.2 Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee, or any of its Controlling Principals (i) becomes insolvent or makes a general assignment for the benefit of creditors; (ii) files a voluntary petition in bankruptcy; (iii) is adjudicated bankrupt or insolvent in proceedings filed against Franchisee or its Controlling Principals, as applicable; (iv) is the subject of receivership or custodial proceedings relating to the Franchised Business or Franchisee's assets; (v) is the judgment-debtor under a final judgment that remains unsatisfied or of record for thirty (30) days or longer (unless *supersedeas* bond is filed); (vi) is dissolved voluntarily or involuntarily; (vii) has execution levied against its business or property related to the Franchised Business; (viii) has a suit instituted against it to foreclose any lien or mortgage against the Restaurant premises or any Equipment and Furnishings and such suit is not dismissed within thirty (30) days; or (ix) has the real or personal property of Franchisee's Restaurant sold after levy thereupon by any sheriff, marshal or constable.

17.1.3 Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, (except as otherwise stated below), effective immediately upon notice to Franchisee, upon the occurrence of any of the following events:

(a) If Franchisee operates the Restaurant or sells any Products or services authorized by Franchisor for sale at the Restaurant at a location which has not been approved by Franchisor;

(b) If Franchisee fails to acquire an Accepted Location for the Restaurant within the time and in the manner specified in ARTICLE II;

(c) If Franchisee fails to construct or remodel the Restaurant in accordance with the plans and specifications provided to Franchisee under Section 7.3 as such plans may be adapted with Franchisor's approval in accordance with Section 2.4;

(d) If Franchisee fails to open the Restaurant for business within the period specified in Section 2.6 hereof;

(e) If Franchisee incurs three (3) or more Insufficient Funds Fees within a twelve-month period as set forth in Section 4.4.5;

(f) If Franchisee at any time ceases to operate or otherwise abandons the Restaurant, or loses the right to possession of the Restaurant premises, or otherwise forfeits the right to do or transact business in the jurisdiction where the Restaurant is located; *provided, however*, that this provision shall not apply if (i) through no fault of Franchisee, the Restaurant premises are damaged or destroyed by an act of God, industrial disturbance, war, riot, epidemic, act of terrorism, fire, catastrophe or other force beyond Franchisee's control (each an "**Event of Force Majeure**"), (ii) Franchisee applies within thirty (30) days after the Event of Force Majeure for Franchisor's approval to relocate or reconstruct the Restaurant premises pursuant to Section 1.3, and (iii) Franchisee diligently pursues such reconstruction or relocation after Franchisor's approval of the relocation;

(g) If Franchisee or any of the Controlling Principals is convicted of, or has entered a plea of *nolo contendere* to, a felony, or a crime involving moral turpitude that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Franchisor's interests therein;

(h) If a threat or danger to public health or safety (as reasonably determined by Franchisor) results from the construction, maintenance or operation of the Restaurant;

(i) If Franchisee or any of the Controlling Principals purports to transfer any rights or obligations under this Agreement or any interest in Franchisee or the Restaurant to any third party without Franchisor's prior written consent or without offering Franchisor a right of first refusal with respect to such transfer, contrary to the terms of ARTICLE XIV of this Agreement;

(j) If Franchisee or any of its Affiliates fails, refuses, or neglects promptly to pay any monies owing to Franchisor, or any of its Affiliates or vendors, when due under this Agreement or any other agreement, or to submit the financial or other information required by Franchisor under this Agreement and does not cure such default within five (5) days following notice from Franchisor (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five (5) days, in which case the five (5) day cure period shall apply);

(k) If Franchisee or any of the Controlling Principals fails to comply with the in-term covenants in Section 10.3 hereof or Franchisee fails to obtain execution of the covenants and related agreements required under Section 10.3.4 hereof within thirty (30) days following notice from the Franchisor;

(l) If, contrary to the terms of Section 9.2 hereof, Franchisee or any of the Controlling Principals discloses or divulges any confidential information provided to Franchisee or the Controlling Principals by Franchisor, or fails to obtain execution of covenants and related agreements required under Section 10.2.2 hereof within thirty (30) days following notice from the Franchisor;

(m) If a transfer upon death or permanent disability of Franchisee does not occur in accordance with the provisions of Section 14.5 of this Agreement;

(n) If Franchisee knowingly maintains false books or records, or submits any false reports to Franchisor;

(o) If Franchisee breaches in any material respect any of the covenants set forth in ARTICLE V or has falsely made any of the representations or warranties set forth in ARTICLE VI;

(p) If Franchisee fails to propose a qualified replacement or successor General Manager within the time required under Section 6.4.4 or if Franchisee fails to propose a qualified replacement or successor Trained Manager within the time required under Section 6.7.2 following ten (10) days prior written notice;

(q) If Franchisee fails to procure and maintain such insurance policies as required by ARTICLE XII and Franchisee fails to cure such default within ten (10) days following notice from Franchisor;

(r) If Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein; provided that, notwithstanding the above, Franchisee shall be entitled to notice of such event of default and shall have twenty-four (24) hours to cure such default;

(s) If Franchisee or any of the Controlling Principals commits three (3) material events of default under this Agreement within any twelve (12) month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by Franchisee after notice by Franchisor;

(t) If Franchisee or any of its Affiliates fails or refuses to comply with any terms and conditions of any ancillary agreement between Franchisor and Franchisee or its Affiliates, and does not cure such default within any notice and cure period provided for in such ancillary agreement following notice from Franchisor of such default (unless no cure period is specified in the ancillary agreement, in which case the notice and cure period provided in Section 17.2 shall apply); and

(u) If Franchisee fails to comply with all applicable laws and ordinances relating to the Restaurant, including Anti-Terrorism Laws, or if Franchisee's or any of its Principal's assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of its Principals otherwise violate any such law, ordinance, or regulation.

17.2 Notice of Termination – 30 Days to Cure

Except as provided in Sections 17.1.2 and 17.1.3 of this Agreement, upon any default by Franchisee which is susceptible of being cured, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination. However, Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's reasonable satisfaction within the thirty (30) day period and by promptly providing proof thereof to Franchisor. 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 Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

17.2.1 If Franchisee fails to comply with any of the requirements imposed by this Agreement, as it may from time to time be amended or reasonably be supplemented by Franchisor, or fails to carry out the terms of this Agreement in good faith.

17.2.2 If Franchisee fails to maintain or observe any of the standards, specifications or procedures prescribed by Franchisor in this Agreement or otherwise in writing.

17.2.3 If Franchisee fails, refuses, or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement.

17.3 Cross-Defaults, Non-Exclusive Remedies, etc.

Any default by Franchisee (or any Person affiliated with Franchisee) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any Affiliate of Franchisor) and Franchisee (or any Affiliate of Franchisee). Any default by Franchisee (or any Person affiliated with Franchisee) under any other agreement, including, but not limited to, any lease and/or sublease, between Franchisor (or any Affiliate of Franchisor) and Franchisee (or any Person affiliated with Franchisee), and any default by Franchisee (or any Person affiliated with Franchisee) under any obligation to Franchisor (or any affiliate of Franchisor) may be regarded as a default under this Agreement. Any default by Franchisee (or any Person affiliated with Franchisee) under any lease, sublease, loan agreement, security interest or otherwise, whether with Franchisor, any Affiliate of Franchisor and/or any third party may be regarded as a default under this Agreement and/or any other agreement between Franchisor (or any Affiliate of Franchisor) and Franchisee (or any Affiliate of Franchisee).

In each of the foregoing cases, Franchisor (and any Affiliate of Franchisor) will have all remedies allowed at law, including termination of Franchisee's rights (and/or those of any Person affiliated with Franchisee) and Franchisor's (and/or Franchisor's Affiliates') obligations. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

ARTICLE XVIII
POST-TERMINATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and:

18.1 Cease Operations

Franchisee shall immediately cease to operate the Restaurant under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

18.2 Stop Using the System

Franchisee shall immediately and permanently cease to use, in any manner whatsoever, the System, including but not limited to any confidential methods, software, procedures, techniques, methods, proprietary products, recipes and other confidential information associated with the System; the mark "Secret Burger Kitchen"; and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks, and shall immediately change all paint colors, and remove all of Franchisor's proprietary or non-proprietary design items.

18.3 Cancellation of Assumed Names

Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "Secret Burger Kitchen" or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

18.4 No Use of Similar Marks

Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor constituting unfair competition.

18.5 Payment of Sums Owed

Franchisee and its Controlling Principals shall promptly pay all sums owing to Franchisor. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees and expert fees, incurred by Franchisor as a result of any default by Franchisee, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and on the premises operated hereunder at the time of default.

18.6 Payment of Damages, Costs and Expenses

Franchisee and the Controlling Principals shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees and expert fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this ARTICLE XVIII.

18.7 Delivery of Manuals and Materials

Franchisee shall immediately deliver to Franchisor all Operations Manuals, software licensed by Franchisor, records, files, instructions, correspondence, all materials related to operating the Restaurant, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of the Restaurant in Franchisee's possession or control, and all copies thereof (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

18.8 Confidential Information

Franchisee and the Controlling Principals shall comply with the restrictions on confidential information contained in ARTICLE X of this Agreement and shall also comply with the non-competition covenants contained in ARTICLE X. Any other Person required to execute similar covenants pursuant to ARTICLE X shall also comply with such covenants.

18.9 Brand Fund and Promotional Materials

Franchisee shall also immediately furnish Franchisor an itemized list of all advertising and sales promotion materials bearing the Marks or any of Franchisor's distinctive markings, designs, labels, or other marks thereon, whether located on Franchisee's premises or under Franchisee's control at any other location. Franchisor shall have the right to inspect these materials. Franchisor shall have the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at Franchisee's cost, or to require Franchisee to destroy and properly dispose of such materials. Materials not purchased by Franchisor shall not be utilized by Franchisee or any other party for any purpose unless authorized in writing by Franchisor.

18.10 Assignment to Franchisor

Upon execution of this Agreement, in partial consideration of the rights granted hereunder, Franchisee acknowledges and agrees that all right, title and interest in the signs and menu boards used at the Restaurant are hereby assigned to Franchisor, and that upon termination or expiration of this Agreement, neither Franchisee nor any lien holder of Franchisee shall have any further interest therein.

18.11 Assignment of Lease

If Franchisee operates the Restaurant under a lease or sublease for the Restaurant premises with a third party and/or, if any Equipment and Furnishings use for the Restaurant are subject to a lease or sublease, then, Franchisee shall, at Franchisor's option, assign to Franchisor any interest which Franchisee has in any such lease(s) and/or sublease(s). Franchisor may exercise such option at or within thirty (30) days after either termination or expiration of this Agreement. In the event Franchisor does not elect to exercise its option to acquire the lease(s) and/or sublease(s) or does not have such option, Franchisee shall make such modifications or alterations to the Restaurant premises as are necessary to distinguish the appearance of the Restaurant from that of other Restaurants operating under the System and shall make such specific additional changes as Franchisor may reasonably request. If Franchisee fails or refuses to comply with the requirements of this Section 18.11, Franchisor shall have the right to enter upon the Restaurant premises, without any liability to Franchisee, to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

18.12 Franchisor's Right to Purchase

18.12.1 Except as provided in Sections 18.9, 18.10 and 18.13, Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the Equipment and Furnishings (including any POS System or computer hardware and software systems), Products or other assets of Franchisee or its Affiliates related to the operation of the Restaurant, at fair market value. Franchisor shall be purchasing such assets only and shall be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs, and each shall pay one-half (1/2) of the appraisal fees. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee or its Affiliates to Franchisor or its Affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash.

18.12.2 In addition to the options described above, if Franchisee or its Affiliates owns the Restaurant premises, then Franchisor shall have the option, to be exercised at or within thirty (30) days after termination or expiration of this Agreement, to purchase the Restaurant premises including any building thereon, if applicable, for the fair market value of the land and building, and any or all of the Equipment and Furnishings (including any POS System or computer hardware and software systems), Products and other assets therein at fair market value. Franchisor shall purchase such assets only and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined in accordance with appraisal procedure described above.

18.12.3 With respect to the options described in Sections 18.11, 18.12.1 and 18.12.2, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the property or interests being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.12.4 The time for closing of the purchase and sale of the properties described in Sections 18.12.1 and 18.12.2 shall be a date not later than thirty (30) days after the purchase price is determined by the parties or is determined by the appraisers, or such date Franchisor receives and obtains all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date. The time for closing on the assignment of the lease described in Section 18.11 shall be a date no later than ten (10) days after Franchisor's exercise of its option thereunder unless Franchisor is exercising its options under either Section 18.12.1 or 18.12.2, in which case the date of the closing shall be on the same closing date prescribed for such option. Closing shall take place at Franchisor's corporate offices or at such other location as the parties may agree.

18.13 Restaurant Assets

Notwithstanding anything to the contrary contained in Sections 18.11 and 18.12, if Franchisee operates the Restaurant from a premises that is leased or subleased to Franchisee by Franchisor, upon termination or expiration of this Agreement, Franchisor shall have the right to take immediate possession of the assets of the Restaurant, including, any or all of the Equipment and Furnishings (including any POS Systems or computer hardware and software systems), Products and other assets of Franchisee or its Affiliates related to the operation of the Restaurant. Franchisor shall have a lien against all such assets in the amount of any amounts due to Franchisor under this Agreement or any other agreement. Franchisor shall have the right to have such assets appraised at the lower of cost or fair market value of the used assets, and to acquire all right, title and interest to such assets, without conducting any public sale, by paying to Franchisee (or to any lender of Franchisee who has a lien in the assets) the difference between the appraised value and the amounts owed to Franchisor by Franchisee at the time of termination. If the lien on the assets from Franchisee's lender has priority over any lien of Franchisor, and the amount of the lien is in excess of the appraised value of such assets, Franchisor shall have the right to deal directly with Franchisee's lienholder, and to pay any amounts due to Franchisee directly to the lienholder. Franchisee agrees to provide all further assurances, and to execute all documents required by Franchisor or by law to lawfully effect such transfer, and to perfect Franchisor's security interest. Franchisor shall have the right to take such action without the execution of any further documents by Franchisee if Franchisee fails or refuses to comply with these further assurances.

18.14 Assignment of Options by Franchisor

Franchisor shall be entitled to assign any and all of its options in this Section to any other party, without the consent of Franchisee.

18.15 Telephone Numbers, Websites, etc.

Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Restaurant and any business listings and execute all forms and documents required by Franchisor and any third party at any time to transfer such assets to Franchisor. Further, Franchisee shall assign to Franchisor all Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents which may have been executed by Franchisor under Section 7.14, Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, email addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

ARTICLE XIX
MISCELLANEOUS

19.1 Notices

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by facsimile or email (provided that the sender confirms the facsimile by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: SBK BURGER CO., LLC
13036 SE Kent Kangley Road
Kent, Washington 98032
Attention: Paul Sandhu, Mandeep Sandhu
Facsimile: (844) 770-0122

With a copy to: Nicole J. Harrell, Esq.
Kaufman & Canoles, P.C.
P.O. Box 3037
Norfolk, Virginia 23514
Facsimile: 888-360-9092

Notices to Franchisee and the Controlling Principals: ___________________________
____
____
Attention:__________________
Facsimile:__________________

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile or email, upon transmission (provided, in the case of facsimile, confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

19.2 Entire Agreement

This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between Franchisor and Franchisee and the Controlling Principals concerning the subject matter hereof and shall supersede all prior related agreements between Franchisor and Franchisee and the Controlling Principals; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by Franchisor in the Disclosure Document that was furnished to Franchisee by Franchisor. Except for those permitted to be made unilaterally by Franchisor 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.

19.3 No Waiver

No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or default by Franchisee or the Controlling Principals under this Agreement shall constitute a waiver by Franchisor to enforce any such right, option, duty or power against Franchisee or the Controlling Principals, or as to a subsequent breach or default by Franchisee or the Controlling Principals. Acceptance by Franchisor of any payments due to it hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee or the Controlling Principals of any terms, provisions, covenants or conditions of this Agreement.

19.4 Prior Approval of Franchisor

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor, and such approval or consent shall be obtained in writing.

19.5 No Warranty or Guaranty

Franchisor makes no warranties or guarantees upon which Franchisee may rely and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

19.6 Continued Obligation to Pay Sums

If an Event of Force Majeure shall occur, then, in addition to payments required under Section 17.1.3(f), Franchisee shall continue to be obligated to pay to Franchisor any and all amounts that it shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of any Event of Force Majeure and the Indemnitees shall continue to be indemnified and held harmless by Franchisee in accordance with ARTICLE XV. Except as provided in Section 17.1.3(f) and the immediately preceding sentence herein, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an Event of Force Majeure. Upon the occurrence of any Event of Force Majeure, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

19.7 Dispute Resolution

19.7.1 Franchisor and Franchisee acknowledge that during the Term of this Agreement disputes may arise between the parties that may be resolvable through mediation. To facilitate such resolution, Franchisor and Franchisee agree that each party shall submit the dispute between them for non-binding mediation at a mutually agreeable location before commencing an arbitration proceeding under Section 19.7.3. If Franchisor and Franchisee cannot agree on a location, the mediation will be conducted in Wilmington, Delaware. The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. Franchisor and Franchisee agree that statements made by Franchisor, Franchisee or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation.

19.7.2 If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 19.7.3.

19.7.3 Except to the extent Franchisor elects to enforce the provisions of this Agreement by judicial process and injunction in Franchisor's sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in Wilmington, Delaware under the authority of the internal laws of the State of Delaware, without regard to its choice of law principles. The arbitrator(s) will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitrator will be selected, and the arbitration proceedings will be conducted, under the Commercial Arbitration Rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or Delaware law. The decision of the arbitrator(s) will be final and binding on all parties. This section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, Franchisee and Franchisor shall fully perform their respective obligations under this Agreement.

19.7.4 Notwithstanding the above, the following shall not be subject to arbitration:

(i) disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

(ii) disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the trademarks;

(iii) disputes and controversies relating to actions to obtain possession of the premises of the Restaurant under lease or sublease.

19.7.5 If Franchisor shall desire to seek specific performance or other extraordinary relief including, but not limited to, injunctive relief under this Agreement, and any amendments thereto, or to collect monies due, then any such action shall not be subject to arbitration and Franchisor shall have the right to bring such action as described in Section 19.19.

19.7.6 In proceeding with arbitration and in making determinations hereunder, the arbitrators shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Franchisor in good faith. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement. The arbitrators shall apply Delaware law and the terms of this Agreement in reaching their decision.

19.8 Governing Law

With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, Franchisee and the Controlling Principals hereby irrevocably submit themselves to the jurisdiction of the state courts sitting in Wilmington, Delaware and the United States District Court for the District of Delaware. Franchisee and the Controlling Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. Franchisee and the Controlling Principals hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Delaware law or federal law. Franchisee and the Controlling Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be the United States District Court for the District of Delaware; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, Franchisor may bring such action in any state or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Delaware law without regard to its conflict of law principles.

19.9 Agreement Regarding Governing Law and Choice of Forum

Franchisee, the Controlling Principals and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.8 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of Franchisee, the Controlling Principals and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.10 Acceptance of Agreement

Franchisee, the Controlling Principals and Franchisor acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Wilmington, Delaware, and further acknowledge that the performance of certain obligations of Franchisee arising under this Agreement, including, but not limited to, the payment of monies due hereunder and the satisfaction of certain training requirements of Franchisor, shall occur in Wilmington, Delaware.

19.11 Waiver of Punitive Damages, Jury Trial and Class Action

Franchisee, its Controlling Principals and Franchisor hereby waive, to the fullest extent permitted by law, any right to or claim of any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. In any trial between any of the parties hereto, including present and former employees and agents of Franchisor, Franchisee and Franchisor agree to waive our rights to a jury trial and instead have such action tried by a judge or arbitrator. Franchisee agrees that any claim Franchisee may have against Franchisor, including its past and present employees and agents, must be brought individually and Franchisee will not join such claim with claims of any other Person or bring, join or participate in a class action against Franchisor. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

19.12 Execution in Multiple Counterparts

This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

19.13 Captions

The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

19.14 Survival of Terms

Any obligation of Franchisee or the Controlling Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or the Controlling Principals therein, shall be deemed to survive such termination, expiration or transfer. Without limiting the generality of the foregoing, the following provisions expressly survive the expiration or termination of this Agreement: Sections 4.2, 4.7, 7.14, 7.15, 10.2, 10.3, 10.4, and ARTICLES XI, XV, XVI, XVIII and XIX.

19.15 Severability of Provisions

Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision 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, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

19.16 Joint and Several Obligations

All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Controlling Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by Franchisee in this Agreement shall be deemed, jointly and severally, undertaken by all of the Controlling Principals.

19.17 Rights and Remedies Cumulative

All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its Affiliates and Franchisor. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to ARTICLE XVII of this Agreement shall not discharge or release Franchisee or any of the Controlling Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

19.18 Terminology

The term "**Affiliates**" shall mean any entity that is controlled by, controlling or under common control with such other entity.

The term "**Franchisee's Principals**" shall include, collectively and individually, (1) Franchisee's spouse, if Franchisee is an individual, (2) all officers, directors, managers and general partners (or individuals holding comparable positions in non-corporate entities) of Franchisee and (3) all officers, directors, managers and general partners (or individuals holding comparable positions in non-corporate entities) of any Controlling Principal that itself is an entity, in each case whom Franchisor designates as Franchisee's Principals and all holders of an ownership interest in Franchisee and of any entity directly or indirectly controlling Franchisee, and any other Persons controlling, controlled by or under common control with Franchisee. As used in this Section 19.18, the terms "control" and "controlling" shall mean the power to influence the management decisions of the specified individual and shall in any case be deemed to exist where the second Person holds ten percent (10%) or more of the total ownership interest in the specified Person, serves on any board of directors or comparable body of such specified Person or acts as an officer, general partner or manager thereof (or holds a comparable position in a non-corporate entity). The initial Franchisee's Principals shall be listed on Attachment D. The term "**Controlling Principals**" shall include, collectively and individually, any Franchisee's Principal who has been designated by Franchisor as a Controlling Principal hereunder. For purposes of this Agreement, a publicly held corporation is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act.

The term "**Person**" shall mean any individual, corporation, partnership, limited liability company or any other entity.

19.19 References

Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

19.20 No Rights or Remedies Except to the Parties

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, members and employees and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, authorized by ARTICLE XIV), any rights or remedies under or as a result of this Agreement.

19.21 Effectiveness of Agreement

This Agreement shall not become effective until signed by an authorized officer of Franchisor.

19.22 Modification of the System

Franchisee understands and agrees that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of Franchisor, Franchisee and all other franchisees. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which Franchisee's Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which Franchisee is required to observe hereunder; and changing, improving, modifying, or substituting other words or designs for, the Marks. Franchisee expressly agrees to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase Franchisee's obligations hereunder.

Franchisee shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

19.23 Atypical Terms

Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to other franchisees of Franchisor in any manner and at any time, which offers have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement. Franchisee further acknowledges and agrees that Franchisor has made no warranty or representation that all franchise agreements previously issued or issued, after this Agreement, by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Franchisor may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Franchise Agreements previously executed or executed after the date of this Agreement with other franchisees of Franchisor in a non-uniform manner.

19.24 Step-In Rights

If Franchisor determines in its sole judgment that the operation of Franchisee's business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the franchise System and thereby lessen its value, Franchisee authorizes Franchisor to operate his/her business for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies which Franchisor may have under this Agreement. In the sole judgment of Franchisor, Franchisor may deem Franchisee incapable of operating the Franchised Business if, without limitation, Franchisee is absent or incapacitated by reason of illness or death; Franchisee has failed to pay when due or has failed to remove any and all liens or encumbrances of every kind placed upon or against the Franchised Business; or Franchisor determines that operational problems require that Franchisor operate Franchised Business for a period of time that Franchisor determines, in its sole discretion, to be necessary to maintain the operation of the business as a going concern.

Franchisor shall keep in a separate account all monies generated by the operation of Franchised Business, less the expenses of the Franchised Business, including reasonable compensation and expenses for Franchisor's representatives. In the event of the exercise of the rights set forth in this Section 19.24 (the "**Step-In Rights**") by Franchisor, Franchisee agrees (i) to hold harmless Franchisor and its representatives for all actions occurring during the course of such temporary operation, (ii) to pay all of Franchisor's reasonable attorneys' fees, expert fees and costs incurred as a consequence of Franchisor's exercise of its Step-In Rights, (iii) that Franchisor is entitled to collect an amount equivalent to any royalty and advertising fees that would be due under this Agreement as well as a reasonable fee for Franchisor's services, and (iv) that neither Franchisor nor any party authorized by Franchisor, have any obligation to compensate Franchisee for any services rendered or the operation of the Restaurant during the period in which Franchisor exercised its Step-In-Rights, or will be liable to Franchisee for any act or omission, service rendered or denied, or operation of the Restaurant during such period. Nothing contained herein shall prevent Franchisor from exercising any other right which it may have under this Agreement, including, without limitation, termination.

19.25 Release

By executing this Agreement, Franchisee and Franchisee's Principals, on behalf of themselves and their heirs, legal representatives, successors and assigns, and each assignee of this Agreement, hereby forever release and discharge SBK Burger Co., LLC, its past and present employees, agents, officers and directors, including SBK Burger Co., LLC's parent, subsidiary and Affiliates, their respective past and present employees, agents, officers and directors, from any and all claims relating to or arising out of any franchise agreement between the parties executed prior to the date of this Agreement, and all other claims relating to any dealings between any of the parties. However, this release does not apply to any duty SBK Burger Co., LLC may have to offer to renew Franchisee's franchise as provided in any prior franchise agreements between the parties.

19.26 Freedom to Contract

Franchisee and the Controlling Principals represent and warrant that neither Franchisee nor the Controlling Principals are, at the time of signing this Agreement, subject to any non-compete, non-disclosure, non-circumvent, non-solicitation, confidentiality or other agreement which would restrict or limit Franchisee's or such Controlling Principal's ability to participate in the ownership or operation of the Franchised Business. Franchisee and the Controlling Principals further represent and warrant that neither Franchisee nor any of the Controlling Principals will be in breach of any such non-compete, non-disclosure, non-circumvent, non-solicitation, confidentiality or other agreement as a result of entering into this Agreement or participating in the ownership or operation of the Franchised Business.

ARTICLE XX
ACKNOWLEDGMENTS

20.1 Franchisee acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

20.2 Franchisee acknowledges that Franchisor may delegate any right or obligation of Franchisor under this Agreement to such third party as Franchisor may designate. Franchisee further acknowledges that: (i) the term **"Franchisor"** as used in this Agreement will refer only to SBK Burger Co., LLC and not any parent, affiliates, or principals of Franchisor; (ii) Franchisor is not authorized to contract for or on behalf of Franchisor's parent (if any) or any of Franchisor's Affiliates or principals; and (iii) this Agreement will not be deemed to bind or otherwise restrict Franchisor's parent (if any) or any of Franchisor's Affiliates or principals.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date first above written.

FRANCHISOR:

SBK Burger Co., LLC
a Delaware limited liability company

ATTEST:

______________________________________	By:____________________________________
Witness	Name:__________________________________
	Title:___________________________________
	Accepted On:___________________________
	(the "**Effective Date**")

FRANCHISEE:

____

______________________________________	By:____________________________________
Witness	Name:__________________________________
	Title:___________________________________
	Date:___________________________________

CONTROLLING PRINCIPALS

Each of the undersigned acknowledges and agrees as follows:

1. Each has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this guaranty and the undertakings of the Controlling Principals in the Franchise Agreement are in partial consideration for, and a condition to, the granting of this license, and that Franchisor would not have granted this license without the execution of this guaranty and such undertakings by each of the undersigned;

2. Each is included in the term "Controlling Principals" as described in Section 19.18 of the Franchise Agreement;

3. Each individually, jointly and severally, makes all of the covenants, representations, warranties and agreements of the Controlling Principals set forth in the Franchise Agreement and is obligated to perform thereunder; and

4. Each individually, jointly and severally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under the Franchise Agreement will be punctually paid and performed. Upon default by Franchisee or upon notice from Franchisor, each will immediately make each payment and perform each obligation required of Franchisee under the Franchise Agreement. Without affecting the obligations of any of the Controlling Principals under this guaranty, Franchisor may, without notice to the Controlling Principals, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee or settle, adjust or compromise any claims that Franchisor may have against Franchisee. Each of the Controlling Principals waives all demand and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor and any release of any guarantor or other security for this guaranty or the obligations of Franchisee. Franchisor may pursue its rights against any of the Controlling Principals, jointly or severally, without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy. Upon receipt by Franchisor of notice of the death of any of the Controlling Principals, the estate of the deceased will be bound by the foregoing guaranty, but only for defaults and obligations under the Franchise Agreement existing at the time of death, and in such event, the obligations of the remaining Controlling Principals shall continue in full force and effect.

ATTEST:	CONTROLLING PRINCIPALS:
______________________________ Witness	______________________________ Name______________________________
______________________________ Witness	______________________________ Name______________________________
______________________________ Witness	______________________________ Name______________________________
______________________________ Witness	______________________________ Name______________________________

ATTACHMENT A TO THE FRANCHISE AGREEMENT

ACCEPTED LOCATION, TERRITORY AND OPENING DATE

1. ACCEPTED LOCATION

Pursuant to Section 1.2 of the Franchise Agreement, the Restaurant shall be located at the following Accepted Location:

____
____
____

2. PROTECTED TERRITORY:

Pursuant to Section 1.4 of the Franchise Agreement, the Protected Territory shall be:

____
____

3. PREEXISTING KITCHEN:

Pursuant to Section 1.4 of the Franchise Agreement, a Preexisting Kitchen is located at:

____

ATTACHMENT B TO THE FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns, transfers and sets over to SBK Burger Co., LLC, a Delaware limited liability company ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease" a copy of which is attached as Exhibit A respecting the premises commonly known as _________________________________. This assignment is for collateral purposes only and, except as specified in this document, Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor's default under the Lease or under the "Franchise Agreement" for a Restaurant between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement, Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay the lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement, Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing, and upon Assignor's failure to elect to extend or renew the Lease as required, Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE:	ASSIGNOR:
SBK BURGER CO., LLC	______________________________
By:__________________________	By:__________________________
Name:________________________	Name:________________________
Title:________________________	Title:________________________
Date:________________________	Date:________________________

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease defines as a Restaurant.

Dated:______________________

____

___________________________________, Lessor

ATTACHMENT C TO THE FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP INTERESTS AND FRANCHISEE'S PRINCIPALS

A. The following is a list of all shareholders, partners or other investors in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

Name | Percentage of Ownership/Nature of Interest

B. In addition to the persons listed in paragraph A., the following is a list of all of Franchisee's Principals described in and designated pursuant to Section 19.18 of the Franchise Agreement. Unless designated as a Controlling Principal, each of Franchisee's Principals shall execute the Confidentiality Agreement and Ancillary Covenants Not to Compete substantially in the form set forth in Attachment D (see Sections 10.2.2 and 10.3.4 of the Franchise Agreement):

C. Operating Principal: ____

D. As of the Effective Date of this Agreement, Franchisee and/or Franchisee's Principals own and operate the following restaurants, which are hereby excluded from the definition of Competitive Business for purposes of Sections 10.3.1(a) and 10.3.2(a) of the Agreement:

Legal Entity Name	**Trade Name / Restaurant Name**	**Franchisee's Principals**	**Address**	**Date Opened**

ATTACHMENT D TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE

THIS AGREEMENT is made and entered into this _____ day of ____________, 20__, between SBK Burger Co., LLC, a Delaware limited liability company ("Franchisor"), __________________ ("Franchisee") and ______________________ ("Covenantor").

RECITALS:

WHEREAS, Franchisor has developed a unique system (the "System") for the development and operation of restaurants under the name and mark "*Secret Burger Kitchen*" ("Restaurant(s)"); and

WHEREAS, Franchisor has granted Franchisee the limited right to operate a Restaurant using the System, the Marks and the Trade Secrets for the period defined in the franchise agreement made and entered into on _______________, 20___ ("Franchise Agreement"), by and between Franchisor and Franchisee; and

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of the System of restricting the use, access and dissemination of the Trade Secrets; and

WHEREAS, it will be necessary for certain employees, agents, independent contractors, officers, directors and interest holders of Franchisee, or any entity having an interest in Franchisee ("Covenantor") to have access to and to use some of all of the Trade Secrets in the management and operation of Franchisee's business using the System; and

WHEREAS, Franchisor has developed proprietary recipes for its "SBK Sauce" and "Secret Burger Seasoning Blend"; and

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "*Secret Burger Kitchen*" and such other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of services and products marketed under such marks and under the System and representing the System's high standards of quality, appearance and service and distinctive exterior and interior design, décor and color scheme and furnishings ("Marks"); proprietary recipes and menu items; uniform standards, specifications and procedures for inventory and management and financial control; operations; quality and uniformity of products and services offered; procedures for management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time and are used by Franchisor in connection with the operation of the System ("Trade Secrets"); and

WHEREAS, the Marks and Trade Secrets provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by, Franchisor's competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, Franchisee has agreed to obtain from Covenantor written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, Covenantor wishes to remain, or wishes to become associated with or employed by Franchisee and understands that such employment is contingent upon Covenantor executing this Agreement; and

WHEREAS, Covenantor wishes and needs to receive and use the Trade Secrets in the course of his employment or association in order to effectively perform his services for Franchisee;

WHEREAS, each provision in this Agreement shall be interpreted as though it had at its beginning "To the extent permitted by applicable law"; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Trade Secrets constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. Franchisor and/or Franchisee shall disclose to Covenantor some or all of the Trade Secrets relating to the System. All information and materials, including, without limitation, any manuals, drawings, specifications, techniques and compilations of data which Franchisor provides to Franchisee and/or Covenantor shall be deemed confidential Trade Secrets for the purposes of this Agreement.

2. Covenantor shall receive the Trade Secrets in confidence and shall, at all times, maintain them in confidence, and use them only in the course of his employment or association with the Franchisee and then only in connection with the development and/or operation by Franchisee of a Restaurant only for so long as Franchisee is licensed by Franchisor to use the System.

3. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without Franchisor's express written permission.

4. Covenantor shall not at any time disclose, use, or permit the disclosure or use of the Trade Secrets except to and by other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the development or operation of a Restaurant using the System.

5. Covenantor shall not at any time attempt to reverse engineer, dissect, or in any way attempt to determine the proprietary blend of ingredients constituting the Secret Burger Seasoning Blend or the SBK Sauce.

6. Covenantor shall surrender any material containing some or all of the Trade Secrets to Franchisee or Franchisor, upon request, or upon termination of employment by Franchisee, or upon conclusion of the use for which such information or material may have been furnished to Covenantor.

7. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.

8. All manuals associated with the Trade Secrets and System are loaned by Franchisor to Franchisee for limited purposes of operating a Restaurant using the System only and remain the property of

Franchisor and may not be reproduced, in whole or in part, by Franchisee and/or Covenantor without Franchisor's written consent.

9. Covenantor may not be held civilly or criminally liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (a) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, and such disclosure is solely for the purpose of reporting or investigating a substantial violation of law; or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Moreover, if Covenantor files a lawsuit for retaliation for reporting a suspected violation of law by the Franchisor and/or Franchisee, Covenantor may disclose the trade secret to his attorney and use the trade secret information in the court proceeding if he files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order.

Covenants Not to Compete

10. While employed by Franchisee, in order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Trade Secrets, and in consideration for the Covenantor's employment by Franchisee and disclosure to Covenantor of the Trade Secrets, Covenantor further agrees and covenants that it shall not:

(a) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, be employed by, assist or make loans to (i) any restaurant or ghost kitchen that derives twenty percent (20%) or more of its gross revenue from the sale of smashburgers and/or hamburgers, other than a restaurant or ghost kitchen owned or operated by Franchisee and/or its Principals prior to the Effective Date of this Agreement and disclosed to Franchisor on Attachment C, or (ii) any business that specializes in developing, operating or franchising restaurants or ghost kitchens that derive twenty percent (20%) or more of their revenue from the sale of smashburgers and/or hamburgers (collectively, "Competitive Business").

(b) Divert or attempt to divert, any franchise business opportunity or customer of the Franchised Business to any other person or entity, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(c) Employ, or seek to employ, any management-level employee who is at the time or was within the preceding ninety (90) days employed by Franchisor, or any franchisee or developer of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment except as may occur in connection with Franchisee's employment of such person if permitted under the Franchise Agreement.

11. In further consideration of Covenantor's employment by Franchisee and the disclosure to Covenantor of the Trade Secrets, and to protect the uniqueness of the System, Covenantor agrees and covenants that for two (2) years following the termination of his association with or employment by Franchisee, Covenantor will not, as applicable:

(a) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, be employed by, assist or make loans to any Competitive Business located within a fifteen (15) mile radius of the location of any Kitchen or Restaurant.

(b) Divert, or attempt to divert, any customer of the Franchised Business to any Competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(c) Employ, or seek to employ, any management-level employee who is at that time or was within the preceding ninety (90) days employed by Franchisor, or by any other franchisee or developer of Franchisor, or otherwise directly or indirectly induce such individual to leave his or her employment, except as may be permitted under any existing development agreement or franchise agreement between Franchisor and Franchisee.

Miscellaneous

12. Franchisee shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

13. Covenantor agrees that in the event of a breach of this Agreement, Franchisee and/or Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee and/or Franchisor shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

14. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

15. Any failure by Franchisor or the Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

16. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH FRANCHISEE IS LOCATED, WITHOUT REFERENCE TO CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE EXCLUSIVE JURISDICTION OF THE STATE COURTS SITTING IN WILMINGTON, DELAWARE, OR, IF JURISDICTION OTHERWISE EXISTS, THE U.S. DISTRICT COURT FOR THE DISTRICT OF DELAWARE. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY STATE OR FEDERAL LAW. PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE ONLY MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

17. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party,

Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

18. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be assigned by Franchisee to any successor, including a purchaser of substantially all of Franchisee's assets, and Covenantor understands and agrees to any such assignment. This Agreement may not otherwise be modified without a duly authorized writing executed by all parties.

19. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by facsimile or email (provided that the sender confirms the facsimile by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

If directed to Franchisor, the notice shall be addressed to:

SBK BURGER CO., LLC
13036 SE Kent Kangley Road
Kent, Washington 98032
Attention: Paul Sandhu, Mandeep Sandhu
Facsimile: (844) 770-0122

With a copy to:

Nicole J. Harrell, Esq.
Kaufman & Canoles, P.C.
P.O. Box 3037
Norfolk, Virginia 23514
Facsimile: (888) 360-9092

If directed to Franchisee, the notice shall be addressed to:

____
____
____
Attention: _________________
Facsimile: _________________

If directed to Covenantor, the notice shall be addressed to:

____
____
____
Attention: _________________
Facsimile: _________________

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile or email, upon transmission (provided confirmation, in the case of facsimile, is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

20. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its successors and assigns. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:

SBK BURGER CO., LLC,
a Delaware limited liability company

ATTEST:

By:____________________________________
Name:__________________________________

____
Witness

Title:__________________________________

FRANCHISEE:

By:____________________________________
Name:__________________________________

____
Witness

Title:__________________________________

COVENANTOR:

By:____________________________________
Name:__________________________________

____
Witness

ATTACHMENT E TO THE FRANCHISE AGREEMENT

ELECTRONIC TRANSFER AUTHORIZATION

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO SBK BURGER CO., LLC ("COMPANY")

____ (Name of person or legal entity)

____ (SSN or EIN number)

The undersigned depositor ("**Depositor**" or "**Franchisee**") hereby authorizes SBK Burger Co., LLC ("**Franchisor**") to initiate debit entries and/or credit entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**" or "**Bank**") to debit or credit such account(s) pursuant to Franchisor's instructions.

_______________________________ Depository	_____________________________________ Branch	
_______________________________ City	____________ State	__________________ Zip Code
_______________________________ Ban Transit/ABA Number	_____________________________________ Account Number	

This authority is to remain in full force and effect until 60 days after Franchisor has received written notification from Franchisee of its termination.

_______________________________ Depositor:	_____________________________________ Depository:
By: ___________________________	By: _________________________________
Name: _________________________	Name _________________________________
Title: __________________________	Title: ________________________________
Date: __________________________	Date: ________________________________

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ATTACHMENT F TO THE FRANCHISE AGREEMENT

POWER OF ATTORNEY (TELEPHONE)

Telephone Nos., Uniform Resource Locators (URLs), Websites and Electronic Mail Addresses.

IRREVOCABLE POWER OF ATTORNEY

STATE OF ________________)
)
COUNTY OF ______________)

KNOW ALL MEN BY THESE PRESENTS

That ____________________________ ("Franchisee") does hereby irrevocably constitute and appoint SBK Burger Co., LLC, a Delaware limited liability company ("Franchisor"), true and lawful attorney-in-fact and agent for Franchisee and in Franchisee's name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of Franchisor, shall be necessary or advisable for the sole purpose of assigning to Franchisor all of Franchisee's right, title and interest in and to any and all telephone numbers of Franchisee's franchise and all related Yellow Pages, White Pages and other business listings, including, but not limited to, the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone service company providing telephone services to Franchisee, and all electronic mail addresses, URLs and websites, hereby granting unto Franchisor full power and authority to do and perform any and all acts and things which, in the sole discretion of Franchisor, are necessary or advisable to be done as fully to all intents and purposes as Franchisee might or could itself do, hereby ratifying and confirming all that Franchisor may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether Franchisee has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with Franchisor shall be required to ascertain the authority of Franchisor, nor to see to the performance of the agency, nor be responsible in any way for the proper application of funds or property paid or delivered to Franchisor. Any person, firm or corporation dealing with Franchisor shall be fully protected in acting and relying on a certificate of Franchisor that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Franchisee shall not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of Franchisee by Franchisor shall be deemed to include such a certificate on the part of Franchisor, whether or not expressed. This paragraph shall survive any termination of this Power of Attorney.

This Power of Attorney shall terminate two (2) years following the expiration or termination of that certain Franchise Agreement dated as of ________________, 20___ by and between Franchisor and Franchisee. Such termination, however, shall not affect the validity of any act or deed that Franchisor may have effected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable power of attorney coupled with an interest. The laws of the State of Delaware shall govern all questions as to the validity of this Power of Attorney and the construction of its provisions.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the _____ day of ________________, 20___.

FRANCHISEE:

____

By:______________________________
Name:____________________________
Title:____________________________

STATE OF ________________)
)
COUNTY OF ______________)

BEFORE ME, the undersigned authority, on this day personally appeared _________________, _______________ of ______________________, known to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____________, 20__.

(SEAL)

____
Notary Public in and for
The State of ________________

My commission expires:

____

ATTACHMENT G TO THE FRANCHISE AGREEMENT

STATE SPECIFIC ADDENDA

ADDENDUM TO THE FRANCHISE AGREEMENT
SBK BURGER CO., LLC

<u>FOR THE STATE OF CALIFORNIA</u>

This Addendum to the Franchise Agreement is entered into this _____ day of _____________, 20___, between **SBK BURGER CO., LLC** ("we", "us" or "Franchisor") and ____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Franchise Agreement shall be amended as follows:

   a. The California Franchise Relations Act provides rights to the Franchisee concerning termination or nonrenewal of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

   b. Section 4.7 of the Franchise Agreement is amended to state ten percent (10%) interest, which is the highest rate of interest allowed by law in California.

   c. Sections 3.2.5 and 14.2.4(c) of the Franchise Agreement require Franchisee to sign a general release as a condition of renewal and transfer of the franchise. Under California Corporations Code Section 31512, any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order related to that law is void.

   d. Section 17.1.2 of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.).*

   e. Section 10.3.2 of the Franchise Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Franchise Agreement; this covenant may not be enforceable under California law.

   f. Section 19.8 of the Franchise Agreement is amended to provide that in the event of a conflict of law, California Law will prevail.

   g. Section 19.8 of the Franchise Agreement requires litigation to be conducted in the State of Delaware; the requirement may not be enforceable under California law.

2. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

3. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific

provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

4. 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 of fraud in the inducement, whether common law or statutory, 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.

5. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California Investment Law and/or the California Franchise Relations Act are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

6. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

SBK BURGER CO., LLC

By:____________________________________
Name:_________________________________
Title:__________________________________

Franchisee:______________________________

By:____________________________________
Name:_________________________________
Title:__________________________________

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT AND ALL RELATED AGREEMENTS
SBK BURGER CO., LLC

FOR THE STATE OF WASHINGTON

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws**. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights**. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release**. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. **Termination by Franchisee**. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing**. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages**. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement**. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification**. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees**. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants**. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments**. 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.

17. **Prohibitions on Communicating with Regulators**. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **<u>Advisory Regarding Franchise Brokers</u>**. Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Section 4.1** of the Franchise Agreement is amended to add:

Notwithstanding the foregoing, the State of Washington Securities Division requires us to defer payment of the Initial Franchise Fee and other initial payments owed by you to us until we have completed our pre-opening obligations and you have commenced operations.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _________________, 20___.

SBK BURGER CO., LLC

By:_____________________________________
Name:___________________________________
Title:____________________________________

Franchisee:______________________________

By:_____________________________________
Name:___________________________________
Title:____________________________________

ATTACHMENT H TO THE FRANCHISE AGREEMENT

TRANSFER OF A FRANCHISE TO A CORPORATION OR LIMITED LIABILITY COMPANY

The undersigned, an Officer, Director and Owner of a majority of the issued and outstanding voting stock of the Corporation set forth below, or Members of the issued and outstanding Interests of the Limited Liability Company set forth below, and the Franchisee of the Restaurant under a Franchise Agreement executed on the date set forth below, between himself or herself and SBK Burger Co., LLC, as Franchisor, granting him/her a franchise to operate at the location set forth below, and the other undersigned Directors, Officers and Shareholders of the Corporation, or the Members of the Limited Liability Company, who together with Franchisee constitute all of the Shareholders of the Corporation, or the Members of the Limited Liability Company, in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the Corporation or Limited Liability Company in accordance with the provisions of ARTICLE XIV of the Franchise Agreement, agree as follows:

1. The undersigned Franchisee shall remain personally liable in all respects under the Franchise Agreement and all the other undersigned Officers, Directors and Shareholders of the Corporation, or the Members of the Limited Liability Company, intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Franchise Agreement including the restrictive covenants contained in ARTICLE VI thereof, to the same extent as if each of them were the Franchisee set forth in the Franchise Agreement and they jointly and severally personally guarantee all of the Franchisee's obligations set forth in said Agreement.

2. The undersigned agree not to transfer any stock in the Corporation, or any interest in the Limited Liability Company without the prior written approval of the Franchisor and agree that all stock certificates representing shares in the Corporation, or all certificates representing interests in the Limited Liability Company shall bear the following legend:

> "The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated ____________, 20__ between SBK Burger Co., LLC and ___________________ ___________."
>
> or
>
> "The ownership interests represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated ____________, 20__ between SBK Burger Co., LLC and ______________________________."

3. ___________________ or his designee shall devote his best efforts to the day-to-day operation and development of the Restaurant.

4. ___________________ hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement executed on the date set forth below between Franchisee and ______________________________, to the same extent as if it were named as the Franchisee therein.

Date of Franchise Agreement: ________________________________

Location of Restaurant: _____________________________________

WITNESS:	As to Paragraph 3:
______________________________	______________________________
	[Name]
	As to Paragraph 4:
______________________________	______________________________
	[Name]
ATTEST:	______________________________
	Name of Corp. or Limited Liability Company
______________________________	By:______________________ (SEAL) Title:___________________________

In consideration of the execution of the above Agreement, ____________________________ hereby consents to the above referred to assignment on this _____ day of _________________, 20__.

SBK BURGER CO., LLC

By:____________________________

Name:__________________________

Title:___________________________

EXHIBIT C TO THE DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (the "**Agreement**") is entered into on ___________________, 20____ by and between SBK Burger Co., LLC, a Delaware limited liability company (the "**Franchisor**"), and ____________________, a ________________ (the "**Area Developer**").

WHEREAS, we, as the result of the expenditure of time, skill, effort, and money, have developed distinctive and proprietary systems (collectively, the "**System**") relating to the operation of a fast casual restaurant offering smashburgers and other foods for dine-in or take-out service;

WHEREAS, the distinguishing characteristics of the System include, without limitation, business processes, trade secrets, customer lists, knowledge, know-how, trade names, service marks, trademarks, logos, emblems, trade dress and other intellectual property; distinctive signage; websites; proprietary software programs; standards, specifications and sources for services, products, supplies, appearance, operations and management control; safety standards; training and assistance; and solicitation, marketing, promotional and sales programs; all of which may be changed, discontinued, improved, modified and further developed by us from time to time;

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems, trade dress and indicia of origin, including but not limited to, the mark "SECRET BURGER KITCHEN," as may be designated by us in writing for use in connection with the System (the "**Marks**"); and

WHEREAS, you desire to obtain certain development right to operate multiple Secret Burger Kitchen brick-and-mortar restaurants under the System and using the Proprietary Marks (the "**Franchised Businesses**" or "**Restaurants**").

NOW, THEREFORE, the parties agree as follows:

1. GRANT

1.1 Franchisor hereby grants development rights to Area Developer, and Area Developer hereby accepts the obligation, pursuant to the terms and conditions of this Area Development Agreement, to develop the number and type of Franchised Businesses as specified in Schedule A to this Agreement. Each Franchised Business for which a development right is granted hereunder shall be established and operated pursuant to: (i) a separate Secret Burger Kitchen Franchise Agreement ("**Franchise Agreement**") to be entered into between Area Developer and Franchisor in accordance with Section 3.1 below; and (ii) the development schedule set forth in Paragraph 2 of Schedule A attached hereto (the "**Development Schedule**"). Each Franchised Business developed hereunder shall be located in the area described in Paragraph 1 of Schedule A, attached hereto (the "**Development Area**").

1.2 So long as Area Developer is in compliance with its obligations under this Agreement and/or any other agreements with the Franchisor or its affiliates, Franchisor shall not establish, nor license anyone other than Area Developer to establish, a Franchised Business under the System in the Development Area, until the earlier of the last date specified in the Development Schedule or the date of the last Franchised Business to open pursuant to the Development Schedule. Area Developer acknowledges that Franchisor is also a franchisor of Secret Burger Kitchen ghost kitchens ("**Kitchens**") operating out of previously existing commercial kitchens; the limitation contained in the previous sentence shall not apply to any Kitchen for which a franchisee has signed a franchise agreement in the Development Area as of the date of this Agreement (a "**Preexisting Kitchen**"), but shall apply to Kitchens that are not Preexisting Kitchens. Franchisor retains all rights not specifically granted to Area Developer, including, for example, the right: (i) to use and license others to use the System and Marks for the operation of Franchised Businesses at any location outside the Development Area and for Preexisting Kitchens within the Development Area; (ii) to acquire and operate businesses of any kind at any location within or outside of the Development Area (excluding businesses in the same line of service operated under the System within the Development Area unless they are Preexisting Kitchens); and (iii) to use and license others to use the System and/or the Marks at any location within or outside of the Development Area other than for the operation of a Franchised Business.

1.3 This Agreement is not a franchise agreement, and does not grant to Area Developer any right to use in any manner Franchisor's Marks or System.

1.4 Area Developer shall have no right under this Agreement to license others to use in any manner the Marks or the System.

2. DEVELOPMENT FEE

2.1 In consideration of the development rights granted herein, Area Developer has paid to Franchisor upon execution of this Agreement a development fee of ______________________ Dollars ($________), receipt of which is hereby acknowledged by Franchisor, which has been fully earned and is non-refundable in consideration of administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted Area Developer herein.

3. DEVELOPMENT OBLIGATIONS

3.1 Area Developer (or an entity controlled by Area Developer (hereafter "**Affiliate**")) shall execute a Franchise Agreement for each Franchised Business in a territory approved by Franchisor in the Development Area as hereinafter provided (the "**Territory**"). The Franchise Agreement for the first Franchised Business developed hereunder shall be in the form of the Franchise Agreement attached hereto as Schedule C (the "**First Franchise Agreement**"). The Franchise Agreement for each additional Franchised Business developed hereunder shall be in the form of the Franchise Agreement being offered generally by Franchisor at the time each such Franchise Agreement is executed. Area Developer must execute the First Franchise Agreement, and make all payments required thereunder at the time of signing, at the time this Area Development Agreement is signed.

Franchisor's duty to offer or grant franchises is subject to the requirement to maintain franchise disclosure documents and franchise registrations as required by law. If Franchisor may not lawfully offer or sell a franchise at a time Area Developer desires to execute the Franchise Agreement, Franchisee's and Area Developer's duties hereunder shall be deferred until such documents are amended and, if applicable, approved for use, and delivered to Area Developer.

3.2 Recognizing that time is of the essence, Area Developer agrees to satisfy the Development Schedule by opening and maintaining in operation (directly or through an Affiliate) the number of Franchised Businesses by the dates identified on the Development Schedule. Failure by Area Developer to adhere to the Development Schedule, shall constitute a default under this Agreement as provided in Section 6.2 hereof, and at Franchisor's sole discretion, result in the forfeiture of Area Developer's Development Fee for all unopened Franchised Businesses.

4. TERM

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder shall expire on the date when Area Developer has open and in operation all of the Franchised Businesses required by the Development Schedule, or the last date the Franchised Business is to be opened under Schedule A, whichever is earlier.

5. DUTIES OF THE PARTIES

5.1 For each Franchised Business developed hereunder, Franchisor shall furnish to Area Developer the following:

5.1.1 Such developer training for Area Developer as Franchisor may deem advisable.

5.2 Area Developer accepts the following obligations:

5.2.1 An Area Developer which is a corporation shall comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the term of this Agreement:

5.2.1.1 Area Developer shall furnish Franchisor with its Articles of Incorporation, Bylaws, other governing documents, any other documents Franchisor may reasonably request, and any amendments thereto;

5.2.1.2 Area Developer shall confine its activities, and its governing documents, if any, and shall at all times provide that its activities are confined exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Franchised Businesses to be developed hereunder;

5.2.1.3 Area Developer shall maintain stop transfer instructions against the transfer on its records of any voting securities and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> The transfer of this stock is subject to the terms and conditions of an Area Development Agreement with SBK Burger Co., LLC dated _____________. Reference is made to the provisions of said Area Development Agreement and to the Articles and Bylaws of this Corporation.

5.2.1.4 Area Developer shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Area Developer and shall furnish the list to Franchisor upon request.

5.2.2 An Area Developer which is a partnership or a limited liability company shall comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the term of this Agreement:

5.2.2.1 Area Developer shall furnish Franchisor with its partnership agreement or membership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto; and

5.2.2.2 Area Developer shall prepare and furnish to Franchisor, upon request, a list of all general and limited partners and all members in Area Developer.

5.2.3 Area Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Area Developer by Franchisor, and shall disclose such information or materials only to such of Area Developer's employees or agents who must have access to it in connection with their employment. Area Developer shall not at any time, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

5.2.4 Area Developer shall comply with all requirements of federal, state and local laws, rules and regulations.

5.2.5 Area Developer shall provide Franchisor with annual unaudited balance sheets and statements of financial condition.

6. DEFAULT

6.1 Area Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Area Developer, if Area Developer becomes insolvent or makes a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by Area Developer or such a petition is filed against and not opposed by Area Developer; or if Area Developer is adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or other custodian for Area Developer's business or assets is filed and consented to by Area Developer; or if a receiver or other custodian (permanent or temporary) of Area Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Area Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless *supersedeas* bond is filed); or if Area Developer is dissolved; or if execution is levied against Area Developer's business or property; or if suit to foreclose any lien or mortgage against the premises or equipment of any Franchised Business developed hereunder is instituted against Area Developer and not dismissed within thirty (30) days; or if the real or personal property of Area Developer shall be sold after levy thereupon by any sheriff, marshal or constable.

6.2 If Area Developer fails to meet its obligations under the Development Schedule, such action shall constitute a default under this Agreement, upon which Franchisor, in its discretion, may terminate the rights granted in Section 1.2 hereof, effective fifteen (15) days following notice from Franchisor.

6.3 Except as otherwise provided in Sections 6.1 and 6.2 above, if Area Developer fails to comply with any material term and/or condition of this Agreement, or fails to comply with the terms and/or conditions of any Franchise Agreement between the Area Developer (or a person or entity affiliated with or controlled by the Area Developer) and the Franchisor, such action shall constitute a default under this Agreement. Upon the occurrence of any such default, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Area Developer at least fifteen (15) days prior to the effective date of termination; provided, however, that Area Developer may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and promptly providing proof thereof to Franchisor within the fifteen (15)-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement and all rights granted hereunder (including but not limited to the right to develop new Franchised Businesses) shall terminate without further notice to Area Developer effective immediately upon the expiration of the fifteen (15)-day period or such longer period as applicable law may require.

6.4 Upon termination of this Agreement, Area Developer shall have no right to establish or operate any Franchised Business for which a Franchise Agreement has not been executed by Franchisor at the time of termination. Thereafter, Franchisor shall be entitled to establish, and to license others to establish, Franchised Businesses in the Development Area except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Area Developer.

6.5 No default under Section 6.2 of this Area Development Agreement shall constitute a default under any Franchise Agreement between the parties hereto.

6.6 No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or equity.

7. TRANSFERS

7.1 Franchisor may assign this Agreement to an assignee who agrees to remain bound by its terms, without obtaining Area Developer's approval. Neither Area Developer nor an owner with an interest in this Agreement (collectively "**transferor**") may sub-license or sub-franchise its rights granted by this Agreement. Area Developer's interest under this Agreement or its ownership in the Area Developer entity may be transferred or assigned only if transferor complies with the following provisions. No interest may be transferred unless and until Area Developer and the transferor are in full compliance with this Agreement. No right to execute a Franchise Agreement may be assigned apart from an assignment of all of Area Developer's rights to execute Franchise Agreements under this Agreement.

7.2 If a transferor has received and desires to accept a signed, bona fide offer to purchase or otherwise transfer an interest in Area Developer's business or any interest in this Agreement or the Area Developer entity, the transferor shall grant Franchisor the option (the "Right of First Refusal") to purchase transferor's business or interest in the Area Developer as hereinafter provided.

7.3 If the transferor desires to make a transfer, such person or entity must comply with the following terms, conditions and procedures to effectuate a valid transfer:

7.3.1 If any proposed assignment of any rights under this Agreement, or if any other transfer which, when aggregated with all previous transfers, would, in Franchisor's reasonable opinion result in the transfer of effective control over the ownership of this Agreement and/or operation of Area Developer's business, a material part of Area Developer's assets or the Area Developer entity, the transferee must apply for an Area Development Agreement and must meet all of Franchisor's then-current standards and requirements for becoming an Area Developer (which standards and requirements need not be written).

7.4 Regardless of the degree of control which would be affected by a proposed transfer:

7.4.1 The proposed transferor shall first notify Franchisor in writing of any bona fide proposed transfer and set forth a complete description of all terms and fees of the proposed transfer in a manner Franchisor prescribes, including the prospective transferee's name, address, financial qualifications and previous five (5) years' business experience;

7.4.2 The transferor shall provide Franchisor with a copy of any written offer or agreement to purchase, signed by the proposed transferee, together with copies of any documents referenced in the offer or agreement, including notes and security agreements. If all material terms of the proposed sale are not described in the offer or agreement, the transferor shall provide details of all such terms in its submission to Franchisor, accompanied by the proposed transferee's written agreement to the terms.

7.4.3 The proposed transferor shall provide Franchisor with any additional information, agreements, certifications or documents Franchisor requests for use in its evaluation of whether to approve the transfer or to exercise its Right of First Refusal.

7.4.4 Upon receipt of Franchisor's request, the proposed transferor shall promptly provide Franchisor with access to any property, documents or records relevant to the transaction and to the interest which is the subject of the transfer. Once Franchisor has received all materials submitted by the proposed transferor and has reviewed all property, records and documents Franchisor has requested, within thirty (30) days Franchisor shall notify the transferor of Franchisor's decision to exercise its right to acquire all or any part of the interest being transferred, and the conditions, if any, under which Franchisor will approve the proposed transfer.

7.4.5 If the transferor's interest in Area Developer, the Area Developer's business or in this Agreement is being offered in combination with one or more other items, Franchisor has the right to purchase the interest it selects at the price and under the terms offered or agreed to by the transferor. Regardless of whether the offer establishes different prices for different interests to be transferred, Franchisor may establish a fair value for the interest it selects to acquire, based either upon the prices paid for similar interests in arm's length transactions during the previous two (2)-year period before the date of the proposed transfer, or on other reasonable criteria.

7.4.6 If non-monetary consideration is offered, Franchisor may pay the cash equivalent of the non-monetary consideration offered. If such non-monetary consideration includes the employment of the transferor, Franchisor may require the transferor to perform the proposed services on substantially the same terms as those offered by the proposed transferee. At Franchisor's option, Franchisor may agree not to pay the agreed compensation for the services to be performed by the transferor, and decline the services to be performed under the terms of the offer. If Franchisor elects this option, Franchisor may set off against any amount due for services to be rendered by the transferor, any income to be received by the transferor for services performed by others during the period when the transferor had agreed to perform services for Franchisor. Neither Franchisor nor its assignee shall be liable for paying any brokerage commission on the value of the interest transferred.

7.4.7 If Franchisor exercises its Right of First Refusal, the transferor shall transfer the interest to Franchisor or to Franchisor's assignee pursuant to an agreement to purchase which contains the material terms to which the transferor and the proposed transferee had agreed. However, if the offer or proposed purchase contract has omitted any terms customarily addressed in a transfer of an interest of the type which is the subject of the transaction, Franchisor may supply those terms in the purchase agreement and related documents.

7.4.8 If Franchisor or its assignee fails to exercise the option to purchase the interest sought to be transferred, Franchisor shall, within thirty (30) days after receipt of the notice of the proposed transfer, notify the proposed transferor in writing of its approval or disapproval of the prospective transferee.

7.5 A transfer to a Controlled Entity will not trigger the Right of First Refusal. A "**Controlled Entity**" is an entity in which the transferor(s) is/are the beneficial owner(s) of one hundred percent (100%) of each class of voting ownership interest in the Area Developer entity. At the time of the desired transfer of interest to a Controlled Entity, the transferor must notify Franchisor in writing of the name of the Controlled Entity. Franchisor will only approve a transfer to a Controlled Entity after all its beneficial owners have signed a personal guaranty of the Controlled Entity's obligations to Franchisor in a form which Franchisor prescribes. Franchisor does not charge a transfer fee for this change.

7.6 A transfer of interest among the owners of an Area Developer entity will not trigger the Right of First Refusal, provided that only the percentage of ownership, rather than the identity of the owners, is changing. At the time of the desired transfer of interest within an entity, the transferor must notify Franchisor in writing of the name and address of each officer, director, shareholder, member, partner or similar owner of an interest and their respective ownership interest before and after the transfer. Franchisor does not charge a transfer fee for this transfer.

7.7 If Franchisor does not exercise its Right of First Refusal, the transferor may transfer this Area Development Agreement or ownership interest herein according to the terms set forth in the notice, provided that Area Developer and the transferor satisfy the conditions in Sections 7.8 through 7.13 below and complete the sale within ninety (90) days from the day on which Franchisor receives the notice. If Area Developer does not conclude the proposed transfer within the ninety (90)-day period, the Right of First Refusal granted to Franchisor hereunder shall continue in full force and effect.

7.8 The proposed transferee(s) must complete Franchisor's then-current franchise application and pass Franchisor's application screening using Franchisor's then-current qualifications, which need not be written.

7.9 The proposed transferee(s) must sign the then-current amendment forms and/or franchise agreement, as required by Franchisor, and must personally assume and be bound by all of the terms, covenants, and conditions therein.

7.10 The proposed transferee(s) must attend and successfully complete Franchisor's Training.

7.11 The transferor must sign Franchisor's then-current transfer and release forms.

7.12 All materials required for any offer or sale of securities of Area Developer (or any entity that owns or is affiliated with Area Developer) by federal or state law shall be submitted to Franchisor for review, approval, and consent prior to their being filed with any government agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for review, approval, and consent prior to their use. No Area Developer offering shall imply (by use of the Marks or otherwise) that Franchisor is participating as an underwriter, issuer or offeror of Area Developer's or Franchisor's securities; and Franchisor's review and approval of any offering shall be limited solely to the subject of the relationship between Area Developer and Franchisor and shall not in any manner be deemed a review or approval of the substantive nature or legality of any such security offering or sale. Area Developer and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Area Developer shall pay Franchisor a non-refundable fee of Ten Thousand Dollars ($10,000) in order to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Area Developer shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 7.12. Any such offering shall be subject to Franchisor's Right of First Refusal, as set forth in Section 7.4 hereof.

7.13 Franchisor's consent to a transfer of any interest in this Agreement granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee. Franchisor may disapprove any transfer which may constitute a subdivision of the Territory or the granting of subfranchises.

8. COVENANTS

8.1 Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer (or, if Area Developer is a corporation, limited liability company or partnership, a principal of Area Developer approved by Franchisor) shall devote sufficient time, energy and best efforts to the management and operation of the business contemplated hereunder, including the establishment and operation of the Franchised Businesses to be developed hereunder.

8.2 Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer shall receive valuable specialized training and confidential information, including, without limitation, a manual and other information regarding the site selection, operational, sales, promotional and marketing methods and techniques of Franchisor and the System, and that Area Developer has the exclusive right and obligation to develop the Development Area. Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership or corporation:

8.2.1 Divert or attempt to divert any business or customer of any Franchised Business using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks and the System; and/or

8.2.2 Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee or area developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

8.3 Area Developer covenants that, except as otherwise approved in writing by Franchisor, Area Developer shall not, during the term of this Agreement, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership or corporation, own, maintain, operate, engage in or have any interest in any business that sells smashburgers and/or hamburgers that is located in whole or in part within the Development Area, other than those Franchised Businesses provided for in the Development Schedule; and shall not for a continuous uninterrupted period of two (2) years from the date of: (a) a transfer permitted under Section 7, above; (b) the expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a duly authorized court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 8.3; either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any persons, partnership or corporation, own, maintain, operate, engage in or have any interest in any business which sells smashburgers and/or hamburgers, and which business is, or is intended to be, conducted within the Development Area or within a 15-mile radius of the territory of any other Restaurant or any of our affiliate-owned businesses.

8.4 Section 8.3 hereof shall not apply to ownership by Area Developer of less than a one percent (1%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "publicly-held corporation" shall be deemed to refer to a corporation which has securities that have been registered under the federal Securities and Exchange Act of 1934.

8.5 At Franchisor's request, Area Developer shall require and obtain execution of covenants similar to those set forth in this Section 8 (including covenants applicable upon the termination of a person's relationship with Area Developer) from any or all of the following persons: (1) all officers, directors, managers and holders of a beneficial interest of five percent (5%) or more of the securities of Area Developer, and of any corporation or limited liability company directly or indirectly controlling Area

Developer, if Area Developer is a corporation, limited liability company or other entity; and (2) the general partners (including any corporation or limited liability company, and the officers, directors, managers and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general partner), if Area Developer is a partnership. Every covenant required by this Section 8.5 shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Area Developer to obtain execution of a covenant required by this Section 8.5 shall constitute a default under Section 6.3 hereof.

8.6 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Area Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.

8.7 Area Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 8, or any portion thereof, without Area Developer’s consent, effective immediately upon receipt by Area Developer of written notice thereof; and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 13 hereof.

8.8 Area Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 8. Area Developer agrees to pay all costs and expenses (including reasonable attorneys’ fees and expert fees) incurred by Franchisor in connection with the enforcement of this Section 8, and any of Franchisor’s other rights under this Agreement.

8.9 Area Developer acknowledges that Area Developer’s violation of the terms of this Section 8 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer accordingly consents to the issuance of an injunction prohibiting any conduct by Area Developer in violation of the terms of this Section 8.

9. <u>NOTICES</u>

Any and all notices required or permitted under this Agreement must be in writing and must be personally delivered, sent by registered or certified mail, or sent by overnight courier (such as UPS, FedEx or other similar service) which affords the sender evidence of delivery to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

SBK BURGER CO., LLC
13036 SE Kent Kangley Road
Kent, Washington 98032
Attention: Paul Sandhu, Mandeep Sandhu
Facsimile: (844) 770-0122

with copies to:

Nicole J. Harrell, Esq.
Kaufman & Canoles, P.C.
150 W. Main Street, Suite 1900
Norfolk, VA 23510

Notices to Franchisee:

As listed on the signature page to this Agreement

Either party may change the address at which it shall receive notices by sending a notice to the other party as provided in this section.

10. PERMITS AND COMPLIANCE WITH LAWS

10.1 Area Developer shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the business contemplated under this Agreement.

10.2 Area Developer shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of Area Developer and/or any Franchised Business established pursuant to this Agreement.

11. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

11.1 Area Developer is an independent contractor. Area Developer is not Franchisor's agent, partner, employee or a participant in a joint venture and has no authority to hold itself out as such to third parties. Area Developer does not have any authority to bind or obligate Franchisor. Franchisor is not and shall not be liable for any act, omission, debt or other obligation of Area Developer.

11.2 Area Developer is responsible for all loss or damage and for all contractual liability to third parties arising out of or incurred in connection with the operation of the Area Developer's business and for all claims or demands for damage directly or indirectly related thereto. Area Developer agrees to defend, indemnify and hold harmless Franchisor and its employees of and from and with respect to any such claim, loss or damage.

12. APPROVALS AND WAIVERS

12.1 Whenever this Agreement requires the prior approval or consent of Franchisor, Area Developer shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing. A request for approval shall be deemed denied unless and until Franchisor grants its written approval.

12.2 Franchisor makes no warranties or guarantees upon which Area Developer may rely, and assumes no liability or obligation to Area Developer, by providing any waiver, approval, consent, or suggestion to Area Developer in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

12.3 No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Area Developer 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 Area Developer, or as to subsequent breach or default by Area Developer. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Area Developer of any terms, provisions, covenants, or conditions of this Agreement.

13. ENTIRE AGREEMENT AND AMENDMENT

13.1 This Agreement is the entire agreement between Area Developer and Franchisor. This Agreement supersedes all other prior oral and written agreements and understandings between Area Developer and Franchisor with respect to the subject matter herein. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document.

13.2 No modifications to this Agreement shall have any effect unless such modification is in writing and signed by Area Developer and by Franchisor's authorized officer.

14. RELEASE OF PRIOR CLAIMS

By executing this Agreement, the undersigned entity, if any, and all individuals, on behalf of themselves and Area Developer and their heirs, legal representatives, successors and assigns, and each assignee of this Agreement, hereby forever release and discharge Franchisor, its past and present employees, agents, officers and directors, including Franchisor's parent, subsidiary and affiliated corporations, their respective past and present employees, agents, officers and directors, from any and all claims relating to or arising out of any Area Development Agreement, Franchise Agreement or other agreement or relationship, between the parties executed prior to the date of this Agreement, and all other claims relating to any dealings between any of the parties. However, this release does not apply to Franchisor's renewal obligations, as contained in any prior or other area development agreement, or to any duty it may have to comply with franchise sales laws applicable to this transaction or future obligation after the date of this release.

15. NON-WAIVER OF BREACH

The failure of either party hereto to enforce any one or more of the terms or conditions of this Agreement shall not be deemed a waiver of such terms or conditions or of either party's rights thereafter to enforce each and every term and condition of this Agreement.

16. DISPUTE RESOLUTION; APPLICABLE LAW

16.1 Dispute Resolution.

16.1.1 Franchisor and Area Developer acknowledge that during the Term of this Agreement disputes may arise between the parties that may be resolvable through mediation. To facilitate such resolution, Franchisor and Area Developer agree that each party shall submit the dispute between them for non-binding mediation at a mutually agreeable location before commencing an arbitration proceeding under Section 16.1.3. If Franchisor and Area Developer cannot agree on a location, the mediation will be conducted in Wilmington, Delware. The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. Franchisor and Area Developer agree that statements made by Franchisor, Area Developer or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation.

16.1.2 If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 16.1.3.

16.1.3 Except to the extent Franchisor elects to enforce the provisions of this Agreement by judicial process and injunction in Franchisor's sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in Delaware under the authority of the internal laws of the State of Delaware, without regard to its choice of law principles, before a single arbitrator. The arbitrator will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitrator will be selected, and the arbitration proceedings will be conducted, under the Commercial Arbitration Rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or Delaware law. The decision of the arbitrator will be final and binding on all parties. This section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof.

16.1.4 Notwithstanding the above, disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law shall not be subject to arbitration.

16.1.5 If Franchisor shall desire to seek specific performance or other extraordinary relief including, but not limited to, injunctive relief under this Agreement, and any amendments thereto, or to collect monies due, then any such action shall not be subject to arbitration and Franchisor shall have the right to bring such action.

16.1.6 In proceeding with arbitration and in making determinations hereunder, the arbitrator shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Franchisor in good faith. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement. The arbitrator shall apply Delaware law and the terms of this Agreement in reaching their decision.

16.2 Governing Law. With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, all such claims, controversies and disputes shall be brought exclusively in the state courts of Delaware located in Wilmington, Delaware and the United States District Court for the District of Delaware, and Area Developer and the Guarantors hereby irrevocably submit themselves to the jurisdiction of those courts. Area Developer and the Guarantors hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. Area Developer and the Guarantors hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Delaware or federal law. Area Developer and the Guarantors further agree that venue for any proceeding relating to or arising out of this Agreement shall be Wilmington, Delaware; provided, however, with respect to any action (1) for monies owed, or (2) for injunctive or other extraordinary relief, Franchisor may bring such action in any state or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this

Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Delaware law without regard to its conflict of law principles.

16.3 Agreement Regarding Governing Law and Choice of Forum. Area Developer, the Guarantors and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 16.2 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of Area Developer, Guarantors and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

16.4 Waiver of Punitive Damages, Jury Trial and Class Action. Area Developer, Guarantors and Franchisor hereby waive, to the fullest extent permitted by law, any right to or claim of any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. In any trial between any of the parties hereto, including present and former employees and agents of Franchisor, Area Developer and Franchisor agree to waive our rights to a jury trial and instead have such action tried by a judge or arbitrator. Area Developer agrees that any claim Franchisee may have against Franchisor, including its past and present employees and agents, must be brought individually, and Area Developer will not join such claim with claims of any other Person or bring, join or participate in a class action against Franchisor. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

17. GUARANTY

The Area Developer, and if it is an entity, all its officers, directors, partners and members, agree to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, and to pay any other debts due Franchisor. Likewise, for and in consideration of this Agreement, the signatures of the individual(s) below also constitute their personal joint and several guaranty to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, pay any other debts due Franchisor, and the duty to comply with the transfer procedures and covenants set forth in Sections 7 and 8. The Guarantors waive presentment, demand or notice of non-performance and the right to require Franchisor to proceed against the other Guarantors.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement in duplicate on the day and year first above written.

FRANCHISOR:	AREA DEVELOPER:
SBK BURGER CO., LLC	______________________________
By:____________________________	By:____________________________
Name:__________________________	Name:__________________________
Title:___________________________	Title:___________________________
	By:____________________________
	Title:___________________________

<u>Notices to Area Developer</u>:

____
____
____
Attention: _________________
Fax:______________________

SCHEDULE A

DEVELOPMENT SCHEDULE

1. Each Franchised Business developed under this Area Development Agreement shall be located in the following area (the "**Development Area**", as more specifically described in Section 1.1 of this Agreement):

____
____
____

2. Recognizing that time is of the essence, Area Developer agrees to satisfy the development schedule set forth below:

By Date:	**Cumulative Total Number of Franchised Business Which Area Developer Shall Have Opened and in Operation:**

INITIALED:

FRANCHISOR: ___ AREA DEVELOPER: ___

SCHEDULE B

GUARANTEE

As an inducement to SBK BURGER CO., LLC (the "**Franchisor**") to execute the Secret Burger Kitchen Area Development Agreement between Franchisor and ___________________ ("**Area Developer**") dated ______________, 20_____ (the "**Agreement**"), the undersigned hereby agree to defend, indemnify and hold Franchisor, Franchisor'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, expert fees, reasonable costs of investigation, court costs, and expenses) resulting from, or arising out of or in connection with any failure by Area Developer to perform any obligation of Area Developer under the Agreement, any amendment thereto, or any other agreement executed by Area Developer referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the covenants contained in Section 8 of 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; the obligations of the other guarantors shall continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement. This Guarantee shall be interpreted, construed and enforced under the laws of the State of Delaware. In the event of any conflict of law, the laws of Delaware shall prevail (without regard to, and without giving effect to, the application of Delaware conflict of law rules).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

GUARANTOR(S)

(Seal) ___________________________, Individually
Name:___________________________________
Address:_________________________________
____

(Seal) ___________________________, Individually
Name:___________________________________
Address:_________________________________
____

(Seal) ___________________________, Individually
Name:___________________________________
Address:_________________________________
____

(Seal) ___________________________, Individually
Name:___________________________________
Address:_________________________________
____

SCHEDULE C

FRANCHISE AGREEMENT

The form of Franchise Agreement currently offered by Franchisor is attached.

SCHEDULE D

STATE SPECIFIC ADDENDA TO THE AREA DEVELOPMENT AGREEMENT

FOR THE STATE OF CALIFORNIA

This Addendum to the Area Development Agreement is entered to this _____ day of _____________, 20___, between SBK BURGER CO., LLC ("we", "us" or Franchisor") and ____ ("you" or "Franchisee") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Area Development Agreement shall be amended as follows:

a. Section 7.11 of the Area Development Agreement requires Franchisee to sign a general release as a condition of transfer of the area development rights. Under California Corporations Code Section 31512, any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order related to that law is void.

b. Section 6.1 of the Area Development Agreement which terminates the Area Development Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.).*

c. Section 8.3 of the Area Development Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Area Development Agreement; this covenant may not be enforceable under California law.

d. Section 16.1 of the Area Development Agreement is amended to provide that in the event of a conflict of law, California Law will prevail.

e. Section 16.2 of the Area Development Agreement requires litigation to be conducted in the State of Delaware; the requirement may not be enforceable under California law.

2. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

3. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

4. 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

of fraud 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.

5. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California Investment Law and/or the California Franchise Relations Act are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

6. Unless expressly amended by this Addendum, all other terms of the Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

SBK BURGER CO., LLC

By:____________________________________
Name:_________________________________
Title:__________________________________

Area Developer:_________________________

By:____________________________________
Name:_________________________________
Title:__________________________________

WASHINGTON ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT AND ALL RELATED AGREEMENTS
SBK BURGER CO., LLC

FOR THE STATE OF WASHINGTON

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws**. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights**. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release**. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. **Termination by Franchisee**. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement

without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing**. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages**. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement**. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification**. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees**. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants**. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments**. 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.

17. **Prohibitions on Communicating with Regulators**. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is

inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers**. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Section 2.1** of the Area Development Agreement is amended to add:

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. Because franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Area Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until franchisor has met all its pre-opening obligations under the Agreement and Franchisee is open for business with respect to each such location.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _________________, 20___.

SBK BURGER CO., LLC

By:_____________________________________
Name:___________________________________
Title:____________________________________

Area Developer:__________________________

By:_____________________________________
Name:___________________________________
Title:____________________________________

EXHIBIT D TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AND AREA DEVELOPERS

None.

EXHIBIT E TO THE DISCLOSURE DOCUMENT

FRANCHISEES WHO HAVE LEFT THE SYSTEM

None.

EXHIBIT F TO THE DISCLOSURE DOCUMENT

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EXHIBIT G TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

ADDENDUM TO THE
SBK BURGER CO., LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF CALIFORNIA

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA 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.

Before the franchisor can ask you to materially modify your existing franchise agreement, Section 31125 of the California Corporations Code requires the franchisor to file a material modification application with the Department that includes a disclosure document showing the existing terms and the proposed new terms of your franchise agreement. Once the application is registered, the franchisor must provide you with that disclosure document with an explanation that the changes are voluntary.

The Franchise Agreement requires Franchisee to sign a general release as a condition of renewal and transfer. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order related to that law is void.

Neither the franchisor nor any person or franchise broker in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

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.).

Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain you net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees and former franchisees, listed in the offering circular, may be one source of this information.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

ITEM 17 of the Offering Circular is amended to add the following:

> The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control. In particular, Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act.
>
> The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
>
> Both the governing law and choice of law for franchisees domiciled in California and operating outlets located in California will be the California Franchise Investment Law and the California Franchise Relations Act, regardless of the dispute resolution venue. Any language in the franchise agreement or amendment to or any agreement the contrary is superseded by this condition. (California Corporations Code Sections 31502 and 31203 and Business and Professions Code Sections 20015 and 20040.5).

Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

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 of fraud 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.

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.

ADDENDUM TO THE
SBK BURGER CO., LLC
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF WASHINGTON

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws**. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights**. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release**. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. **Termination by Franchisee**. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing**. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages**. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement**. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification**. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees**. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants**. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments**. 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.

17. **Prohibitions on Communicating with Regulators**. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **<u>Advisory Regarding Franchise Brokers</u>**. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **ITEM 5** of the Franchise Disclosure Document is amended to add the following paragraphs:

> In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. Because franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Area Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until franchisor has met all its pre-opening obligations under the Agreement and Franchisee is open for business with respect to each such location.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _______________ day of ____________________________________, 20___.

SBK BURGER CO., LLC

By:____________________________________
Name:__________________________________
Title:___________________________________

Franchisee:______________________________

By:____________________________________
Name:__________________________________
Title:___________________________________

EXHIBIT H TO THE DISCLOSURE DOCUMENT

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
State Administrator and Agents for Service of Process:
Commissioner
Department of Financial Protection and Innovation
320 W. 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
(866) 275-2677

HAWAII
Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Agents for Service of Process:
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS
Illinois Attorney General
Chief, Franchise Division
500 S. Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA
Secretary of State
Securities Division
Room E-018
302 W. Washington Street
Indianapolis, IN 46204
(317) 232-6681

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

Agents for Service of Process:
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN
Michigan Department of Attorney General
Consumer Protection Division
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

MINNESOTA
Department of Commerce
Commissioner of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101-3165
(651) 539-1600

NEW YORK
Administrator:

New York State Department of Law
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8222 (Phone)
(212) 416-6042 (Fax)

Agents for Service of Process:
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA
North Dakota Securities Department
State Capitol, Fifth Floor, Dept. 414
600 E. Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-4712

RHODE ISLAND
Department of Franchise Regulation
1511 Pontiac Avenue
John O. Pastore Complex, Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

SOUTH DAKOTA
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Agent for Service of Process:
Clerk of the State Corporation Commission
1300 E. Main Street, 1st Floor
Richmond, VA 23219

WASHINGTON
Department of Financial Institutions
Securities Division
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8760

Agent for Service of Process:
Director
Department of Financial Institutions
Securities Division
PO Box 41200
Olympia, WA 98502-1200

WISCONSIN
Department of Financial Institutions
Division of Securities
4822 Madison Yards Way, North Tower
Madison, WI 53705
(608) 266-3364

EXHIBIT I TO THE DISCLOSURE DOCUMENT

FORM OF GENERAL RELEASE

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of ______________, 20___ by and between SBK Burger Co., LLC, a Delaware limited liability company having its principal place of business located at 13036 SE Kent Kangley Road, Kent, Washington 98032 (the "Franchisor"), and __________________, an [individual] [limited liability company] [corporation] [residing] [with its principal place of business located] at ________________________ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor**:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. For the State of Washington. The release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

4. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

5. Delaware law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

6. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the state courts sitting in Wilmington, Delaware, or, if jurisdiction otherwise exists, the U.S. District Court for the District of Delaware.

7. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness:

____

RELEASOR (if individual):

____
Signature

Print Name________________________

Witness:

____

RELEASOR (if entity):

____
Print Name of Legal Entity

By:_______________________________
Signature

Print Name________________________

Title______________________________

Witness:

____

SBK BURGER CO., LLC:

By:_______________________________
Name:____________________________
Title:_____________________________

State Effective Dates

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

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

State	Effective Date
California	Pending
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	Pending
Wisconsin	

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.

RECEIPT

(RETURN ONE COPY TO US)

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

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

If SBK Burger Co., 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 H.

The franchisor is SBK Burger Co., LLC, 13036 SE Kent Kangley Road, Kent, Washington 98032. Its telephone number is 253-507-8653.

Issuance date: April 20, 2026

The franchise seller for this offering is: ____
____.

SBK Burger Co., LLC authorizes the respective state agencies identified on Exhibit H to receive service of process for it in the particular state.

I have received a disclosure document dated _________________, that included the following Exhibits:

A – Financial Statements	F – Table of Contents of Operations Manual
B – Franchise Agreement	G – State Specific Addendum
C – Area Development Agreement	H – List of State Administrators/Agents for Service of Process
D – List of Franchisees and Area Developers	I – Form of General Release
E – Franchisees Who Have Left the System	

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 Gurpaul Sandhu at 13036 SE Kent Kangley Road, Kent, Washington 98032, or by sending a copy of the signed and dated receipt by electronic mail to Gurpaul Sandhu at franchising@secretburgerkitchen.com.

RECEIPT

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E – Franchisees Who Have Left the System	

Date:______________________ (Do not leave blank)

____
Signature of Prospective Franchisee

____
Print Name

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