FRANCHISE DISCLOSURE DOCUMENT

®

SHAGHF CAFE FRANCHISE LLC
3 Khorfakkan Road, Ground Floor
Fujairah, United Arab Emirates
Telephone: 971 55 530 8222
Email: hkalgroup@gmail.com
Website: https//www.shaghfcoffee.com

The franchise offered is for the establishment and operation of a high end cafe that offers coffee, drinks made from coffee, including espresso, other beverages, baked desserts and other related menu items. ("Franchised Cafe").

The total investment necessary to begin operations of a Franchised Cafe is $236,000 to $384,000. This includes $75,000 to $80,000 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Niaz Ahmed at 3 Khorfakkan Road, Ground Floor, Fujairah, United Arab Emirates, or by telephone at 971 50 493 3936.

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

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

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

Date of Issuance: March 13, 2025

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 Illinois. 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 Illinois than in your own state.

2. **<u>Short Operating History.</u>** The franchisor is at an early stage of development and has a limited operating history in the United States. Its affiliate's company has been operating a similar business internationally since 2018, with over 50 open cafes in more than 7 countries.

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If our most recent financial statements are unaudited and show a net worth of less than $100,000.00, you may request that we arrange for the escrow of initial investment and other funds you paid until our obligations, if any, to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection
Franchise Section
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933
(517) 335-7567

TABLE OF CONTENTS

EXHIBITS

Item 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document ("Disclosure Document"), "we," "us" or "our" means Shaghf Cafe Franchise LLC, the franchisor. "You" or "your" means the person who buys the franchise. We are a Pennsylvania Limited Liability Company organized on January 10, 2025. We do business in the name of Shaghf Cafe. Our principal address is 3 Khorfakkan Road, Ground Floor, Fujairah, United Arab Emirates. We have affiliates in the United Arab Emirates ("UAE"), who either own the limited liability company that owns the trademark license we were given in the UAE, or who do business as Shaghf in other countries. We also have affiliates who are involved in other restaurant businesses, and franchise those concepts outside the United States. They are as follows:

Affiliates

Hamad Khalfan Ali Al-Shareif Aal AlShareif whose principal place of business is: 3 Khorfakkan Road, Ground Floor, Fujairah, UAE. ("Mr. AlShareif")

Mr. AlShareif owns the following businesses, all of which are located in the UAE, and all of which franchise their concept, outside the United States.

Shaghf Cafe LLC, formed on August 16, 2018, and whose principal place of business is 3 Khorfakkan Road, Ground Floor, Fujairah, UAE.

Trendy Chicken	Patatello Cafe LLC	November 14, 2013
I Do	Choco Cafe LLC SPC	February 8, 2016
District 7	I Do To Sale Sweets	August 17, 2016
Jaow	Hamad AlShareif Cafe LLC	October 26, 2022
Owns	Owns Cafe	February 5, 2008
Otto Pizzeria	Otto Pizzeria LLC	November 13, 2023

Our affiliate True Roastery LLC SPC organized in the UAE on October 15, 2024 is the only approved company that sells coffee beans to franchisees. The principal place of business for this company is the same as our address. Shaghf Cafe LLC is the only approved company that sells pistachio sauce and toffee coffee to franchisees.

All of the principal places of business for all of our Affiliates that sell franchises is the same address as ours. Mr. AlShareif owns the service mark and its federal registration and has licensed the service mark to us for use in our franchise program under a long-term license agreement. Our affiliate, Shaghf Cafe LLC, a UAE company operates a training cafe in Dubai, UAE that will serve as a training center for Unit Franchisees who purchase franchises in states where there is not a Master Franchisee to conduct training.

Our agents for service of process are disclosed in Exhibit A.

We began to offer franchises for Franchised Cafes in the United States in 2025. We do not operate businesses of the type being franchised here. Certain of our Affiliates do operate businesses of the type being franchised here. We also offer, through a separate disclosure document a master franchise agreement. No offer is made for the master franchise program through this Disclosure Document. Other than our two separate franchise programs, we have no other business activities.

This Disclosure Document is for the offer and sale of an individual Shaghf Franchised Coffee Business ("Franchised Cafe"). A Franchised Cafe is typically between 1,500 and 2,000 square feet, and offers high end coffee, coffee drinks, including espresso, other beverages and desserts in a warm, friendly and relaxed environment. You are required to purchase certain products from us or one of our Affiliate's companies, and exclusively use only those products. Those products will be named in Item 8 below. You may also be able to offer delivery, takeout and catering, and operate a trolley, as an impermanent means of selling products at events. Start here

You will be required to operate your Franchised Cafe under the Shaghf Franchise Agreement, attached here as Exhibit B and the Shaghf Franchise Operations Manual whose Table of Contents is attached here as Exhibit C.

Restaurants and cafes offering coffee, coffee drinks, other beverages and desserts are some of the most well-developed business concepts. This includes both fast food quick service as well as more formal restaurants and diners. Direct competition will come from other similar cafes and restaurants, restaurant chains, franchises, Mom and Pop operations, diners as well as other businesses like kiosks, and grocery stores that sell similar types of food. You are required to comply with all local, state and federal health and sanitation laws in the operation of your Franchised Cafe. This includes your food license, which must be in force at all times you operate your Franchised Cafe. No smoking is ever permitted inside your Franchised Cafe and you are not permitted to offer or sell alcoholic beverages, nor are they are not permitted to be used to make any of the beverages on the menu. You will be required to comply with the Americans with Disabilities Act. We urge you to make further inquiries about these laws, and any others that may apply in your locale. If a governmental emergency order applies to you in the state where you operate, you must comply with that order, even if it means closing your Franchised Cafe to the public.

We have not offered franchises in any other line of business and do not intend to. We do offer a master franchise arrangement through a separate franchise disclosure document under a separate agreement. This franchise disclosure document does not include that information. Certain of our Affiliate's companies have other business concepts that are the same or similar and may offer franchises in those business. This Disclosure Document does not extend to any of those businesses and we have no obligation to make a separate offer to you for one or more of those business opportunities.

Under the United States federal tax regulations, any fees that you send to us or any of our Affiliates outside the United States may be subject to withholding tax you may be required to withhold. You must consult with your lawyer or accountant to determine if this applies to you.

The Corporate Transparency Act may apply to your business. It became effective as of January 1, 2024. All business entities organized by filing with a government agency like the Secretary of State's office of any state, for ex. a corporation or a limited liability company, with certain exceptions, require a Beneficial Ownership Information report to be filed within 90 days from the date of incorporation or receiving limited liability company status. After December 31, 2024, that period is 30 days. The filing is made with the Financial Crimes Enforcement Network of the United States Treasury department. Consult your own lawyer or accountant to learn more about this required filing, and whether you are covered by an exemption.

Item 2: BUSINESS EXPERIENCE

HAMAD KHALFAN ALI AL-SHAREIF AAL ALSHAREIF

Mr. AlShareif is our founder and has been our Chief Executive Officer and Manager since our inception in January 2025. Mr. AlShareif is now and has been self-employed since January 2017 by his ownership of many restaurant concepts. Mr. AlShareif has also been employed by the UAE Immigration Department since February 2006.

NIAZ AHMED

Mr. Ahmed has been our Managing Director/General Manager since our inception in January 2025, and has been Managing Director/General Manager for the HKAL Group of Companies in Fujairah, UAE since January 2017.

SHEENA NELLAS TAMPOS

Ms. Tampos has been our Human Resources Manager since our inception in January 2025; and has been Director of Franchise Sales for our affiliate Shaghf Cafe located in Fujairah, UAE, since July 2021. Between May 2019 and July 2021, Ms. Tampos was a restaurant supervisor and receptionist for V Hotel in Dubai, UAE.

SALVE D. CHAVEZ

Ms. Chavez has been our Director of Training since our inception in January 2025 and has been the Director of Training, and part of the Administrative Staff for Shaghf Cafe since March 2019.

Item 3: LITIGATION

No litigation 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

The initial franchise fee, payable in one lump sum is $50,000, and is not refundable, except as otherwise stated in this Disclosure Document. There are no other initial fees, but we do require that you purchase approximately $25,000 to $30,000 worth of products from us or one of our Affiliates before you open your Franchised Cafe. The initial franchise fee will be uniform, and will not vary.

Item 6: OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty	$5% of Gross Receipts per month	Payable by the fifth day of the month after the month for which payment is being made	The royalty payment may be withdrawn through an EFT arrangement, and is not refundable.
Products Fee	Our Affiliate True Roastery will sell to you coffee beans, and our Affiliate Shaghf Cafe LLC will sell you pistachio sauce and toffee coffee that you are required to purchase from it and must use those products to prepare beverages and other products. The amounts after the initial purchase of approximately $25,000 to $30,000 will vary based on your use of these products.	Payable within 7 days of receipt of product	Payable by EFT to us, or to our Affiliate by other means. Payment is not refundable once the product has been delivered.
Additional Training	$500 per day	15 days after billing	This payment is not refundable.
Repeat of Initial Training	$3,000	15 days after billing	This payment is not refundable.

Refresher Training	$2,500 per person	15 days after billing	This is the fee for refresher training for a manager (See Item 11). This payment is not refundable.
Transfer	$7,500	Within 7 calendar days of the date of assignment	Payable when the Franchise Agreement or a controlling interest in you is transferred, but not to an immediate family member. This payment is not refundable. No charge if Franchise Agreement transferred to a corporation whose stock, or other interests you control and of which you are the president or chief executive officer, except for the legal fees we incur to review the transfer. We will lower the Transfer Fee to $5,000 if your transferee is part of the system and does not require training. If the sale does not close we will return 75% of the transfer fee.
Audit	Cost of inspection or audit	30 days after billing	Payable only if audit shows an understatement of at least 3% of Gross Receipts in any report, or your records are not in compliance with the terms of the Franchise Agreement. This payment is not refundable.
Interest	Lesser of 1.5% per month or highest contract rate of interest allowed by law	15 days after billing	Payable on all overdue amounts. This payment is not refundable.
Management Fee	This fee will be based on payment to us of an amount that will pay our interim manager's salary and provide for travel, and lodging expenses.	As agreed	Payable during period that our appointed manager manages the Franchised Cafe upon your death or disability. This payment is not refundable.
Costs and Attorney's Fees	Will vary under circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement. These expenses are not refundable.

Indemnification	Will vary under circumstances	As incurred	You must reimburse us if your Franchised Cafe is held liable for claims arising from your Franchised Cafe operations. These payments are not refundable.

(1) Gross Receipts means the aggregate of the actual selling price of all services or products sold or provided in, on or from your Franchised Cafe (including all take-out, delivery and catering, and sales made from a trolley), unless otherwise provided in this Agreement. In calculating Gross Receipts, no deductions will be allowed for uncollected or uncollectible credit accounts and each charge or sale made on installment or credit will be treated as a sale for the full selling price in the week during which that charge or credit is made, irrespective of the time when you receive payment. Gross Receipts do not include retail sales tax, or any payments made to customers for returned product.

(2) All current fees are uniformly imposed and collected.

Item 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment Is to Be Made**
Initial Franchise Fee (1)	$50,000	Lump Sum through Bank or Cashier’s Check or wire transfer	With execution of the Franchise Agreement	Us
(2) Required Furniture, Fixtures, Equipment, POS System, Signage and Inventory	$50,000 to $80,000	Cash, credit card, check or as arranged with third party vendors	As incurred to third party vendors, per payment arrangements	Our Affiliates and Third party vendors
Rent (First three months) (3)	$13,500 to $21,000	Check, or other electronic means	Deposits are due before taking possession and rent will generally be payable monthly	Lessor

Rental Security Deposit (3a)	$9,000 to $14,000	Two months base rent as security and paid by check or other electronic means	Before occupancy	Lessor
Miscellaneous Deposits (4)	$500 to $1,000	As agreed	Before opening	Service providers such as utilities
Build-Out (5)	$70,000 to $120,000	As agreed	Periodically	Service providers and Vendors
Training Expenses (6)	$5,000 to $13,000	As agreed; Employee(s) Payroll Check	As Incurred	Third Parties
Insurance (7)	$3,000 to $5,000	As Agreed	Annually	Third Parties
Business advisors such as lawyers and accountants (8)	$5,000 to $10,000	As Agreed	As services are rendered	Third party service providers
Vehicle(s) used in the business (9)	$5,000-20,000	As Agreed	As purchases or lease are made	Third party vendors
Additional Funds – 3 months (10)	$25,000 to $50,000	Various	As Incurred	Third Parties
Total (11)	$236,000 to $384,000			

(1) The initial franchise fee is $50,000. It is not refundable, except as otherwise stated in this Disclosure Document, based on certain limited exceptions in the Franchise Agreement.

(2) This estimate includes trade fixtures, pictures and posters, signage, shelving, cabinetry menu board, equipment and supplies. Included in this category are a Point of Sale System, one MacBook Air laptop, a printer, charge card processor, copier and scanner and a monitor that displays menu items. You will also need inventory to begin the Franchised Cafe, such as food products, including the products you are required to purchase from one of our Affiliate's companies all of which we will prescribe in the Operations Manual. Of the full amount disclosed in this line item, approximately $25,000 to $30,000 will be paid to our Affiliates.

(3) and (3)(a) Rent will vary based on square footage, location, condition of property, real estate taxes, insurance and common area maintenance reimbursement. The typical premises for a Franchised Cafe will be between 1,500 and 2,000 square feet. The

rent is not refundable. The security deposit is refundable under certain conditions, at the end of the typical lease.

You can expect to pay up two months security deposit to the lessor. Base rents are expected to vary per month depending on the size of the premises and the rent per square foot. We have estimated $4,500 to $7,000 as rents will vary greatly based on the location, geographic area, the size and condition of the premises, lessor allowances and term of lease. In addition to rent, you may be required to pay for any or all of the following, utilities, tax, common area maintenance, insurance, special assessments and repairs. We cannot estimate these expenses.

(4) There may be other deposits you will have to pay, including utility deposits for gas, electric, water usage, telephone, and possibly Internet usage. These costs will vary depending on geographic area, your past business history, lessor provided services and the length of the lease.

(5) This expenditure is based on receiving the premises in a vanilla shell/white box, or in a condition that is ready to be improved. This amount involves construction, and one or more bathrooms, built to code. If we designate a floor material, that floor material we designate in the color we designate must be used. Painting, placing electrical outlets, lighting fixtures and possibly if space permits, roughing out a small office are included. This expenditure will vary due to the condition the premises are in when leased; the amount of work you intend to do and the cost of materials used. If your Franchised Cafe will be located in a space previously used for a restaurant that was already built out, your expenditure may be less, but it must still look like a Franchised Cafe when it has been completed, and this may require some significant changes, minor demolition and/or remodeling. Our representative(s) will come to your location to approve the Franchised Cafe, help set up and give you permission to open, provided you have met our requirements.

(6) There are no additional training expenses, provided you and your general manager or other manager level representative of your choosing attend and successfully complete training. You will incur expenses for travel, lodging and food, and payment of wages to one or more employees who are present for the training period. Travel to Dubai, hotel and meals for the training period could cost between $5,000 and $13,000 depending on your airfare, which hotel you choose to stay in, and where you choose to eat. If you are located in a state where there is a Master Franchisee your expenses are expected to be less because the Master Franchisee will have the obligation to train you. Travel, lodging and meals may still be necessary. If we have to repeat the training provided to you due to your inability to complete it, we reserve the right to charge up to $3,000.

(7) Insurance expenses will vary based on amount and type of coverage. Insurance requirements are disclosed in Section 11 of the Franchise Agreement, and will be reflected below in Item 8. Minimum insurance coverage requirements is the same for all Franchised Cafes. There are also suggested insurance coverages that are

not required but strongly advised. If you purchase this additional insurance you can expect to spend more on your insurance than the estimate noted above in the chart in Item 7. The insurance expense amounts are based on obtaining all insurance required in Section 11 of the Franchise Agreement paid annually. You are required to purchase insurance from a reputable insurance company licensed by your state with an A rating or higher.

(8) Your initial investment should include a budget for business advisors, including lawyers, accountants or other trusted individuals with whom you should consult or from whom you may decide to seek advice before executing the Franchise Agreement. The cost for a franchise lawyer to review the Disclosure Document which includes the Franchise Agreement, the cost for reviewing your lease for space for your Franchised Cafe, the cost for forming a business entity under which you will operate, and the set up cost to establish your business have all been factored into this estimate. The amounts estimated are also going to be affected by where you live and the rates for professional services in that locale. This estimate does not include ongoing accounting services.

(9) For delivery from Franchised Cafe, vehicle must have a cooling system. Purchase of a vehicle will cost you more than leasing.

(10) The funds needed for the first three months in operation will cover both living expenses and incidentals up to opening the Franchised Cafe (miscellaneous opening costs and include installation of a landline for telephone service, and business licenses).

We have relied on our Affiliate's principals'' more than five years of knowledge and international experience in the same business, and its almost two years in the United States, to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise, since the amount you will spend will depend on many factors, including the cost of the architect, and construction company you choose for your buildout.

(11) Expenses payable to third parties like professional fees and buildout costs are generally not refundable, and are due when the service is rendered. Insurance policy premiums may be prorated and partially refundable if you terminate them and the insurance is not used. You may arrange with the third party to refund security and utility deposits and other payments.

(12) Neither we, nor any of our Affiliates finance any part of the initial investment, as further stated in Item 10 of this Disclosure Document.

Item 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The Franchise Agreement obligates you to operate a Franchised Cafe according to our System Standards (defined in Item 11). System Standards may regulate among other things, the types, models and brands of required fixtures, furnishings, cabinetry, equipment, signs, art work, menu boards, and other items like packaging, and supplies to be used in operating the Franchised Cafe, required or authorized products and product categories and designated or approved suppliers of some or all of those items. One of our Affiliates, True Roastery LLC SPC will sell its coffee beans to franchisees. Another Affiliate Shaghf Cafe LLC will sell its pistachio sauce, and toffee coffee directly to you. At this time, those Affiliates are the only approved suppliers for those three products. You must purchase and use those products. Our Affiliate(s) will derive income from your purchase of those products. Our Affiliates will make a fair profit for those products. We, or our Affiliates may derive rebates based on required purchases or leases. We may provide other products, or leases, but do not expect to be the approved supplier for any other products, leases or services, other than as stated in this Item 8. Other than our Affiliate Hamad Khalfan Ali Al-Shareif Aal AlShareif, none of our officers or managers own an interest in any supplier that will sell any products or services to you.

As part of the equipment to operate the Franchised Cafe, you must also purchase a Clover point of sale system which includes a terminal, cash drawer, a printer, and a charge card processing machine with built-in software; and one MacBook Air laptop to be used in the Franchised Cafe in connection with and dedicated to your business. Although there are no other goods, services, supplies, fixtures, equipment, inventory, software or real estate relating to the establishment or operation of the Franchised Cafe which you must purchase or lease from us, our Affiliate or a designated supplier, you are obligated to purchase or lease fixtures, equipment, furnishings, related supplies that meet our minimum standards and specifications or are from approved suppliers. We will notify you in our Operations Manual or by other communications of our standards and specifications and/or names of approved suppliers. There may be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be considered an approved supplier. We will notify you through our Operations Manual, or other forms of written correspondence, like email transmission, of any updates/modifications to our standards and specifications.

All required purchases represent approximately 25% to 30% of your total purchases in connection with the establishment of your Franchised Cafe and approximately 5% to 10% of your overall purchases in operating the Franchised Cafe.

During 2024, a company owned by Mr. AlShareif, Shaghf Cafe LLC in the UAE sold $250,726.51 in product to franchisees under the system set up by our Affiliate, which sales were made before we were organized.

No purchasing or distribution cooperatives currently exist.

You must first present to us for approval any non-approved service or item you want to purchase or use. If you give us sufficient information, specifications, and a way to test the item, unless testing is not necessary, we will consider giving you the right to use the service or purchase that item, if we are satisfied that it meets our standards. We may condition approval of a supplier on requirements relating to product quality, frequency of delivery, standards of service and concentrations of purchases. We do not have set requirements. Our criteria will vary based on the product or service you present. We do not disclose that criteria to you. We do not charge you to do this. Pending further evaluation, approval may only be temporary. Our decision will be made within thirty (30) days of receiving all the requested information. Once we have made our determination, we will inform you of our decision. We may revoke our decision in the future in writing if we determine the supplier does not continue to meet our standards. We will not consider another source for our Affiliates' proprietary coffee beans, pistachio sauce, and toffee coffee.

As stated in the Franchise Agreement, you are also required to purchase and maintain various forms of insurance coverage from a reputable carrier, with an A or better rating, licensed to do business in the state in which your Franchised Cafe is located. This insurance shall cover the following types of losses and should be purchased in the following minimum amounts, general liability coverage, in the form of an umbrella policy with combined single limits of not less than $3,000,000 per occurrence; property damage coverage for the full contents of your Franchised Cafe, plus any storage or office space you may own or lease, which is used for your Franchised Cafe which includes full replacement of all fixtures, equipment and supplies for your Franchised Cafe; owned and non-owned and leased vehicle coverage for all vehicles which are used by you or your employees for business purposes, with a minimum amount required for this coverage which includes liability for bodily injury and property damage and uninsured motorist payments per occurrence of $500,000; Worker's Compensation with statutory limits in the amounts required by state law for all your covered employees, and Employers Liability limits of not less than $1,000,000 for each accident, $1,000,000 policy limit and $1,000,000 for each employee; disease insurance with a single occurrence limit of $1,000,000 and a policy limit of $2,000,000; cyber fraud liability insurance with limits of $100,000 per occurrence and a policy limit of $250,000.

We derive no income from your purchase of insurance, but require you to furnish us with a copy of your policies. We and the Affiliates that we designate must be named additional insureds. We have the right to obtain insurance if you do not, the option to pay premiums on your behalf for which you must reimburse us, and we must be notified in advance of cancellation of your policies.

The cost of the insurance coverage will vary, depending on, but not limited to where your Franchised Cafe is located, your previous business record, and terms of payment.

We do not negotiate purchase agreements with suppliers for the benefit of franchisees, but we may begin to do that. You do not derive any material benefits by conforming to our Standards, and/or purchasing from approved suppliers. You are required to do this under your Franchise Agreement.

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	Item in Disclosure Document
a. Site Selection and acquisition/lease	Section 7.1.2	Item 12
b. Pre-opening purchase/leases	Section 7.1.3	Item 8
c. Site development and other pre-opening requirements	Sections 8.8, 8.9, 8.11, 8.12	Item 5,7 and12
d. Initial and ongoing training	Sections 5, 8.10	Item 5 and 11
e. Opening	Sections 6.3, 8.12	Item 11
f. Fees	Sections 3.1.1, 8.5, 16	Item 5 and 6
g. Compliance with standards and policies/ operating manual	Section 8.6, 8.14, 8.19, 9.5.1, 10	Item 7,11and 15
h. Trademarks and proprietary information	Introduction, Sections 8.4, 8.18, 9.2, 9.3, 9.5.1, 9.9, 15.1, 15.3	Item 11,13 and 17
i. Restrictions on products/services offered	Sections 8.16, 8.20, 14.2.2	Item 11and 16
j. Warranty and customer service requirements	Sections 8.21	None
k. Territorial development and sales quotas	None	Item 12
l. Ongoing product/service purchases	Section 6.4, 7.1.5, 8.19	Item 8
m. Maintenance, appearance, and remodeling requirements	Sections 8.13, 8.14, 8.15	None
n. Insurance	Section 11	Item 7, 17
o. Advertising	Sections 4.2, 6.1-6.89, 8.6, 8.11, 9.2	Item 6 and 11
p. Indemnification	Sections 9, 18	None
q. Owner's participation/management, staffing	Section 16	Item 15
r. Records and reports	Section 12	Item 17
s. Inspections and audits	Sections 12	Item 6
t. Transfer	Sections 16	Item 6 and 17
u. Renewal	Section 2.3	Item 17
v. Post-termination obligations	Section 15	Item 17
w. Non-competition covenants	Section 13	Item 15 and 17
x. Dispute resolution	Sections 19, 20	Item 17

Item 10: FINANCING

Neither we, nor any of our Affiliates offer direct or indirect financing. Neither we, nor any of our Affiliates guarantee your note, lease or obligation.

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

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

Before opening we will:

1. provide you with the right to own and operate your Franchised Cafe, using the Marks, administrative procedures, and proprietary and confidential information. (Franchise Agreement, Section 7.1.1)

2. approve your location and lease. (Franchise Agreement, Section 7.1.2)

3. provide standards and specifications for the operation for your Franchised Cafe. (Franchise Agreement, Section 7.1.1)

4. provide the general plans and requirements for construction and build out after you execute the Franchise Agreement. (Franchise Agreement, Section 7.1.3)

5. provide you and up to two other people, one of whom must be the approved Manager of your Franchised Cafe, if that is not you, with 15 calendar days of comprehensive training, in the UAE or, if you are in a state where a Master Franchise Agreement is in place, then that Master Franchisee is required to provide training to you. (Franchise Agreement, Section 5)

6. provide to you, on, for the duration of the term of the Franchise Agreement, one copy of the Shaghf Confidential Operations Manual when you begin your training, unless we determine that information included in it will benefit you during the site selection, lease and build-out process. (Franchise Agreement, Sections 7.1.4, 10)

7. provide you with the specifications for equipment and furniture, such as cabinetry, a POS System, chairs and tables for your customers, menu board and signage. (Franchise Agreement, Section 7.1.5)

8. provide you with assistance in establishing your Franchised Cafe, after you have completed training, including general consultation which may take the form of telephone conversations, email exchanges, personal conversations, video conferences, and emailed or mailed information. (Franchise Agreement, Section 7.1.6)

After opening and during the operation of your Franchised Cafe we will:

1. provide you with new pages for your Operations Manual, which loaned copy you will be required to maintain and update throughout the term of the Franchise Agreement. If we make the Confidential Operations Manual electronically available to you, we will notify you when we update it. (Franchise Agreement, Section 7.1.4)

2. develop and host a website, and will develop links for franchisee pages, with address of the Franchised Cafe, a map and directions, its hours, telephone number and email contact. (Franchise Agreement, Section 9.9)

3. if warranted, develop marketing to support the Franchised Cafe franchise System. (Franchise Agreement, Section 8)

5. remain in contact with you, and be available for consultation to assist you with any aspect of owning and operating a Franchised Cafe. (Franchise Agreement, Section 8)

6. take action we deem appropriate to defend the Mark and the System. (Franchise Agreement, Sections 9.5, 9.6).

7. review your advertising and approve or deny it or require changes. (Franchise Agreement, Section 6.6)

8. timely notify you and consider your renewal of the franchise. (Franchise Agreement, Sections 2.2 and 2.3)

We do not own any real estate that we lease to you. Our Affiliates does not own any real estate that they will lease to you. We do not locate or select a site for you. We will approve an area in which you can locate a site, but we will not negotiate the terms of your lease (Franchise Agreement 7.1.2).

<u>Marketing Fund</u>

We do not have a Marketing Fund, but reserve the right to establish one. You are required to spend 2% of your monthly gross receipts for local advertising. You can spend more, this is not a limitation. We may review your books and records relating to your expenditures for advertising and promotion. If we determine that you have not spent the requisite amounts, we can require you to make up the difference in future marketing for your Franchised Cafe. The costs of telephone directory advertising will be credited toward this advertising obligation.

There is no franchisee advertising council, and we do not expect to create one. There is currently no local or regional advertising cooperative to which you must belong and in which you must participate.

<u>Approval of franchisee advertising</u>

All advertising, promotion and marketing must be completely clear and factual, not misleading and conform to the highest standards of ethical practices. You must submit to us samples of all advertising, promotional and marketing materials we have not prepared or previously approved before you use them. If we have not provided written disapproval within 15 days after we receive the materials, that will constitute approval. You may not use any advertising or promotional materials that we have disapproved. (Franchise Agreement, Section 6.6).

Opening

We estimate that there will be an interval of 4 to 6 months between the execution of the Franchise Agreement and the opening of the Franchised Cafe in most cases, but the interval may vary based upon factors that include the location and condition of the site, the construction schedule for the Franchised Cafe, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment, inventory and supplies, delays in securing a lease, your financing arrangements, completing training, and, your compliance with local laws and regulations. If you are converting a currently operating cafe premises to our System, the time will be much shorter.

You are required to open the Franchised Cafe and begin operating the business within the shorter of 270 days from the date you sign the Franchise Agreement, or 180 days from the date we approve your Franchised Cafe location.

If you have not located a site within 3 months of the date we signed the Franchise Agreement, we will have the right to terminate the Franchise Agreement and will return your franchise fee less any incurred costs in establishing the franchise and investigating any sites you have proposed. At our option, and provided you have been diligent in attempting to identify a suitable site, we can extend that time period.

You may not open the Franchised Cafe for business until: (1) we approve it as developed according to our specifications and standards; (2) pre-opening training has been completed to our satisfaction; (3) the total initial franchise fee and all other amounts then due to us and our Affiliate have been paid; and (4) we have been furnished with copies of all required insurance policies, or any other evidence of insurance coverage and payment of premiums as we request.

We will have thirty (30) days to approve a location, after you present a site to us with all the information we need to make a decision. Once we approve it, you must negotiate a lease, build out the space and open for business within 180 days from the date of execution of the Franchise Agreement. We do not provide assistance with conforming the premises to local ordinances and building codes or to obtain any required permits. This is your obligation. If you cannot negotiate a lease and you will be unable to open, in our sole discretion, we can provide you with a 90-day extension, or we can terminate the Franchise Agreement, and refund 75% percent of your initial franchise fee. If we provide an extension and you still fail to open, we can retain your initial franchise fee. If, in our discretion, you have not been diligent in pursuing the opening of the Franchised Cafe, whether we have provided an extension or not, we can terminate the Franchise Agreement and retain all fees paid to us. We will conduct a demographic study, and may visit the site. We will take into consideration, visibility, access, viability, vehicular traffic count, pedestrian traffic, competition, and condition of premises, if necessary. We will not unreasonably reject any site. (Franchise Agreement, Section 1).

Training

During training as shown below, we will use the Operations Manual. The Operations Manual currently has approximately 74 pages. We expect these page numbers to fluctuate as we revise the Operations Manual. The Table of Contents for the Operations Manuals is set forth in Exhibit C of this Disclosure Document.

TRAINING PROGRAM

Column 1 **Subject**	**Column 2** **Hours of Classroom Or In Cafe Training**	**Column 3** **Hours of On-The-Job Or In Cafe Training**	**Column 4** **Location**
Orientation and Background	1 hr		Training Facility
Guidelines, Services and Responsibilities	6 hrs		Training Facility
Licenses	1 hr		Training Facility
Food Preparation and Food Safety	1 hr	69 hrs	Training Facility
Equipment and Inventory		2 hrs	Training Facility
Opening Procedures: Store Set up Equipment Start up Employee readiness Closing Procedures: Store Shut down Equipment Shut Down Review inventory to determine what needs to be ordered		 1 hr 1 hr 1 hr 2 hrs 1 hr 2 hrs	Training Facility
POS System	20 hrs		Training Facility
Payment of Royalties	1 hr		Training Facility
Accounting, Banking	.50 hr		Training Facility
Insurance	.50 hr		Training Facility
Taxes	.50 hr		Training Facility
Marketing and Advertising	1 hr		Training Facility
Use of Trademark	1 hr		Training Facility
Supply chain and purchasing	1 hr		Training Facility

Human Resources Employee Recruitment and Retention Staff and Manager Training Scheduling Health and Safety Sexual Harassment Training	.50 hr 1 hr 16 hrs 1 hr 1 hr .50 hr		Training Facility
Support Systems Operation	.50 hr		Training Facility or online
Customer Service and Complaints	2 hrs		Training Facility or online
Loss and Theft Prevention	1 hr		Training Facility or online
Cyber Security Concerns	.50 hr		Training Facility or online
Total	58.5 hrs	79 hrs	

* Training is expected to take place in the UAE unless you purchase your franchise in a territory in which a Master Franchisee is located, then the Master Franchisee is obligated to provide training to you within the Master Franchisee's Exclusive Territory.

Training in the UAE is conducted by one of our Affiliate's companies that has been in the same or similar business for more than five years.

All times are approximate and may be adjusted based on your experience and your rate of learning.

Additionally, some training may take place by telephone or over the Internet, including using video conferencing.

You must replace the manager if we determine that he or she is not qualified to serve in this position. If you are unable to complete initial training to our satisfaction, we can terminate the Franchise Agreement. There is no separate fee for training. You will be solely responsible for costs to travel to the training site, if other than your Franchised Cafe, and for any living expenses for yourself or your employees. If you bring employees, you will also be responsible for their salaries.

There is no additional required training. We reserve the right to request that you attend further training before you renew your franchise. There is no separate training expense for this refresher training.

We do not provide assistance to you in hiring or firing your employees, nor do we train them, those are your obligations.

<u>Clover POS System, Computer</u>

You must purchase and install a Clover POS System that includes a cash drawer, a printer, a terminal and a charge card processing machine. You must also have a scanner and one MacBook

Air laptop dedicated to the business. All transactions will be done through the POS System. You must take reasonable measures to assure that any personal information you obtain from your customer's credit cards is protected.

The cost for the Clover POS System is approximately $600 for the portable device (Clover Flex) and $2,500 for the stationary equipment (Clover Station Duo). The monthly cost for the software to run the POS system is approximately $70-$75 per month, but could increase if Clover increases it. You must maintain the system as Clover requires. Costs to maintain the system will vary based on the type of equipment. It is expected that your monthly charge will cover maintenance.

This system must allow us remote full-time access to the information in the POS System. Within the POS System you will have data related to the customers, sales and services performed for those sales, credit card information, revenues, employee information and other financial information both related to your employees, and to the operation your Franchised Cafe.

The cost for the MacBook Air is between $1,000 and $1,500, depending on features. You are also required to install a camera system in your Franchised Cafe. We will also have full time access to your Franchised Cafe through the camera system. The cost to install a camera system for your Franchised Cafe is approximately $1,500. It is not expected that you will be required to update or replace your camera system, provided you maintain it in good working order.

Item 12: TERRITORY

You will operate your Franchised Cafe at a specific location whose address is identified in Exhibit B attached to the Franchise Agreement. You will also receive an exclusive territory. The radius for this exclusive territory is 5 miles from the Franchised Cafe location. Continuation of territorial exclusivity is not dependent on sales volume, market penetration or any other contingency.

During the term of your Franchise Agreement, we can sell a franchise, or operate a similar business anywhere in the United States, outside your exclusive territory, including just outside its perimeter. We cannot guarantee that we will not sell a franchise for a Franchised Cafe that may compete with you, but it is not our intent to do this.

We have no plans to operate businesses that are the same or similar to Franchised Cafes under a different trademark or trade name, and we do not intend to operate through different channels to impact your business. This is a service business that can only be provided to customers that are physically present in the Franchised Cafe, or by delivery or at a site where the drinks and food have been brought for catering. You can also use a trolley for events, like a wedding, outside your Franchise Cafe but which must be inside your Exclusive Territory and for a limited time not to exceed three days. The use of the Internet or other channels is not applicable to providing this service, other than possibly providing information related to address, telephone number and menu on our website.

If you request the right to relocate, which must be inside your Exclusive Territory, we will consider a number of factors, including reason for relocation, the length of time that remains on your Franchise Agreement and lease, the prospect for continued operation in your present location, changes that may affect your present location, lease requirements for your new location, and others that we believe pertinent at the time. If you are required to relocate due to sustaining casualty, damage, destruction of the premises due to fire or other natural disaster, different factors will be considered. Once you relocate, with our approval, the Exclusive Territory will not be reconfigured and converted to 5 miles from your new location, but will remain 5 miles from your first location.

The Franchise Agreement does not give you the right to open more than one Franchised Cafe, or the right of first refusal for any other Franchised Cafe. You will be required to seek our approval, which we can reasonably withhold for any additional Franchised Cafes. You may serve any customer that walks into your Franchised Cafe.

<u>Item 13: TRADEMARKS</u>

We grant to you the right to use the below service marks currently owned by two of our Affiliates that have been licensed to us to use:

Mark	Registration Date and Reg. No.	Application Date and Serial No.
شغف	February 14, 2023 Reg. No. 6979813	
Shaghf شغف Cafe		October 3, 2024 Ser. No. 98783670

The registered service mark is the Arabic word Shaghf, the name by which our franchise cafes are known around the world. Shaghf, an Arabic word means passion in English.

The main service mark was registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") on February 14, 2023. Nothing further is due to be filed at this time. A separate application for the wordmark and logo is pending and has not been assigned to a trademark examining attorney yet.

By License Agreement executed on January 14, 2025 we have the right to use and grant franchises that will use the registered Mark and the applied for Mark. The License Agreement provides us the license for 30 years, with two 10-year extensions. The License Agreement may be terminated if we fail to remain a franchisor, fail to uphold our covenants to police the Mark, fail to properly screen prospective franchisees, fail to instruct franchisees on the proper use of the Mark, and we do not cure any of these defaults after written notice and the cure period has expired.

You must follow our rules when you use the Mark. You cannot use a name or the Mark with modifying words, designs or symbols except for those which we license to you, nor can you use any Mark as part of a corporate name. You may not use the Mark in connection with the sale of an unauthorized service or product or in a manner we do not authorize in writing.

There are currently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or court, nor do we know of any pending infringement, or cancellation proceedings or material litigation, involving the Mark. Other than the License Agreement described above in this Item 13, there are no agreements currently in effect which significantly limit our right to use or license the use of the Mark in any manner material to the franchise.

You must notify us immediately when you suspect or learn about an apparent infringement of or challenge to your use of the Mark, or of any claim by any person of any rights in the Mark, and may not communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We will take the action we deem appropriate. We or our Affiliate have sole discretion to take any action and the right to exclusively control any litigation, United States Patent and Trademark Office proceeding or any other administrative proceeding arising from an infringement, challenge or claim or otherwise relating to any Mark. You must sign any instruments and documents, provide assistance to us and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or United States Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Mark.

While we are not required to defend you against a claim against your use of the Mark, we will reimburse you for your liability and reasonable costs in connection with defending the Mark. To receive reimbursement you must have notified us within three business days after you learned about the infringement or challenge.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable period of time after receiving notice, at your expense. We will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute service mark. You must modify or discontinue the use of any mark if we modify or discontinue its use. You must not directly or indirectly contest our right to our Mark, trade secrets or business techniques that are part of our business. You are not permitted to license, sublicense or otherwise convey the use of the Mark for any purpose or for any reason.

Item 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the franchise. We claim copyright protection of our Operations Manual, our website www.shaghfcoffee.com and related materials although these materials have not been registered with the United States Registrar of Copyrights. We will mark those items as follows: ©2025 SHAGHF CAFE FRANCHISE LLC, or the year they are produced. The Operations Manual and related materials are considered proprietary and confidential and are considered our property, and will remain our property. You may use them only as provided in the Franchise Agreement. You may not use our confidential information in any unauthorized manner and must take reasonable steps to prevent its disclosure to others, unless that person has a need to know to operate your Franchised Cafe or any aspect of it.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect, which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us, which could materially affect a franchisee's use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when this action is in the best interest of our System. If we modify or discontinue using our copyrighted materials at any time, the Franchise Agreement does not give you any particular or specific rights, including a right to compensation. We expect to continue to use and update those materials.

At least one of our Affiliates also will sell you private labeled products, and those packages may also be marked with a copyright notice.

Item 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You are obligated to participate personally in the direct operation of your Franchised Cafe. Your Franchised Cafe must at all times be under your direct, on-premises supervision, or that of a trained general manager. Either you, or the trained general manager or both must have successfully completed our training program. The general manager will not be obligated to own an equity interest in the franchise business. You must disclose to us the identity of the general manager, if other than you, and you must require the general manager to sign an agreement, in the form we provide, in which the manager agrees not to divulge any trade secret or confidential or proprietary information, including the contents of the Operations Manual, or to engage in or have any interest in any competitive business, as that term is defined in Section 4.3.4 of the Franchise Agreement.

If you are a partnership, a corporation, or a limited liability company, each shareholder, partner, or member must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for the breach of every provision of the Franchise Agreement. All guarantors are required to sign Exhibit A to the Franchise Agreement. We do not require spouses of franchisees who are not franchisees, officers, directors, shareholders or interest holders to sign or guarantee the Franchise Agreement, or sign a confidentiality or non-compete agreement.

Item 16: RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must offer and sell only those services, food items and products that we have approved. You do not have approval at this time to offer any other products for sale except those that you will display and offer in a prominent place in your Franchised Cafe, and you do not have approval to provide any services other than those offered by a Shaghf cafe. Unless you have requested our permission not to provide certain services, which approval we can withhold for any reason, you must provide all the services we authorize. You may not offer for sale any products or food or beverage items we do not authorize. You may not perform any services that we have not authorized. You may not have any form of vending, gaming, ATM or video machine in your Franchised Cafe, or on the premises on which the Franchised Cafe is located. We have the right to change the types of authorized services and products. We do not anticipate eliminating the services we currently provide, or products we sell but we may add to them. There are no limits upon our right to do so.

We place no restrictions upon your ability to serve customers provided you do so in your Franchised Cafe. You can also deliver, cater and offer take out services and work for a limited time from a trolley.

Item 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.1	Initial term is for ten years, unless terminated before its natural expiration.
b. Renewal or extension of the term	Section 2.2	There are two possible renewals for ten years each.
c. Requirements for Franchisee to renew or extend	Section 2.3	We must receive your written notice that you want to renew your franchise between 180-210 days before expiration date, and

Provision	Section in Franchise Agreement	Summary
		1) You must bring all your accounts current with us, with our Affiliate and with any affiliated companies with whom we are working at that time. This means, you must pay to us any outstanding royalties, and to us and to our Affiliate, any other monies owed. 2) You must sign the then current franchise agreement, which may be a contract with materially different terms and conditions than in the original franchise agreement you signed, and must have a lease with a term that extends through the full successive ten your term. 3) You must return your copy of the Operations Manual for a new Operations Manual, which is the same Operations Manual we give to new franchisees. If the Operations Manual was in the form of an electronic version that we sent to you on line, and you have the most up to date Operations Manual downloaded, you will not need to make any other changes. If you have a non-current paper version, you will need to turn in that copy and we will update it in order to assure that you use the most recent Operations Manual. 4) You must have substantially complied with the terms and conditions of this Agreement and your Franchised Cafe has consistently maintained quality standards. 5) You must have been in substantial compliance with your lease. 6) You must prove to us that you have all of the insurance you are required to have in force, and that the policies continue to name us, and our Affiliate. 7) You must have qualified under the then current training requirements. If we determine you require further training when you renew your Agreement, you agree to obtain that training before you sign the new franchise agreement. We reserve the right to require you to come to our training center at the time, where you will be able to receive further training to continue to operate the Franchised Cafe.

Provision	Section in Franchise Agreement	Summary
d. Termination by Franchisee	Section 14	Provide written notice of our breach and within sixty (60) days from the date we receive your written notice, we do not cure or take steps to cure the breach or any extended period of time if we cannot cure the breach within sixty (60) days but are diligently pursuing the same, and you are in substantial compliance, and not in default at the time. Franchisee can also terminate the Franchise Agreement if all debts have been paid to us and our Affiliates and Franchisee has requested that we terminate the Franchise Agreement and we have approved the request.
e. Termination by Franchisor without cause	Section 14	No termination without cause.
f. Termination by Franchisor with cause	Sections 14	We can terminate only if you commit any one of several listed events of default. 1) You fail to actively operate your Franchised Cafe, causing constructive abandonment. Constructive abandonment means that you do not operate the Franchised Cafe for a period of 7 consecutive days without any extenuating circumstances to prevent your continued operations and without our advanced written approval to close. 2) You assign or transfer the Franchise Agreement or any interest in it or in the franchise without compliance with the provisions of Section 16 of the Franchise Agreement. 3) You are convicted of or you plead no contest to a felony, or you are convicted or plead no contest to any crime or offense that is likely to adversely affect the reputation of our franchise program, us, and the goodwill associated with our Affiliate’s service mark(s). 4) You fail to make royalty payments for three separate weeks in any twelve month period, or fail three times in a twelve month period to submit when due, financial statements, reports or other data, information or supporting records and these failures to comply are not followed by a

Provision	Section in Franchise Agreement	Summary
		minimum of 12 months of on time payments and monthly report submissions. 5) You fail to comply with the in-term covenants, including the covenant not to compete in the Franchise Agreement. 6) You disclose or divulge the contents of the Operations Manual, trade secrets or other confidential information we provide to you contrary to the Franchise Agreement, instructions in the Operations Manual, and/or training you received. 7) You, or your legal representative are unable to complete an approved transfer to a qualified transferee within the time limits Franchise Agreement, Section 16 allows if you die or become permanently incapacitated. 8) You improperly use the logo mark SHAGHF, or any other service mark(s) we approve for use in operating the Franchised Cafe. 9) The premises where you conduct your Franchised Cafe business is dirty, in disrepair or shows neglect, and/or presents a health hazard to its customers and you fail to cure the problems brought to your attention. 10) You use unapproved advertising. 11) You commit any other material breach of the Franchise Agreement. 12) You offer services or products we do not approve. 13) You fail to uphold our food standards by improper preparation, and/or use of improper ingredients to prepare our recipes and/or using unapproved methods or unapproved recipes. 14) You serve diluted coffee and/or use diluted coffee to make other coffee drinks by failing to follow our prescribed amount by increasing the number of cups of coffee that can

Provision	Section in Franchise Agreement	Summary
		be brewed from each bag of our coffee beans. 15) You leave a trolley in a location for more than three days, unless you obtained advance written approval from us.
g. "Cause" defined-curable defaults	Section 14	Cause is the failure to comply with any other provision of the Franchise Agreement, besides the events of default stated directly above in Item 17.f, or any standard or administrative procedure we prescribe and you do not correct this failure or make a good faith effort to correct it within thirty (30) days after we give you written notice of your non-compliance.
h. "Cause" defined-non-curable defaults	Section 14	The events of default that can cause immediate termination are: 1. bankruptcy 2. misrepresented facts or provided fraudulent or misleading information on application 3. violation of Anti-Terrorism laws
i. Franchisee's obligations on termination/non-renewal	Section 15	Disassociate yourself from our franchise program by performing all the tasks that are stated below: a. You must de-identify, and within three business days, immediately discontinue use of any trademarks or service marks, slogans and/or logos we approved for your use during the time you operated your Franchised Cafe, or any name confusingly similar, or any reproduction, counterfeit, copy or imitation of the service marks, slogans and/or logos we approved which could or are likely to cause confusion, mistake or deception, or which will dilute our Affiliate's exclusive rights to, and our use of SHAGHF or any designation indicating affiliation between you and us, or the Franchised Cafe that previously used our Affiliate's Marks, slogans and/or logos we approved. You must also destroy all stationery, cards, advertising material and other business related items that bear or refer to the Marks, slogans and/or logos we approved for use. You must remove all signage that shows our Affiliate's Marks.

Provision	Section in Franchise Agreement	Summary
		b. You must take immediate steps to cancel or otherwise discontinue further display or reference to the Marks, slogans and/or logos we approved for use in any telephone or trade directory and in any advertising. c. Within five days, you must return to us your loaned copy of the Operations Manual including additions or amendments to it and any other signs, displays and other materials we loaned to you. You are required to destroy or return to us, immediately, all other items containing or displaying the Marks, slogans and/or logos we approved for use in the Franchised Cafe. If the Operations Manual is electronic, you will certify to us, in writing under oath, that you have deleted all references to it, and that you no longer have it on your computer, and that it was not transferred to another file, computer, hard drive, thumb drive, flash drive, stick, DVD or CD, or to any person or business entity by any known means of technology. d. Within thirty days of termination or expiration of this Agreement, or at a later date when the amounts due to us (if any), or our Affiliate are determined by a final accounting, you must pay all accrued royalty fees plus any interest due, and all other amounts owed to us or to our Affiliate for product purchased before you were terminated or were not renewed. e. You must discontinue all forms of advertising, promotion and all forms of marketing in which you hold yourself out to the public as a Franchised Cafe or any confusingly similar trade name. f. You agree to and must abide by all obligations of confidentiality and by all provisions of the post-term covenant not to compete as described in Sections13 and 17 of the Franchise Agreement. g. For eighteen months that follows the termination or expiration of the Franchise Agreement, you agree that you will not offer employment to any of our or our Affiliate's employees, or the employees of another Franchised Cafe, without our or our Affiliate's knowledge and advanced

Provision	Section in Franchise Agreement	Summary
		written approval, or the knowledge and advanced written approval of the other franchisee under Section 13 of the Franchise Agreement, and that for a two year period, as stated in Section 13 that you will not be involved in a competitive business. h. You will cease further use of any of our confidential and proprietary information. i. You must assign to us any business telephone numbers specifically used for the Franchised Cafe.
j. Assignment of contract by Franchisor	Section 16	No restriction on our right to assign and to extent transferee is responsible for compliance with our covenants and obligations, we shall be freed and relieved of all liability with respect to those covenants and obligations.
k. "Transfer" by Franchisee - definition	Sections 16	Includes transfer of assets or any ownership change, and transfer to a partnership, corporation or limited liability company that does not require our consent, but must be in compliance with Section 16 of the Franchise Agreement. A transfer to a partnership, corporation or limited liability company requires that you are in substantial compliance with the Franchise Agreement, that you have no outstanding debt to us or our Affiliate, that the new business entity conducts no business other than one or more Franchised Cafes, which you actually manage and in which you maintain control by owning and controlling at least 51% of the equity and voting rights of all issued and outstanding partnership interests, shares of stock, or an equivalent interest in a limited liability company, and all owners of your entity with ownership interests of 25% or greater agree to jointly and severally guarantee the obligations of the Franchise Agreement and to be bound by its provisions. We also require you to submit a copy of your Articles of Incorporation, or Articles of Organization, or the equivalent document in your state before the transfer, and you pay us for our attorneys' fees to review and approve the transfer.
l. Franchisor's	Section 16	We have the right to approve all transfers, our consent not

Provision	Section in Franchise Agreement	Summary
approval of transfer by Franchisee		to be unreasonably withheld.
m. Conditions for Franchisor's approval of transfer	Section 16	1) We must approve the purchase agreement and the purchaser, who has otherwise met our requirements for financial responsibility, and suitability as an owner and operator of a Franchised Cafe. 2) The assignee, transferee or purchaser must not continue to be engaged as a licensor, franchisor, independent operator or current licensee or franchisee of another competitive business. Before entering into the Franchise Agreement, the assignee, transferee or purchaser must terminate all previous licensing or franchise relationships unless with us, and must prove to us that if the assignee had such previous affiliations or relationships that the assignee and all connected with the assignee have received a full release from its or their previous franchisor and/or licensor and have been relieved of any obligations to comply with a non-compete if still within the term in which that non-compete is in effect. 3) You have paid all outstanding debts and obligations of the Franchised Cafe to us under this Agreement and you are current in your rent except those debts or obligations, if any assumed by the purchaser, and you and/or your business entity agree to enter into a mutual general release to date of transfer prepared by us, the current version of which is attached to the Franchise Agreement as Exhibit D, in which we each release all claims that we have against the other, except for those listed exempt claims that survive the date of transfer. 4) The transferee, assignee or purchaser shall have completed, at their expense and upon the terms and conditions as we may reasonably require, given the experience of the transferee, assignee or purchaser, and level of education and skill, any training programs then in effect for franchisees. 5) The party that acquires your interest in your Franchised

Provision	Section in Franchise Agreement	Summary
		Cafe and in the Franchise Agreement must execute and assumption agreement that will assign your Franchise Agreement, with the length of the term of transferee's franchise agreement will be the same as your term, unless we agree to extend that term. If we agree to an extended term, we will require the transferee to sign the then current franchise agreement. 6) A transfer fee of Seven Thousand Five Hundred Dollars in certified funds, or by wire transfer must be paid to us within five business days before the date for the closing of the sale, or the transfer.
n. Franchisor's right of first refusal to acquire Franchisee's business	Section 16	We will have thirty calendar days to decide whether to purchase the Franchised Cafe at the offered price, which must be in U.S. dollars, without other consideration. If the offer includes payment in installments, we can also pay in installments. If we decide to purchase the Franchised Cafe, we will execute a purchase agreement with you and purchase the Franchised Cafe within sixty days of the date we make our decision.
o. Franchisor's option to purchase Franchisee's business	Section 16	We have the option for thirty days from the date of termination or expiration to purchase your assets for fair market value. If in dispute, we will jointly hire and equally split the expense for one appraiser whose appraisal will be final, and we will pay that price, within ten business days from the date the appraiser provides the appraisal to us, allowing for any offsets for amounts you owe to us or our Affiliate.
p. Franchisee's death or disability	Section 16	If you die or become permanently disabled your executor, administrator, conservator or other personal representative will have a period of one-hundred eighty days to transfer your Franchised Cafe to a qualified transferee. During that period there must be a currently trained manager that manages the Franchised Cafe. Provided a qualified transfer candidate is found, the individual who will be responsible for operating the Franchised Cafe must successfully complete our training program before assuming the Franchise Agreement. The death or disability of one owner will not cause a termination when more than one owner has signed the Franchise Agreement and that owner has an

Provision	Section in Franchise Agreement	Summary
		interest of more than 50%. If a suitable transferee is not located within one-hundred eighty days, the Franchise Agreement will be terminated, and if we exercise our option to assume the lease for the premises, we may recover the premises in which the Franchised Cafe is located.
q. Non-competition covenants during the term of the franchise	Section 13	Subject to state law, no involvement by you or any guarantor in competitive business in any manner during term of the Franchise Agreement.
r. Non-competition covenants after the franchise is terminated or expires	Section 13	No competing business for two years within a ten mile radius from the location of your Franchised Cafe, or within ten miles of any other opened Franchised Cafe, or one that has a leased site when the termination or expiration occurs.
s. Modification of the agreement	Section 21.3	The Franchise Agreement may only be amended by a writing made on a date after the date of the Franchise Agreement execution, and must be signed by you and us.
t. Integration/merger clause	Section 31	The Franchise Agreement, and incorporated Introduction, and the Exhibits attached to it, represent the entire agreement for this franchise. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in this Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Sections 20	Pre-mediation, then mediation, then arbitration in Cook County, Illinois
v. Choice of forum	Section 19	Cook County, Illinois subject to applicable law
w. Choice of Law	Section 23	Illinois, subject to applicable state law

Item 18: PUBLIC FIGURES

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

Item 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

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 our management by contacting Niaz Ahmed, at telephone number 971 50 493 3936, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For Years 2022-2024

Column 1 **Outlet Type**	**Column 2** **Year**	**Column 3** **Outlets at the Start of the Year**	**Column 4** **Outlets at the End of the Year**	**Column 5** **Net Change**
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	0	0	0
	2023	0	0	0

	2024	0	0	0

Table No. 2

Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years 2022 to 2024

Column 1 **State**	**Column 2** **Year**	**Column 3** **Number of Transfers**
Total	2022	0
	2023	0
	2024	0

Table No. 3

Status of Franchised Outlets
2022-2024

Column 1	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**	**Column 8**	**Column 9**
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Nonre-newal**	**Reacquired by Franchisor**	**Ceased Operation Other Reasons**	**Outlets at End of the Year**
Total	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

Table No. 4

Status of Company-Owned Outlets
2022-2024

Column 1 **State**	**Column 2** **Year**	**Column 3** **Outlets at Start of Year**	**Column 4** **Outlets Opened**	**Column 5** **Outlets Reacquired from Franchisee**	**Column 6** **Outlets Closed**	**Column 7** **Outlets Sold to Franchi-sees**	**Column 8** **Outlets at End of Year**
Total	2022	0	0	0	0	0	0

	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5

Projected Openings as of December 31, 2024

Column 1 **State**	**Column 2** **Franchise Agreements Signed But Outlet Not Opened**	**Column 3** **Projected New Franchised Outlets in the Next Fiscal Year**	**Column 4** **Projected New Company-Owned Outlets in the Current Fiscal Year**
IL	0	2	0
MI	0	1	0
FL	0	1	0
TX	0	1	0
Total	0	5	0

No franchisee had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement with us during the most recently completed fiscal year. There are no franchisees who have not communicated with us within 10 weeks of the date of issuance of this Disclosure Document. 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, there were no current or former franchisees who signed confidentiality clauses that restricted them from discussing with you their experiences as a franchisee in our franchise system, as there was no franchise system.

There are no trademark-specific franchisee organizations associated with the System for the franchise being offered.

****

Before we were organized, the Shaghf Company, an unincorporated business entity in the United Arab Emirates represented by Mr. AlShareif made sales of franchises and master franchises from the United Arab Emirates between 2022-2024, for which the unit franchise agreements have some similarity but vary greatly from the terms and conditions of the franchise agreement offered in this Disclosure Document. The master franchise sales are disclosed in a Master Franchise Franchise Disclosure Document and also vary greatly in terms and conditions from the Master Franchise Agreement that is offered in the Master Franchise Franchise Disclosure Document. All further unit franchise sales will be made through this Disclosure Document only, as it is amended and renewed. Neither will Shaghf Company or Mr. AlShareif make further sales. Those sales ceased in early 2024. The unit franchise sales are disclosed here.

Table No. 1

Systemwide Outlet Summary
For Years 2022-2024

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets at End of Year	Column 5 Net Change
Franchised	2022	0	0	0
	2023	0	2	2
	2024	2	5	7
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	0	0	0
	2023	0	2	2
	2024	2	5	7

Table No. 2

Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years 2022-2024

Column 1 **State**	**Column 2** **Year**	**Column 3** **Number of Transfers**
None	2022	0
	2023	0
	2024	0

Total	2022	0
	2023	0
	2024	0

Table No. 3

Status of Franchised Outlets*
2022-2024

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Nonre-newal**	**Reacquired by Franchisor**	**Ceased Operation Other Reasons**	**Outlets at End of the Year**
AZ	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
IL	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
MI	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	1	0	0	0	0	3
VA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Total	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	5	0	0	0	0	7

*There was one additional location in Rochester, MI one of the two Sterling Heights, MI franchisees decided to open on his own, which did not have a franchise agreement and has not been recognized in the above list, and ceased operations in early 2025. The Sterling Heights, MI location also ceased operations in 2025.

Table No. 4

Status of Company-Owned Outlets
2022-2024

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchi-sees	Column 8 Outlets at End of Year
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5

Projected Openings as of December 31, 2024

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year
AZ	1	1	0
CA	1	1	0
IL	3	1	0
ME	1	1	0
TX	3	2	0
VA	1	2	0
WA, D.C.	2	1	0
Total	11	9	0

Item 21: FINANCIAL STATEMENTS

Attached to this Disclosure Document are the Audited Financial Statements for the period from our organization on January 10, 2025 to March 11, 2025.

Our fiscal year ends December 31, 2025.

Item 22: CONTRACTS

Attached to this Disclosure Document as Exhibit B is the SHAGHF CAFE FRANCHISE LLC Franchise Agreement. No other agreements are applicable.

NASAA Statement of Policy

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, any franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Item 23: RECEIPTS

Attached, as Exhibit H to this Disclosure Document are two identical one page Receipts. When you receive this Disclosure Document, you must sign, date and return one Receipt to us, which we will retain in our records. You should maintain the duplicate for your records.

EXHIBIT A

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

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

CALIFORNIA 1-866-ASK-CORP (275-2677) Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation (*Los Angeles*) 320 West 4th Street, #750 Los Angeles, CA 90013-2344 (213) 576-7500 (*Sacramento*) 2101 Arena Boulevard Sacramento, CA 95834 (916) 445-7205 (*San Diego*) 1455 Frazee Road, Suite 315 San Diego, CA 92108 (619) 525-4233 (*San Francisco*) One Sansome Street, Suite 600 San Francisco, CA 94105-2980 (415) 972-8559 **HAWAII** (*for service of process*) Commissioner of Securities Business Registration Division Securities Compliance Department of Commerce and Consumer Affairs 335 Merchant Street, Suite 205 Honolulu, HI 96813 (808) 586-2722 (state administrator for other matter) Business Registration Division Securities Compliance Department of Commerce and Consumer Affairs	**MARYLAND** (*for service of process*) Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360 (*state agency*) Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360 **MICHIGAN** State of Michigan Department of Attorney General Consumer Protection Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48933 (517) 335-7567 **NEW YORK** (*for service of process*) New York Department of State Division of Corporations, State Records and Uniform Commercial Code One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231 (518) 474-4770 (*for other matters*)	**NORTH DAKOTA** (*state agency*) North Dakota Securities Department Securities Commissioner Fifth Floor Dept. 414 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712 (for *service of process*) Securities Commissioner Fifth Floor Dept. 414 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712 **OREGON** Oregon Division of Finance and Corporate Securities 350 Winter Street NE, Room 410 Salem, OR 97301-3881 (503) 378-4387 **RHODE ISLAND** Securities Division Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex-Building 69-1 Cranston, Rhode Island 02920 (401) 462-9500 **SOUTH DAKOTA** Division of Securities 445 East Capitol Pierre, South Dakota 57501-3185 (605) 773-4823

A335 Merchant Street, Suite 203 Honolulu, HI 96813 (808) 586-2722 **ILLINOIS** Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62701 (217) 782-4465 **INDIANA** *(for service of process)* Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204 (317) 232-6531 (*state agency*) Indiana Secretary of State Securities Division 302 West Washington Street Room E-111 Indianapolis, IN 46204 (317) 232-6690	New York State Dept. of Law Investor Protection Bureau 28 Liberty St., 15th Floor New York, NY 10005 (212) 416-8236	**VIRGINIA** (*for service of process*) Clerk, State Corporation Commission 1300 East Main Street Richmond, VA 23219 (804) 371-9733 (*for other matters*) State Corporations Commission Division of Securities and Retail Franchising 1300 East Main Street Ninth Floor Richmond, VA 23219 (804) 371-9051 **WASHINGTON** (*for service of process*) Director Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501-9033 (360) 902-8760 (*for other matters*) Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760 **WISCONSIN** Department of Financial Institutions Division of Securities 201 W. Washington Avenue Suite 300 Madison, WI 53703 (608) 261-9543

EXHIBIT B

UNIT FRANCHISE AGREEMENT

TABLE OF CONTENTS

<u>Exhibits</u>

This Franchise Agreement is entered into on the __ day of ___________, 20__, by and between SHAGHF CAFE FRANCHISE LLC, a Pennsylvania Limited Liability Company ("Franchisor") whose principal place of business is located at 3 Khorfakkan Road, Ground Floor, Fujairah, United Arab Emirates and ____________________ ("Franchisee") who resides at ____.

INTRODUCTION

This contract between the above parties is a Franchise Agreement (the "Agreement"). It creates rights and obligations between us. Once signed, each will be making a commitment to the other to work together as franchisor and franchisee. For ease of reference, and in order to coordinate terms with the Franchise Disclosure Document ("FDD") which you have already received, and to which this Agreement was attached as Exhibit B, the franchisor SHAGHF CAFE FRANCHISE will be called "us" or "we" or will be referred to by the terms "our" or "ours." You, as franchisee will be called "you", or we may refer to you by the term "your." We will also refer to Hamad Khalfan Ali Al-Shareif Aal AlShareif ("Mr. AlShareif"), True Roastery, and Shaghf Cafe LLC as Affiliates.

Under this Agreement, we offer and grant to you certain rights to own and operate one SHAGHF Coffee Cafe (the "Franchised Cafe"). You agree to assume various obligations, including the operation of the Franchised Cafe under the service mark, SHAGHF and logo, where you will offer coffee, coffee drinks, espresso, other beverages, baked desserts and other related menu items.

Execution of this Agreement means that you agree to follow the methods we and our Affiliate have developed, use the service mark(s) and trademark(s) we have been licensed to use, implement the system we will teach you and the standards we have established for this franchise program. The service marks and trademarks (the "Marks"), the methods we or our Affiliate's businesses have and continue to develop, and the various administrative and marketing procedures and standards we or our Affiliate's businesses have created, along with other information we will provide to you, all make up the manner in which you have agreed to conduct your Shaghf Franchised Cafe (the "System").

You have expressed a desire to purchase the rights to own and operate a Franchised Cafe. You have completed our franchise application, and provided us with a current and accurate financial statement. We have provided you with a current FDD. You have signed and dated a receipt for the FDD. We have reviewed your franchise application and have approved it, and have agreed to grant you a franchise under the terms and conditions stated below.

In consideration for the promises made by both parties, which include the payment by you to us of a franchise fee and continuing monthly royalty fee as described more fully in Sections 3.1. and 3.2 of this Agreement, and in acknowledgment and acceptance of the covenants and commitments made in this Agreement, and the terms and conditions to which the parties agree to be bound, the parties agree as follows:

TERMS AND CONDITIONS OF THE AGREEMENT

1. FRANCHISE RIGHTS GRANT.

Under this Agreement, and during its entire term, we grant to you, individually, and only in the name in which you signed this Agreement, the non-exclusive right, license and franchise to own, operate and develop a Franchised Cafe in keeping with our methods, using our marketing and administrative procedures and various other trade secrets taught during training and conveyed to you throughout the term of this Agreement.

1.1 Non-exclusive Rights. Nothing in this Agreement limits our rights to offer or grant others a similar or the same type of franchised opportunity under the Marks licensed to you. The license to you, as part of the grant of the franchise to own and operate a Franchised Cafe is non-exclusive. We can offer and grant other franchises, anywhere we choose. As this Agreement provides for an exclusive territory, while your Agreement will be non-exclusive, we will not open or operate, and will not permit another franchisee to open or operate inside your exclusive territory. We describe exclusive territory below in Section 9 and place the address for the specific location into Exhibit B.

1.2 Relocation. If we grant you a franchise to own and operate a Franchised Cafe under this Agreement, you must locate suitable premises, with our approval. If you already operate a similar business, and intend to convert to our System, we may, if it meets our criteria, approve your current business location as a suitable location from which to operate your Franchised Cafe. If you must relocate from your initial location, we will not unreasonably withhold our approval. You must submit and we must approve the new location and your plans to build your relocated Franchised Cafe. The new site must be within your exclusive territory. We will not charge a relocation fee, but, reserve the right to charge you for our actual legal expenses to approve the move, including reviewing your new lease, or other necessary documentation and to prepare documentation to recognize your relocation. Your reimbursement to us will be due within thirty calendar days of your receipt of our invoice. We will grant you three months to relocate after we have approved your lease. If relocation results from fire or casualty that prevents your Franchised Cafe from conducting business under this Agreement, you will have 6 months to complete your relocation. Relocation does not require you to sign a new franchise agreement, nor will it extend the term of this Agreement. At our option, we may extend the term of this Agreement for that amount of time you were prevented from conducting business in your Franchised Cafe due to fire damage or other casualty. Otherwise, your rights under this Agreement will be unaffected by your decision, or relocation of your Franchised Cafe.

1.3 Guarantee of Obligations. You will have the ability to assign this Agreement to a business entity you create, and in which you control the majority of the voting interests, for the sole purpose of operating your Franchised Cafe. The requirements for making the assignment are stated below in Section 16.3. After transfer, you will remain responsible for all obligations and upholding the covenants under this Agreement. Based on this anticipation, you must sign a personal guarantee at the same time you execute this Agreement. The standard form personal guarantee is attached to this Agreement as Exhibit A. There will be no fee assessed for this type of assignment.

2. **TERM AND RENEWAL**

This Agreement is for a specified term and includes limited renewal possibilities as stated below.

2.1 Initial Term. The term for this Agreement begins on the day we execute this Agreement and continues for a period of 10 years from the date you open the doors of your Franchised Cafe.

2.2 Consecutive Renewal Terms. Provided you have been in substantial compliance with the terms of this Agreement, and you have not been in default during the last year of the initial 10 year term, we will offer the right to continue to own and operate the Franchised Cafe, for up to two additional 10 year terms. We will notify you before each expiration date whether we have decided to grant each successive renewal term.

2.3 Renewal Requirements. We will send you a notice between 180 and 210 calendar days before this Agreement expires. The notice will either offer you the opportunity to renew the franchise, or will inform you that we have decided not to renew your franchise. If we decide not to renew your franchise, we will list the reasons for that decision. Renewal of your franchise will require you to do the following on or before 30 calendar days from the date of expiration of your initial term:

1) You must bring all your accounts current with us and our Affiliates. This means, you must pay to us any outstanding royalties, and any other monies owed to us or our Affiliates.

2) You must return your copy of the SHAGHF Confidential Operations Manual (the "Operations Manual"). We will provide you with a copy of a new Operations Manual, which is the same Operations Manual we give to new franchisees, unless the Operations Manual is only distributed electronically, when you renew your franchise. If distributed electronically, then you must be certain that you have the most up to date version. If you do have a paper copy of that Operations Manual that has not been returned, it must be returned before we can approve your renewal. If we are not using an electronic version of the Operations Manual, we will supply you with the latest version of the updated Operations Manual, and you will be required to sign a receipt acknowledging that you received the updated Operations Manual.

3) You have substantially complied with the terms and conditions of this Agreement and you have met the quality standards for properly conducting a Franchised Cafe.

4) You have arranged to renew your lease, or to secure an alternate location. If you move your location, your new location must be within the exclusive territory granted to you by this Agreement. We must approve your new location, and will not unreasonably withhold approval, as stated above in Section 1.2.

5) You have qualified under the then current training requirements. This means that you and one or more managers may require further training when you renew your Agreement and you agree to obtain that training before you sign the renewal form. We reserve the right to charge a reasonable fee not to exceed $3,000 for refresher training.

6) You must update the Franchised Cafe to conform to the current look, if we have changed the look. You must refresh the interior, paint and replace any fixtures, signage and menu board that does not match the current signage and menu board. If any part of the Franchised Cafe needs to be refurbished due to excessive wear and tear, you must also make those updates.

7) You must prove to us that you have all of the insurance you are required to have in force, and that the policies continue to name us, and our Affiliate.

2.4 Non-Renewal. If we have good cause to refuse you the right to renew or further extend the term of your Franchised Cafe under this Agreement, we will send you written notification approximately 180-210 calendar days before the expiration of the term. For purposes of this Agreement, good cause means good cause as defined by statute in the state in which your Franchised Cafe is located. If no statutory definition exists, good cause is defined as any of the following:

1) Failure to pay royalties or other monies owed to us or our Affiliate;

2) A non-monetary material breach of this Agreement for which a default notice was issued and sent on at least two occasions, for the same or two different types of non-monetary material breaches, whether or not they were cured during the term of the Agreement;

3) You engage in competition during the term of this Agreement;

4) The commission and conviction of a crime during the term of this Agreement;

5) The inability to conform to the standards and practices of our System.

6) We learn that you have included false or misrepresented information on your application.

3. **FEES**

In consideration for the right and license to own a Franchised Cafe and be granted a franchise under this Agreement, you agree to pay franchise and other fees described below on a timely basis. They are:

3.1. Initial Franchise Fee. You are required to pay directly to us a fee for the right and license to use the Marks, and the System. The Initial Franchise Fee for all franchisees is $50,000. The Initial Franchise Fee is uniform. The Initial Franchise Fee is due and payable in full when you execute this Agreement. The Initial Franchise Fee is not refundable, except, as otherwise stated in this Agreement.

3.2 Royalty Payment. You are required to pay to us without offset, credit or deduction on or before the end of the fifth day after the end of the month while this Agreement remains in effect, a monthly fee ("Royalty Fee") equal to five percent of Gross Receipts (as defined below in Section 3.5) for the month that has ended. A Gross Receipts Report must accompany each monthly Royalty Fee. If we require you to pay Royalty Fees through electronic transfer, you must send the reports to us via e-mail.

3.3 Late Payments. If there are insufficient funds when we draft your account, you will be responsible for the full Royalty Fee and a late payment of $100 per month, for each month the payment has not been made.

3.4 Bank Service Charges. If we are unable to collect good funds on any payment you make to us, we will assess to you and you must pay, any bank charges we incur. We will draft your business account for the charges assessed, in addition to the royalty and the late payment fee.

3.5 Gross Receipts. Gross receipts consist of all revenues, including those from the first day you open, which will be your Grand Opening, received from all sales of all menu items, regardless of any promotions you offer, and sale of all services you perform in, from or through your Franchised Cafe, regardless of how the funds are collected, including all sales made if you use a Shaghf Trolley to take to an event, and whether or not you have made an exchange or bartered with a customer. Gross Receipts do not include return of funds to customers for legitimate reasons, or any taxes that you collect for any reason that are paid to a government or municipality.

4. EXCLUSIVE TERRITORY

Under this Agreement, you will have the right to operate your Franchised Cafe in an exclusive territory. Due to the importance of this right, we state certain parameters here, to which we will adhere, and which will provide mutual benefit to you and us.

4.1 Right to Exclusive Territory. We grant you the right to operate your Franchised Cafe in an exclusive territory. It will consist of a radius from your Franchised Cafe location of 5 miles in all directions. Neither we, our Affiliate, nor any other franchisee will be permitted to franchise, own or operate a Cafe using the mark Shaghf and logo within your Exclusive Territory. You will not be required to meet any quota to maintain the Exclusive Territory, nor can we modify the Exclusive Territory for any reasons, including influx of population.

4.1.1 Other Means of Marketing. You will also be able to promote your Franchise Cafe by using a non-permanent trolley from which you can sell coffee and other products at events, and for a limited period of time. Before taking a trolley to an event, you must send us the details of the event as stated below. The trolley cannot be left in any one location for more than three days, and when unattended must be securely locked and all product must be stored safely or removed. The trolley must be insured at all times. If you are required to get a separate license from a municipality to operate a trolley, apart from the license to operate your Franchised Cafe, you must arrange to secure that license before taking the trolley to an event. We must be notified before you service an event. The notification must be in writing and provide the address or location where the trolley will be operated, the type of event, and the length of time the trolley will be at the event. There must also be a computerized method to record and track sales if the sales from the trolley are being made individually, for example, one cup of coffee at a time. All sales from the trolley must be included in your monthly Gross Receipts. If you have arranged to perform the event for a set fee, for example, at a wedding, then the full amount of the contracted price must be made known to us and must be included in your monthly Gross Receipts. You must also pay royalties and also base your advertising expenditures by calculating any sales or contract fees from the operation of a trolley.

4.2 Marketing Outside Your Exclusive Territory. Without our advance written consent, which may be reasonably withheld, you are not permitted to market outside of your Exclusive Territory. You can, and are required to serve anyone that walks into your Franchised Cafe. If we give you permission to advertise, solicit or promote your Franchised Cafe outside your Exclusive Territory, that permission will be terminated, and you must cease all present or future advertising, soliciting and/or promotion if a prospective franchisee purchases a franchise within an area in which you have been marketing, and you will not receive any compensation or other benefit from us or that franchisee.

4.3 Rights We Reserve. Notwithstanding our Exclusive Territory grant in this Agreement, we reserve all the following rights:

4.3.1 own or operate, and license others to own or operate, Shaghf Cafes outside of your Exclusive Territory anywhere in the world, as we deem appropriate;

4.3.2 own or operate, and license others to own or operate other businesses under other systems using other trademarks at locations inside and outside of the Exclusive Territory without offering those other concepts to you;

4.3.4 be acquired by any business, even if the other business operates franchises and/or licenses for competitive businesses* within your Exclusive Territory; and

4.3.5 provide the services and/or sell any of the products authorized for Shaghf Cafes using the Marks or other trademarks, service marks and commercial symbols through an alternate channel of distribution, or to other similar non-System Cafes, for which we do not compensate you.

*For purposes of this Agreement, a competitive business is another Coffee cafe that sells the types of products and offers the types of services that a Franchised Cafe sells and offers.

5. **TRAINING**

5.1 Initial Training. We will provide training before you open for business, and may offer additional training after you open for business. The training program, which is approximately 15 calendar days, but could take longer depending on the knowledge you already have in the industry when you begin, and your ability and experience, will be conducted in the United Arab Emirates ("UAE") and has been developed, and will be administered by a combination of our and our Affiliate's business staff and team there. No further fee will be charged for the initial training program you attend in the UAE. You must satisfactorily complete the initial training program before you open. You will be responsible for all your travel and living expenses for yourself and any managerial staff you bring with you to the UAE. If you request us to send trainers from the UAE to do further training in your Franchised Cafe either before you open, for your Grand Opening day or to remain with you and your staff after you open, and we are able to schedule that for you, you will be responsible for paying the expenses of the training person, including documented transportation, lodging and board for the time that training person is with you in your Franchised Cafe. We do not compensate you, or pay your managerial staff or employees' salaries during training, whether training takes place in your Franchised Cafe, in another franchisee's location or in our or our Affiliate's headquarters in the UAE.

5.2 Training Subjects. Before you open for business, we will train you in the UAE. We will provide you with our Operations Manual. We will instruct you in making various types of coffee and certain other drinks and desserts, the proper use of the coffee machines, ordering product, receiving shipments, promoting your Franchised Cafe, the use of our Operations Manual, proper treatment of customers, POS systems operation, inventory maintenance, working within our System, use of the Marks, the use of a trolley, advertising approval request, record keeping and general business practices. Depending on where you train, you may be trained Monday-Friday, or also on weekends.

5.3 Training at Grand Opening. You are required to hold a grand opening the first day you open for business. If you request one of our representatives to be there, we will schedule that for you, provided that you will be responsible for the expenses of that representative. This includes documented transportation, lodging and board while our representative is with you in your Franchised Cafe.

5.4 Failure to Complete Training. The failure to satisfactorily complete training will give us the right to terminate this Agreement. Alternatively, you can repeat training, which will delay opening your Franchised Cafe. The fee for repeating training is $3,000, which must be paid before we begin the second session of training. The second session will also be conducted in the UAE. In addition to payment for repeating training, you will be responsible for your own expenses traveling to and while you are in the UAE, or whichever location where the repeat training takes place.

5.5 Training After Opening. After you have opened your Franchised Cafe, you may seek additional training, or, we may reasonably determine that you require additional training. If this occurs, we will send a representative to your location, discuss the issues with your employees, and provide suggestions on how to improve or remedy the situation. We will have the right to charge a per diem fee of $750, and you will also be responsible for paying our representative's documented transportation expenses, lodging and board. You will have 15 days from the date you receive a detailed invoice to make payment to us.

5.6 Informal Training. If our representative makes a visit to your location after you open, and while there engages in training, or shows you or your employees a new procedure, there will be no charge, and we will absorb all the costs, unless you requested the additional assistance. If you requested the additional training, the terms of Section 5.5 directly above apply. We could also choose to provide informal training through a video conference or by a telephone conference. There will be no charge for this type of informal training.

5.7 Master Franchise Training. If your franchise is located in a state in which there is a Master Franchisee, by virtue of and operating under a Master Franchise Agreement between us and the Master Franchisee, the Master Franchisee will be obligated to provide training and support to you. We will coordinate with the Master Franchisee who will also send a representative to your Grand Opening. There will be no cost for training. There will also not be a cost for a representative of the Master Franchisee to appear at your Grand Opening.

6. ADVERTISING CONTRIBUTION REQUIREMENT

During the term of this Agreement, we require you to make monthly advertising expenditures to promote your Franchised Cafe locally within your Exclusive Territory.

6.1 Advertising Your Franchised Cafe. You are required to spend a minimum of 2% of your Gross Receipts per month to advertise your Franchised Cafe.

6.2 Our Advertising Suggestions. We will periodically make suggestions related to where and the manner in which your advertising dollars may best be utilized, but will not place your advertising for you, nor will we guarantee the effectiveness of any placement. We do not and have no plans to operate a separate advertising company. The obligation to advertise is an extremely important part of owning your Franchised Cafe and operating under this Agreement. You must send us, electronically, a statement on a form we will provide, signed by you, by the tenth of each month, that shows the Franchised Cafe's advertising expenditures for the previous month.

6.3 Grand Opening. After you have successfully completed your training and build-out, have notified us and sent us your design, and we have approved your opening date, you must have a grand opening the first day you open for business. We will try to have at least one of our representatives at your grand opening, whose expenses you will be responsible to pay and will work with you before that date to assist with the preparations for that event. The grand opening will be based on many factors, none of which by itself may be predictive of the level of success, if any in your location. We make no guarantees that you will realize an immediate return from the expenditure for the grand opening. If you are in a state in which there is a Master Franchisee, the Master Franchisee must send a representative to your grand opening, at no cost to you.

6.3.1 Grand Opening Expenditure. You must spend a minimum of $5,000 for your grand opening advertising. We must first approve the materials you plan to use unless you received them from us or our Affiliate's business. The grand opening required expenditure will fulfill the first month's local advertising requirement.

6.4 Telephone Directory. You are required to purchase a listing in at least one telephone directory in your immediate trade area. The expense for this listing does not count toward your monthly advertising contribution requirement. This listing must use the SHAGHF service mark and we must approve in writing in advance the listing you intend to place in the directory. The Mark currently appears as shown below in Section 8.2.

6.5 Additional Advertising. Nothing in this Agreement limits the maximum amount you can spend to advertise. Provided you comply with the minimum requirements as stated in Section 6.1 above, you may, and are encouraged to spend the amount of advertising dollars which you, in your own discretion, determine will best promote your Franchised Cafe, in billboard signage, newsprint, magazines, television, radio, movie theaters, or any other medium you can think of which will provide the greatest return for your investment dollars and creative efforts. We make no guarantees that you will receive a comparable return for advertising dollars spent.

6.6 Prior Approval. Whenever you advertise your Franchised Cafe, you place our well-developed name and reputation into the public. Since our Affiliate and his business has spent years developing that reputation, and under this Agreement we have granted you rights to own and operate a Franchised Cafe which requires you to use our Marks and System which include our trade name, we reserve the right to approve all advertisements you place in any medium. Before you advertise, you must submit to us the ad copy, or any other type of proposed advertising material for our review and approval. Our response will either be positive or negative, and if it is negative, we may, if possible suggest how you can alter the ad copy to meet our approval. You are not permitted to use the proposed advertising until it is revised and we approve it. You are permitted to use the Marks, as long as you use them in their entirety, and correctly. We must receive your proposed advertising 15 calendar days before you use it. Our decision is binding. If you have not received our decision by the fifteenth day after we acknowledged in writing received it, this indicates that we have not approved, and you will not be able to use it.

6.7 Advertising Assistance and Recommendations. We will review, and to a reasonable extent, make suggestions with regard to your advertising. Unless developed through a marketing fund we reserve the right to establish, we will not prepare advertising specifically for you.

6.8 Cooperative Advertising. We reserve the right to require you to become part of and make payments to a marketing fund or an advertising cooperative. This right will be exercised if there are a sufficient number of franchisees in a given geographic area or market to justify the joint effort of time, talent and expense. If we direct you to a cooperative advertising arrangement, the monies spent will count toward your monthly requirement. If we establish a separate marketing fund, your contributions will not count toward your local advertising requirement, which will be in addition to the marketing fund contribution.

7. **OUR OBLIGATIONS TO YOU**

In order to assist you in developing and operating your Franchised Cafe, we have agreed to perform certain obligations for you, in return for your franchise fee, continuing royalty contributions and compliance with this Agreement. Our obligations are stated in this section. They are divided into those that we are obligated to do for you before and after you begin operations. Although, we may also do other things to assist you during the term of this Agreement, we are not obligated to do them. Our obligations to you are as follows:

7.1 Our Obligations Before You Open Your Franchised Cafe.

7.1.1 Grant of Rights. We provide you with the right to own and operate a Franchised Cafe operating under this Agreement, using our and our Affiliate's Marks, methods, systems, administrative procedures, proprietary and confidential information, knowledge and know-how all within an Exclusive Territory. We will also provide standards and specifications which cover details of management and operation for your Franchised Cafe.

7.1.2 Site Selection and Lease of Premises. Before executing this Agreement, we will work with you to identify a territory. Within that territory we will review location selections you have made for Franchised Cafe sites. If you are in a state where we have sold a Master Franchise Agreement, the Master Franchisee will serve this purpose, and undertake this obligation. The typical size for the interior of the premises on a site ranges from 1,500-2,000 square feet. We will base our decision to approve a site on many factors that include, but are not limited to demographics, traffic, parking, curb appeal, general condition of the premises and the surrounding area, ingress and egress, size, and location of competition. Once we have approved a site, you will need to lease the space where the Franchised Cafe will be located. This franchise does not contemplate purchasing property, nor do we suggest it, but if you own property or plan to purchase a site on which you will operate the Franchised Cafe, we will review that site using the same criteria. You must enter into a lease agreement. We may, but are not obligated, to visit your proposed location before you sign a lease.

We do not negotiate your lease agreement or make recommendations, nor will we sign or co-sign as a guarantor or co-lessee. We must approve the lease agreement, and will require that certain language as stated here be included before we grant approval:

1) We have the right to be assigned the lease for no fee, and no increase in rent if you default on the lease and do not cure the default, or this Agreement is terminated before the term of the lease has expired;

2) Our right to assume the lease does not relieve you of your obligations to the lessor up to the date we take over possession;

3) We have the right to lease the space to another franchisee, without first obtaining lessor's consent, and without our guarantee of the lease;

4) We have the right to enter into the lease premises and make changes without being liable for trespass, or any other crime if you leave the premises without de-identifying;

5) We have the right to require that the premises have a single use purpose, the operation of a Shaghf Cafe;

6) We have the right to request any sales information that you report to the lessor be forwarded to us;

7) We have the right to require the lease state that it will not be amended to remove any of these provisions without our advance written consent; and

8) We have the right to receive any default notices and to timely cure the default, if you do not.

7.1.3 Architectural Plans and Construction; Signage. Unless you currently operate a similar cafe type business in the same space, you will need to construct the space into a Franchised Cafe. We will provide you with architectural plans suitable for your locale, but you will be required to seek local governmental approval before proceeding. We will also review your contractor's plans. If requested, and if there is a Master Franchisee in the state in which you are located, the Master Franchisee may be able to provide names of approved contractors to perform the construction work and build-out payment of which will be your expense. The layout of the Franchised Cafe, must also be done according to our specifications, in order to create uniformity within the franchise network.

We will also provide you with signage requirements. Unless the lessor or municipality prohibits the sign we require, you must strictly conform to our sign guidelines, which will prominently feature the mark SHAGHF and logo in the colors we use. We must approve both the complete Franchised Cafe build-out and the signage before you can open. If you are not working with a Master Franchisee, you must send all designs to us. This includes the interior design before you begin to construct it.

7.1.4 Operations Manual. After you have executed this Agreement, paid the entire franchise fee and we have approved and executed your Agreement, we will provide to you, on loan, and for the duration of your term under this Agreement and any renewals or extensions, one copy of the SHAGHF Operations Manual. This will be given to you when you begin your training, if not sooner, and will be used and referred to during the training program. The Operations Manual is further discussed in Section 10 of this Agreement. The Operations Manual may be transmitted electronically, through one or more portable document format files, or, if in hard copy, at any time during the term of this Agreement, we may convert the Operations Manual to an electronic file, which will be conveyed to you through a secure website. The Operations Manual is confidential, and may only be shown to qualified persons. A qualified person is an individual who must have access to it to do their job or operate the Franchised Cafe under this Agreement. It may not be misused or conveyed or given to any person without a reason to have it, see it, copy it or obtain information from it, for any purpose. Unauthorized transfer will be a basis for terminating this Agreement, which may also lead to fines discussed in Section 19.4 below, or other damages we may claim.

7.1.5 Equipment Sourcing. We will provide you with names of companies, websites (if applicable), addresses and telephone numbers for sources and suppliers for the various equipment and supplies you must purchase to operate the Franchised Cafe. Those sources could include us or our Affiliate's business. You must purchase all your coffee beans from our Affiliate True Roastery and you must purchase all pistachio sauce and toffee coffee from our Affiliate Shaghf Cafe LLC. Our Affiliates reserve the right to receive a manufacturers or distributors rebate based on your purchases with respect to equipment and products you are required to purchase from approved sources. If possible we will attempt to negotiate for volume pricing, to benefit the franchisee purchasing the item. We, however, may receive a direct monetary benefit from the approved source, which we reserve the right to maintain in our general revenues account. At our option, and if we decide not to retain these payments in our general revenue account, we can either use the funds, for general advertising, for target advertising, or for other expenses we incur. We will disclose, as required in full any funds received in this manner.

7.1.6 Development and Consultation. In addition to formal training, before you begin operating your Franchised Cafe, we will provide you with assistance in establishing your business which includes general consultation on issues which may arise in preparing to begin your Franchised Cafe operations.

7.2 Our Obligations After You Open.

1) Update Operations Manual. As administrative procedures are further developed, and System standards and guidelines are updated or changed, we will provide you with new pages for your Operations Manual, which loaned copy you must maintain and update throughout the term of this Agreement. If the Operations Manual is on or converted to an electronic file, we will forward the updates via a secure website.

2) Stay in Contact. We will remain in contact with you, and make ourselves available for consultation to assist you with any aspect of owning and operating a Franchised Cafe.

3) Provide Guidance. We will also provide guidance based on our review of your progress which we will monitor through our interpretation of the reports you submit, and our or our Master Franchisee's inspections. This will enable us to determine the level of guidance you require, and we endeavor to provide that guidance to you. Any guidance we are able to offer over the telephone, or through written, or other verbal communication, or email or through a video conference service, will be provided to you free of charge.

We may, but are not obligated to send a representative to your Franchised Cafe without notice to observe your operation. Our purpose for doing this would be to identify areas of your operation that may need additional support, or just for general observation. If we generate a report from such a visit, we will send a copy to you.

7.3 Annual Conference. At our discretion, and when the number of franchisees warrants it, we may hold annual conferences for all franchisees. If we institute this practice, the conferences will last two days, and you or a manager will be required to attend. We do not expect to charge a fee for an annual conference, but, you will be responsible for the travel costs, hotel and food, other than meals we may provide for you and anyone you choose to bring. Annual conferences may be held at any location we choose in the United States.

7.4 Additional Assistance. Under this Agreement, we do not recognize an obligation to contractually do anything further for you. Any assistance in addition to the items listed in this Section 7 will be provided at our sole discretion, may be offered once and not repeated, infrequently conducted, or may become a practice we institute.

8. YOUR OBLIGATIONS TO US

Before and during the term of this Agreement, you will be obligated to comply with the terms and conditions of this Agreement, as follows:

8.1 Truthful Franchise Application. You must submit an honest franchise application which contains no misrepresentations. Included in the franchise application is a form financial statement. The information provided to us must be accurate and current, to within thirty days of when you apply, unless your financial picture has sustained material negative changes within the thirty day period. In that case, we must be made aware of those changes. If, at any time during the term of this Agreement, we learn that you misrepresented the facts on your franchise application, or that your financial statement was fraudulently submitted or misleading, or that your funds to purchase the Franchised Cafe were not legally obtained, we may terminate this Agreement. Your franchise application must include a notarized statement that all information you have provided is truthful and accurate.

After we receive your application, we may conduct a background investigation. No persons with felony convictions will be considered for a franchise.

8.2 Use of Marks. During the term of this Agreement, you are obligated to use those Marks and any other trademarks or service marks we authorize, or periodically approve for use by our franchisees. Provided there are no legal restrictions in the state in which your Franchised Cafe is located, the name of your Franchised Cafe must be SHAGHF, and you must use the following to identify your business, our Affiliate's federally registered service mark and our Affiliate's applied for service mark, both of which has been licensed to us. Use must be with a gold lettering with a black background only.

and

You must also make it clear by appropriate signage in your Franchised Cafe that you are operating as a SHAGHF franchisee. The Mark SHAGHF and design as it appears above, must appear on your stationery, business cards, and in all your advertising and promotion. Your signage, stationery and business cards must use the colors and logo as we have depicted them, unless, at some point during the time this Agreement is in effect, we change our name, our logo, or our color scheme.

8.2 Trademark Infringement. During the term of this Agreement, you agree to report to us immediately if you learn of a use of the Mark by a third party which may infringe your use.

8.3 Payment of Fees; Reporting. You must pay directly to us as stated in this Agreement in Section 3.2 certain monthly fees and to complete and send to us certain reporting forms we provide to you. Those fees and reports include the continuing monthly royalty fee, and the forms which state your monthly gross receipts and the amount that you spent on advertising for the month.

8.4 Confidentiality of Proprietary Information. As further discussed in Section 18 of this Agreement, proprietary information such as our Operations Manual may only be shared with those persons in your employ or management who absolutely must have access to it in order to do their job properly. You agree that any attempt to divert, transfer or copy in any manner, and through whatever means possible or imaginable, whether currently known or yet to be devised or discovered; or give away proprietary information we provide to you will be considered a material breach of this Agreement, which could place you in default and/or lead to termination of this Agreement and possible fines as detailed in Section 19.4 below.

8.5 Transfer Fee. If you transfer the ownership of your Franchised Cafe to an unrelated third party, pursuant to Section 16, you must pay us a transfer fee equal to $7,500. If the transferee does not require training we will reduce the transfer fee to $5,000. Section 16 below details the requirements for a transfer.

8.6 Remain Current. You must remain current with:

1) your royalty payment to us and advertising expenditure reporting;

2) your business licenses;

3) inserting updates to the Operations Manual;

4) Internet website postings for our website;

5) your internal payroll and tax reporting;

6) the insurance you must have under this Agreement and pursuant to applicable state law;

7) your Franchised Cafe rent inclusive of the items that it covers;

8) your payments to utility companies to whom you are obligated, and to your vendors including us or our Affiliate's business.

8.7 Insurance. You are required to purchase and maintain throughout the term of this Agreement certain types of insurance, discussed in detail below in Section 11.

8.8 Construction. You will need to construct a new Franchised Cafe in your leased space, or conform the space, if already built out to resemble a Franchised Cafe. You must follow the guidelines we will furnish you, follow the color scheme, and you must use approved vendors. Before you open, we must approve the build-out.

During the construction period, you must have sufficient insurance, separate from the insurance we require after you open, to protect against losses during the build-out phase. We must be named as an additional insured during the construction period.

8.9 Business Office Equipment. You must purchase and maintain one Clover POS system, both a portable device (Flex) and a stationary system (Station Duo), one Apple MacBook Air laptop dedicated to the Franchised Cafe's operations, one printer, one scanner, one copy machine (the printer, scanner and copy machine can be in one unit), one land-line telephone system, purchase or arrange for use of a credit card processing machine, and one camera system as we prescribe.

8.10 Employee Training. You are required to train all of your employees, and to periodically continue training in your Franchised Cafe, when necessary, or if we suggest additional training after a visit or inspection.

8.11 Signage. You must erect the signage we provide in our sign guidelines, unless not legally possible or the lessor will not permit it. You must maintain the required internal signage, as well as a plaque or a sign that states that you are a SHAGHF franchisee, using the federally registered service mark in gold and black as that image is shown above in this Section 8.2.

8.12 Opening. Once you have completed your build-out, and, provided you and/or your managers have been successfully trained, you must open for business within 10 business days of our written approval permitting the opening of your Franchised Cafe. You are required to open the Franchised Cafe and begin operating the business within the shorter of 270 days from the date you sign this Agreement, or 180 days from the date we approve your Franchised Cafe location. If you have diligently searched for a site, and have not found a suitable location; we have not approved of one or more sites you presented, or you are in the process of negotiating your lease for an approved site, we will not unreasonably withhold consent to extend the time for opening. No extension will be granted past 365 days, at which time you will forfeit whatever fees you have paid us.

8.13 Franchised Cafe Remodeling and Refurbishing. If we determine that the best interests of the franchise program are served by making changes to the design, signage, layout, or look of the Franchised Cafe, we will require you and all franchisees to make these changes. We may only require you to remodel or refurbish your Franchised Cafe twice during your initial term.

8.14 Uniformity and Franchised Cafe Image. You are required to maintain a clean, welcoming and attractive environment, keeping in mind that you are offering food to the public. Customers must always feel welcome and comfortable. Because your Franchise Cafe is in the United States, all information, menu board, individual menus, other paper products, receipts, must be in English, and understandable, other than the Mark itself. Subject to your lease, you must minimally keep your Franchised Cafe open Monday through Sunday from 8:00 a.m. to midnight.

If you lease premises which requires other hours, we will make a determination as to the suitability of this requirement before you sign the lease. Business hours can be tailored to a specific location, with our advance approval. Other than as stated in this Section 8.14, you can keep your Franchised Cafe open longer hours if you determine you will be more competitive, can staff it, and you be able to comply with this Agreement and your obligations.

8.14.1 Music. If you broadcast music in the Franchised Cafe, it must be in conformity with our image, must not be loud or disturbing, and must be pursuant to a contract with a music source. It is your obligation to obtain any necessary licenses, and to not violate any copyright laws. You have agreed to indemnify us, and our Affiliate, and our shareholders, officers, and directors against any infringement.

8.15 Franchised Cafe Maintenance, Menu Board. You must maintain all areas of the Franchised Cafe in a clean and usable manner. Bathrooms on the premises should always be clean, stocked with supplies, in good working order and repairs should be made as soon as anything begins to malfunction. The menu board must always be legible, in English, have a light source that makes it easy to read, and it must be kept up to date. Menus must only include food and beverages that you currently serve. No food should be left out on counters after customers leave. All baked goods must be fresh when shown for sale in glass covered display cases. Nothing should be left in those cases that is not saleable.

8.16 Sale of Approved Product and Services; Payment. You must only offer and sell approved foods and menu items and offer approved services. You must pay for all products or materials you purchase from us or our Affiliate's Business by bank transfer to our or their account. You must send a transfer notice to the relevant department (Finance Department, Purchasing Department) and to us, if we are not the sales source. We or our Affiliate's Business will not initiate an order until you make payment.

8.16.1 Additional product. If you would like to add any products you must send us the details with full recipe, picture, cost, selling price and outsource supplier. We will review your submission, and have the right to contact the source of the product. If necessary, we will conduct an investigation. We have the right to charge you for our expenses, up to $1,500 per product. Once we have made a decision, we will convey it to you. If we decide that you cannot use the product, its use will be a breach of this Agreement. If we decide that you can use the product, we will have the right to revoke that approval. We also reserve the right to make the product available system-wide if we believe it will benefit the franchise network. Any decision we make in this regard will be made in our sole discretion.

8.17 Email Registration. You are required to register the email we propose for your Franchised Cafe.

8.18 Vending or Other Machines. You understand and agree that vending, gaming/lottery, ATM and other machines, or other similar mechanical or electrical devices are never permitted in the Franchised Cafe, nor can they be located anywhere on the premises.

8.19 Trolley Service. We permit, and you can purchase a trolley to use for off premises sales at events to which you take the trolley. It must only be used for non-permanent locations, and cannot be at any venue or site for more than three days at a time. All sales from the trolley must be reported in your Gross Receipts amount, and you must pay royalties and calculate advertising expenditure with those sales included.

8.20 Co-Branding. You understand and agree that you are not permitted to co-brand with any other business. If we decide to co-brand, you will be offered another franchise agreement for the co-branded product or service. At this time, there is no expectation or plan to co-brand.

8.21 Business Conduct. You must conduct your Franchised Cafe and your interactions with the public, vendors, other franchisees, and us in an honest, safe and respectable manner that will at all times reflect favorably upon you, us, the SHAGHF brand, other franchisees and the System. This includes always remaining in good standing with the Better Business Bureau, and responding to all complaints lodged by customers, if any, with that agency, made to you directly, or to us. The requirement to deal with complaints against you, your employees or your Franchised Cafe, and procedures to follow if you are unable to satisfactorily resolve them, is addressed in the Operations Manual.

8.22 Security Breach. Today's commercial environment presents challenges that were, before now, not concerns for the small business owner. Much has changed. You are required to protect customer's information when entrusted to you, in, for example, the form of a credit card purchase. You must always be alert for encroachment into your POS system or other devices that use an Internet connection. If this occurs, and you are made aware, or suspect there has been a security breach, you must immediately report it to us, and take all necessary steps to alert proper authorities, and report the breach to those who have or may have been affected. Different states have statutes with time periods in which you must contact those that have been or may have been affected. You should also consult with your attorney and Internet security consultant to determine the best way to respond to this type of an event. We have required that you purchase cyber-liability insurance to protect your franchise business, should this occur. You agree that you have provided indemnification to us, our Affiliate and our shareholders, directors, officers, members, interest holders and others, and their successors and assigns, under the indemnification provision in this Agreement in Section 18.2, and you further agree that indemnification protection applies to a security breach as described in this Section 8.22.

9. USE OF TRADEMARKS, SERVICE MARKS AND LOGOS

9.1 Identifying Ownership. You acknowledge that you had no part in the creation or development of any the Mark or any other image or name by which we are known. Should the ownership of the Mark be contested, we will have the sole right to determine how to defend those challenges.

9.2 Use. You are given the right to use the Marks for your Franchised Cafe only. This includes use of the Marks on your pre-approved advertising, stationery, business cards, name pins, on other printed matter and on uniforms relating to your Franchised Cafe. Your rights to use the Marks are derived from this Agreement only. Any unauthorized use will constitute an infringement of our and/or our Affiliate's rights and could constitute a default leading to the termination of this Agreement.

9.3 Misuse. You agree that the Marks will not be misused in any way, and will not be used to cause us to incur any obligation or debt. The Marks must not be used as a part of the legal name of your business, or as collateral for any financing. For example, you cannot form a corporation called TRES SHAGHF, Inc., or a limited liability company called SHAGHF of St. Louis, LLC.

9.4 Name Registration. You agree to comply with any instructions received from us with respect to filing and maintaining a requisite trade name and fictitious name registration, and to execute the necessary documents to obtain protection for the Marks or to maintain its continued validity and enforceability.

9.5 Infringement. You agree to promptly notify us when you become aware of possible or actual allegations of infringement made against us related to the Marks, and to take no action without our advance written approval. If we determine that action should be taken, you agree to cooperate fully in the prosecution or defense of the action.

9.5.1 Your Use of the Marks. If your use of the Marks are challenged for any reason, and you have used the Marks as prescribed in this Agreement and the Operations Manual, we will defend your use, and indemnify you, however, we will control any litigation.

9.6 Integrity of the Marks. You agree that the Marks will not be used in connection with any statement or materials which may be in poor taste, defamatory or are inconsistent with our public image, and may only be used under the terms of this Agreement. We agree not to adopt, use, display or register other marks, names or logos which are confusingly similar to the Marks, unless those other mark(s) are used in this System. We agree to protect your right to use the Marks in all respects as your use relates directly to this Agreement.

9.7 Changes. We reserve the right to make additions, deletions or changes to the Marks. You will receive notice of and agree to make changes accordingly within 90 days, or sooner, if we or our Affiliate is ordered by a court of competent jurisdiction to make changes or discontinue use. We will seek to keep related direct expenses of changing the signage or other materials within a reasonable range. We will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditure you make to promote a modified or substitute trademark or service mark.

9.8 Your Acknowledgements:

1) You will not contest the validity of the Marks.

2) You hereby acknowledge that you have no ownership interest or other proprietary interest in the Marks, with the exception that you have a revocable, non- exclusive right and license to operate one Franchised Cafe, and use the Marks, as granted by this Agreement.

3) You acknowledge that you will not file applications for trademark, trade name, or service mark registrations for the same or confusingly similar marks, or any other mark to identify any part of your Franchised Cafe for which you were granted the right to operate under this Agreement.

4) You fully understand and acknowledge that all goodwill arising from your use of the Marks will inure solely and exclusively to our benefit. On expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the Marks.

5) If we implement the use of other marks, you will treat them with the same understanding as the Marks we grant you the non-exclusive right to use under this Agreement.

9.9 SHAGHF Website. Under the terms of this Agreement, you are not permitted to establish your own website; nor can you use the Marks for any Internet-related purpose such as to reserve a top level domain listing, except that you can establish an Instagram account where you can show your address, menu and other details of your own location. We must be able to monitor that account, and we must be informed before you establish that account. It is our intention to maintain a website. The website will list your Franchised Cafe location, telephone number, hours, directions and a map. If you establish an Instagram account, you must ensure that your social media posts includes a clear indication to show you are located in the United States. All content should focus solely on Shaghf Coffee and your Franchised Cafe. You are prohibited from posting anything related to political content of any form, suggestive pictures or videos, or other sensitive issues. We have the right to demand that you take-down the site and forfeit your account if you violate these terms. We do not give Instagram the right to use our content, or yours in any way it chooses, and you must make sure that if you establish an Instagram account, your content is not subject to Instagram's ability to use or give another third party Instagram user the right to use your content for any reason. If we determine that Instagram or any third party has used your content, we will require you to take down the site.

We and our Affiliate's business operate in association with the Mark and have developed and maintained the website whose domain name is https://shaghfcoffe.com. It will link to the franchise program, and provide a directory of franchised Cafe locations as they are added through the franchise program.

10. CONFIDENTIAL OPERATIONS MANUAL

During the term of this Agreement, we will loan to you one copy of the Operations Manual.

10.1 Contents. The Operations Manual is and must remain confidential. It will contain mandatory and suggested specifications, standards and administrative operating procedures we periodically prescribe for the Franchised Cafe and information relating to other obligations under this Agreement. It will also include a list, subject to modification at any time, of approved suppliers for items you may need in your Franchised Cafe. All parts, all items and all entries in the Operations Manual are considered confidential information, proprietary to us and constitute trade secrets.

10.2 Maintenance Requirement. You must keep the loaned copy of the Operations Manual available in your Franchised Cafe location at all times, and must keep it current. When we send you an update, you agree to destroy the replaced page(s), and insert the updated replacement pages promptly. If there is a dispute relating to the contents of the Operations Manual, the master copy we maintain will control. No part of the Operations Manual may be copied, transferred or shown to anyone other than your employees and/or management who require the information to properly do their job. No part may be otherwise reproduced without our advance written approval, which, we can deny for any reason.

10.3 Modification. We may periodically modify the Operations Manual to reflect changes in our image, specifications, standards and administrative procedures. No addition or modification will detrimentally alter or reduce your rights under this Agreement.

10.4 Surrender of Operations Manual. When this Agreement expires, or otherwise terminates before execution, you are required to return the Operations Manual to us or our designated representative within 5 days.

10.5 Renewal. At renewal, we will exchange the current Operations Manual for the copy you have had during the term of this Agreement.

10.6 Electronic File. Notwithstanding the above to the contrary, if at any time we convert the physical Operations Manual to an electronic file, suitable for sending via a secure Internet file, we will notify you of this change in procedure. Thereafter, the entire Operations Manual will be contained in an electronic file. All modifications will be made on-line and you will be required to download the changes when appropriate. You are still under the obligation to return the physical Operations Manual to us at the end of the Agreement term, or sooner if you no longer have use for it. You are not permitted to make individual changes in the Operations Manual, other than to update materials we send or email to you. When this Agreement expires, terminates or is terminated, you are required to delete all files related to the electronic version of the Operations Manual. The failure to delete all files constitutes a trade secret violation.

11. **INSURANCE**

During the term of this Agreement, you are required to purchase from reputable insurance companies, having an A.M. Best rating of A or higher, acceptable to us and licensed in the state in which you will operate your Franchised Cafe, and keep in force at your own expense various types of insurance coverage as set forth in Section 11.6 below.

11.1 When Required. You are required to have purchased and paid one annual premium for the various types of insurance coverage listed below at the time you take possession of your leased premises.

11.2 Provide Policies To Us. Before you begin operations at your Franchised Cafe, you must submit to us for our records, certificates of insurance, or if available, actual copies of the insurance you have purchased. If only certificates are available when you begin the Franchised Cafe operations, you must furnish the actual policy not later than 30 days after opening or taking over. The failure to provide this to us, and to maintain insurance in force throughout the term of this Agreement, and any renewals and/or extensions is a material breach of this Agreement.

11.3 Additional Insureds. The insurance policies, except Worker's Compensation must also name as additional insureds us, our shareholders, officers, directors and employees and our Affiliate against any claims for loss, liability or any expense from fire, personal injury, death, theft, property damage, defamation or other losses or damages which result from your Franchised Cafe's operation. The additional insured endorsement for all liability policies must state that the coverage provided the additional insureds is primary and non-contributory with respect to any other insurance available to the additional insureds.

11.4 Cancellation Without Notice. The insurance policies cannot be canceled or reduced in coverage without providing you and us, 30 days prior written notice, which states the reason(s) for cancellation. Cancellation does not excuse you from obtaining substitute insurance to become effective on or before the date of cancellation.

11.5 Update Coverage; Increase Coverage. During the term of this Agreement, we encourage you to assess your insurance needs on an annual basis, and to purchase further coverage above the minimum limits set forth below, if the operation of your Franchised Cafe warrants it.

11.6 Required Coverage Amounts. If, through experience, we determine that higher minimum limits or certain additional specific types of insurance are necessary, we reserve the right to direct you to purchase larger amounts or other types of insurance.

The required insurance coverage is as follows:

1) Commercial General Liability coverage in the form of an umbrella policy with combined single limits of not less than $2,000,000 per occurrence and $3,000,000 in the aggregate. This insurance will provide coverage for all operations and include independent contractors, products liability, completed operations and contractual liability coverage;

2) Property Damage coverage written on a "special" property form for the full replacement costs of your contents of your Franchised Cafe, plus any storage or office space you may own or lease, which is used for your Franchised Cafe operations. Property coverage will apply to both the real and personal property you own including improvements and betterments, machinery, equipment, furniture, cabinetry, fixtures, and inventory;

3) Worker's Compensation with statutory limits in the amounts required by state law for all your covered employees, and Employers Liability limits of not less than $1,000,000 for each accident, $1,000,000 policy limit and $1,000,000 for each employee;

4) disease/foodborne illness insurance with a single occurrence limit of $1,000,000 and a policy limit of $2,000,000.00;

5) cyber-liability insurance with limits of $100,000 per occurrence, $250,000 policy limits;

6) business interruption insurance to protect you against the need to shut down for a myriad of reasons.

11.7 Recommended Coverage.

1) Disability and life insurance coverage to protect against disability, in the event you become injured or sick, or die, may be appropriate, but are not required.

2) Employer Liability Protection Insurance is suggested to protect against wrongful acts arising from the employment practice that include wrongful termination, discrimination, sexual harassment, retaliation, and a variety of other types of inappropriate workplace conduct that general liability insurance may not cover.

12. **BOOKS AND RECORDS**

You agree to keep and maintain accounting records for your Franchised Cafe for a period of 3 years after the close of the fiscal year in which the record is made, according to generally accepted accounting principles. We will have electronic access to your records at your Franchised Cafe, at all times, through your interactive POS system.

12.1 Required Reporting. You agree to provide to us monthly, on pre-printed forms that we will provide, or through electronic means, an accounting of the amount of Gross Receipts you received in the preceding month and an accounting of the amount you spent to advertise. These items must be electronically submitted by 5 p.m. Central Standard Time, on the fifth calendar day after the end of the previous month for the previous month. If we decide to conduct an audit and determine that you have under- reported by three percent or higher, you will be responsible for all our costs of the audit, all of which must be paid to us within 30 days after you have received our bill.

12.2 Quarterly Statements. You are required to submit to us an unaudited quarterly financial statement within 30 calendar days after the end of each calendar quarter, with a current and year to date balance sheet and income statement.

12.3 Annual Statements. You are required to submit to us an unaudited annual financial statement within 90 calendar days after the end of each calendar year. We reserve the right to request you to submit an audited annual financial statement, which right will only be exercised if we believe there is good cause to question the unaudited statement. If during the previous twelve months, you have submitted three late royalty payments, or we have drafted your account and there were nonsufficient funds to collect the royalty payment we reserve the right to require you to present to us an audited financial statement for each of the next 2 years at your expense.

13. **COVENANT NOT TO COMPETE**

13.1 In term. During the term of this Agreement or any approved renewals or extensions, you agree that, to the extent this provision does not conflict with state law where you operate your Franchised Cafe, you cannot and will not open, consult, work for, own, franchise or act as franchisor for, license or be in any way involved as a director, officer or shareholder, partner, member and/or member/manager with or in any business that offers the same or similar type of Cafe services and products offered by a Shaghf Cafe, anywhere in the United States, unless you have entered into another franchise agreement for one or more Shaghf Cafes. Neither will you, during the term of this Agreement, knowingly divert any business to another Cafe which is not part of the franchise network.

13.1.1 Management Agreement. Attached to this Agreement as Exhibit C is a Confidential Information and Non-Disclosure Agreement that must be executed at the time you employ managers and other employees, who will have access to our Confidential and Proprietary Information, and otherwise whom we may train. All executed Confidential Information and Non-Disclosure Agreements must be maintained by you in your Franchised Cafe, and made available to us during inspection, or at our request.

13.2 Post-Term. For a period of 2 years after the expiration or termination of this Agreement for any reason, except for working in another Franchised Cafe operated under a separate franchise agreement with us, or for another Franchised Cafe franchisee, neither you nor any of the business entity owners who execute this Agreement will (1) have any direct or indirect ownership interest in a type of Cafe with similar services and products offered by a Shaghf Cafe, within a radius of 10 miles from the perimeter of your Exclusive Territory, or within 10 miles of any other SHAGHF Cafe or franchisee owned Shaghf Cafe; (2) use, transfer, convey, implement, or in any other manner possible or imaginable provide to another any part of our System or trade secrets, or (3) for an eighteen month period, solicit or hire our, our or our Affiliate's or any other franchisee's employees without our or their previous written approval.

13.3 Unenforceable Restrictions. To the extent that any of the foregoing restrictive covenants are deemed unenforceable by virtue of their scope in terms of area covered, business activity prohibited and/or length of time, but, could become enforceable by reducing any or all of their elements, the parties to this Agreement agree that a reduction in scope will be made and that as reduced those elements will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

13.4 Enforcement Not Dependent on Franchisor Obligations. There are no obligations we must meet as a condition to the enforcement of any covenant not to compete. They exist for our benefit, and those to whom we sell franchises, and to maintain the integrity and confidentiality of our System.

14. TERMINATION OF FRANCHISE AGREEMENT

14.1 By You.

Our Material Breach. If, during the term of this Agreement, we commit a breach of a material provision of the Agreement, and you give us written notice of the breach, according to the notice procedure in Section 21 of this Agreement, you may terminate this Agreement if within 60 calendar days from the date we receive your written notice, we do not cure or take steps to cure the breach. In order to terminate this Agreement, you must be in substantial compliance. Termination will be effective 10 calendar days after we receive notice of our failure to cure, or begin to take steps to cure the breach.

Other than as stated in this section, and in Sections 3.1 (1) and (2), you will have no other right to terminate this Agreement. Once you terminate, you will be obligated to perform all post-termination obligations. The obligations after termination are found below in Section 15. We may impose a fine on you if you terminate early without cause, as more fully detailed in Section 19.4 below.

14.2 By Us.

We have the right, and can terminate this Agreement for the following valid reasons, with or without notice, and with or without offering you the right to cure, as follows:

14.2.1 Immediate Termination

1) Subject to the United States Bankruptcy Code 11 U.S.C. 365, this Agreement may be terminated immediately, with or without notice if you declare bankruptcy, are adjudged bankrupt or become insolvent.

This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

2) We have the right to terminate this Agreement immediately, and at any time, if we learn that you misrepresented facts on your initial franchise application, and/or submitted fraudulent or misleading financial statements.

3) You violate Anti-Terrorism Laws of the United States.

14.2.2 Termination for Good Cause after Notice. We have the right to terminate this Agreement effective upon delivery of notice to you, which notice will state the date of termination, if you breach this Agreement as follows, and termination for the below-stated reasons will be considered termination for good cause:

1) You fail to actively operate your Franchised Cafe constructively abandoning this Agreement. Constructive abandonment means that you do not operate the Franchised Cafe for a period of 7 calendar days without any extenuating circumstances to prevent your continued operations.

2) You assign or transfer this Agreement or any interest in it or in the franchise without compliance with the provisions of Section 16 of this Agreement.

3) You are convicted of or you plead no contest to a felony, or you are convicted or plead no contest to any crime or offense that is likely to adversely affect the reputation of our franchise program and the goodwill associated with the Mark.

4) You fail to maintain sufficient funds in your business account to be able to transfer electronically the amount due for royalty payments for three consecutive months in any 12 consecutive month period, or fail three times in a 12 consecutive month period to submit when due, any financial statements, reports or other data, information or supporting records and these failures to comply are not followed by a minimum of 12 months of consecutive, on-time monthly payments or report submissions.

5) You fail to comply with the in-term covenants, including the covenant not to compete in this Agreement.

6) You disclose or divulge the contents of the Operations Manual, trade secrets or other confidential information provided to you by us, contrary to this Agreement, instructions in the Operations Manual, and/or training you received.

7) You provide unapproved services or products, and do not discontinue your use, sale or offering within 10 days of when we provide written notice.

8) You use unapproved advertising.

9) You improperly use the mark SHAGHF, or any other service mark or trademark we approve for use in operating the Franchised Cafe, or challenge our rights or our Affiliate's right to the ownership or right to use the Mark.

10) The premises where you conduct your Franchised Cafe business is dirty, in disrepair or gives the impression of neglect, and/or presents a health hazard to its customers and you fail to cure the problems brought to your attention within two days after we serve you with written notice.

11) You, or your legal representative are unable to effect an approved transfer to a qualified transferee within the time limits allowed by Section 16 of this Agreement, if you die; or you become permanently incapacitated, and can no longer operate your Franchised Cafe.

12) You commit any other material breach of the Franchise Agreement.

13) You fail to uphold our food standards by improper use of ingredients to prepare our drink recipes and baked goods and/or use methods or unapproved recipes. You misuse products or use expired products.

14) You serve diluted coffee and/or use diluted coffee to make other coffee drinks by failing to follow our prescribed amount by increasing the number of cups of coffee that can be brewed from each bag of our coffee beans.

15) You offer poor service and do not make changes within 3 days of receipt of our written notice.

16) You leave a trolley in a location for more than three days, unless you obtained advance written approval from us.

14.3 Notice of Termination with Right to Cure. In addition, we have the right to terminate this Agreement, effective upon the delivery of notice of termination to you, if you fail to comply with any other provision of this Agreement or any standard or administrative procedure prescribed by us and you do not correct that failure or make a good faith effort to correct it within 30 calendar days after we give you written notice of your non-compliance. That non-compliance may take the form of unpaid royalties, failure to submit a financial report, improper use of the service Mark, roved advertising, advertising in another franchisee's exclusive territory, and any other breach of the Agreement which we deem serious enough to cause us to place you on notice that curative action is necessary.

14.4 Potential Liability Resulting from Termination. If you do not comply with a written notice of termination we send and/or deliver and can prove you received, and, a court or arbitrator later upholds the notice as having been properly issued, operation of your business after the date of termination will constitute willful service mark infringement and unfair competition. You will be liable to us for monetary damages to the fullest extent provided by law. We also may impose a fine as further stated in detail below in Section 19.4 of this Agreement

15. **YOUR OBLIGATIONS AT TERMINATION OR EXPIRATION**

You agree that when this Agreement is terminated or expires, for any reason, you will no longer be eligible to operate the Franchised Cafe under this Agreement, nor will you be permitted to continue to operate the Franchised Cafe, regardless of the name to which you change it, if you continue to offer the same or similar services. As a result, you will be obligated and you hereby agree to undertake to disassociate yourself from our franchise program by performing all the tasks which are set forth below:

15.1 De-Identify. You must immediately discontinue use of all our Marks or logo or any mark or name confusingly similar, or any reproduction, counterfeit, copy or imitation of the Marks which are likely to cause confusion, mistake or deception, or which will dilute our exclusive rights to the Marks; or any designation indicating affiliation between you and us or in association with the operation of the Franchised Cafe under this Agreement and permanently remove from your principal place of business or destroy all signage, stationery, cards, menus, napkins, packaging, other advertising material and other business related items which bear or refer to the Marks.

15.2 Cease and Cancel Use of Marks In Telephone Listings and Advertising. You must take immediate steps to cancel or otherwise discontinue further display or reference to the Marks in any telephone or trade directory and in any advertising, and assign to us all business telephone numbers you used that are associated with your Franchised Cafe.

15.3 Return Loaned Operations Manual and other Indicia which Display Marks. You must return to us your loaned copy of the Operations Manual including additions or amendments to it. You are required to destroy or return to us, immediately, all other items containing or displaying our Marks.

15.4 Bring All Debt to Us Current. Within 30 calendar days of termination or expiration of this Agreement, or at a later date when the amounts due to us are determined by a final accounting, a copy of which will be provided to you at its completion, or, at our option, by an audit conducted by us, you must pay all accrued monthly royalty fees, plus any late payments due, and all other amounts owed, which you have not yet paid.

15.5 Discontinue All Forms of Promotion as a Franchised Cafe. You must discontinue all advertising, promotion and all forms of marketing in which you hold yourself out to the public as a Franchised Cafe and cease all similar advertising to your customers.

15.6 Compliance with Confidentiality and Non-Compete Covenants. You agree to abide by all obligations of confidentiality and by all provisions of the covenant not to compete as described in Section 13 of this Agreement.

15.7 Compliance with Non-Hiring and Customer Servicing Covenant. For a one year period which follows the termination or expiration of this Agreement, for any reason, you agree that you will not offer employment to any of our or our Affiliate's employees, or the employees of another franchisee, to work in a competitive business without our knowledge and prior written approval, or the knowledge and prior written approval of the other SHAGHF franchisee.

15.8 No Further Use of Confidential Information. You must end the use of any of our confidential and proprietary information.

15.9. Our Re-Market Rights. Depending on the circumstances of the expiration, or termination, we will have the right to immediately re-market either the Franchised Cafe or another franchised Cafe in the exclusive territory previously franchised to you.

15.10 Our Right To Purchase At Expiration. When either this Agreement expires, or you are offered the right to renew and decline, or you terminate the Agreement without cause, we will have the option, but not the obligation to purchase the business being conducted at your Franchised Cafe location, including, but not limited to, all fixtures, merchandise, supplies and equipment (the "Assets") at a price equal to the fair market value of all equipment, supplies and fixtures, plus the wholesale costs of all usable merchandise. We will not purchase supplies, if any, with your business entity name we cannot use. There will be no independent appraisal of the Assets, unless we cannot in good faith, agree on a fair price. If we reach an impasse, one appraiser will be retained to make an appraisal, the cost of which will be split between you and us. There will be no recognition of goodwill in the re-purchase price or the appraisal. We can exercise this option by sending written notice to you within 30 calendar days after termination or expiration of this Agreement. At the closing, you must execute and deliver all documents necessary to transfer good title from your business to us or our nominee and upon delivery of those documents we will pay to you the agreed price, plus or minus all prorations, less all monies that you owe us at the date of closing of the transaction. If you cannot deliver clear title to the Assets, we will have the option to either purchase the Assets from the party that holds the legitimate lien or mortgage, or not purchase them, at our discretion.

Except as otherwise provided above in this Section 15, at the termination or expiration of this Agreement, all rights and privileges granted to you under this Agreement will end.

16. **ASSIGNMENT OF THE FRANCHISE AGREEMENT; LEASE ASSIGNMENT**

I. Assignment of the Franchise Agreement

16.1 By Us. This Agreement is fully transferable by us and inures to the benefit of any transferee or other legal successor to our interests.

16.2 By You. The rights and duties created in this Agreement are personal to you. We have granted the franchise to you in reliance upon your experience, character, skill, aptitude, attitude, perceived business ability, financial capability and the interest you have expressed in owning and operating a Franchised Cafe. You may not sell, assign, transfer, pledge or mortgage the Franchised Cafe(nor any interest in it), this Agreement, or any part or all of the ownership (including by will or intestate succession) without our advanced written consent, which we will not unreasonably withhold if you are in substantial compliance with this Agreement. We may condition the assignment on the character, business experience, financial capability and credit rating of the proposed assignee (and his, her or their partners, officers, controlling stockholders and/or members/managers, if the transferee is a partnership, corporation, or limited liability company). Any transfer made without our approval constitutes a material breach of this Agreement, which can result in termination, and conveys no rights whatsoever. In addition, consent to the transfer will be conditioned on the following:

1) We must approve the purchaser for financial responsibility, and suitability as an owner and operator of a Franchised Cafe;

2) The assignee, transferee or purchaser must not continue to be engaged as a licensor, franchisor, independent operator or current licensee of another business that is similar in nature or competes with a Shaghf Cafe. Before entering into an agreement with us, the assignee, transferee or purchaser must terminate all previous licensing or franchise relationships.

3) You have paid all outstanding debts and obligations under this Agreement to us, except

those, if any assumed by the purchaser, and agree to enter into a mutual general release to date of transfer, attached as Exhibit D, which, will continue to obligate you to the covenants that survive this Agreement.

4) Before operating on his or her own, the transferee will have completed, at the transferee's expense and upon the terms and conditions as we may reasonably require, any training programs then in effect for franchisees.

5) The party who will acquire your interest must execute an assumption agreement with us in the form we approve for a term equal to the remainder of your term, unless we agree to offer a new term under the then current franchise agreement being offered to new franchisees.

6) If the purchaser is new to the SHAGHF franchise network, and requires training, a transfer fee of $7,500 must be paid to us within 3 business days of the date before the closing of the sale, which we will hold until the sale has closed. If the purchaser does require training, the transfer fee will be $5,000. If the sale does not close, we will return 75% of the transfer fee, maintaining 25% for the due diligence we conducted and legal fees we incurred. If the sale closes we will retain the full amount of the transfer fee we collected, which will be non-refundable.

16.3 <u>Transfer to a Partnership, Corporation or Limited Liability Company</u>. You are required and you commit to form a business entity to assign this Agreement to, after you sign the Agreement. You agree to send to us your articles or partnership, incorporation or for a limited liability company within four months of the date we accept this Agreement. The failure to comply with this requirement will be considered a material breach for which we can terminate you, unless you have obtained written approval from us to waive or extend the time to provide us with those documents.

a. If you are in full compliance with this Agreement, you will not be charged a transfer fee nor will approval of a transfer be unreasonably withheld for transfer of your individually held franchise interest, or more than one individually held interest, to a partnership, corporation or limited liability company that conducts no business other than one or more Franchised Cafes. You must actually manage the Franchised Cafe on a full time basis, and must maintain at least 51% control in the business entity you form. Additionally, all owners with interests of 25% percent or greater agree to jointly and severally guarantee the obligations of this Agreement and to be bound by its provisions. If no owner holds 25%, then the three individuals with the greatest interest must execute a personal guarantee. You will notify us in writing of the name and address of each and every partner, shareholder, member and/or manager, officer, director and supervisory employee of your business entity and any changes made. Before the transfer is approved, we require you to submit a copy of your Partnership Agreement, Articles of Incorporation or Articles of Organization.

16.4 <u>Right of First Refusal.</u> If, at any time, you decide to sell an interest in this Agreement, or the Franchised Cafe, if separable, or your business entity, unless the proposed sale results from the need to sell due to a permanent incapacity or death, you must obtain a bona-fide, executed written offer from a responsible and fully disclosed purchaser and immediately submit an exact copy of the offer to us. In order for the offer to be bona-fide, it must be accompanied by a 10% down payment, in cash, a cashier's check or certified funds. We will have the right, exercisable by written notice delivered to you within 30 calendar days from the date we receive the offer, to purchase the interest for the price and on the terms and conditions in the bona fide offer. We may substitute cash for any form of payment proposed in the offer. Our credit will be deemed equal to the credit of any proposed purchaser and we will be given not less than 60 calendar days to close. If we do not exercise our right of first refusal, the sale may be completed to the purchaser on the exact terms of the offer, subject to your compliance with Section 16.2 and our reasonable approval of the transfer. If the sale to that purchaser is not completed within 90 calendar days after delivery of that offer to us, or if there is a material change in the terms of the sale, we will have an additional right of first refusal for 30 calendar days on the same terms and conditions as were applicable to the initial right of first refusal.

16.5 Death or Permanent Incapacity.

16.5.1 Appointment of Successor Franchisee. If you die or become permanently incapacitated, your executor, administrator, conservator or other personal representative will have a period of 180 calendar days to transfer your Franchised Cafe to a qualified transferee. Provided a qualified transfer candidate is found, that individual must successfully complete our training program before assuming this Agreement. The death or incapacity of one owner will not cause a termination when more than one owner has signed this Agreement, however, this will depend on the division of ownership interest at the time of death, and the willingness of the surviving owner, if a minority owner, to become the majority owner. If a suitable transferee is not located and the transaction is not completed in 180 days, this Agreement will be terminated.

16.5.2 Transfer of the Franchised Business. Any transfer of this Agreement by devise or inheritance, will be subject to all the terms and conditions for assignments and transfers contained in this Agreement. Failure to dispose of those interests within 180 calendar days constitutes grounds, at our option to terminate this Agreement.

II. Lease Assignment

16.6. Collateral Assignment of Lease. If this Agreement terminates, or expires and you either cannot continue to operate your Franchised Cafe in the location due to loss of that right, or choose not to operate the Franchised Cafe, in the case of an expiration, we have the option to assume the lease for your location, within thirty calendar days of termination or expiration, by giving the lessor notice of the exercise of this option.

16.7 Payment of Lease Debt. If we exercise our option to assume your Franchised Cafe lease, we will not be obligated to bring any debt you have under the lease current. Lease debt remains your obligation. If we are unable to assume the lease without bringing the debt current, we may choose to make that payment, but you will then be required to reimburse us within thirty calendar days of the date our payment was made.

16.8 Assign to Our Nominee. If we exercise the option to assume your lease, we will have the right to assign it to our nominee (another franchisee), or operate it as a company SHAGHF Cafe, without further consent of the lessor. You will have no ability to control this assignment election, nor do we need to inform you of our decision after we assume the lease.

16.9 No Other Effect. Other than our option to assume your lease, and the required language for your lease stated above in Section 7.1.2, we cannot otherwise impact your relationship with your lessor, or the terms of your lease.

17. **CONFIDENTIALITY**

You agree that you and your officers, directors, partners, members, management employees, and all owners of any interest in you and/or the Franchised Cafe, and your affiliates: (a) will only use our Proprietary Information in the operation of one Franchised Cafe; (b) will maintain the absolute confidentiality of the Proprietary Information during and after the term of this Agreement; (c) will not make unauthorized copies of any portion of the Proprietary Information disclosed in written, visual, auditory or other tangible form; and (d) will adopt and implement all reasonable procedures we periodically prescribe to prevent unauthorized use or disclosure of the Proprietary Information, including, without limitation, restrictions on disclosure to employees and the use of non-disclosure and non-competition clauses in employment agreements with management level employees and agents in the form we prescribe. Proprietary Information includes, but is not limited to the contents of the Operations Manual and any other training materials and our recipes and trade secrets. Any information which was in the public domain, or Proprietary Information that becomes a part of the public domain, or you learn from a third party independent of the franchise, and out of the franchise system will not be covered by this provision. Your obligations under this section survive the termination of this Agreement.

18. **RELATIONSHIP OF PARTIES; INDEMNIFICATION**

18.1 Independent Contractors. The parties to this Agreement are independent contractors. The grant of the franchise is not to be construed to create a relationship of employer-employee, joint venture, agency or partnership between you and any other franchisee, or between you and us or our Affiliate. Neither of us will be obligated by any agreement, or representation made by the other, (except representations contained in this Agreement). Nor will we be obligated for any damage to any person or property directly or indirectly arising out of the operation by you of your Franchised Cafe, whether caused by your negligence, willful action, failure to act or otherwise.

For federal, state and municipal tax purposes, you are treated as an independent contractor and not as an employee.

18.2 Indemnification. You agree to indemnify and hold harmless us, our officers, shareholders, directors, employees, agents, representatives, attorneys, successors and assigns and our Affiliates, and their officers, shareholders, directors, employees, agents, representatives, attorneys, successors and assigns with respect to any damages, claims, judgments or settlements. This includes, but is not limited to the aggregate amount of any loss, liability, damage, cost or expense (including reasonable expert witness, accountants' and attorneys' fees) sustained by us or them as a result of any breach or default by you of any provision of this Agreement required to be performed by you, in the operation of your Franchised Cafe, and encompasses any claims made for food related diseases, personal injury or death sustained by a third party or employee within your Shaghf Café, and any and all litigation, arbitration, mediation or other costs of dispute resolution that result. We have the right to defend any claim or claims with respect to which we may be entitled to defend under this Agreement and to seek indemnity from you.

The indemnities, assumptions of liabilities and obligations will continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement**.**

19. **REMEDIES AND JURISDICTION; FINES**

19.1. Remedies are Non-exclusive. Except as specified in particular provisions of this Agreement, no right or remedy conferred on or reserved to you or us by this Agreement is intended to be, nor will be deemed to be exclusive of any other right or remedy provided under this Agreement or permitted by law or equity. On the contrary, each right or remedy will be in addition to every other right or remedy.

19.2 Illinois Courts. The parties agree that any claim, controversy or dispute arising out of or relating to this Agreement or its performance which cannot be amicably settled or resolved through mediation, and is not encompassed below, in the arbitration provision, in Section 20, will be resolved by a proceeding in a court in Illinois, and you agree to irrevocably accept the jurisdiction of the federal and state courts in Cook County, Illinois over those claims, controversies or disputes. No litigation arising out of or relating to this Agreement or the performance of it will ever be initiated in any court other than a court in Cook County, Illinois, unless no court in Cook County, Illinois will accept jurisdiction over the case, or the state in which your Franchised Cafe is located has laws which render this section inapplicable.

The parties agree that service of process in any proceeding may be made by serving a person of suitable age and discretion. Service on us may be made at our office or on our registered agent. Service on you may be made at the address given for you at the beginning of this Agreement. Service on you may also be made on your registered agent if you have transferred this Agreement to a corporation or limited liability company. Service on your corporation or limited liability company will also be considered the same as personal service on you. Service on you may also be made by personal delivery to any responsible employee above the age of 18 years old, at your Franchised Cafe location when service is made.

19.3 Prevailing Party. If either you or we bring any legal action to construe or enforce the terms of this Agreement, including its termination or post-termination provisions, or to obtain damages or other relief, injunctive or otherwise, to which either party may be entitled under this Agreement, with the exception of the right to request an arbitration proceeding (pursuant to Section 20 below), the non-prevailing party agrees that an award will include and agrees to pay the reasonable attorney fees, accountant's fees and all associated costs, expenses, and expert witness fees of the prevailing party. For avoidance of doubt, and notwithstanding anything in this Agreement to the contrary, nothing in this Section of the Agreement relates or applies to any action you have brought, or may bring for any other franchise agreement or master franchise agreement you executed with us before we provided the Franchise Disclosure Document to you of which this Agreement is Exhibit B. This Section 19.3 is prospective only and will be applicable only to this Agreement.

19.4 Fines. Fines will be imposed on you if you commit certain defaults during the term of the Agreement based on the following conduct and for the following amounts:

1) Opening a Shaghf Cafe before informing Franchisor and receiving Franchisor's approval. Fine imposed: $50,000 and Franchisor will have the right to terminate the Agreement.

2) Premature termination of the Agreement. Fine imposed: payment of 12 months of royalties. If less than 12 months royalties have been paid, 12 months prorated based on the amount of months the Franchised Cafe has been opened.

3) Failure to provide Franchisor with information and documents to enable Franchisor to calculate or verify accuracy of monthly service fee. Fine imposed: $1,000.00 each time this occurs.

4) Failure to keep confidential information confidential, improper use of trade secret or service mark or trademark. Fine imposed $50,000.00

5) Errors detected in the Franchised Cafe intentionally committed by Franchisee. Fine: (material value Franchisor deems appropriate, not to exceed $2,500.00)

6) Misuse of products or use of expired products. Fine: $1,350.00

7) Poor service or complaint from municipality or governmental entity that harms the Franchisor's reputation. Fine: $1,350.00

8) Non-compliance with operating conditions. Fine: $1,350.00

9) Manipulating point of sale system or closed circuit camera system or providing false information. Fine: $50,000.00

20. NEGOTIATION; MEDIATION; ARBITRATION

20.1 Attempt to Resolve Differences by Informal Discussions. In the spirit of working together to achieve a mutual benefit, and pursuant to the accommodations made in this Agreement, it is our desire to prevent disputes with franchisees, which, if escalated will divert resources better spent elsewhere. In an attempt to avoid litigation and arbitration, we request that if issues arise that you believe are not being properly handled, you first send us a letter, and copy our counsel whose address appears below in Section 21, stating the facts and the reasons you believe we have not been attentive, or have taken action adverse to your interests. We will review your letter, and attempt to resolve the dispute as quickly as possible, and will contact you to arrange a discussion within 30 days of receipt of the letter, unless time is a factor, as made evident in your letter. By honest and good faith negotiation, we may both be able to avoid unnecessary further steps, which would enable both of us to conserve resources. Before filing suit or demanding arbitration, unless immediate injunctive relief is sought, the parties must spend a minimum of four hours working out their differences, preferably face to face, but if not possible, through other means of communication like video conference. After the investment of four hours or longer if the parties have not resolved the issues, one or both parties can propose mediation.

20.2 Dispute Resolution by Mediation. If either party proposes mediation, the parties will choose one mediator to hear the dispute. The mediator must hear the dispute within 30 calendar days. The hearing can be in person in or near Chicago, IL, or by Zoom or Teams video conference. The parties agree to devote a minimum of six hours to the mediation. Any and all discussions, negotiations, findings, or other statements by the mediator or the parties made in connection with the mediation are privileged and confidential and will not be admissible in any litigation, arbitration, or other dispute proceeding. If mediation does not resolve the dispute either party can proceed to request arbitration.

Any and all discussions, negotiations, findings, or other statements by the mediator or the parties made in connection with the mediation are privileged and confidential and cannot be admissible in any litigation, arbitration, or other dispute proceeding.

20.3 Dispute Resolution by Arbitration. Disputes between you and us that have not been otherwise resolved, related to any issue arising out of or relating to this Agreement (only) or the rights created by it, its offer, sale and disclosure, and any claimed breach, or the relationship between you and us as a result of this Agreement (only), and the parties have complied with Sections 20.1 and 20.2, must be submitted to arbitration, and heard by one arbitrator. The arbitration proceedings will be conducted in the Chicago, Illinois metropolitan area, or, at our option, where our headquarters are located, at the time the claim is filed, or by a video conference service if in person arbitration is not possible or practical. The rules of the American Arbitration Association ("AAA"), any successor organization, or any similar organization, if the AAA is no longer in operation will be followed. Judgment on the decision of the arbitrator, including any grant of specific performance, may be entered in any court having jurisdiction.

The arbitration costs will be split between you and us. An award will include and the prevailing party (if there is a prevailing party) will be entitled to recover from the other party or parties, reasonable attorneys' fees, accountant's fees and all associated costs (including filing fees and the arbitrator fees), expenses, and expert witness fees.

We both agree that the arbitrator will be limited to awarding actual, and not consequential, punitive, speculative or exemplary damages to the prevailing party. We also agree that arbitration can only take place between one franchisee and us, and not on a group, or class-wide basis. Where there are multiple franchisees with the same facts and legal issues, we may decide for economic and practical purposes to permit one or more claims to be submitted to one arbitrator for the purpose of analyzing and determining whether the facts and legal issues are the same. If they are, we will agree to proceed with the arbitration with more than one franchisee; however, if the arbitrator determines either the facts are different enough, or the legal issues are not the same, or will result in the need to consult multiple state laws, the arbitration will be required to be refiled, with each franchisee filing a separate demand.

21. MISCELLANEOUS

21.1 Notice

21.1.1 Method for Giving Notice.

1) To You. All notices to you must be in writing, personally delivered or sent to you at the address stated at the beginning of this Agreement by certified mail, return receipt requested, by overnight courier service or express mail. Notices personally delivered will be deemed received on the date of delivery. Notices sent by certified mail will be deemed delivered 3 business days after placing them in the United States mail, postage prepaid. Notices sent by overnight courier service or express mail will be deemed delivered 2 business days after they are sent, unless receipts show otherwise, or Saturday delivery is specified and accomplished. We can also send a notice by email to your last known email address, which after you confirm receipt will be considered valid written, and delivered notice.

2) To Us. All notices to us will be in writing personally delivered, or sent to the address stated at the beginning of the Agreement or to Niaz Ahmed at hkalgroup@gmail.com. The method for sending is the same as in Section 1) above titled "To You." If the notice is related to default, termination or mediation, arbitration or litigation, a copy should also be sent to:

Loftus & Eisenberg LTD, 8950 Lincolnwood Drive, Evanston, IL 60203 and emailed to marc@loftusandeisenberg.com

21.2 Non-Waiver. If either party waives a right or remedy under this Agreement, or in any other manner fails to enforce such right or remedy, that action will not preclude either party from enforcing the same right or remedy in accordance with this Agreement at a later date.

21.3 Modification. This Agreement may only be modified by an instrument in writing, executed by both parties, dated after the date of this Agreement. This Agreement may, however, be modified or amended by us, within 10 calendar days written notice to you in order to comply with any ordinance, statute or regulation applicable to the Agreement, or the franchise relationship. We intend, however, to periodically modify our Operations Manual as we, in the exercise of our sole discretion, deem necessary to meet competition, protect our Marks and improve the quality of products and services provided. No modification will alter or reduce your rights under this Agreement.

21.4 Severability and Construction.

21.4.1 Independent Provisions. The provisions of this Agreement are deemed to be severable and the parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

21.4.2 Invalid Provisions. If any provision is deemed invalid or unenforceable as written, it will not affect the legality or validity of the remaining provisions, but, will be deemed modified or limited to the extent or manner necessary to make that particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that provision.

21.4.3 No Other Beneficiaries. Nothing in this Agreement will be deemed to give any person or legal entity other than you or us, and our respective successors and assigns any rights or remedies under or because of this Agreement, except for the rights ascribed above under Section 16, to a personal or legal representative. If this Agreement results through a sale by, or is placed under a Master Franchise, that party will receive part of the initial franchise fee and part of the royalties paid per its own Master Franchise Agreement. That party will also have to provide its own Franchise Disclosure Document to you before you enter into this Agreement.

21.4.4 Captions. All captions in the Agreement are intended solely for the convenience of the parties and do not affect the meaning or construction of any provision of this Agreement.

21.5 Multiple Originals. This Agreement may be signed in triplicate, and each copy signed will be considered an original.

21.6 Binding Agreement. This is a legally binding Agreement, which binds us and you to its terms and conditions, and will inure to the benefit of the successors and assigns of each party.

21.7 Introduction. The introductory remarks included on pages 1 and 2 of this Agreement are incorporated into this Agreement, as if written directly into the terms of this Agreement.

22. COMPLIANCE WITH LEGAL REQUIREMENTS

At your own expense, you must make, execute, and file any and all reports required by any law or public authority with respect to the operation of your Franchised Cafe. You must at all times abide by any and all federal, state, county and/or municipal laws and regulations which are applicable to your Franchised Cafe, and maintain a current business and food license. You must comply with all applicable tax laws which require you to pay taxes on your income, and remit taxes for your employees, and you must timely remit all taxes due. If applicable, you must comply with the American Disabilities Act, and any other statute that prevents discrimination.

23. GOVERNING LAW

Except to the extent governed by the United States Trademark Act of 1946 as amended (Lanham Act, 15 U.S.C. Sec. 1051 et seq.), and the Federal Arbitration Act, (9 U.S.C. Subsection 1 et seq.), this Agreement will be governed by the laws of the State of Illinois, except with respect to its conflicts of laws rules.

24. NOTIFICATION OF LAWSUITS AGAINST FRANCHISEE

You will notify us in writing within five days of notice of the commencement of any action, suit, or proceeding against you, and of the issuance of any inquiry, subpoena, order, writ, injunction, judgment, award, settlement or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of your Franchised Cafe, or your interests in this franchise, including, without limitation, any criminal action or proceedings brought by you against your employees, clients, or other persons.

25. GOOD FAITH AND FAIR DEALING

Each party to this Agreement agrees to treat the other in a fair and equitable manner, and in all transactions, interactions and disputes to negotiate and to deal in good faith; it being further understood, that the general industry that this type of business is a part, is highly competitive, and well-developed, that customers have many choices, and, that working together can accomplish more than working at odds with each other.

26. FORCE MAJEURE

Neither party will be liable for any delay or failure to comply with the terms of this Agreement due to any cause, condition or force beyond the control of that party, whether or not foreseeable, including, but not limited to work stoppage, labor strikes, transportation strikes (trucking, rail, ship or air), postal strikes, pandemic, acts of God or severe weather conditions, acts of war or civil disobedience, or emergency orders issued.

27. TIME IS OF THE ESSENCE

Wherever this Agreement requires performance on the part of a party by a specific date, for payments of sums, giving of notice or furnishing of documents or reports, the party required to take the action understands and agrees that it is important to use best efforts to comply with the dates and times set forth in the Agreement, as time is of the essence.

28. **COMPLIANCE WITH ANTI-TERRORISM LAWS**

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests are subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti- Terrorism Laws" means 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 you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, will constitute good cause for immediate termination of this Agreement, as provided above in Section 14.

29. **NONWAIVER, NON-DISCLAIMER**

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.

30. **ACKNOWLEDGMENTS**

30.1 Business Risks. This business venture involves certain business risks. Your success will be largely dependent upon your own, your owners, management and employees efforts and abilities. You also understand that we do not choose, but will help you select a site for your business and must approve that site, unless you are in the Coffee Cafe business and will convert your own existing business to a Franchised Cafe.

YOU HAVE ENTERED INTO THIS AGREEMENT AS A RESULT OF YOUR OWN INDEPENDENT INVESTIGATION OF US AND THE BUSINESS OFFERED, AFTER CONSULTATION WITH YOUR OWN ATTORNEY OR ADVISOR.

IN THE FRANCHISE DISCLOSURE DOCUMENT WE PROVIDED, WE HAVE MADE NO WRITTEN FINANCIAL PERFORMANCE REPRESENTATIONS TO YOU.

WE HAVE NOT AND WILL NOT MAKE ANY WARRANTY OR GUARANTEE, EXPRESSED OR IMPLIED, AS TO THE SUCCESS OF THE BUSINESS YOU HAVE PURCHASED.

30.2 Independent Investigation. You acknowledge that you received, read, and understand this Agreement, including the attached exhibits. We have fully and adequately explained the provisions to your satisfaction; and that we have strongly suggested that you discuss this Agreement with a franchise lawyer, and have accorded you ample time and opportunity (1) to consult with advisers of your own choosing about the potential benefits and risks of entering into this Agreement, (2) to contact existing franchisees, if any and (3) to investigate all the statements we have made relating to the Franchised Cafe.

30.3 Compliance with Federal Trade Commission Rule. We have provided this Agreement, and the attached exhibits, all in final form and suitable for execution, at least 7 calendar days before the date on which you executed this Agreement. We have provided you with our Franchise Disclosure Document at least 14 calendar days before the date on which any consideration was paid or this or any other Agreement between you or us was executed.

31. ENTIRE AGREEMENT

Each party agrees that the foregoing Agreement, including the Introduction, incorporated by reference and made a part of this Agreement in Section 21.7, and attached Exhibits A, B, C and D, represent the entire Agreement, and is the only Agreement between the parties, governing the relationship between the parties and supersedes all previous and contemporary verbal or written understandings, agreements, promises, negotiations and/or representations made by the parties or understood to be in effect at the time this Agreement is executed. Nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document we furnished to you.

SIGNATURES

The parties to this Agreement now execute and deliver this Agreement in triplicate all of which will be considered originals as of the Agreement Date. Done and executed on the date stated at the beginning of this Agreement in ___________________, ____.

SHAGHF CAFE FRANCHISE LLC	FRANCHISEE
By:_________________________________	By:_______________________
Hamad Khalfan Ali Al-Shareif Aal AlShareif	
CEO	
Attest: ________________	Attest: _____________________

EXHIBIT A

GUARANTEE OF PERFORMANCE

In consideration for $10.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned Guarantor(s) guarantee(s) the prompt payment of all franchise fees, royalties, advertising contributions if a Marketing Fund is established, and all other fees, contributions, and expenses to be paid by the Franchisee and the full performance by the Franchisee, Franchisee's heirs, executors, administrators, successors or assigns of all the covenants, and agreements stated in the SHAGHF CAFE FRANCHISE LLC ("Franchisor") Franchise Agreement and its attached Exhibits of which this Guarantee of Performance is Exhibit A, and agree(s) to be personally bound to the "non-competition" restrictions as set forth in Paragraph 13 of the Franchise Agreement, just as if the Guarantor(s) were signatory(ies) to the Franchise Agreement.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) that liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grants to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which modify or amend this Guaranty, which is continuing and irrevocable during the term of the Agreement, and any renewals. However, any partial payment Franchisee has made will lower the amount Guarantor owes Franchisor by that amount.

If Franchisor is required to enforce this Guarantee against any of the undersigned guarantors, it shall have the right to proceed against any one, a group of, or all named guarantors to satisfy the franchisee's debt or other obligations. If Franchisor brings an action to enforce this Guarantee, it will be entitled to its reasonable attorneys' fees, costs and expenses. This Guarantee is to be governed under the laws of the State of Illinois. All proceedings under this Guarantee are to be conducted in state or federal court located in or nearest to Chicago, Illinois located in Cook County, Illinois. The undersigned submits to the jurisdiction of and the venue in Cook County, Illinois and agrees not to bring legal proceedings anywhere else for purposes of this Guarantee.

Dated this __ day of _____, 202_______.

PERSONAL GUARANTOR

____

Personally and Individually (Printed Name)

____

Personally and Individually (Signature)

Home Address:________________________________ Telephone No.:_______

Email Address:________________________________

Percentage of Ownership in Franchisee: _________%

PERSONAL GUARANTOR

____

Personally and Individually (Printed Name)

____

Personally and Individually (Signature)

Home Address:________________________________ Telephone No.:_______

Email Address:________________________________

Percentage of Ownership in Franchisee: _________%

PERSONAL GUARANTOR

____

Personally and Individually (Printed Name)

____

Personally and Individually (Signature)

Home Address:________________________________ Telephone No.:_______

Email Address:________________________________

Percentage of Ownership in Franchisee: _________%

EXHIBIT B

EXCLUSIVE TERRITORY

Section 4 of the Shaghf Cafe Franchise LLC_ Franchise Agreement provides for an Exclusive Territory in which you will operate your Franchised Cafe and franchise business.

Location Address:

____

Your Exclusive Territory is comprised of a five mile radius from the location of your Franchised Cafe.

The grant of an exclusive territory is not a guarantee that you will be successful, or that you will achieve a certain amount of business. You understand that this Exhibit B to the Franchise Agreement clarifies your Shaghf Franchised Cafe location and exclusive territory only.

Dated on the ______ day of ___________________, 202__.

SHAGHF CAFE FRANCHISE LLC

____

By: Hamad Khalfan Ali Al-Shareif Aal AlShareif

CEO

FRANCHISEE(S)

____

____

____

<u>EXHIBIT C</u>

EMPLOYEE CONFIDENTIALITY AND NON-COMPETE AGREEMENT

THIS AGREEMENT made this _______ day of __________, 202_ by and between ________ ______________________, Employer, a franchisee of SHAGHF CAFE FRANCHISE LLC, a Pennsylvania Limited Liability Company ("Franchisor") and __________________ whose address is ____, an individual ("Employee").

This is an Employee Confidentiality and Non-Compete Agreement. It is an essential part of your employment relationship with your Employer. Please review this Agreement before accepting employment or receiving special training and instruction. Ask your Employer to explain anything you may not understand. It is very important that you fully understand the obligations under this Agreement.

<u>RECITALS</u>

a. Franchisor, and its Affiliate are the owners of all rights in and to a unique system for the preparation and sale of coffee, coffee drinks and other beverages Franchisor Affiliate's businesses' proprietary recipes, baked goods, and other related food products served in a cafe setting designed by Franchisor, and its Affiliate. Included are the Mark(s), the Confidential Information and trade secrets (the "System"), and a Confidential Operations Manual (the "Operations Manual").

b. Under a written agreement (the "Franchise Agreement") with Franchisor, we, as your Employer have been granted a franchise to operate our Franchised Cafe which is the right and license to operate for an initial term of ten years, and we, as your employer have an obligation under that Franchise Agreement to enter into this Agreement with you, as one of our managerial or supervisory employees, or as an individual receiving special training and instruction in the operation of the franchised business.

c. The purpose of this Agreement is twofold, (1) to protect Franchisor, its Affiliate and its Affiliate principal's intellectual property which includes the mark SHAGHF; their trade secrets and confidential information, and (2) to prohibit you from using Franchisor and its Affiliate's information to directly or indirectly compete with Franchisor during the term of this Agreement, and for twelve months thereafter.

TERMS

In consideration for the mutual promises and covenants included in this Agreement, you, as our Employee, and we, as your Employer, agree as follows:

A. PRESERVATION OF CONFIDENTIALITY

1. The Recitals made above are hereby incorporated and made a part of this Agreement.

2. We both acknowledge and agree that by being employed in a supervisory or managerial

capacity and/or having received special training, you have access to information and materials which constitute trade secrets and confidential and proprietary information, which are not in the public domain. We further acknowledge and agree that any actual or potential direct or indirect competitor of Franchisor or any of its franchisees will not have access to such trade secrets and confidential information.

3. We both acknowledge and agree that the System includes trade secrets and confidential information which Franchisor has revealed to us in confidence, and that the protection of those trade secrets and confidential information, and the protection of Franchisor against unfair competition from others who have or who have had access to the trade secrets and confidential information, are essential for the maintenance of goodwill and special value of the System.

4. You agree that you will not (a) appropriate, use, or duplicate the System, or any portion of it, for use in any business which is not within the System; (b) acquire any right to use, or to license or franchise the use of any name, Marks or other intellectual property right which is or may be granted by a Franchise Agreement between us and Franchisor unless you become a SHAGHF franchisee ; or (c) communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of a Franchised Cafe which may be communicated to you as a result of your employment with us. You agree to divulge Franchisor or its Affiliate's confidential information only to those of our other employees who must have access to that information in order to operate that business. Any and all information, knowledge, and know-how, including, without limitation, materials, techniques, and other data, which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which you can demonstrate came to your attention before we disclosed it to you, or which after the time we disclosed it, had become a part of the public domain through publication or communication by others.

5. You further acknowledge and agree that the Operations Manual, loaned to us for the duration of the term of our Franchise Agreement, is loaned by Franchisor for limited purposes only, and must remain at the Store at all times, and remains the property of Franchisor. Your Employer, as a franchisee is not permitted to reproduce it, in whole or in part, without the advanced written consent of Franchisor which may be withheld. If the Operations Manual is conveyed to us through electronic means, then you unconditionally agree that you will not otherwise access it, copy it, place it on any form of storage device, or transfer it or a copy of it to the Cloud in a file that is personal to you or any other third party and/or not related to the Franchised Cafe; or to remove it from our premises; or send it by any means whatsoever, to any third party for any reason.

6. If, for some reason, you come into possession of an Operations Manual, either physically or by means of a computer generated version and you are terminated, or leave our employment, you agree to surrender to us or to an authorized Franchisor representative, and/or delete from your computer, that Operations Manual and any other written confidential information or trade secrets you may have been given, or with which you were entrusted during the time of your

employment.

B. ASSURANCES THAT EMPLOYEE WILL NOT COMPETE

You agree that during the time we employ you, and for twelve months following your separation of employment from us, or any other SHAGHF Franchised Cafe, without Franchisor's advanced written, you may not directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, partnership, corporation or other business entity, engage in or acquire a financial or beneficial interest (including interests in corporations, partnerships, limited liability companies, trusts, unincorporated associations, joint ventures, or other business entities with the exception of making an investment of five 5% percent or less in the voting shares of a publicly held and publicly traded company) or make loans to any business which is the same as a SHAGHF Franchised Cafe(other than a SHAGHF Franchised Cafe franchised to us or to you by Franchisor, after you leave our employ, within a distance of 5 miles outside the perimeter of our exclusive territory, which is 10 miles from our Franchised Cafe.

The obligations of this Section B, where applicable, survive this Agreement.

C. BREACH; REMEDY

We both agree that if there is a breach of either the Confidentiality Section A, or the Non-Compete Section B of this Agreement, Franchisor, its Affiliate and its principal and the System, would be "irreparably injured" and would be without an adequate remedy at law. If there is a breach or a threatened or attempted breach of any of the provisions of this Agreement, Franchisor will be entitled to enforce the provisions of this Agreement as a third party beneficiary and will be entitled, in addition to any other remedies which it may have under this Agreement or at law, or in equity, to a temporary restraining order or to a temporary and/or permanent injunction and a decree for specific performance of this Agreement without the necessity of showing actual damage, and without being required to furnish a bond or other security.

D. GOVERNING LAW; SEVERABILITY AND CONSTRUCTION; ATTORNEYS' FEES

This Agreement will be governed under the laws of the State of Illinois or (State where our SHAGHF Franchised Cafe is located). All provisions of this Agreement are severable and no other provision will be affected by the invalidity of any provision to the extent that its or their invalidity does not also render the other provision invalid. This Agreement will be interpreted and enforced as if all provisions thereby rendered invalid were not contained in this Agreement. If you violate the provisions of this Agreement and a court or arbitrator agrees that our claims are valid, you will be responsible for our costs and reasonable attorneys' fees, or the reasonable attorneys' fees Franchisor and/or its Affiliate incurs if Franchisor and/or its Affiliate enforces this Agreement against you.

SIGNATURES

We both now sign this Agreement in _________________________,___ effective as of the date stated on the first page of the Agreement.

EMPLOYER

By:___________________ **Witness ______________________**

EMPLOYEE

By:

______________________ **Witness ____________________**

EXHIBIT D

MUTUAL GENERAL RELEASE

This Mutual General Release ("Release") entered into this ____ day of ____________, 202_ by and between SHAGHF CAFE FRANCHISE LLC ("Franchisor,") ("we" or "us") and _________________________("Franchisee" or "you") for the following purpose:

Recitals:

a. Franchisor and Franchisee are parties to that particular Franchise Agreement dated the __ day of _, 202__ (the "Agreement").

b. Franchisor and Franchisee agreed in the Agreement that if and when Franchisee chose to transfer the Agreement, the parties would enter into a Release of claims against the other.

c. This Release does not have any effect on monies currently owed to the Franchisor, or its Affiliate, as that party is identified in the Agreement, nor does this Release excuse Franchisee from the covenants that survive the Agreement.

d. This is the current format for the Release. This or another format for a mutual general release may be in use if and when you are required to sign one.

Now therefore, for valuable consideration the Parties acknowledge as sufficient and received, the Parties agree as follows:

Terms:

1. Date of Effectiveness. This Release will take effect when and if, and only at the time that Franchisee has transferred all of its interest in the franchised business to an unrelated third party; and not to a business entity you organize to operate the Shaghf Franchise Cafe ("Franchised Cafe"), or you have transferred all of your interest in the Franchised Cafe to us.

2. Current Debt. This Release does not forgive any current debt, and it must not be interpreted to reduce or eliminate any monies owed to the Franchisor or its Affiliate, for any reason, at the effective transfer date. Unless otherwise agreed to in writing between the Parties to the Agreement, all amounts you owe us and our Affiliate as of the transfer date will be due and payable in their full amount(s), and we can either withhold our approval of the transfer if you do not satisfy this debt, or we can agree to be paid in full from the closing proceeds, provided the proceeds exceed the amount of debt, if any.

3. Covenants That Survive This Release.

a. This Release does not excuse you from any of the covenants that survive the Agreement. This Release does not excuse adherence to the post-term covenant not to compete. You must not become part of a competitive business in the geographic area and for the time period set forth in the Agreement for post transfer.

b. This Release does not apply to covenants to not use confidential information and trade secrets after you have transferred your interest in the Franchised Cafe. There is no time frame with regard to this prohibition.

c. This Release does not apply to any form of a violation of the Agreement by continued use of our Affiliate's mark SHAGHF or any form of that mark, whether or not the mark is accompanied, super-imposed, or straddles a logo, in effect on the date of the Agreement, or implemented after that date; nor does this Release exclude any form of disparagement.

d. This Release will not exclude any finding of intentional deceit or fraud committed to induce this Release.

4. Mutual Release. Notwithstanding the above to the contrary, and, barring any exclusions set forth above, the parties, their officers, directors, shareholders, members, interest holders, agents, attorneys and representatives by this Release, mutually, now and forever release each other and the above-named releasees from any and all disputes and claims now known or discovered after the effective date of this Release, and from any amounts due to judgment, compromise or settlement of any claims that are pursued.

5. Indemnification. If either party brings any type of legal action or institutes any other proceeding, not otherwise specifically permitted under this Release, that party agrees to indemnify and hold the other party harmless, and to pay any and all costs, expenses and all attorneys' fees that party incurs.

6. Governing Law; Jurisdiction; Venue.

This Release is to be governed under the laws of the State of Illinois. If there is a dispute related to this Release, either party may enforce it by filing an arbitration demand according to the procedure, and in the location stated in the Agreement.

7. Miscellaneous.

a. This Release may only be amended by a writing signed by the parties to whom it applies.

b. Notices under this Release can only be sent in the manner provided for in the Agreement. The address for the Notices are the last known address for each party.

c. If any provision of this Release is found to be unenforceable, and it cannot be limited to the extent that it is enforceable, it will be severed, leaving intact the remainder of the Release.

d. This Release, is the entire agreement stating all applicable terms and conditions. There were no previous negotiations, understandings or agreements on which the parties can rely.

e. No waivers of any provisions of this Release can be inferred or assumed. If either party is requested to waive one or more provisions, that waiver request must be stated in writing and can be reasonably withheld.

f. No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

Done and executed at ____, _ on the date stated at the beginning of the Agreement.

SHAGHF CAFE FRANCHISE LLC	FRANCHISEE
By:________________________	By:___________________
Title ________________________	Title___________________
Witness_______________	Witness ________________

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT C

OPERATIONS MANUAL
TABLE OF CONTENTS

Section **Page**

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT D

SHAGHF CAFE FRANCHISE LLC
FINANCIAL STATEMENTS

The Audited Financial Statements are for the period from January 10, 2025 to March 11, 2025.

SHAGHF CAFE FRANCHISE LLC

Audited Financial Statements as of March 11, 2025

MARCH 11, 2025

PENN ACCOUNTING CPA INC

2000 Valley Forge Cir, Suite 127, King Of Prussia PA 19406

Office: 610-340-4040 / Fax: 484-961-1189

Emad Elkhadrawy, CPA, M. Fin.

Independent Auditor's Report

To the Directors of Shaghf Cafe Franchise LLC
3 Korfakkan Rd, Ground Floor
Fujairah, UAE

Report on the Financial Statements

We have audited the accompanying financial statements of Shaghf Cafe Franchise LLC, which comprise the balance sheet as of March 11, 2025, and the related statements of income and cash flows for the period from the date of organization on January 10, 2025 to March 11, 2025, and the note to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP), and for the design, implementation, and maintenance of internal control over financial reporting that is designed to prevent or detect material misstatements, whether due to error or fraud.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shaghf Cafe Franchise LLC, and the results of its operations and its cash flows for the period from the date of organization on January 10, 2025 to March 11, 2025, and the note to the financial statements.

Internal Control Over Financial Reporting

In accordance with Government Auditing Standards, we have also issued a report on our consideration of Shaghf Cafe Franchise LLC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this opinion.

Emad Elkhadrawy, CPA, M. Fin.
Penn Accounting CPA. Inc
2000 Valley Forge Cir, Suite 127
King Of Prussia PA 19406

STATEMENT OF FINANCIAL POSITION

Shaghf Cafe Franchise LLC

Assets

Current assets:	**3/11/2025**
Cash	50,402.78
Inventories	
Accounts receivable	
Pre-paid expenses	
Other - Operating Lease	
Total current assets	**50,402.78**

Fixed assets:	**Current Year**
Property and equipment	-
Equity and other investments	-
Less accumulated depreciation	-
Total fixed assets	**-**

Other assets:	**Current Year**
Goodwill	-
Total other assets	**-**

Total assets	**50,402.78**

Liabilities and owner's equity

Current liabilities:	**Current Year**
Accounts payable	
Accrued wages	
Lease Liability	1,750.00
Unearned revenue	
Other	
Total current liabilities	**1,750.00**

Total long-term liabilities	**-**

Owner's equity:	**Current Year**
Investment capital	50,402.78
Accumulated retained earnings	(1,750.00)
Total owner's equity	**48,652.78**
Total liabilities and owner's equity	**50,402.78**

Balance	**-**

Income Statement

Shaghf Cafe Franchise LLC
As of 03/11/2025

Financial Statements in U.S. Dollars

Revenue		
Grants & Donations	$ -	
Other Income		
Total Revenue		**0**
Cost of Goods Sold		
Total Purchases		
Less: Ending Inventory	$ -	
Cost of Goods Sold		0
Gross Profit (Loss)		**0**
Expenses		
Advertising	$ -	
Auto and Truck Expense	$ -	
Bank Charges	$ -	
Contract Labor	$ -	
Depreciation	$ -	
Dues and Subscriptions	$ -	
Employee Benefit Programs	$ -	
Employees Reimbursable Expenses	$ -	
Insurance	$ -	
Interest Other	$ -	
Interest SBA Loan	$ -	
Legal and Professional Fees	$ -	
Organizational Start up Expenditure	$ 1,000	
Office Expense	$ -	
Officer Compensation	$ -	
PayPal Expense	$ -	
Payroll Service Fees	$ -	
Payroll Taxes	$ -	
Postage	$ -	
Rent	$ 750	
Repairs and Maintenance	$ -	
Supplies	$ -	
Telephone	$ -	
Utilities	$ -	
Total Expenses		(1,750)
Net Operating Income		**(1,750)**

Statement of Cash Flows
Shaghf Cafe Franchise LLC
As Of 03/11/2025

	Total
OPERATING ACTIVITIES	
Net Income	-
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Uncategorized Asset	-
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	-
Net cash provided by operating activities	-
INVESTING ACTIVITIES	
Investment by Owner	50,402.78
FINANCING ACTIVITIES	
Owner's Pay & Personal Expenses	-
Net cash provided by financing activities	-
Net cash increase for period	50,402.78
Cash at beginning of period	-
Cash at end of period	50,402.78

Shaghf Cafe Franchise LLC
Notes to the Financial Statements

NOTE 1 – COMPANY BACKGROUND AND NATURE OF ACTIVITIES

Shaghf Cafe Franchise LLC, a Pennsylvania Limited Liability Company (the “Company”) was organized on January 10, 2025. The business is privately held. The Company’s principal business is the sale and service of franchises that are given the non-exclusive right to use the service mark Shaghf. The service mark is owned by Hamad Khalfan Ali Al-Shareif Aal AlShareif (“Licensor”) who entered into a Trade Name and Service Mark License Agreement (“Agreement”) with the Company on January 14, 2025. Pursuant to this Agreement, the Company has been granted a non-exclusive license to use the federally registered service mark SHAGHF (as it is written in Arabic) and SHAGHF CAFE in English (“Mark(s)”) and any other future marks developed by the Licensor to offer franchises under the Mark(s) and to sign franchise agreements that grant the non-exclusive use of the Mark(s). The Agreement has been entered into for a term of thirty years with an option to extend the use of the Mark(s) for two ten-year periods. The Licensor is obligated to make all continuing filings necessary to maintain the use of the Mark(s). The primary purpose of the Company is to offer for sale, train, and service franchisees that offer coffee, coffee drinks and desserts along with other menu items. As of the date of these Financial Statements, the Company had not begun to offer franchises yet.

End of Report and Notes

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT E

STATE ADDENDA FOR FRANCHISE DISCLOSURE DOCUMENT

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 FRANCHISE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT

http://www.dfpi.ca.gov

The State Cover Page has been amended to include the following risk factors:

1. Item 3 is amended to state that no person named in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

2. Item 6 (Note Section) is amended to state:

The highest interest rate allowed by law in California is 10% annually.

3. Items 17 (b), (c), (d), (e), (f), (g), (h), (i) and (w) are amended to state that California Business and Professions Code Sections 20000 through 20043 provide rights to you 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.

4. Items 17 (c) and (m) are amended to state that for the mutual general release of claims you sign, related to the transfer your franchise, California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

5. Item 17 (h) is further amended to state that the Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 et seq.).

6. Item 17 (s) is amended to state that California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Financial Protection & Innovation before we ask you to consider a material modification of your Franchise Agreement.

7. Item 17 (v) is amended to state that the Franchise Agreement requires venue to be limited to Cook County, IL. This provision may not be enforceable under California law.

8. Item 17 (w) is further amended to state that the Franchise Agreement contains a provision requiring application of the laws of Illinois. This provision may not be enforceable under California law.

STATE OF HAWAII

THE MUTUAL GENERAL RELEASE LANGUAGE CONTAINED IN THE FRANCHISE AGREEMENT SHALL NOT RELIEVE US OR OUR AFFILIATES FROM LIABILITY IMPOSED BY THE LAWS CONCERNING FRANCHISING OF THE STATE OF HAWAII.

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OF ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER "OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST 7 DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING AGREEMENT, OR AT LEAST 7 DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

STATE OF ILLINOIS

1. Notice Required by Law:

THE TERMS AND CONDITIONS UNDER WHICH YOUR FRANCHISE CAN BE TERMINATED AND YOUR RIGHTS UPON NON-RENEWAL MAY BE AFFECTED BY ILLINOIS LAW, 815 ILCS 705/19 AND 705/20.

2. Item 5 of the Franchise Disclosure Document is amended as follows:
The franchise fee payable to us, as set forth in the Franchise Agreement, will be deferred until we have met our pre-opening obligations to you and you have opened for business. Once we have met our pre-opening obligations and you have opened for business, you must immediately pay us the full amount of franchisee fee.

The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

3. Item 17
17 (m). To the extent the General Release required to be executed to complete a transfer requires a waiver of compliance with the Illinois Franchise Disclosure Act, that requirement is void.

Item 17 (t). Representations made in this Disclosure Document cannot be excluded by a merger and integration section in the Franchise Agreement.

Item 17 (u) and (v). The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any action that is otherwise enforceable in Illinois, except that arbitration may be held outside Illinois.

Items 17 (v) and (w) are amended to state that the provisions of the Franchise Agreement and all other agreements concerning governing law, jurisdiction, venue, choice of law and waiver of jury trials will not constitute a waiver of any right conferred upon you by the Illinois Franchise Disclosure Act. The Illinois Franchise Disclosure Act and Illinois law will govern the Franchise Agreement with respect to Illinois licensees and any other person under the jurisdiction of the Illinois Franchise Disclosure Act.

Item 17 (w). The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under that Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void. Notwithstanding, the Franchise Agreement requires that Illinois law applies, and that venue Cook County, Illinois is proper.

5. Hamad Khalfan Ali Al-Shareif Aal AlShareif, as Respondent and the representative for the Shaghf Company an unincorporated business entity entered into an Assurance of Voluntary Compliance with the State of Illinois on August 9, 2024, which was filed in Sangamon County, Docket No. 24-AVC-F003

STATE OF INDIANA

1. Item 8 of the Disclosure Document is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

2. Items 6 and 9 of the Disclosure Document are amended to add the following:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

3. The "Summary" column in Item 17(r) of the Franchise Disclosure Document is deleted and the following is inserted in its place:

No competing business for two (2) years within the Territory.

The "Summary" column in Item 17(t) of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17(v) of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Illinois.

This language has been included in this Franchise Disclosure Document as a condition to registration.

The Franchisor does not agree with the above language and believes that each of the provisions of the Franchise Agreement, including all venue provisions, are fully enforceable.

The Franchisor intends to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by it, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17(w) of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Illinois law applies.

STATE OF MARYLAND

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document and will apply to all franchises offered and sold under the laws of the State of Maryland:

1. Items 17 (b), (c), (d), (e), (f), (g), (h) and (i) are amended to state that the laws of the State of Maryland may supersede the Franchise Agreement, in the areas of termination and renewal of the Franchise.

2. Items 17 (c) and (m) are amended to conform to COMAR 02.02.08.16L to state we cannot require you to agree to a general release or mutual general release as a condition of renewal, sale and/or assignment/transfer that applies to or relieves any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 (h) is amended to state that the provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

4. Item 17 (u) is amended to state:
The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

5. Item 17 (v) is amended to state that you may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within 3 years after the grant of the Franchise.

6. Item 17 (w) is amended to state that the mutual general release language contained in Section 16 of the Franchise Agreement shall not relieve us or our Affiliate from liability under the Maryland Franchise Registration and Disclosure Law.

STATE OF MINNESOTA

1. Minnesota law provides that we must indemnify you against liability to third parties resulting from claims by third parties that your use of our trademarks infringes trademark rights of the third party. We do not indemnify you against the consequences of your use of our trademarks except in accordance with the requirements of the Franchise Agreement, and, as a condition to indemnification, you must provide notice to us of any such claim and tender the defense of the claim to us after the claim is asserted. If we accept the tender of defense, we have the

right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. Items 17 (b), (c), (d), (e), (f), (g), (h) and (i) are amended to state that Minnesota law provides you with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

3. Items 17 (b) and (m) are amended to state that the mutual general release language contained in the Franchise Agreement shall not relieve us or our affiliates, from liability imposed by the Minnesota Franchise Investment Law.

4. Items 17 (i), (v) and (w) are amended to state that Minnesota Statutes, Sections 80C.21 and Minnesota Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or termination penalties. Nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of Minnesota.

STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATOR LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.

1. The following is to be added at the end of Item 3:

Except as provided above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or material civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent, except as disclosed in the Illinois Addendum Hamad Khalfan Ali Al-Shareif Aal AlShareif, as Respondent, and the representative for the Shaghf Company an unincorporated business entity entered into an Assurance of Voluntary Compliance with the State of Illinois on August 9, 2024, which was filed in Sangamon County, Illinois, Docket No. 24-AVC-F003.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

3. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

4. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law": The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

5. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the Rev. April 2, 2024 time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

STATE OF NORTH DAKOTA

1. Items 17 (c) and (m) are amended to state that no release language set forth in the Franchise Agreement shall relieve us or our affiliates from liability imposed by the North Dakota Franchise Disclosure Act.

2. Item 17 (v) is amended to state that any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted.

3. Item 17 (w) is amended to state that the laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements or Illinois law if such provisions are in conflict with North Dakota law. The Franchise Agreement will be governed by North Dakota law.

4. Item 17 (w) is amended to state that any provision in the Franchise Agreement which requires you to waive your right to a trial by jury is deleted.

STATE OF RHODE ISLAND

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 et seq. (the "Act"), the Franchise Disclosure Document for use in the State of Rhode Island is amended as follows:

Item 17 (h) is amended to state that termination of a Franchise Agreement as a result of insolvency or bankruptcy may not be enforceable under federal bankruptcy law.

Items 17 (c) and (m) are amended to state that any release signed as a condition of transfer or renewal will not apply to any claims you may have under the Rhode Island Franchise Investment Act.

Items 17 (u), (v) and (w) are amended to state that any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

COMMONWEALTH OF VIRGINIA

Item 17(h) is amended to state that, pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

STATE OF WASHINGTON

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

2. A release or waiver of rights you sign will not include rights under the Washington Franchise Investment Protection Act, or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel.

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

4. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs to approve and complete the transfer.

5. 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.

6. 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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. 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.

STATE OF WISCONSIN

This Addendum to the Franchise Disclosure Document amends Item 17 of the Franchise Disclosure Document as follows:

ITEM 17 of the Disclosure Document is amended to add the following:

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

STATE ADDENDA FOR FRANCHISE AGREEMENT

STATE OF CALIFORNIA

This Addendum to the Franchise Agreement is agreed to by and between SHAGHF CAFE FRANCHISE LLC and ____to amend and revise the Franchise Agreement.

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 for SHAGHF CAFE FRANCHISE LLC is amended as follows:

1. The California Franchise Relations Act provides rights to Franchisee concerning termination, transfer or non-renewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement, specifically Sections 2, 14 and 16.

2. Section 13 contains a covenant not to compete that extends beyond the expiration or termination of the Agreement; this covenant may not be enforceable under California Law.

3. Section 14 which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

4. Section 19 of the Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.

5. Section 23 of the Franchise Agreement requires application of the laws of Illinois. This provision might not be enforceable under California law.

6. Section 20 requires binding arbitration. The arbitration will occur at the forum indicated in Section 20, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional 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, are met independently 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.

Each of the undersigned acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

SHAGHF CAFE FRANCHISE LLC	Franchisee:______________________
By: __________________________________	By: ____________________________
Title:_________________________________	Title: __________________________
Date:_____________________________________	Date:___________________________

STATE OF HAWAII

This Addendum to the Franchise Agreement is agreed to by and between SHAGHF CAFE FRANCHISE LLC ________________ and _____________________________to amend and revise the Franchise Agreement.

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq.*, the Franchise Agreement for SHAGHF CAFE FRANCHISE LLC ________________ is amended as follows:

1. The Hawaii Franchise Investment Law provides rights to Franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement, and more specifically Sections 2, 14, and 16 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

2. Section 14, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

3. Section 16 requires Franchisee to sign a mutual general release as a condition for transfer of the franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently 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.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

SHAGHF CAFE FRANCHISE LLC	Franchisee:_____________________
By: _________________________________	By: ___________________________
Title:_________________________________	Title: __________________________
Date:____________________________________	Date:___________________________

STATE OF ILLINOIS

This Addendum to the Franchise Agreement is agreed to by and between SHAGHF CAFE FRANCHISE LLC and ________________________________ to amend and revise the Franchise Agreement.

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Agreement for SHAGHF CAFE FRANCHISE LLC is amended as follows:

1. Sections 2 and 16 are amended to add:

No release shall be required as a condition of renewal or transfer or as a condition to receiving a refund of a portion of the Franchise Fee following a termination of the Franchise that is intended to require Franchisee to waive compliance with the Illinois Franchise Disclosure Act, 815 ILCS 705.

2. Sections 2 and 14 are amended to add:

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act (815 ILCS 705/19 and 705/20).

3. No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire.

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

5. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently 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. Notwithstanding, the Franchise Agreement requires that Illinois law applies and the venue is proper in Illinois.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

SHAGHF CAFE FRANCHISE LLC ________	Franchisee:_____________________
By: _______________________________	By: ___________________________
Title:_______________________________	Title: _________________________
Date:___________________________________	Date:___________________________

STATE OF INDIANA

This Addendum to the Franchise Agreement is agreed to by and between SHAGHF CAFE FRANCHISE LLC and ________________________________ to amend and revise the Franchise Agreement.

In recognition of the requirement of the Indiana Deceptive Franchise Practices Law, IC 23-2-2-2.7 and Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement for SHAGHF CAFE FRANCHISE LLC has been amended as follows:

1. Sections 13 and 15 are amended subject to Indiana Code 23-2-2.7-1(9) to provide that post-term non-competitor covenants shall have a geographical limitation of the territory granted to Franchisee.

2. Section 14 is amended to prohibit unlawful unilateral termination of a Franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

3. Sections 2 and 16 are amended to state that the prospective mutual general release of claims against Franchisor provided for may be subject to and cannot release claims under the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.

4. Section 18 is amended to provide that Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

5. Section 19 is amended to provide that Franchisee may commence litigation in Indiana for any cause of action under Indiana law.

6. Section 20 is amended to provide that arbitration between Franchisor and Franchisee, shall be conducted at a mutually agreed upon location.

7. Section 23 is also amended to provide that, in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law will prevail.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independently 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.

Other than as stated in this Addendum, the Franchise Agreement remains unchanged and in full force and effect.

The parties have signed this Addendum below and agree to be bound by the changes it makes to the Franchise Agreement.

SHAGHF CAFE FRANCHISE LLC	Franchisee:____________________
By: ______________________________	By: __________________________
Title:______________________________	Title: __________________________
Date:________________________________	Date:__________________________

STATE OF MARYLAND

This Addendum to the Franchise Agreement is agreed to by and between SHAGHF CAFE FRANCHISE LLC and ______________________________________ to amend and revise the Franchise Agreement.

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Franchise Agreement for SHAGHF CAFE FRANCHISE LLC is amended as follows:

1. The laws of the State of Maryland may supersede the Franchise Agreement, including Section 14, concerning termination and Section 2, concerning renewal of the Franchise Agreement.

2. The Introduction and Section 30 of the Franchise Agreement are amended as follows:

Any portion of the Franchise Agreement which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. Sections 16 of the Franchise Agreement are amended to conform to COMAR 02.02.08.16L. Accordingly, under Maryland Franchise Registration and Disclosure Law we cannot require you to agree to a mutual general release as a condition sale, and/or assignment /transfer that applies to or relieves any liability under that law.

4. Sections 19 and 20 of the Franchise Agreement are amended to provide that a Maryland franchise regulation states that is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within 3 years after the grant of the Franchise Agreement.

5. Section 23 of the Franchise Agreement requires that the Franchise be governed by the laws of the State of Illinois; however, in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently 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.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

SHAGHF CAFE FRANCHISE LLC	Franchisee:_____________________
By: ________________________________	By: ____________________________
Title:_______________________________	Title: __________________________
Date:___________________________________	Date:___________________________

STATE OF MINNESOTA

This Addendum to the Franchise Agreement is agreed to this __ day of _________________, 20__, by and between Shaghf Cafe LLC and ____, to amend and revise the Franchise Agreement.

1. Sections 2, and 14 of the Franchise Agreement are amended to provide that Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non- renewal of the franchise agreement.

2. Under Minnesota law, Franchisor must indemnify Franchisee against liability to third parties resulting from claims by third parties that Franchisee's use of Franchisor's trademarks infringes trademark rights of the third party.

Section 9 of the Franchise Agreement is amended to require that Franchisor indemnifies Franchisee against liability to third parties resulting from claims by third parties that Franchisee's use of Franchisor's trademarks infringes trademark rights of the third party.

3. Section 23 of the Franchise Agreement is amended to read as follows:

"Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. ¶ 1050 et seq.), as amended, this Agreement will be governed by the laws of the State of Illinois, without recourse to Minnesota choice of law or conflicts of law principles, provided, however, that this Section shall not in any way abrogate or reduce any rights of Franchisee as provided for in Minnesota Statutes 1984, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota."

4. The following language will appear at the end of Section 19 of the Franchise Agreement:

"Minnesota Statutes, Sections 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction."

5. Minn. Rule 2860-4400J prohibits waiver of a jury trial. To the extent Section 20 of the Franchise Agreement states that trial by jury is waived, that language is deleted.

6. Section 16 provides for a mutual general release of any claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D which prohibits a franchisor from requiring a franchisee to assent to a general release.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

SHAGHF CAFE FRANCHISE LLC	Franchisee:______________________
By: __________________________________	By: ____________________________
Title:_________________________________	Title: ___________________________
Date:_____________________________________	Date:____________________________

STATE OF NEW YORK

This Addendum to the Franchise Agreement is agreed to by and between SHAGHF CAFE FRANCHISE LLC and ______________________________________ to amend and revise the Franchise Agreement.

In recognition of the requirements of the General Business Laws of the State of New York, Section 33, §§ 680 through 695, the Franchise Agreement for SHAGHF CAFE FRANCHISE LLC is amended as follows:

1. Section 16 of the Franchise Agreement is amended to provide that no release language set forth in the Franchise Agreement will relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws of the State of New York concerning franchising.

2. Under Section 16 of the Franchise Agreement, Franchisor shall not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform Franchisor's obligations under the Franchise Agreement, in Franchisor's good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.

3. Section 23 of the Franchise Agreement requires that the Franchise be governed by the laws of Illinois. This requirement will not be considered a waiver of any right conferred upon Franchisee by Section 33 of the General Business Laws.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently 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.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

SHAGHF CAFE FRANCHISE LLC	Franchisee:_____________________
By: _________________________________	By: ___________________________
Title:_________________________________	Title: __________________________
Date:____________________________________	Date:___________________________

STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement is agreed to by and between SHAGHF CAFE FRANCHISE LLC and ____________________________________to amend and revise the Franchise Agreement.

The North Dakota Securities Commission requires that certain provisions contained in the Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51-19-01 *et seq.* The Franchise Agreement for SHAGHF CAFE FRANCHISE LLC ________________ is amended as follows:

1. Section 13 and 15 are amended to add that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

2. Section 16 is amended to provide that no release language set forth in the Franchise Agreement will relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws of the State of North Dakota concerning franchising.

3. Section 19 is amended to provide that any provision in the Franchise Agreement that designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, and any provision that purports to waive trial by jury is deleted.

4. Sections 19 is amended to add that any action may be brought in the appropriate state or federal court in North Dakota with respect to claims under North Dakota Law.

5. Sections 19 and 23 is amended to state that the statute of limitations under North Dakota Law shall apply.

6. Section 20 is amended to the extent that the laws of the State of North Dakota are not pre-empted by the Federal Arbitration Act, to state that arbitration involving a Franchise purchased in North Dakota must be held either in a location mutually agreed upon prior to the arbitration, or if the parties cannot agree on a location, the arbitrator will determine the location.

7. Section 23 is amended to state that in the event of a conflict of laws, North Dakota Law shall prevail.

8. Section 23 is amended to provide that the laws of the State of North Dakota supersede any provisions of the Franchise Agreement, or Illinois law. If such provisions are in conflict with North Dakota law, the Franchise Agreement will be governed by North Dakota law.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independently 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.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

SHAGHF CAFE FRANCHISE LLC	Franchisee:_____________________
By: _________________________________	By: ___________________________
Title:________________________________	Title: __________________________
Date:___________________________________	Date:___________________________

STATE OF RHODE ISLAND

This Addendum to the Franchise Agreement is agreed to by and between SHAGHF CAFE FRANCHISE LLC and ____________________________________to amend and revise the Franchise Agreement.

In recognition of the requirements of The Rhode Island Franchise Investment Act §19-28.1-14, for all Franchise Agreements offered and sold in the State of Rhode Island, the Franchise Agreement for SHAGHF CAFE FRANCHISE LLC is amended as follows:

1. Section 16 requires Franchisee to sign a mutual general release as a condition for transfer, such release shall exclude claims arising under The Rhode Island Franchise Investment Act.

2. Subsection 19 is amended to provide that Section 19-28.1.-14 of the Rhode Island Franchise Investment Act, as amended by laws of 1993, provides that "a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

3. Section 23 is amended to provide that any provision in the Franchise Agreement which designates the governing law as that of any state other than the State of Rhode Island is deleted.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Law applicable to the provisions are met independently 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.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

SHAGHF CAFE FRANCHISE LLC	Franchisee:______________________
By: __________________________________	By: ____________________________
Title:_________________________________	Title: __________________________
Date:____________________________________	Date:___________________________

COMMONWEALTH OF VIRGINIA

This Addendum to the Franchise Agreement is agreed to by and between SHAGHF CAFE FRANCHISE LLC and ________________________________ to amend and revise the Franchise Agreement.

> Section 14 of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

SHAGHF CAFE FRANCHISE LLC	Franchisee:_____________________
By: ________________________________	By: ___________________________
Title:_______________________________	Title: _________________________
Date:__________________________________	Date:___________________________

STATE OF WASHINGTON

This Addendum to the Franchise Agreement is agreed to by and between SHAGHF CAFE FRANCHISE LLC and ____________________________________ to amend and revise the Franchise Agreement.

In recognition of the requirements of the Washington Franchise Investment Protection Act, Washington Rev. Code §§19.100.010 – 19.100.940, the Franchise Agreement for SHAGHF CAFE FRANCHISE LLC is amended as follows:

1. Sections 2 and 14 are amended to provide that if any of the provisions in the Franchise Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act (the "Act") (including areas of termination and renewal of your franchise), the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document or Franchise Agreement with regard to any franchise sold in Washington. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of renewal and termination in your franchise.

2. Section 16 is amended to provide that transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer, and to provide that a release or waiver of rights executed by a Franchisee will not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel.

3. Sections 19 and 20 require litigation or arbitration to be conducted in the State of Illinois; the requirement shall not limit any rights Franchisee may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington.

4. Sections 19 and 23 is amended to provide that provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Section 23 requires that the Franchise be governed by the laws of the State of Illinois; such a requirement may be unenforceable in the event of a conflict with the Washington Franchise Investment Protection Act. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

6. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or restrict or limit rights or remedies available to a franchisee under the Washington Franchise Investment Protection Act, such as a waiver of the right to a jury trial, may not be enforceable.

7. 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.

8. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or restrict or limit rights or remedies available to a franchisee under the Washington Franchise Investment Protection Act, such as a waiver of the right to a jury trial, may not be enforceable.

9. Sections 13 and 15 of the Franchise Agreement are amended to the extent they conflict with RCW 49.62.020, which states that 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). Sections 13 and 15 and any other contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

10. 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.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Washington Law applicable to the provisions are met independently 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.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

SHAGHF CAFE FRANCHISE LLC	Franchisee:______________________
By: ________________________________	By: ___________________________
Title:________________________________	Title: __________________________
Date:____________________________________	Date:____________________________

STATE OF WISCONSIN

This Addendum to the Franchise Agreement is agreed to by and between SHAGHF CAFE FRANCHISE LLC and ______________________________to amend and revise the Franchise Agreement.

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 shall supersede any conflicting terms of the Franchise Agreement.

2. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independently 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.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

SHAGHF CAFE FRANCHISE LLC	Franchisee:______________________
By: __________________________________	By: ____________________________
Title:_________________________________	Title: ___________________________
Date:_____________________________________	Date:____________________________

EXHIBIT F

LIST OF AFFILIATE'S FRANCHISEES

OPERATIONAL FRANCHISEES*. The following are names, addresses and telephone numbers of all Shaghf Cafe outlets, as of December 31, 2024 that were operational, alphabetically arranged by state and city, of a business that is substantially similar to that offered to the prospective franchisee, but whose franchise agreements contain terms and conditions that are very different from the franchise agreement offered through this Disclosure Document.

	Name	Address	Unit Location	Phone
1	Munaf Adel Abu Shaker Moe Altaie	7425 S. 19th Street Phoenix, AZ 85042 15966 N. 90th Avenue Peoria, AZ 85382	Tempe, AZ	602-620-9213 480-406-5413
2	Tariq Khan Muddassir Muhammed	1155 Michael Road, S. Elgin, IL 60177 1889 Somerset Drive, Unit 1 A Glendale Heights, IL 60139	Villa Park, IL	743-747-2029 313-377-6490
3	Osama Mohammed Khazi Ishaq M. Hameed	1184 Whitehall Street Lombard, IL 60148 18 W 078 Williamsburg Lane Villa Park, IL 60181	Willowbrook, IL	630-656-4678 630-656-8312
4	Ammar L. Albaldawi	7190 Camelot Dr. Canton, MI 48187	Canton, MI	716-544-8488
5	Lowis Benyamin Odisho**	35390 Kensington Avenue Sterling Heights, MI 48312	Sterling Heights, MI	586-843-5019
6	Reem Yousif Padrous	36730 Iroquois Dr. Sterling Heights, MI 48310	Utica, MI	586-277-2512
7	Zainab Bibi Khan	2020 Peach Orchard Dr., Falls Church, VA 22043	Falls Church, VA	703-344-3991

*We did not have any franchised outlets on or before the date of this Disclosure Document.
**Ceased operations and accepted an offer for rescission after December 31, 2024.

EXHIBIT G

STATE EFFECTIVE DATES

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

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

California	Effective Date:	______________
Hawaii	Effective Date:	______________
Illinois	Effective Date:	______________
Indiana	Effective Date:	______________
Maryland	Effective Date:	______________
Michigan	Effective Date:	February 10, 2025
Minnesota	Effective Date:	______________
New York	Effective Date:	______________
North Dakota	Effective Date:	______________
Rhode Island	Effective Date:	______________
South Dakota	Effective Date:	______________
Virginia	Effective Date:	______________
Washington	Effective Date:	______________
Wisconsin	Effective Date:	______________

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

EXHIBIT H

Receipt

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If SHAGHF CAFE FRANCHISE LLC offers you a franchise, SHAGHF CAFE FRANCHISE LLC 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 unless otherwise stated in your state's addendum.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York law requires us to provide this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If SHAGHF CAFE FRANCHISE LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit A.

The Franchisor is SHAGHF CAFE FRANCHISE LLC, located in Fujairah, United Arab Emirates. Its telephone number is 971 55 530 8222.

The franchise seller for this offering is Niaz Ahmed. His telephone number is 971 50 493 3936.

SHAGHF CAFE FRANCHISE LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

Issuance Date: March 13, 2025

I have received a Franchise Disclosure Document dated March 13, 2025, including the following exhibits on the date listed below:

A. List of State Administrators and Agents for Service of Process
B. Franchise Agreement
C. Operations Manual Table of Contents
D. Financial Statements
E. Franchise Disclosure Document State Addenda and State Addenda for Franchise Agreement

F. List of Affiliate’s Franchisees
G. State Effective Page
H. Receipts

Please sign and date this copy and retain for your records.

FDD received: Date: __________________________

Prospective Franchise Signature: ________________________

Prospective Franchisee Name: __________________________

Return to:
SHAGHF CAFE FRANCHISE LLC
by email to: hkalgroup@gmail.com one signed and dated Receipt
(Copy # 1)

Receipt

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If SHAGHF CAFE FRANCHISE LLC offers you a franchise, SHAGHF CAFE FRANCHISE LLC 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 unless otherwise stated in your state's addendum.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York law requires us to provide this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If SHAGHF CAFE FRANCHISE LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit A.

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F. List of Affiliate's Franchisees
G. State Effective Page
H. Receipts

Please sign and date this copy and retain for your records.

FDD received: Date: __________________________

Prospective Franchise Signature: ________________________

Prospective Franchisee Name: __________________________

(Copy # 2)