

FRANCHISE DISCLOSURE DOCUMENT

HONEST HOSPITALITY GROUP LLC
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An Honest franchisee will operate a fast-casual service restaurant specializing in the sale of freshly prepared, non-frozen, Indian street food dishes cooked to order and related menu items, in a traditional Indian restaurant, cafeteria or canteen setting, and available for consumption at the restaurant or through catering, delivery and/or carry-out.

The total investment necessary to begin operation of a single Honest franchise is from \$1,265,000 to \$1,957,500, including \$160,000 to \$220,000 that must be paid to the franchisor or its affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified 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 Abhishek Gupta at (551) 216-1382 or 111 Town Square Place, Suite #1203, Jersey City, NJ 07310.

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 accountant.

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

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

Issuance date: June 5, 2023, as amended September 5, 2023

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 B 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 Honest Restaurant 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 Honest Restaurant franchisee?	Item 20 and Exhibit E 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 C.

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by litigation only in New York, New York. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in New York, New York than in your own state.
2. **Franchisor's Right to Buy Back Franchise for Any Reason.** The franchise agreement gives the franchisor a unilateral right to buy your business for any reason or no reason before the franchise expires or is terminated. As a result, you may be required to sell your business for a price that might be below the value of the business if you sold to a third party instead.

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.

MICHIGAN NOTICE

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 assents to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Law. 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 subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (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 sell 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.

The fact that there is a notice of this offer on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, 670 Law Building, Lansing, MI 48913, (517) 373-7117.

TABLE OF CONTENTS

ITEM 1	THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2	BUSINESS EXPERIENCE	2
ITEM 3	LITIGATION	2
ITEM 4	BANKRUPTCY	2
ITEM 5	INITIAL FEES	3
ITEM 6	OTHER FEES	3
ITEM 7	ESTIMATED INITIAL INVESTMENT	11
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	14
ITEM 9	FRANCHISEE'S OBLIGATIONS	16
ITEM 10	FINANCING	18
ITEM 11	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	18
ITEM 12	TERRITORY	27
ITEM 13	TRADEMARKS	30
ITEM 14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	31
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	32
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	33
ITEM 17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	33
ITEM 18	PUBLIC FIGURES	40
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS	40
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION	46
ITEM 21	FINANCIAL STATEMENTS	45
ITEM 22	CONTRACTS	45
ITEM 23	RECEIPTS	45

Exhibits

A Franchise Agreement and Related Materials

State Addenda to Franchise Agreement

Exhibits to Franchise Agreement:

Exhibit A - Restaurant Location and Territory

Exhibit B - Proprietary Marks

Exhibit C - Required Provisions for Lease Rider and Collateral Lease Assignment

Exhibit D - Software License Agreement

Exhibit E	-	Confidentiality/Non-Competition Agreement
Exhibit F	-	Principal Owners Statement
Exhibit G	-	Sample Bylaws of Regional Advertising Cooperative
Exhibit H	-	Guarantee
Exhibit I	-	General Release - Termination
Exhibit J	-	General Release - Renewal
Exhibit K	-	General Release – Assignment
Exhibit L	-	Acknowledgement Addendum
B		Financial Statements
C		State Administrators
D		Agents For Service of Process
E		List of Franchisees
F		State Addenda to Disclosure Document
G		State Effective Date Page
H		Receipt

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

To simplify the language in this disclosure document, "we" or "us" means Honest Hospitality Group LLC, the franchisor. "You" means the individual, corporation or partnership who buys the franchise. If the franchisee will operate through a corporation, limited liability company, partnership or other business entity, "you" also includes the franchisee's owners or partners. Our agents for service of process in the states whose franchise laws require us to name a state agency as agent for service are shown on Exhibit D.

We are a Texas limited liability company organized on January 19, 2016. We have no parents or predecessors. We conduct business under the name "Honest". Our principal business address is 111 Town Square Place, Suite #1203, Jersey City, NJ 07310, and our telephone number is (551) 216-1382. We have been offering Honest franchises since March, 2016. We previously offered (but did not sell) any area development franchises; however, stopped offering such franchises as of June, 2021. We have not conducted business or offered franchises any other line of business, though we have entered into manufacturing and distribution agreements with third parties for the right to manufacture, supply and distribute our proprietary and trademarked products.

Our affiliate, The Honest Reveira ("Reveira"), is an Indian partnership organized in 2006. The principal business address of Reveira is 201, Circle 'P' Complex, Prahaldnagar Cross Road, Sarkhej Gandhinagar Highway, Ahmedabad-380015, Gujarat State, India. Reveira has offered franchises in India of the type offered under this disclosure document since 2006. Reveira has not conducted business or offered franchises any other line of business. Under a Trademark Assignment Agreement dated August 28, 2016, Reveria fully assigned ownership of the "Honest" trademarks to us. In addition, under a Cross-License Agreement dated September 13, 2016 (as subsequently revised August 23, 2017), Reveria granted us the right to offer franchises for Honest Restaurants and licensed us the right to use the Honest System and other intellectual property and to sublicense them to our franchisees.

Our affiliate, Honest International Foods Private Limited ("Honest Limited"), is a registered company in India, formed in July, 2019, with a principal business address at 201, Circle-P Complex, Opp Mondeal Square, Prahaldnagar, Ahmedabad-380051, Gujarat, India. Honest Limited will sell certain products and services, including our proprietary spices, either directly to our franchisees or indirectly to our authorized distributors for distribution and resell to our franchisees and others. Except for the foregoing activities, Honest Limited has not conducted business in this or any other line of business and has not offered franchises for this or any other type of business.

We and affiliates have developed a proprietary system (the "System") for opening and operating businesses (each, an "Honest Business"), that operate fast-casual service restaurants (each, an "Honest Restaurant"), specializing in the sale of Indian street food dishes cooked to order and related menu items, in a traditional Indian restaurant, cafeteria or canteen setting, and available for consumption at the restaurant or through catering, delivery and/or carry-out. The System makes use of the trademark, service mark and fictitious business name "Honest" and certain other trademarks, service marks, trade names, related emblems, designs, labels, trade dress, signs and symbols, copyrighted materials and other intellectual property (collectively, the "Proprietary Marks").

In this disclosure document, we offer the right to acquire a unit franchise (see the Franchise Agreement in Exhibit A) for the right to operate an Honest Restaurant.

The market for your services consists of consumers, including families, students and business persons, seeking high quality fast casual or quick service Indian food. The market is developing. You will compete with national, regional and local restaurants including company-owned and franchised chains, ghost kitchens, cloud kitchens and delivery only businesses, as well as independently owned restaurants. You may also compete with other Honest Restaurants owned by us, our affiliates or other franchisees. Some competitors may be larger and have better financial resources. Some competitors may have better name recognition than Honest. Some may be privately held or publicly held entities. We do not believe that the fast casual restaurant market is seasonal. The ability of each Honest Restaurant to compete depends on its location,

ingress and egress, signage, parking, service, employee attitudes, overhead, changing local market and economic conditions, and many other factors both within and outside your control.

You must comply with all local, state and federal laws and regulations applicable to the operation of your Honest Restaurant, including health, sanitation, food and beverage handling, food adulteration, food preparation, waste disposal, smoking restrictions and advertising and point-of-sale disclosures (such as statements concerning the nutritional and dietary characteristics of the food served at your Honest Restaurant). You must comply with all laws relating to the sale of alcohol, including the requirement to obtain all necessary licenses and permits. There are other laws and regulations applicable to businesses generally (such as the Americans with Disabilities Act) with which you must comply. You should consult with your attorney concerning all laws and regulations that may affect your Honest Restaurant(s).

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer and Vice President: Abhishek Gupta

Mr. Gupta has served as our Chief Executive Officer and Vice President since October, 2016. In addition, Mr. Gupta has served as a Partner of Reveira since 2012; a Partner of Priya Hospitality LLP from 2015 to May, 2016; Designated Partner of Priya Hospitality LLP since May, 2016; Partner of Seeta Restaurant LLP since 2015; Partner of IVR Realty LLP since May 2017; Partner of Honest Malsala And Spices LLP since March, 2018; Director of Honest Restaurants (India) Private Limited since November, 2016; Director of Honest Restaurant Private Limited since March, 2018; Director of Honest Limited since July, 2018; and Director of HIF Foods, Inc. since June, 2021. Mr. Gupta has at all times served in these positions either in Ahmedabad, Gujarat, India or in Jersey City, New Jersey.

Chief Operating Officer, Secretary and Treasurer: Melissa Cuenca

Ms. Cuenca has served as our Chief Operating Officer, Secretary and Treasurer since October, 2016; our Manager from July, 2016 to October, 2016; and a Vice President of HIF Foods, Inc. since March, 2022.

President: Raj Mittal

Mr. Mittal has served as our President since October, 2016. In addition, Mr. Mittal has served as a Partner of Reveira since April 2016; Director of Honest Restaurant Private Limited since March, 2018; and, Director of Honest International Foods Private Limited since October, 2018. Mr. Mittal has at all times served in these positions in Ahmedabad, Gujarat, India.

Member: Dushyant Agrawal

Mr. Agrawal has been one of our members since January, 2016. In addition, Mr. Agrawal has served as a Partner of Reveira since 2006; Partner of The New Honest Corner since 2006; Director of Honest Restaurant Private Limited since January, 2003; and, Director of Honest International Foods Private Limited since April, 2019. Mr. Agrawal has at all times served in these positions in Ahmedabad, Gujarat, India.

Member: Vijay Gupta

Mr. Gupta has been one of our members since January, 2018. In addition, Mr. Gupta has served as a Partner of Shree Rang Restaurant since 2000; Partner of IVR Realty LLP since May 2017; Director of Honest Restaurant Private Limited since September 1999; and, Director of Honest Restaurants (India) Private Limited Since January 2013. Mr. Gupta has at all times served in these positions in Ahmedabad, Gujarat, India.

ITEM 3

LITIGATION

There is no litigation that must be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

If you will open a single Honest Restaurant under a single Franchise Agreement, the Initial Franchise Fee is \$25,000. The Initial Franchise Fee is due in one lump sum when you sign the Franchise Agreement. We will not refund any portion of the Initial Franchise Fee except under the following circumstances (upon which we will refund you 50% of the Initial Franchise Fee (minus our expenses)): (i) if you (if you are an individual) and/or your Operating Principal fail to successfully complete our Initial Training Program; (ii) if you and we cannot agree upon a Restaurant Location within 90 days following the date we sign the Franchise Agreement; or, (iii) if you fail to comply with the time limits and procedures in Article 6 of the Franchise Agreement for securing your Restaurant Location. In order to receive the 50% refund, you must sign a General Release in the form of Exhibit I to the Franchise Agreement. Except as described above, the Initial Franchise Fee is not refundable and is fully earned when paid. The Initial Franchise Fee is generally uniformly imposed; however, in the previous fiscal year a franchisee that had committed to acquire an Honest franchise at a time when our standard Initial Franchise Fee requirement was \$20,000, paid a reduced initial franchise fee of \$20,000.

Before your Honest Restaurant opens, we reserve the right to require you to purchase an initial inventory of products and supplies utilized in the operation of the Honest Restaurant, such as food products, beverages, paper products, smallwares and cleaning supplies from our designated or approved suppliers, which may include us or our affiliates at an estimated cost of \$135,000 to \$195,000. This estimated cost range includes the cost of our proprietary products, trademarked items, packaging materials and other designated items that you must purchase from our affiliate at an estimated cost of between \$40,000 and \$60,000, depending on the size of the Restaurant you operate. These costs are not refundable.

You pay us or our affiliates no other fees or payments for services or goods before your Honest Restaurant opens.

ITEM 6 OTHER FEES

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Continuing Royalty	5.5% of Gross Revenues, or up to 16.5% while in default of certain provisions of the Franchise Agreement. See Note 1.	Payable weekly on Monday of the next week	"Gross Revenues" includes all revenues from the Honest Business. See Note 1.
System Brand Fund Contribution	When formed: Minimum – 0.5% of Gross Revenues. Maximum – 3% of Gross Revenues	Same as Continuing Royalty	We may in the future form a System Brand Fund, to which you will be required to contribute. See Note 1.

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Required Minimum Expenditure for Local Advertising	Per Market Introduction Program, varies but will range between approximately \$2,200 and \$2,600 per month for period beginning one month before scheduled opening and ending one month after opening; then 1% of the previous week's Gross Revenues.	Between period one month before and one month after opening; then, weekly	Required expenditure percentage will not change during term of Franchise Agreement.
Regional Advertising Cooperative Contribution	When formed: Minimum – 1% of Gross Revenues. Maximum – 2% of Gross Revenues, plus \$100 per year (subject to modification by the Cooperative's Board of Directors).	Established by cooperative	We may form a regional advertising cooperative for your area and establish fees payable to the cooperative. A company-owned Honest Business will have a vote if it joins. Percentage may change within 1%-2% range and may only be more than 2% if the cooperative changes the maximum under its By-Laws.
Proprietary Products	Actual costs. See Note 2.	When you place orders for products	We reserve the right to require that you purchase proprietary products, trademarked items and other designated items from us, our affiliate or designee.
Testing fee	You must reimburse us for all costs and expenses incurred by us in connection with reviewing or approving a supplier proposed by you, including all travel and lodging expenses we incur.	As incurred.	We may test the product or service of any supplier you propose. Fee for testing pays for our expenses.
Initial Training	All living and transportation expenses of all trainees. The amounts are unknown and may vary depending upon factors such as the third-party supplier selected and your distance from training. Additional and subsequent trainee charge: \$500 per person.	Expenses as incurred; fee for replacement trainees due before beginning of training.	We, our affiliate or designee will provide the Initial Training Program for you (if an individual), your original Operating Principal and your original Restaurant Manager free of cost. All later appointed Operating Principals must also attend and successfully complete the Initial Training Program. The Initial Training Program will be conducted only in English. You are required to pay the cost of an interpreter, should one be required.

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Additional On-Site Training and Assistance	\$100 per day.	When we request	<p>You can request additional on-site training and/or assistance at any time. The Franchise Agreement only requires us to provide on-site training and assistance for up to 10 days during your first Honest Restaurant's opening (which will be free of cost).</p> <p>All training will be conducted in English and you will be required to pay the cost of an interpreter, should one be required.</p>
On-Going Training	Our then-current training fees, as we determine in our sole discretion, plus all living, lodging and transportation expenses of the trainees.	As incurred.	<p>We may from time to time develop additional training programs which you (if an individual), your Operating Principal, your Restaurant Manager and/or other staff or personnel we designate must attend and successfully complete.</p> <p>We may also hold an annual conference, convention or training session which you (if an individual) and/or your Operating Principal must attend.</p> <p>All training will be conducted in English and you will be required to pay the cost of an interpreter, should one be required.</p>
Insurance	Varies.	As insurance carrier requires.	Insurance company sets the premiums and you pay the insurance company, except that if you fail to pay premiums for required insurance, we may pay premiums and charge you for them. Premiums may vary depending upon factors such as the insurance company selected and your claims experience. See Note 3.
Relocation	Reimbursement of our reasonable costs.	When we request	If you wish to relocate your Honest Restaurant, you must reimburse us for any reasonable costs we incur in considering your request.
Taxes	None currently; if we have to pay such taxes, you will have to pay us the actual amount of taxes we have to pay (see the Remarks).	Promptly when due	You must pay us all taxes we pay except for our corporate income taxes due to goods or services we furnish to you, the Initial Franchise Fee, Continuing Royalties and, if applicable, System Brand Fund Contributions.
Advances	Actual amounts advanced.	When we request	You must pay us all amounts we advance to third parties for you.

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Late Payment Charge	Late payment fee of 20% plus interest in the maximum amount law allows, or if no legal maximum, then 4% above the then-current Wall Street Journal prime rate of interest.	When we request	You must pay a late payment fee of 20% on any amounts not paid within 15 days of when they were due to us or our affiliates. You must also pay interest on any past due amounts to us. We will not increase charge beyond amount in column 2 during term of Franchise Agreement.
Late Report Charge	\$50 per month, for each month that a financial statement or tax return is overdue.	When we request	We may impose this late report charge if you do not timely furnish to us any of the required financial statements or tax returns. We may also in such circumstance elect to terminate your Franchise Agreement upon giving you notice and an opportunity to cure your default.
Audit Expenses	See Note 4.	As incurred.	See Note 4.
Renewal Fee	50% of our then-current Initial Franchise Fee for Honest Businesses.	Before we sign a renewal agreement ("Successor Franchise Agreement").	
Transfer Fee	\$25,000 or such greater amount as is necessary to reimburse us for our reasonable costs and expenses associated with the application for transfer.	Upon submitting the transfer request to us.	This transfer fee is in addition to the transaction fee.
Transaction Fee	10% of the total sales price.	Upon closing	This transaction fee is in addition to the transfer fee.

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Management Fee on Death or Disability	Greater of (a) two times the compensation paid to individual(s) we assign to operate the Honest Business, or (b) 10% of the Honest Business's weekly Gross Revenue.	See Remarks	From your death or disability or the death or disability of your last surviving owner (if you are a business entity), until a new Operating Principal assumes control, we may operate the Honest Business, but will have no obligation to do so. If we do, then we will deduct our expenses from the Honest Business's Gross Revenues and pay ourselves the management fee shown in column 2. Management fee will be in addition to Continuing Royalties due us. We will remit any remaining funds to your Estate. Estate must pay us any deficiency in sums due us under Franchise Agreement within 10 days of our notifying Estate of deficiency.
Health Inspection & Unapproved Products Violation Fee	\$1,000.	When we request.	See Note 5.
Indemnification of Us	Varies. The losses and expenses incurred by us.		You indemnify us from certain losses and expenses.
Application of Funds			We can apply your payments to the oldest obligation due.
Attorneys' and Experts' Fees, Court Costs	The amount of these fees and costs are unknown and may vary depending upon factors such as the attorneys and experts selected and the court costs.		See Note 6.
Bank Fees	If, when we debit your bank account for the Continuing Royalty or System Brand Fund Contributions, you have insufficient funds in your bank account, you will have to pay the actual bank fees charged by your bank plus pay us a fee of \$100.		

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Proprietary Software	If we develop our own proprietary software and/or software support services, you will be required to purchase them from us at our then-current price and pay our then-current fees associated with same.	Upon request.	See Note 7.
Cured Default Fee	Up to \$1Million	Upon request.	See Note 8.
De-Identification Fee	Up to \$1Million	Upon request.	See Note 9.

Notes

Unless otherwise stated, all fees on the table above are nonrefundable and the fee or its formula is uniformly imposed.

[1] If a state or local law in which your Honest Restaurant is located prohibits or restricts in any way your ability to pay and our ability to collect the Continuing Royalty and/or, if imposed, the System Brand Fund Contribution derived from the sale of alcoholic beverages at your Honest Restaurant (an “Alcohol Restriction Law”), you will be required to pay whatever increased percentages of all Gross Revenues not deriving from the sale of alcohol are necessary so that the Continuing Royalty and/or, if imposed, the System Brand Fund Contribution you pay equals the Continuing Royalty and, if imposed, System Brand Fund Contribution you would make if you were not subject to an Alcohol Restriction Law.

You agree to pay us a Continuing Royalty equal to 5.5% of your previous week's Gross Revenues. If you are operating your Honest Restaurant while you are in default of certain provisions of the Franchise Agreement, the Continuing Royalty rates above will be tripled (and will therefore be 16.5%) for each and every one of your operating Honest Restaurants during a period beginning on the date you receive from us a written notice of default and ending on the date the default is cured.

In addition, if you fail to report the Restaurant's Gross Revenues for any week, we may debit your account for 120% of the Royalty Fee and System Brand Fund Contribution that we debited for the previous week. If the amount we debit from your account is less than the amount you actually owe us (once we have determined the true and correct Gross Revenues of the Restaurant), we will debit your account for the balance due on the day that we specify. If the amount we debit from your account is greater than the amount you actually owe us (once we have determined the true and correct Gross Revenues of the Restaurant), we will credit the excess (minus other amounts that you may owe us in connection with your failure to report your Restaurant's Gross Revenues and any late fees and interest fees assessed) against the amount we otherwise would debit from your account for the next payment due. For the avoidance of doubt, our right to debit your account in the manner set forth above does not negate your obligation to submit reports to us under the Franchise Agreement or waive your breach for your failure to do so, and in the event that we decide to exercise our rights set forth above, we retain the right to exercise any and all other or additional rights afforded to us under the Franchise Agreement and/or under applicable law.

“Gross Revenues” means all revenues and income from any source that you derive or receive from, through, by or on account of the operation of the Honest Business, whether received in cash, in

services, in kind, from barter and/or exchange (valued at the full retail value of the goods or services received), on credit (whether or not you ultimately receive payment on credit transactions), or otherwise. You may deduct from Gross Revenues, to the extent that they have been included in your calculation of Gross Revenues, documented refunds, chargebacks, credits and allowances that you give in good faith to customers. You may also deduct from Gross Revenues all sales taxes or similar taxes which you legally charge to customers if you add the taxes when you charge the customers; send the tax payments to the appropriate tax authorities when due; furnish to us within 30 days of payment an official receipt for payment of the taxes or any other evidence that we reasonably consider acceptable; and, state in the weekly report the amount of all these taxes and the payments to which they relate.

[2] You must buy proprietary products, trademarked items and other designated items from us, our affiliate or designee. We (or our affiliates or designees) will sell you these items under terms we develop and advise you of periodically. We may earn a profit on the sale of these items to you.

[3] You must maintain the following insurance:

1. Broad form comprehensive general liability coverage, and broad form contractual liability coverage of at least \$5,000,000 aggregate and at least \$2,000,000 per occurrence. This insurance may not have a deductible or self-insured retention of more than \$5,000;
2. Adequate Fire and Extended Coverage Insurance on your Honest Restaurant and property to replace after an insured loss;
3. Business Interruption Insurance to cover the rental of the Honest Restaurant, previous profit margins (so we can continue to receive the Continuing Royalty and, if imposed, System Brand Fund Contribution), maintenance of competent personnel and other fixed expenses for a minimum of 120 days;
4. If any vehicle is operated in connection with the Honest Business, automobile liability insurance with minimum limits of liability in the greater of (a) the greatest amount required by any applicable federal, state or local law, or (b) \$1,000,000 for each person killed or injured and, subject to that limit for each person, a total minimum of \$2,000,000, along with a minimum limit of \$3,000,000 for injury, destruction or loss of use of property of third persons as a result of any one accident;
5. Worker's Compensation and Employer's Liability Insurance (in statutory amounts), Unemployment Insurance and State Disability Insurance (as governing law requires), for your employees (but in no event less than \$1,000,000 for employer's liability insurance);
6. Builders' and/or contractor's insurance and performance and completion bonds in forms and amounts acceptable to us;
7. Insurance coverage of types, nature and scope sufficient to satisfy your indemnification obligations under the Franchise Agreement; and,
8. Umbrella liability coverage in no event less than \$5,000,000.

If you do not purchase the required insurance, we may obtain the insurance for you. We have no duty do so. If we obtain insurance for you, you must pay the premiums to the insurance company or reimburse us for them. We can change the required coverages and amounts.

[4] If we audit your Honest Business, and you understated the Gross Revenues on the weekly reports you submitted to us by more than 2% but less than 5% for any week or for the entire period, when compared with your actual Gross Revenues, then you must immediately pay us the cost of the audit and the additional amounts owing, plus interest at the highest legal rate or, if there is no maximum legal rate, then 4% above the then-current Wall Street Journal prime rate of interest.

If you understated your Gross Revenues by 5% or more for any week or for the entire period, we can terminate the Franchise Agreement and you must pay us the cost of the audit and the additional amounts owing, plus interest at the highest legal rate or, if there is no maximum legal rate, then 4% above the then-current Wall Street Journal prime rate of interest. If you understated your Gross Revenues by 2% or less for any week or for the entire period, you must immediately pay us the amount due, plus interest at the highest legal rate or, if there is no maximum legal rate, then 4% above the then-current Wall Street Journal prime rate of interest, but we will pay the cost of the audit.

The percentages described in this footnote are fixed and will not change during the term of the Franchise Agreement.

- [5] In the event your Honest Restaurant: (i) receives two or more health inspection violations within any 12-month period, or (ii) is found to be using unapproved products, then in addition to our other rights and remedies under your Franchise Agreement, you will be required to pay us a fee of \$1,000.
- [6] You or we will can recover from the other party reasonable attorneys' fees, experts' fees, court costs and all other expenses of litigation in any action instituted against the other party to secure or protect your or our rights under the Franchise Agreement, to enforce the terms of the Franchise Agreement, or in any action begun or joined in by the other party against the prevailing party (for the avoidance of doubt, you will be required to reimburse us for any attorneys' fees and costs that we incur, in connection with revising your Franchise Agreement or other agreements between us, as a result of inaccurate/misrepresented information provided to us by you).

If we become a party to any proceeding brought against us by a third party relating to the Franchise Agreement, your Honest Business or your Honest Restaurant as a result of any act or omission of you, your Honest Restaurant or your Honest Business, or if we become a party to any litigation or insolvency proceeding involving you under any bankruptcy or insolvency code, then you must pay us our reasonable attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses we incur.

If we terminate the Franchise Agreement for your default, or if you terminate the Agreement through non-payment, you must pay us all our expenses from your default or termination, including reasonable attorneys' and experts' fees.

- [7] If we develop our own proprietary computer software programs and software support services, you will be required to purchase such software from us at our then-current price, pay our then-current fees associated with same and sign our then-current standard form software license agreement. You will also be required to pay for any future updates or revisions to any proprietary software we develop. Since these items have not yet been developed, we do not know the cost of this software and/or any future updates or revisions at this time.
- [8] If you default in the performance of your obligations or breach any term or condition of the Franchise Agreement, then we have the right (but not the obligation) to cure such default or breach and require that you reimburse us for the costs and expenses we incur in curing such default or breach. The costs and expenses that we incur in curing your default or breach of the Franchise Agreement will vary depending on the nature or the default or breach, therefore we cannot definitively determine the actual amount you will be required to reimburse us. Notwithstanding the foregoing, we estimate that the costs and expenses we will incur in curing your default or breach will not exceed \$1Million.

- [9] You are required, upon the expiration or termination of the Franchise Agreement, to take all steps necessary to redecorate and remodel your Restaurant Location so as to change the décor, trade dress, color combination, signs and other physical characteristics to distinguish your Restaurant Location from an authorized Honest Restaurant Location. If you fail to "deidentify" your Restaurant Location, then we have the right (but not the obligation) to enter onto the premises of your Restaurant Location to make such changes we deemed necessary to deidentify your Restaurant Location. In the event that

we elect to deidentify your Restaurant Location because of your failure or refusal to do so, then you are obligated to reimburse us for the costs and expenses that we incur in deidentifying your Restaurant Location (which will vary depending on what steps (if any) you have taken to deidentify your Restaurant Location). We cannot definitively determine the costs and expenses we will incur in deidentifying your Restaurant Location, but we estimate our costs and expenses will not exceed \$1 Million.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT*

(1) Type of expenditure	(2) Amount	(3) Method of payment	(4) When due	(5) To whom payment is to be made
Initial Franchise Fee	\$25,000 See Item 5 and Note 1	Lump Sum	At signing of Franchise Agreement	Us
Pre-Opening Training Expenses	\$25,000 - \$40,000 See Note 2	As airlines, hotels, restaurants, etc. require	As airlines, hotels, restaurants, etc. require	Airlines, hotels, restaurants, etc.
Real Property (Rent Deposit)	\$30,000 - \$45,000 See Note 3	Lump Sum	Before opening	Landlord
Construction and Leasehold Improvements	\$450,000 - \$650,000 See Note 4	As supplier requires	As supplier requires	Supplier
Equipment, Décor, Furniture and Fixtures	\$200,000 - \$350,000 See Note 4	As supplier requires	As supplier requires	Supplier
Computer and Point of Sale System	\$30,000 - \$50,000 See Note 5	As supplier requires	As supplier requires	Supplier
Inventory to Begin Operating	\$135,000 - \$195,000 See Note 6	As supplier requires	As supplier requires	Supplier, Us or our Affiliate
Permits and Licenses	\$40,000 - \$80,000 See Note 7	As agency requires	As agency requires	Agency
Security Deposits	\$20,000 - \$40,000 See Note 8	As incurred	Before opening	Suppliers
Insurance	\$15,000 - \$40,000 See Note 9	As incurred	Before opening	Suppliers

* Unless otherwise stated, none of the expenses on this chart is fully refundable.

(1) Type of expenditure	(2) Amount	(3) Method of payment	(4) When due	(5) To whom payment is to be made
Professional Fees	\$40,000 See Note 10	As you agree with accountant/ attorney	As you agree with accountant/ attorney	Accountant/ Attorney
Signs	\$40,000 - \$70,000 See Note 11	As supplier requires	As supplier requires	Supplier
Safe Food Handling Certification	\$5,000 - \$7,500 See Note 12	As supplier requires	Before opening	Suppliers
Market Introduction Program	\$10,000 - \$25,000	As supplier requires	As supplier requires	Supplier
Additional Funds (initial period – 3 months)	\$200,000 - \$300,000 See Note 13	As expenses occur	After opening	Various
TOTAL	\$1,265,000 to \$1,957,500 (Note 14)			

Notes

- [1] See Item 5 for circumstances when the Initial Franchise Fee is partially refundable. None of the other fees shown on this table are refundable unless a supplier has a refund policy of which we are not aware. We do not finance any fee.
- [2] We provide the Initial Training Program for you (if an individual), your Operating Principal and your Restaurant Manager at no charge. You pay all your trainees' living, lodging, food and transportation expenses. Travel expenses depend on where your home base is located, whether you and your trainees can commute by car to our training base, and the number of people receiving the Initial Training Program. Lodging, living and food expenses depend on number of people being trained and the class of accommodation. You pay all these expenses. The lower estimate in this range covers the expenses for two individuals who incur minimal travel and lodging expenses and the higher estimate in this range covers the expenses for three individuals (in the event you wish to have your Restaurant Manager attending the Initial Training Program) who incur more expensive travel and lodging expenses. See Item 11.
- [3] If you do not have acceptable space for your Honest Restaurant, you will have to lease at least 2,500 to 4,000 square feet in a suitable commercial building for a Restaurant Location. Honest Restaurants are usually located high traffic, high visibility areas that are possible for conducting a successful businesses. Since real estate values vary dramatically from region to region, we cannot accurately estimate your rent, but monthly rental costs range from approximately \$15,000 to \$22,500 or more per month for a Restaurant Location in Schaumburg, Illinois. To estimate the rental expense for your Restaurant Location, apply the above square footage requirements to the local real estate rental costs in the area where your Restaurant Location will be located. The range stated above assumes a pre-payment of two months of rent. Pre-paid rent is generally non-refundable, while security deposits or other deposits may be refundable in full or in part, depending upon the lease contract.
- [4] You may already have an appropriate Restaurant Location, or your cost of construction or leasehold improvement for your Honest Restaurant may be minimal. The cost of construction or leasehold improvements will vary depending on your construction and renovation costs and how many of those

costs the landlord will pay (if any). You must submit to us for our prior written approval, which approval we will not unreasonably withhold, a layout for the interior of, and a set of preliminary plans for, your Honest Restaurant. You must employ architects, designers, engineers or others as necessary to complete, adapt, modify or substitute the layout and plans for the Honest Restaurant, including any changes required by the landlord. Typically, you and the contractor you employ will negotiate a payment schedule. Generally, the landlord provides the space with demolition complete, exterior walls drywalled; an acoustical drop ceiling; working HVAC; and plumbing and electrical service to the space, or an equivalent amount of free rent to offset these costs. The contractor will install the leasehold improvements. Except for modifications that we require, you may not modify the design, plans or signage of your Honest Restaurant at any time without our advance written permission.

- [5] You must purchase the required computer hardware, software, Internet connections and service, required dedicated telephone and power lines and other computer-related accessories, peripherals and equipment (the "Computer and Point of Sale System"). You must obtain high-speed communications access for your Computer and Point of Sale System, such as broadband, DSL or other high-speed capacity. You must also maintain a functioning e-mail address for your Honest Business. See Item 11.
- [6] Before opening your Honest Restaurant, you must purchase an initial inventory of products and supplies from designated or approved suppliers, which may include us or our affiliates. Initial inventory consists of various food products, beverages, paper products, smallwares, cleaning supplies and other supplies utilized in the operation of the Honest Restaurant. The initial inventory expenditure will vary according to anticipated sales volume and current market prices. The initial inventory of products and supplies includes the cost of the initial inventory of items that you are required to purchase directly or indirectly from our affiliate, Honest Limited, or from our authorized distributor, which initial inventory cost range from between \$40,000 to \$60,000, depending on the size of your Restaurant Location.
- [7] You are responsible for obtaining and maintaining all required permits and licenses necessary to operate the Honest Business. If you are authorized to sell alcoholic beverages at your Honest Restaurant, you will be required to obtain and maintain the necessary liquor licenses and permits to do so. The estimate for obtaining a liquor license in New York City is encompassed in the high end of the range provided in this table. States and localities will set costs for permits and licenses. You will need to check with the governing authorities in your area regarding these requirements. The cost of a liquor license varies and can be significantly higher in a few states where the number of licenses is severely restricted or available only from an existing holder. In the event you are authorized to sell alcoholic beverages in your Honest Restaurant, you should retain legal counsel specialized in obtaining and maintaining liquor licenses.
- [8] This is an estimate of various deposits, licenses, and other charges that are typically paid in cash. Utility deposits may be required and the issuing company may request a credit check before beginning services and a higher deposit for first time customers. These costs will vary and are due to the type of services required for the facility and the municipality from which it is being contracted. We recommend that you check the requirements in your local area.
- [9] This estimate is for the cost of the annual premium to obtain the minimum required insurance as discussed in Item 8 of this disclosure document. The cost of coverage will vary based upon the area in which your Honest Business will be located, your experience with the insurance carrier, the loss experience of the carrier, and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may wish to carry above our stated minimums.
- [10] These fees are representative of the costs for engagement of professionals for the start-up of an Honest Business. We strongly recommend that you seek the assistance of attorneys and accountants for the initial review and resulting advisories concerning this franchise opportunity, this disclosure

document, and subsequently, the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as a part of starting your Honest Business. The estimated rates in this chart are based upon professional fees typically charged in the Schaumburg, Illinois area. It is best to ask your professional advisors for a fee schedule before engaging them to perform any services on your behalf.

- [11] You will need to purchase signs for your Honest Restaurant. All signage must be in compliance with our standards and specifications and your local building and other codes. The costs of the signs will depend on location, type and size of sign.
- [12] Any attendee of the Initial Training Program must have first attended and received certification in safe food handling from a state-approved food safety program, and must submit such certification to us for prior review and approval. The cost of attending such safe food handling certification courses is approximately \$2,500 per person. The lower estimate in this range covers the cost for two individuals (i.e., for you (if an individual) and your Operating Principal) to attend such certification course and the higher estimate in this range covers the expenses for three individuals (i.e., for you (if an individual), your Operating Principal and your Restaurant Manager (if you require your Restaurant Manager to attend the Initial Training Program) to attend such certification course.
- [13] This is an estimate of the additional funds you may need to operate your business during the first three months after you open your Honest Business. We cannot guarantee that you will not have additional expenses in starting the Honest Business. The estimate includes such items as initial payroll taxes, ongoing Continuing Royalties, professional and accounting fees, additional advertising, insurance, health insurance and workers' compensation, rent, repairs and maintenance, bank charges (including interest), miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, depreciation and amortization, deposits and prepaid expenses (if applicable) and other unforeseen miscellaneous items. The expenses you incur during the initial start-up period will depend on factors such as the time of year you open, local economic and market conditions, your experience and business acumen, competition, and the sales level you reach during this initial period. Additional operating expenses will be incurred in connection with the ongoing operation of your Honest Business.
- [14] In compiling these estimates, we relied on information we derived through our own independent research and, in part, on information provided by our first franchisee located in Illinois. We have not independently verified any of the information furnished to us by such franchisee and cannot confirm whether the information provided was true and correct. Your costs may vary based on a number of factors including, but not limited to, the geographic area in which you open, local market conditions, the time it takes to build sales of the establishment, and your skills at operating a business. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements. The availability and terms of financing obtained from third parties will depend upon such factors as the availability of financing, your creditworthiness, collateral that you may make available, and the policies of local lending institutions.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must offer for sale in your Honest Restaurant all menu items and services we specify, and only those menu items and services we specify. You must purchase many products, including without limitation, food items, ingredients such as spices, sauces, spices, beverages, raw materials, legumes/pulses, dry fruit and other raw items, and other trademarked items and packaging materials, only from either our affiliate, Honest Limited, or from one of our approved distributor(s). Honest Limited is currently our only approved supplier for these items, which products are then intended to be distributed through one or more designated approved distributors. You are expressly prohibited from purchasing these items from any unapproved source. In addition, we have recently developed a proprietary line of bakery products that we may require you to purchase only from us, our affiliates or our designated suppliers. You must purchase all other menu items,

ingredients, condiments, beverages, inventory, signs, furnishings, supplies, fixtures and equipment from our designated or approved suppliers. As of September 5, 2023, there are no other products for which we or Honest Limited is currently an approved supplier or the only approved supplier; however, we reserve the right to, from time to time, designate additional products that must be purchased from us, Honest Limited and/or our other affiliates or designees. Unless you obtain our prior written approval, you may not offer or sell alcoholic beverages at your Honest Restaurant.

There are familial relationships between certain of our owners and officers and the owners and officers of Honest Limited, the approved supplier for many products you are required to purchase. Mr. Gupta (our Chief Executive Officer and Vice President) serves as a Director of Honest Limited, and maintains an ownership interest in and/or derives a salary from Honest Limited, and Mr. Mittal (our President) and Mr. Agrawal (our Member) serve as Directors of Honest Limited, and maintain an ownership interest in and/or derive a salary from, Honest Limited. However, none of our other officers or Members owns an interest in any other third party approved suppliers.

During the 2022 fiscal year, we did not derive any revenue from required purchases or leases by our franchisees; however, during the 2022 fiscal year, our affiliate, Honest Limited, received a sum of approximately \$469,198.74 indirectly from required purchases by our U.S. franchisees (i.e., through purchases made by its authorized distributors for such distributors' subsequent distribution to our U.S. franchisees).

You must procure and install the Computer and Point of Sale System we require at each Honest Restaurant, as stated in the Manual, in the Franchise Agreement or as otherwise specified by us. We or our affiliates do not currently have proprietary computer software that we require you to use. If we or our affiliates develop proprietary computer software and/or designate a mandatory Computer and Point of Sale System in the future, you will be required to purchase same from us or from any such third-party supplier we designate at our then-current cost, pay our then-current software support fees associated therewith, use such software, and execute any standard form software license agreement reasonably necessary to do so. You pay for any future updates or revisions. Although Clover is an approved Point of Sale System as of September 5, 2023, we are in the process of negotiating a systemwide agreement with a new Point of Sale System vendor. If and when we finalize that agreement, you will be required to convert to our then required Point of Sale System and will be solely responsible for all costs and expenses incurred in connection with same. We do not expect to increase our fees for updates and revisions beyond inflation in the applicable industry segment unless our costs increase due to shortages, catastrophes, strikes, Acts of God, etc. See Items 7 and 11.

We will provide you with specifications governing the minimum standards of certain products, services or equipment you procure from unrelated third parties in our Manual or in other written notices we transmit to you. We may modify our specifications in writing, and may add new specifications in writing. You may purchase these items from any supplier whose product, service or equipment meets our specifications.

We issue and modify specifications in writing, through our Manual or other written notices to franchisees.

We do not maintain written criteria for approving suppliers, and thus these criteria are not available to you or your proposed supplier. If we name a supplier for a product or service, you may contract with an alternative supplier if you meet our criteria. To obtain our written approval for the alternative supplier:

- You must submit a written request to us for approval of the supplier.
- The supplier must meet our specifications to our reasonable satisfaction.
- The supplier must demonstrate to our reasonable satisfaction that it is in good standing in the business community for financial soundness and reliability of its product or service.

We may test, at your expense, the product or service of any supplier you propose, whether or not the supplier is then approved by us. We will give you notice of our approval or disapproval of the supplier within 30 days. If we test the product or service, you and/or your supplier must reimburse us for all costs and expenses we incur in connection with any testing, including all travel and lodging expenses. If we revoke approval of any supplier, we will give you written notice (in our Manual or otherwise).

We currently negotiate certain purchase arrangements, including price terms, with suppliers for the benefit of franchisees. There are no purchasing or distribution cooperatives. We provide you with no material benefits (such as granting additional franchises) based on your use of designated or approved sources. We and our affiliates currently receive no payments or rebates from any supplier, nor do we or our affiliates currently receive any special discount on purchases from any supplier for ourselves or themselves, in connection with purchases from our franchisees; however, we or our affiliates may receive such payments, rebates and/or special discounts from suppliers in the future.

You must purchase the following categories of insurance coverage in forms and through insurance companies satisfactory to us: (1) Broad form comprehensive general liability coverage, and broad form contractual liability coverage of at least \$5,000,000 aggregate and at least \$2,000,000 per occurrence. This insurance may not have a deductible or self-insured retention of more than \$5,000; (2) Adequate Fire and Extended Coverage Insurance on your Honest Restaurant and property to replace after an insured loss; (3) Business Interruption Insurance in sufficient amounts to cover your Restaurant rental expenses, previous profit margins (so we can continue to receive the Continuing Royalty and, if imposed, System Brand Fund Contribution), maintenance of competent personnel and other fixed expenses for a minimum of 120 days; (4) If any vehicle is operated in connection with the Honest Business, automobile liability insurance with minimum limits of liability in the greater of (a) the greatest amount required by any applicable federal, state or local law, or (b) \$1,000,000 for each person killed or injured and, subject to that limit for each person, a total minimum of \$2,000,000, along with a minimum limit of \$3,000,000 for injury, destruction or loss of use of property of third persons as a result of any one accident; (5) Worker's Compensation and Employer's Liability Insurance (in statutory amounts), Unemployment Insurance and State Disability Insurance (as governing law requires), for your employees (but in no event less than \$1,000,000 for employer's liability insurance); (6) Builders' and/or contractor's insurance and performance and completion bonds in forms and amounts acceptable to us; (7) Insurance coverage of types, nature and scope sufficient to satisfy your indemnification obligations under the Franchise Agreement; and, (8) Umbrella liability coverage in no event less than \$5,000,000.

We estimate that the required purchases described above are 65% to 85% of the cost to establish an Honest Restaurant and approximately 65% to 85% of operating expenses.

ITEM 9 FRANCHISEE'S OBLIGATIONS

These tables list your principal obligations under the Franchise Agreement and other agreements. They will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Franchise Agreement

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Article 6 of Franchise Agreement, Exhibit C	Items 7 and 11
b. Pre-opening purchases/leases	Sections 6.02, 8.07 and 8.08 of Franchise Agreement	Items 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6 of Franchise Agreement	Not Applicable
d. Initial and ongoing training	Sections 7.02 - 7.05 of Franchise Agreement	Item 11
e. Opening	Section 8.01 of Franchise Agreement	Item 11

Obligation	Section in Agreement	Disclosure Document Item
f. Fees	Article 5, Sections 13.01 and 14.04 of Franchise Agreement	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Section 7.01 and Articles 8 - 10 of Franchise Agreement	Items 7, 8, 11, 15 and 16
h. Proprietary Marks and proprietary information	Articles 12, 15 and 18 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 3.03, 8.07 and 8.08 of Franchise Agreement	Item 16
j. Warranty and customer service requirements	Not applicable	Item 16
k. Territorial development and sales quotas	Not applicable	Item 12
l. Ongoing product/service purchases	Section 8.07 and 8.08 of Franchise Agreement	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	Sections 6.05, 13.01, 14.04 of Franchise Agreement	Item 11
n. Insurance	Article 9 of Franchise Agreement	Item 6
o. Advertising	Article 10 of Franchise Agreement	Item 11
p. Indemnification	Section 8.10 of Franchise Agreement	Item 6
q. Owner's participation/management/staffing	Sections 8.06 and 8.18 of Franchise Agreement	Item 15
r. Records and reports	Article 11, Sections 5.05 and 7.06 of Franchise Agreement	Item 6
s. Inspections and audits	Sections 8.11, 11.02 of Franchise Agreement	Item 6
t. Transfer	Article 14 of Franchise Agreement	Item 17
u. Renewal	Article 13, Section 4.02 of Franchise Agreement	Item 17
v. Post-termination obligations	Article 18 of Franchise Agreement	Item 17
w. Non-competition covenants	Article 12 of Franchise Agreement	Item 17
x. Dispute resolution	Articles 22-25, 30-31, 33-34 of Franchise Agreement	Item 17
y. Other: Guarantee	Section 32.02 of Franchise Agreement and Exhibit H	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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

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

Pre-Opening Obligations

Before you open your Honest Restaurant, we will:

- (1) Approve or disapprove a site selected and proposed by you for your Restaurant Location. We do not currently, as of the issuance date of this disclosure document, own sites for leasing to franchisees but reserve the right to do so in the future. (Franchise Agreement, Section 6.01) If you and we cannot agree upon a Restaurant Location within 90 days following the date we sign the Franchise Agreement, then either you or we can terminate the Franchise Agreement, and if either of us does so, then we will refund 50% of the Initial Franchise Fee (minus our expenses), and you must sign a General Release in the form of Exhibit I to the Franchise Agreement.

We may require you to submit maps, completed checklists, photographs, copies of proposed leases, diagrams of the premises with measurements and other information and materials which we may reasonably require to evaluate you're the proposed Restaurant Location. We may visit your proposed Restaurant Location but the Franchise Agreement does not require us to do so.

We consider the following factors in approving sites: the market potential and estimated volume of your Honest Business; the general location and neighborhood and nearness to customers; store visibility; traffic patterns; co-tenant attractiveness; size of the space; age and condition of the shopping center or building; the location and convenience of entrances; the availability of parking; the availability of locations and necessary zoning; the location of competitors; expected overhead; lease terms; and, traffic patterns.

- (2) Approve or disapprove the lease or purchase agreement for the Restaurant Location within 20 business days after we receive it. If we do not communicate our approval or disapproval to you in that time, and if the Lease is accompanied by a rider containing the required provisions of Exhibit C to the Franchise Agreement and the signed collateral lease assignment in Exhibit C, the agreement is approved. If you fail to sign a lease approved by us (or provide proof of ownership or an executed contract of sale) for your Restaurant Location within 120 days following the date we sign the Franchise Agreement, then either you or we can terminate the Franchise Agreement, and if either of us does so, then we will refund 50% of the Initial Franchise Fee (minus our expenses), and you must sign a General Release in the form of Exhibit I to the Franchise Agreement. (Franchise Agreement, Section 6.02)
- (3) Review, and/or cause our designees to review, your final plans and specifications for the Honest Restaurant promptly and approve or provide comments on the plans and specifications to you. Although the Franchise Agreement does not require us to do so, we may have an interior designer make visit(s) to your Restaurant Location, and you agree to allow those visits, in order to assist us in determining whether to approve your final plans and specifications. You may not commence construction of the Honest Restaurant until we approve the final plans and specifications in writing. We may provide you with the names of designated or approved suppliers and specifications for some items of the design, construction, furniture, fixtures, equipment and decoration of the Honest Restaurant. (Franchise Agreement, Section 6.03 and 6.04)
- (4) Specify the electronic and/or written accounting and MIS Systems, procedures, formats and reporting requirements which you will use to account for your Honest Business; maintain your

financial records and merchandising data; and, generate reports for both you and us. (Franchise Agreement, Section 7.06)

(5) Lend you a copy of or provide you with electronic access to the Confidential Operating Manual (the "Manual"). You must strictly comply with the Manual in operating your Honest Business. We can change the Manual, and you must comply with these changes when you receive them, but they will not materially alter your rights and obligations under the Franchise Agreement. (Franchise Agreement, Section 7.01)

The following is the Table of Contents of the Manual as of the date of this disclosure document:

TOPIC	NUMBER OF PAGES
Introduction	1
Confidentiality Agreement	2
A Word from our President	1
Support Contacts	1
A Word on our Corporate Executive Chef's Responsibilities	1
Franchisee Role	1
Trademarks & Trade Secrets – Protection Policies	2
Required Office Equipments	2
Staff Hiring	1
Position Descriptions	1
General Restaurant Operations and Maintenance	2
Kitchen Operations Overview	3
Record Keeping	4
Accounting	4
Reports, Audits & Inspections	3
Insurance Requirements & Risk Management	5
Menu Pricing Policies and Fee Structures	1
Policies	1
Customer Relations	3
Products	4
Recipes & Cooking Techniques	1
TOTAL PAGES	42

(6) Furnish you with any written specifications for required products and services. (Franchise Agreement, Section 8.07)

(7) Directly or indirectly through our affiliate, sell you our proprietary products. (Franchise Agreement, Section 8.07)

- (8) Approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose within 10 business days of receipt. If we do not respond within 10 business days, the material is disapproved. (Franchise Agreement, Section 10.02)
- (9) We have no obligation to assist you in establishing prices for products and services. However, if we determine to do so, we may exercise rights concerning franchisee pricing of products and services to the fullest extent permitted by then-applicable law. These rights may include, for example prescribing the maximum and/or minimum retail prices which you may charge customers; recommending the prices you charge customers; advertising specific retail prices for some or all products or services sold by your Honest Restaurant, which prices you will be compelled to observe; engaging in marketing, promotional and related campaigns which you must participate in and which may directly or indirectly impact your retail prices; and, otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which your Honest Restaurant may charge the public. We may do so only in certain geographic areas (cities, states, regions) and not others, or with regard to certain groups of franchisees and not others. Any maximum, minimum or other prices we prescribe or suggest may or may not optimize the revenues or profitability of your Honest Restaurant. (Franchise Agreement, Section 7.07)

Obligations After Opening

During the operation of your Honest Restaurant, we will:

- (1) Furnish you with the field support services, supervision and/or assistance that we consider advisable through on-site visits, off-site sessions, telephonic, electronic or other communication modes. You may also at any time communicate with our headquarters for consultation and guidance with respect to the operation and management of your Honest Business. The timing of these services will be subject to the availability of our personnel. (See Franchise Agreement, Section 7.05)
- (2) Provide standard electronic accounting forms, other accounting forms and electronic reports, as part of our Manual or otherwise. (Franchise Agreement, Section 7.06)
- (3) Approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose within 10 business days of receipt. If we do not respond within 10 business days, the material is disapproved. (Franchise Agreement, Section 10.02)
- (4) Furnish you with any specifications for required products and services. (Franchise Agreement, Section 8.07)
- (5) Directly or indirectly through our affiliate, sell you our proprietary products. (Franchise Agreement, Section 8.07)
- (6) We have no obligation to assist you in establishing prices for products and services; however, if we determine to do so, we may engage in the pricing activities described above in this Item 11. (Franchise Agreement, Section 7.07)
- (7) Provide you with notice of any required update, remodel, refurbishment, renovation, modification or redesign of your Restaurant (which we may require once during the Initial Term and each Renewal Term). You will have 120 days to comply with our direction, unless our direction requires you to expend more than \$30,000, in which case you will have 180 days to comply. We will relieve you from our direction if in our sole opinion you will be unable to amortize the additional investment required during the balance of the Initial Term of the Franchise Agreement; however, under these circumstances, we may extend the term of the Franchise Agreement to allow for a new schedule of amortization, and if we do so you will be required to comply with our direction. (Franchise Agreement, Section 6.05)

Advertising

Advertising Cooperatives

There are currently no regional advertising cooperatives. We may, from time to time, establish, change, merge or dissolve regional advertising cooperatives for a geographic area which encompasses three or more Honest Restaurants (each a "Regional Advertising Cooperative"). If we form a Regional Advertising Cooperative for your area, we will notify you in writing of the starting date and amount of your advertising cooperative contributions. We will determine the area of each Advertising Cooperative based on an area that we consider likely to be able to advertise effectively on a cooperative regional basis. All Regional Advertising Cooperatives will be governed by bylaws substantially in the form of the Sample Bylaws attached as Exhibit G, except as modified to conform with the laws of any specific jurisdiction. If formed, a Regional Advertising Cooperative will be managed by a board of directors, appointed in accordance with the Sample Bylaws. The Franchise Agreement gives us the power to require cooperatives to be formed, changed, dissolved or merged. Your contributions will be at least 1% but no more than 2% of Gross Revenues (unless the Cooperative changes the maximum contribution under its By-Laws) and you will be required to pay annual dues to the Regional Advertising Cooperative in the amount of \$100 (which amount will be subject to modification by the Cooperative's Board of Directors); see Franchise Agreement, Section 10.04 and Sample By-Laws, Exhibit G to the Franchise Agreement. Expenditures by the Regional Advertising Cooperative need not be in proportion to the contributions you make (or any other franchisee makes).

Honest Businesses that are owned and operated by us or an affiliate of ours, and that are within the geographic area of a Regional Advertising Cooperative, will participate in and contribute to the Regional Advertising Cooperative on the same basis as required of franchisee members of the Regional Advertising Cooperative.

A Regional Advertising Cooperative may spend funds for: developing advertising ideas and concepts; developing market research and merchandising programs; preparing advertising campaigns; developing promotional ideas and strategies; preparing collateral creative materials; preparing advertisements (including writing, filming, editing, etc.); planning, negotiating, contracting and trafficking media programs; technical and professional advice for programs; public relations; and, administration of the Cooperative, including legal and accounting services.

The Regional Advertising Cooperative will order an audit following the end of each fiscal year. The auditors will present their audit report to the Board of the Cooperative as soon as practicable, and the Board will then present the report to you and the other members of the Cooperative at the next regular meeting or at a special meeting. (See Section 11.02 of the Sample By-Laws, Exhibit G to the Franchise Agreement.)

System Brand Fund

We have not yet established a System Brand Fund (a "Fund"). If we form a System Brand Fund, we will notify you in writing of the starting date and the amount you will be required to contribute. The notice will specify the date you are to begin making System Brand Fund Contributions and the amount of such System Brand Fund Contributions. System Brand Fund Contributions will be calculated as a percentage of your previous week's Gross Revenues. The amount of your System Brand Fund Contributions will be determined in our sole discretion, but shall be no less than 0.5% and no more than 3.0% of your weekly Gross Revenues. (Franchise Agreement, Sections 5.03 and 10.01.)

We will direct all advertising programs and control the creative concepts, materials and media used, media placement and allocation. We need not make expenditures for you that are equivalent or proportionate to your contributions. We need not ensure that any particular franchisee benefits directly or proportionately from Fund advertising. The Fund is not a trust and we are not a fiduciary.

The Fund may be used to meet all costs of administering, directing, preparing, placing and paying for national, regional or local advertising. This includes: production and media; television, radio, cable, magazine, newspaper and worldwide web/internet advertising campaigns; other advertising, marketing and public relations and promotional materials; point-of-purchase materials; consumer research, interviews and

related activities; the creation, maintenance and periodic modification of the Honest website; reviewing any advertising material you propose to use (as provided below); search engine optimization; establishing a third party facility for customizing local advertising materials; accounting for Fund receipts and expenditures; attendance at industry related conventions, shows or seminars; advertising at sports events; mailers, door hangers, freestanding inserts/coupons, brochures and sponsorships; mystery shoppers (both for the System and for competitive networks or units); conducting cryptocurrency, non-fungible token (NFTs) and other blockchain promotions; developing and maintaining a presence on any virtual platform (including, without limitation, the metaverse); celebrity endorsements; related retainers; association dues (including the International Franchise Association); social media programs on the internet; cellular telephone and smartphone media programs; other activities that we believe in our sole judgment are appropriate to enhance, promote and/or protect the System; and, engaging advertising agencies to assist in any or all of the above activities, including fees to have print, broadcast and/or internet advertising placed by an agency, and all other public relations and advertising agency fees.

We need not maintain the money paid by franchisees to the Fund and income earned by the Fund in a separate account, but we may not use this money for any purposes other than those provided for in the Franchise Agreement. We can spend money from the Fund for our reasonable administrative costs and overhead for activities reasonably related to the administration of the Fund and advertising programs for franchisees, including, for example, preparing marketing and advertising materials; working with advertising agencies, advertising placement services and creative talent; preparing an accounting of contributions to the Fund and the annual statement of Fund contributions and expenditures described below; and, otherwise devoting our personnel, resources and/or funds for the benefit of the Fund.

Within 60 days following the close of our fiscal year, we will prepare (but not audit) a statement detailing Fund income and expenses for the fiscal year just ended. We will send you a copy of this statement upon request.

We will spend most contributions to the Fund for advertising purposes during the fiscal year in which the contributions are made. If we spend more than the amount in the Fund in any fiscal year (in addition to any money we have to spend because we did not spend all the money in the Fund during the year before), then we can reimburse ourselves from the Fund during the next fiscal year for all excess expenditures during the preceding fiscal year, with interest. If we spend less than the total in the Fund during any fiscal year, we can either spend the unused money during the next fiscal year or we can rebate all or a portion of the unused money to franchisees on a proportionate basis for them to spend on local advertising and promotion.

We can use whatever media, create whatever programs and allocate brand funds to whatever regions or localities we consider appropriate. The allocation may include rebates to individual franchisees of some or all of their Fund contributions for local advertising expenditures if, in our judgment, our national or regional advertising program or campaign cannot effectively advertise or promote in certain regions or communities. If we determine that the total System Brand Fund Contributions collected from all Honest franchisees is insufficient to sustain a meaningful regional or national advertising campaign, we may rebate all or a portion of such System Brand Fund Contributions to franchisees on a proportionate basis. You must spend any rebate on the types of local advertising and media that we determine (or, if we direct, in accordance with the local advertising and promotion requirements of the Franchise Agreement) according to a plan and budget we review and approve in advance. You must document all rebate advertising expenditures to us in a monthly rebate advertising expenditure report form.

The Fund will not be used for any activity whose sole purpose is the sale of franchises. However the design and maintenance of our Web site (for which Fund monies may be used) may include information and solicitations for prospective franchisees and public relations and community involvement activities which may result in greater awareness of the Honest brand and the franchise opportunity.

Although we intend the Fund to be perpetual we can terminate the Fund. We will not terminate the Fund until it has spent all money in the Fund for advertising and promotional purposes.

We currently intend that each Honest Restaurant which we or our affiliates may in the future establish and operate will contribute to the Fund a percentage of its Gross Revenues identical to the percentage which then prevails for Honest Restaurant franchisees.

Because we have not yet established a Fund, during our 2022 fiscal year, we did not collect any System Brand Fund Contributions or spend any Fund income.

Advertising Council

There is no advertising council composed of franchisees. However, we reserve the right to form, change, or dissolve a franchisee advertising council.

Local Advertising

You and we will work together to create a “Market Introduction Plan” setting forth your advertising and promotion obligations during the month immediately prior to and after the opening of your Honest Restaurant (Franchise Agreement, Section 10.03). Once a final Market Introduction Program has been finalized and approved, you agree to execute the Market Introduction Program and to fulfill your obligations thereunder. We may require you to submit proof of your expenditures under the Market Introduction Program. Thereafter, you must spend 1% of your Gross Revenues on local advertising (Franchise Agreement, Section 10.03). You must also annually submit to us a plan for your minimum local advertising expenditure requirement.

Yellow/White Pages Advertising

You are required to list, at your sole cost and expense, your Honest Business in all print and/or electronic alphabetic directories (“White Pages”) and in all print and/or electronic classified directories (“Yellow Pages”) serving your Territory. Such advertising must be conducted in accordance with our standards, as we specify in the Manual or otherwise. In lieu of individualized Yellow Pages advertising for your Honest Business, we may instead require you and all other Honest Businesses situated within a geographic area served by one or more Yellow Pages print or electronic directories (including Honest Businesses owned or franchised by us or our affiliates) collectively to prepare, place and equally share in the cost of combined Yellow Pages advertisements featuring, and treating identically, all such Honest Businesses. Any expenditure you make for White Pages or Yellow Pages advertising will be in addition to, and not included in, those sums which this Agreement requires you to expend for local advertising and promotion.

Other Advertising Information

There is no obligation for us to maintain any advertising program or to spend any amount on advertising in your geographic area. We may advertise using print, radio and television, with local, regional and national coverage. We may employ both an in-house advertising department and national or regional advertising agencies.

You may develop advertising materials for your own use, at your own cost. As stated above, we must approve these advertising materials in advance and in writing, but if we do not respond within ten business days after receiving your proposed advertising material, the material is disapproved.

Web Sites and Social Media

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators (“URL’s”) and, if we do, we will design and provide for the benefit of your Honest Restaurant a “click through” subpage at each of these websites for the promotion of your Honest Restaurant. If we establish one or more websites or other modes of electronic commerce and if we provide a “click through” subpage at each of these website for the promotion of your Honest Restaurant, you must routinely provide us with updated copy, photographs and news stories about your Honest Restaurant suitable for posting on your Honest Restaurant’s “click through” subpage. We will specify the content, frequency and procedure of these in our Manual. Any websites or other modes of electric commerce that we establish or

maintain may – in addition to advertising and promoting the products, programs or services available at Honest Restaurants – also be devoted in part to offering Honest franchises for sale and be utilized by us to exploit the electronic commerce rights which we reserve. You may not maintain your own website; otherwise maintain a presence or advertise on the internet / virtual platform (including without limitation the metaverse); develop a non-fungible token (NFTs) develop or maintain or any other mode of electronic commerce in connection with your Honest Restaurant; establish a link to any website we establish at or from any other website or page; or, at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the “Honest” name or any confusingly similar name.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any Honest website we establish and maintain, including all material you may furnish to us as described above.

You are not permitted to promote your Restaurant or use any of the Proprietary Marks in any manner on any social media (as defined below), without our prior written consent. You must comply with our System standards regarding the use of social media in your Honest Restaurant’s operation, including prohibitions on your and the Honest Restaurant’s employees posting or blogging comments about the Honest Restaurant or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook, Instagram, Foursquare, MySpace, TikTok Snapchat, Reddit, YouTube, Vimeo, Tumblr, Pinterest, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We reserve the right to conduct collective/national campaigns via local social media on your behalf.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee email, System discussion forums and systemwide communications (among other activities) can be effected.

Computer and Point of Sale System

Before the commencement of operation of your Honest Restaurant, you must purchase the required computer hardware, software, training service, Internet connections and service, required dedicated telephone and power lines and other computer-related accessories, peripherals and equipment (the “Computer and Point of Sale System”). You must obtain high-speed communications access for your Computer and Point of Sale System, such as broadband, DSL or other high-speed capacity. You must also maintain a functioning e-mail address for your Honest Business.

You must provide all assistance we require to bring your Computer and Point of Sale System on-line with our headquarters computer at the earliest possible time and to maintain this connection as we require. You must input and maintain in your Computer and Point of Sale System all data and information which we prescribe in our Manual, in our proprietary software and manuals (if any), and otherwise. We have independent access to information entered into your Computer and Point of Sale System. We may retrieve from your Computer and Point of Sale System all information that we consider necessary, desirable or appropriate. We will bear the costs of this information retrieval. You must accurately, consistently and completely record, structure, capture and provide through the Computer and Point of Sale System all information concerning the operation of your Honest Restaurant that we require, in the form and at the intervals that we require.

The following is a general description of the Computer and Point of Sale System that you must purchase and maintain for each Honest Restaurant: one PC compatible computer with at least a Pentium III, 2 GHz processor, a 40GB hard drive and 512 MB of RAM; one iPad; four Clover point of sale terminals; between four and ten Clover handheld devices; 10 terminal printers; one inventory management software system; one Microsoft Windows XP Professional Operating System, one Microsoft Office Professional 2003 (or newer); one Microsoft Outlook; Internet Explorer (version 5.0 or greater); one QuickBooks Pro 2010; one Norton Antivirus 2010; one laser jet printer/fax/scanner/copier and, a minimum of three dedicated business telephone lines. The Computer and Point of Sale System will cost approximately from \$30,000 to \$50,000. In addition, Clover currently charges on-going monthly fees of approximately \$2,000 to \$3,000 per month

for use of the Clover point of sale system; however, we do not currently have a systemwide agreement with Clover so the fees may vary depending on the type of package that you negotiate and sign up for with Clover.

Although, Clover is an approved Point of Sale System as of the issuance date of this disclosure document, we are in the process of negotiating a systemwide agreement with a new Point of Sale System vendor. If and when we finalize that agreement, you will be required to convert to our then required Point of Sale System and will be solely responsible for all costs and expenses incurred in connection with same.

You must keep your Computer and Point of Sale System in good repair. If we run tests and determine that the installation will benefit you and us, you must install (at your own expense) whatever additions, changes, substitutions and replacements to your computer hardware, software, telephone and power lines, etc. we direct. You must install these items when we direct. You will pay for these items at the time and upon the terms that the sellers specify. There is no contractual limit on our ability to require you to upgrade, add components to, and replace components of, the Computer and Point of Sale System.

You agree to use any proprietary software and software support services that, in the future, either we develop and provide or which are provided on our behalf by a third party supplier we designate, and you will execute any standard form software license agreement reasonably necessary to do so. If we do not either provide, or designate a third party supplier to provide, software support services, then you must obtain such services from third party supplier that you reasonably select and we approve. The expense for the software support services will depend on the supplier and scope of services you select, but we estimate the expense required for software support services will range from \$1,000 to \$2,000 per month. You agree to purchase from us or our designee, as applicable, new, upgraded or substitute proprietary software whenever we determine to adopt them systemwide, at the prices and on the terms that we or such third party vendor establish, but you will not be required to do so more than once in any calendar year. You are required to procure and use the inventory management software we specify from time to time, from a vendor we have approved. (Franchise Agreement, Section 8.08)

Training

After you obtain your Restaurant Location and before the opening of your Honest Restaurant (although in no case earlier than two months before the opening of the Honest Restaurant), we, our affiliate or designee will provide our Initial Training Program to you (if an individual), your Operating Principal and, at your option, your Restaurant Manager. The following is description of our Initial Training Program as of the date of issuance of this disclosure document:

TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours Of On The Job Training	Location
Orientation	6-8	6-8	Location We Designate
Office and Administration	2-3	2-3	Location We Designate
Restaurant Visit	6-8	6-8	Location We Designate
Cooking Demonstration	6-8	6-8	Location We Designate
Equipment	4-5	4-5	Location We Designate

Subject	Hours Of Classroom Training	Hours Of On The Job Training	Location
Base Material Preparation Training	4-5	6-8	Location We Designate
Final Product Demonstration, Section I	6-8	6-8	Location We Designate
Final Product Demonstration, Section II	6-8	6-8	Location We Designate
Mock Shift	3-5	6-8	Location We Designate
Food Tasting	1-2	1-2	Location We Designate

The Initial Training Program may be conducted, as many times a year as is necessary. We expect that we will conduct the Initial Training Program at your Honest Restaurant once you have secured the lease and completed the build out; however, we reserve the right to conduct the Initial Training Program at any location we designate (which may include, a currently operating Honest Restaurant in India or the United States, our headquarters office in Ahmedabad, India, or elsewhere). In addition, we may determine from time to time, in our sole judgement, to suspend in-person gatherings such as the Initial Training Program and instead conduct them virtually. The instructional materials consist of our Manual, various print and electronic materials and vides that may be posted from time to time on our intranet portal. As of the issuance date of this Disclosure Document, the minimum experience of our instructors in the field relevant to the subject taught is at least 5 years and to our operations is between 1 and 5 years.

The Initial Training Program is mandatory for you (if an individual) and your Operating Principal but is optional for your Restaurant Manager. The Initial Training Program is provided at no expense to you, your Operating Principal and your Restaurant Manager; however, you must pay the transportation costs, meals, lodging and other living expenses incurred in connection with your trainees attending the Initial Training Program.

Any attendee of the Initial Training Program must have first attended and received certification in safe food handling from a state-approved food safety program, and must submit such certification to us for prior review and approval.

You (if an individual) and your Operating Principal must, and your Restaurant Manager may, attend and successfully complete the Initial Training Program to our satisfaction. If you or your Operating Principal fails to successfully complete the Initial Training Program to our satisfaction, we can terminate the Franchise Agreement. If we terminate the Franchise Agreement for this reason, we will refund 50% of the Initial Franchise Fee (minus our expenses), and you must sign a General Release in the form of Exhibit I to the Franchise Agreement.

Any Operating Principals that you appoint after the opening of your Honest Restaurant must (and with respect to any later appointed Restaurant Manager, may) receive the safe food handling certification and attend and successfully complete our next scheduled Initial Training Program at a charge of \$500 per person. In addition to your requirement to pay this per person training fee amount to us, you must pay the transportation costs, meals, lodging and other living expenses incurred in connection with your trainees attending the Initial Training Program.

See Item 6 for information about charges for training additional or subsequent trainees.

If you have previously opened two Honest Restaurants under two separate unit franchise agreements, then neither you nor any Operating Principal nor any Restaurant Manager will have the obligation or the right to attend an additional Initial Training Program.

If one of our trainers is available, then we will provide, at no additional expense to you, one trainer for up to 10 days during your first Honest Restaurant's opening to on-site training and operational support ("Opening Support"). In addition to this Opening Support, you can request additional on-site training and/or assistance at any time. We will provide it at our option, but the Franchise Agreement does not require us to provide it. We may impose a fee for each day of additional on-site training or assistance we agree to provide. The timing of all additional on-site and off-site advice, consultation and training (after the Initial Training Program) will be subject to the availability of our personnel.

We may from time to time conduct an annual conference, convention or training session. We will determine the duration, curriculum and location of these. You (if an individual) and/or your Operating Principal must attend each annual conference, convention or training session. We reserve the right to charge our then-current fees for such events.

You must pay all the expenses incurred by your trainees or attendees in connection with the Initial Training Program and any other training, conferences, conventions or other meetings your trainees attend, including, for example, their salaries, transportation costs, meals, lodging and other living expenses. (Franchise Agreement, Section 7.02) All such training will be provided in English and you will be required to pay for the cost of an interpreter, should one be required.

After you open your Honest Restaurant, we may from time to time offer you field support services, supervision and/or assistance that we consider advisable through on-site visits, off-site sessions, telephonic, electronic or other communication modes. You may also at any time communicate with our headquarters for consultation and guidance with respect to the operation and management of your Honest Restaurant. The timing of our field support and headquarter consultation services will be subject to the availability of our personnel.

Time to Open

You must open your Honest Restaurant within 240 days after we sign your Franchise Agreement. We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Honest Business is approximately 90 days. Factors affecting time include obtaining all required state, local and other required government certifications, permits and licenses, procuring required insurance, attendance at and satisfactory completion of our Initial Training Program, obtaining a satisfactory site for your Restaurant Location, arranging for any financing, complying with local ordinances, completing delivery and installation of equipment and signs and procuring opening inventory.

ITEM 12 TERRITORY

Franchise Agreement

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

You may operate your Honest Business from only one Restaurant location, which you select and we approve (the "Restaurant Location"). We will grant you a geographic area (the "Territory"). The Territory shall be the geographic area embraced by a circle whose radius extends: (a) one-half (1/2) mile from your Honest Restaurant if it is situated in an urban area; (ii) three (3) miles from your Honest Restaurant if it is situated in a suburban area; or (iii) five (5) miles from your Honest Restaurant if it is situated in any area other than an urban or suburban area. For purposes of determining your Territory, "urban" and "suburban" shall have the meanings designated by the United States Census Bureau. If we, in our sole judgment, permit you the right to offer delivery from the Honest Restaurant, you will be required to comply with our then-current standards regarding same (including, without limitation, the use of specified approved delivery service providers and

the execution of required third-party agreements in accordance with same). If we permit you to do so, you will not have a protected delivery area and customers may be able to order, pick up and take out from any Restaurant it so desires (even if within your Territory).

If we grant our approval for your Restaurant to be located at a non-traditional location (as that term is defined below), which we are under no obligation to approve, then it will not have any Territory. We will describe your Restaurant Location and Territory in detail in Exhibit A to your Franchise Agreement.

You may not relocate the Honest Restaurant without our previous written approval. You must reimburse us for any reasonable costs we incur in considering your request. We will grant approval if you are in compliance with the Franchise Agreement, you have paid all money owed to us and our affiliates, the proposed location meets our site selection criteria, and you comply with the lease requirements in the Franchise Agreement. We may, if we wish, inspect your proposed new location.

Your Honest Business may only offer and sell its products and services from your Honest Restaurant at the Restaurant Location and, where the Honest Restaurant offers delivery, to customers within the Territory. Your Honest Business may not sell any System products or services through any alternative channels of distribution, such as the internet/worldwide web/ virtual platforms (including without limitation the metaverse) and other forms of electronic commerce; engage in cryptocurrency, non-fungible token (NFTs) and other blockchain promotions; “800” or similar toll-free telephone numbers; catalogs; telemarketing or other direct marketing sales; supermarkets, grocery stores and convenience stores; ghost kitchens, cloud kitchens and other delivery-only concepts; or, any other channel of distribution except directly from your Restaurant Location and, if you are granted the right to offer delivery, through delivery to customers within the Territory.

While the Franchise Agreement is in effect, we and our affiliates will not, in your Territory, operate a ourselves, or grant franchises to third parties, an Honest Restaurant of the type franchised hereunder, except as described below. Outside the Territory, we and our affiliates can operate any number of Honest Restaurants, and/or authorize others to operate them, at any location, including locations that may be near, but not within, the Territory.

We and/or our affiliates may engage in any type of business activity within or outside the Territory except as we are restricted as described in the preceding paragraph. The Franchise Agreement does not confer upon you any right to participate in or benefit from any other business activity, whether it is conducted under the Proprietary Marks or not. For example, we and/or our affiliates may own, operate or authorize others to own or operate any type of business at any location, including within your Territory, so long as the other business does not sell under the Proprietary Marks the type of products or services which your Honest Business offers and sells, except as permitted below. You will receive no compensation for these businesses' sales.

Only we and/or our affiliates have the right to sell within and outside your Territory, under the Proprietary Marks, all System products or services and/or their components or ingredients -- including those used or sold by your Honest Restaurant -- through any method of distribution other than a Honest Restaurant situated within your Territory, including the internet/worldwide web virtual platforms (including without limitation the metaverse); any other form of electronic commerce; engage in cryptocurrency, non-fungible token (NFTs) and other blockchain promotions; “800” or similar toll-free telephone numbers; mail order; catalogs; telemarketing or other direct marketing sales; television sales (including “infomercials”); supermarkets, grocery stores and convenience stores; ghost kitchens, cloud kitchens and other delivery-only concepts; or, any other channel of distribution. You will receive no compensation for our or our affiliates' sales through alternative distribution channels.

In addition, we and/or our affiliates have the right to develop, open and operate, grant third parties the right to develop, open and operate, and to offer and sell System products and services (whether directly or through other franchisees, distributors, licensees or otherwise) at any and all nontraditional locations, including nontraditional locations situated in your Territory, through the establishment of Honest Restaurants, kiosks, mobile units, concessions or “shop in shops”. “Nontraditional locations” include resorts; food retailers (including supermarkets, grocery stores and convenience stores); schools and universities; hospital and

healthcare facilities; guest lodging facilities; day care facilities of any type; government facilities; condominium and cooperative complexes; the premises of any third party retailer (including shops, stores and department stores); shopping malls and food courts; transportation facilities, including airports, train stations, subways and rail and bus stations; sports facilities, including stadiums and arenas; theaters; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks and amusement parks; Indian reservations; casinos; business or industrial foodservice venues; ghost kitchens, delivery-only restaurants, virtual kitchens, shadow kitchens, commissary kitchens, cloud kitchens, or dark kitchens; military bases and installations; and, any other location or venue to which access to the general public is restricted. You will receive no compensation for our or our affiliates' sales at nontraditional locations. If any nontraditional location is located within the physical boundaries of your Territory, then the premises of this nontraditional location will not be included in your Territory and you will have no rights to this nontraditional locations.

Both within and outside the Territory, only we and/or our affiliates have the right to sell System products and services to national, regional and institutional accounts. "national, regional and institutional accounts" are organizational or institutional customers whose presence is not confined to your Territory, including (for example): business entities with offices or branches situated both inside and outside of your Territory; government agencies, branches or facilities; guest lodging networks; healthcare networks; the military; and, any other customer whose presence is not confined to your Territory. Only we will have the right to enter into contracts with national, regional and/or institutional accounts, which may include facilities within your Territory. If we receive orders for any System products or services calling for delivery or performance in your Territory as a result of our engaging in commerce with national, regional and institutional accounts, then we will have the right, but not the obligation, either to require you to fulfill the orders at the price we agree on with the customer or to give you the opportunity to fulfill the orders at the price we agree on with the customer. If we give you the opportunity to fulfill an order and if, for any reason, you do not desire to or cannot serve the customer, or if the customer desires for any or no reason to deal exclusively with us, our affiliate or another franchisee and not with you, then we, our affiliate or any other System franchisee may serve the customer within your Territory, and you will not be entitled to any compensation. The procedures governing our national, regional and institutional accounts program are stated in our Manual.

We may purchase, merge, acquired, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and we may then operate, franchise or license those other businesses and/or facilities under any names or marks other than the Proprietary Marks within the Territory and under any names or marks, including the Proprietary Marks, outside of the Territory. You will receive no compensation for these activities.

Under the terms of the Franchise Agreement, you waive and release any claims, demands or damages arising from or related to any of the above activities and promise never to begin or join in any legal action or proceeding, or register a complaint with any governmental entity, directly or indirectly contending otherwise.

We and our affiliates have not established and do not currently intend to establish any other franchises, company-owned outlets or other distribution channels offering similar products or services under a different trademark anywhere in the United States, but we may do so in the future.

There is no minimum sales quota. During the term of your Franchise Agreement, there are no circumstances when we can alter your Restaurant Location or Territory. You have no options, rights of first refusal or similar rights to acquire additional franchises at any location, although you may apply for the right to operate additional Honest Restaurants under separate franchise agreements.

The Franchise Agreement confers no marketing exclusivity in the Territory on you, and all Honest Businesses (whether company-owned, company joint-ventured, franchised or otherwise) may solicit, service, advertise and offer their products and services to any individual or entity, regardless of your or its geographic location, including your Territory.

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ITEM 13 TRADEMARKS

The principal commercial symbol which we will license to you appears on the cover of this disclosure document. "Proprietary Marks" means our symbols, trademarks, service marks, logotypes and trade names.

The table below provides a description of the Proprietary Marks which we may license to you in operating your Honest Restaurant, which are registered with the United States Patent and Trademark Office.

Principal Federal Registration

Registration Number	Description Of Mark	Principal Or Supplemental Register	Registration Date
5214290		Principal	May 30, 2017
5607491		Principal	November 13, 2018

In addition, the table below provides a description of a Proprietary Mark which we may license to you in operating your Honest Restaurant, which is registered with the State of Illinois.

Principal Registration with the State of Illinois

Registration Number	Description Of Mark	Registration Date
109166		May 5, 2016

On or about January 1, 2013, a proceeding was instituted by Honest Tea, Inc. ("HTI") with the U.S. Patent and Trademark Office opposing the registration of the Proprietary Marks. On August 5, 2016, HTI and Reveria entered into Co-Existence Agreement, under which HTI agreed to withdraw its opposition in connection with Reveria's agreement to, among other conditions, amend its description of the goods to be offered in connection with the Proprietary Marks and not use the Proprietary Marks, standing alone, as a brand name or trademark for any beverage products or for any snack food items other than traditional Indian snack food items. HTI subsequently withdrew its opposition, on September 14, 2016, the U.S. Patent and Trademark Office dismissed the opposition without prejudice and on May 30, 2017, the U.S. Patent and Trademark Office registered our Proprietary Mark.

We entered into a co-existence agreement with Raleigh Food Inc. for their use of the mark "HONEST BISCUITS" and with Honest Burgers Limited ("HBL") for their use of the mark "HONEST BURGERS";

however, such agreements do not at all limit our rights to use or license our Proprietary Marks and we do not believe that they would affect your use of our Proprietary Marks.

There are presently no effective determinations of the U.S. Patent and Trademark Office, any trademark trial and appeal board, any state trademark administrator or any court, any pending interference, opposition, or cancellation proceeding, or any pending material litigation involving any of the above-referenced Proprietary Marks which is relevant to your use. There are no agreements which significantly limit our rights to use or license the Proprietary Marks. Except as stated above, are no infringing uses or superior previous rights known to us that can materially affect your use of the Proprietary Marks in any state in which the Honest Business is to be located. There is no pending material federal or state court litigation regarding our use or ownership rights in any of the Proprietary Marks. Any required affidavits have been filed. Any required renewals have been filed.

We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Proprietary Marks, you must promptly notify us. We will promptly take the action we consider necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Proprietary Marks. You may not settle or compromise any of these claims without our previous written consent. We will have the right to defend and settle any claim at our sole expense, using our own counsel. You must cooperate with us in the defense. Under the Franchise Agreement, you irrevocably grant us authority to defend or settle these claims. You may participate at your own expense, but our decisions with regard to the defense or settlement will be final. We will have no obligation to defend or indemnify you if the claim against you relates to your use of the Proprietary Marks in violation of the Franchise Agreement.

If you learn that any third party whom you believe is not authorized to use the Proprietary Marks is using the Marks or any variant of the Marks, you must promptly notify us. We will determine whether or not we wish to take any action against the third party. You will have no right to make any demand or to prosecute any claim against the alleged infringer for the infringement.

You must comply with any instruction by us to modify or discontinue use of any Proprietary Mark or to adopt or use additional or substituted Proprietary Marks. If this happens, we will reimburse you for your documented expenses of complying (such as changing signs, stationery, etc.). Except for reimbursing your documented expenses of complying, we will not be liable to you for any resulting expenses.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We hold no patents and we have no pending patent applications that are material to the franchise.

Copyrights

We have not registered any copyrights with the United States Copyright Office.

We claim copyrights on certain software, forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in the Manual.

There are no agreements currently in effect which significantly limit your right to use any of our copyrights. Also, there are no currently effective determinations of the United States Patent and Trademark Office, Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights discussed above. Finally, as of the date of this disclosure document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights which could materially affect your use of them in this state or in the state in which the Honest Business will be located.

Your and our obligations to protect your rights to use our copyrights are the same as the obligations for Proprietary Marks described in Item 13 of this disclosure document.

Confidential Information

You may never – during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated – reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our confidential information or give it to a third party except as we authorize.

Under the Franchise Agreement, the following persons must sign our Confidentiality/Non-Competition Agreement (Exhibit E to the Franchise Agreement):

- Before employment or any promotion, your Operating Principal, Restaurant Manager and all other managerial personnel; and
- If you are a business entity, and as applicable, all of your owners, equity holders, control persons, shareholders, members, partners and general partner(s); all of your officers, directors and managers; and, all persons possessing equivalent positions in any business entity which directly or indirectly owns and/or controls you.

Our confidential information will include information, knowledge, trade secrets or know-how used or embraced by the System, the Manual, and many other matters specified in the Franchise Agreement.

You must irrevocably license to us all intellectual property, services, products, equipment, programs, sales, marketing, advertising and promotional programs, campaigns or materials, and sales methods you develop for the Honest Business. We will not be liable to you in any way because of this license.

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

You must personally supervise the operation of the Honest Business, unless we permit otherwise in writing, and devote the necessary time and your best efforts for the proper and effective operation of the Honest Business. If we license you to operate more than one Honest Business, you must devote the time necessary for the proper and effective operation of all your Honest Businesses.

If you are an individual, you must serve as Operating Principal and if you are an entity franchisee, you must designate an individual who either owns a majority interest in the Honest Business or, where there is no majority owner, who we otherwise approve of in writing. The Operating Principal, who will have complete decision making authority with regard to your Honest Business and have authority to in all respects act on your behalf, will be the sole individual with whom we will be required to communicate when we seek to communicate with you. You must inform us in writing of your Operating Principal and any replacement Operating Principal in advance. We must approve your Operating Principal before you appoint them. You (if an individual) and your Operating Principal (if an entity) must attend and successfully complete the Initial Training Program to our satisfaction. After an Operating Principal's death, disability or termination of employment, you must immediately notify us, and you must designate a successor or acting Operating Principal within 10 days.

You must either serve as (if you are an individual) or designate a Restaurant Manager. An entity franchisee must designate a Restaurant Manager. The Restaurant Manager, who will have day-to-day management responsibility for your Honest Business, will exercise on-premises supervision and personally participate in the direct operation of the Honest Business. You must inform us in writing of your Restaurant Manager and any replacement Restaurant Manager in advance. We must approve your Restaurant Managers before you appoint them. Your Restaurant Managers may (but are not required to) attend the Initial Training Program. After a Restaurant Manager's death, disability or termination of employment, you must immediately notify us, and you must designate a successor or acting Restaurant Manager within 10 days. If the franchisee is a business entity, the Restaurant Manager need not have any equity interest in the franchisee entity.

If you are a business entity, each owner of a 5% or greater interest in you must sign a personal guarantee in the form of Exhibit H to the Franchise Agreement. If you are an individual, we do not your spouse to sign a

personal guarantee unless your spouse also signs the Franchise Agreement or has some ownership interest in you, the Restaurant or the Restaurant business.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must at all times offer and sell all products, services and programs which we designate part of the System unless you are prohibited by local law or regulation from selling a menu item, product, service or program or we have granted you our advance written approval to exclude a menu item, product, service or program.

If you would like to sell any product, service or program which is not a part of the System, then you must seek and obtain our advance written permission. If we grant our advance written approval, then the product, service or program in question will become a part of the System (though we will not be required to, but may, authorize it for sale at one or more other Honest Restaurants). We may subsequently revoke our approval. We will own all rights associated with the product, service or program. You will not be entitled to any compensation in connection with it.

We may add to, delete from or modify the services, products and programs which you can and must offer or we may modify the System. You must abide by any additions, deletions and modifications. There are no limits on our rights to make these changes.

In addition to modifications of the System, we may incorporate into the System products, services or programs which we either develop or otherwise obtain rights to, which are offered and sold under names, trademarks and/or service marks other than the Proprietary Marks and which your Honest Restaurant, along with other Honest Restaurants, will be required to offer and sell (collectively, "Co-Branding"). This Co-Branding may involve changes to the Proprietary Marks, and may require you to modify the building and premises of your Honest Restaurant and the furnishing, fixtures, equipment, signs and trade dress at your Honest Restaurant. If you receive written notice of our institution of Co-Branding, you must implement the Co-Branding at your Honest Restaurant. The Franchise Agreement does not place any limit on our rights of to require you to make changes for Co-Branding.

You may only sell System products and services at retail from your Honest Restaurant, and you may not engage in the wholesale sale and/or distribution of any System product, service, equipment or other component, or any related product or service.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this disclosure document.

Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 4.01	Term is ten years from the effective date, unless sooner termination in accordance with the Franchise Agreement.
b. Renewal or extension of the term	Section 4.02, 13.01	You can enter into two consecutive Successor Franchise Agreements for a term of five years each if you comply with certain conditions to renewal.
c. Requirements for you to renew or extend	Section 13.01	<ol style="list-style-type: none">We are still offering franchises in the area in which your Honest Restaurant is located.Notify us no more than nine months and no less than six months before expiration.

Provision	Section in Franchise Agreement	Summary
		<p>c. Throughout the Initial Term and at the time of renewal, you performed all of your material obligations and been in compliance with the Franchise Agreement, the Manual and other agreements between you and us or our affiliates.</p> <p>d. You are current on your payment of all monetary obligations to us, our affiliates, your landlord and your suppliers.</p> <p>e. You refurbish, redesign and/or remodel your Honest Restaurant as we reasonably require to meet our then current standards.</p> <p>f. You and/or your Operating Principal (as applicable) and any other management and staff we designate must attend and successfully complete any training that we may reasonably require, at your expense.</p> <p>g. You must pay us a renewal fee of 50% of our then-current Initial Franchise Fee.</p> <p>h. You must be able to renew your lease on terms acceptable to you and us, or lease an acceptable new Restaurant Location, approved by us, without any interruption of business.</p> <p>i. You must sign a General Release in the form of Exhibit J to the Franchise Agreement (but <u>not</u> releasing us from future claims under the Successor Franchise Agreement) (subject to state law).</p> <p>You may be asked to sign a contract with materially different terms and conditions than your original contract, but there will be no initial franchise fee, the term of each Successor Franchise Agreement will be 5 years, the limited renewal rights of the Franchise Agreement will be incorporated and the Continuing Royalty on renewal will not be greater than the Continuing Royalty that we then impose on similarly situated renewing franchisees.</p>
d. Termination by you	Section 17.02, 17.05	<p>a. You may terminate the Franchise Agreement if you and we agree in writing.</p> <p>b. Your failure to pay any Continuing Royalties, System Brand Fund Contributions (if applicable) or other money after you receive notice of the default granting an opportunity to cure, will mean that you are willfully and wrongful breaching the Franchise Agreement and that you have decided to reject and terminate the Franchise Agreement and all Agreements between you and us (or our affiliates) related to the Franchise Agreement.</p> <p>These provisions are subject to state law.</p>
e. Termination by us without cause	None.	
f. Termination by us with cause	Article 17	We may terminate only if you default. The Franchise Agreement describes defaults throughout – please read it carefully.
g. "Cause" defined - defaults which can be cured	Sections 5.02 and 17.03	<p>You have 15 days to cure the default if you do not comply with any lawful Franchise Agreement or Manual provision or requirement or otherwise fail to fulfill the terms of the Franchise Agreement in good faith, except for defaults described in h. below. Examples of curable defaults include:</p> <p>a. You do not pay promptly when due any money owed to us, our affiliates or any lender which has provided financing to your Honest Business under any arrangement with us. The cure period for this default will be 5 days after written notice of default. If you do not cure within the shortened cure period, the Franchise Agreement will terminate immediately upon expiration of the 5-day cure period, or any longer period required by applicable law. Notwithstanding the foregoing, we may terminate the Franchise Agreement immediately (without providing you with written notice of default) if any payment you owe to us, our affiliates or any lender which has provided financing to your Honest Business under any arrangement with us is not made within 30 calendar days after its due date.</p> <p>b. You do not submit required reports or make any false statement in connection with any reports or information you submit to us.</p> <p>c. You sell unauthorized services or products.</p> <p>d. You fail to maintain your trade accounts in a current status and/or fail to</p>

Provision	Section in Franchise Agreement	Summary
		<p>seek to promptly resolve any disputes with trade suppliers</p> <p>e. You engage in any business, or market any product or service, under a name or mark which, in our opinion, is confusingly similar to the Proprietary Marks.</p> <p>f. You do not pay any taxes on your Honest Business when due.</p> <p>g. You do not use the Proprietary Marks and/or trade dress solely in the manner and for the purposes we direct.</p> <p>h. You violate the restrictions relating to advertising or do not participate in the programs related to advertising and sales promotion.</p> <p>i. You do not indemnify us as required by the Franchise Agreement.</p> <p>j. You permit a continued violation in connection with the operation of the Honest Business of any law, ordinance, rule or regulation, in the absence of a good faith dispute and without promptly resorting to an appropriate administrative or judicial forum for relief.</p> <p>k. You fail to obtain or maintain a required, permit, certificate or other governmental approval.</p> <p>l. You employ an individual who is not legally eligible for employment in the United States.</p> <p>m. You fail to operate your Honest Business during the days and hours specified in our Manual without our advance written approval.</p> <p>n. You default under any agreement between you and the landlord of your Restaurant Location and do not cure within the time provided in the lease.</p> <p>o. You fail to maintain and operate your Honest Restaurant and any delivery vehicles in a good, clean and sound manner, in strict compliance with our standards.</p> <p>p. You do not engage and have us train (as applicable) a successor or replacement Operating Principal or Restaurant Manager.</p> <p>q. You do not comply with any other lawful provision or requirement of the Franchise Agreement or any specification, standard or operating procedure we prescribe.</p> <p>If you are operating your Honest Business while you are in default of any provision of the Franchise Agreement other than those defaults listed in Section 17.01 or 17.02, the then-current weekly Continuing Royalty rates will be tripled for each and every one of your operating Honest Businesses during a period beginning on the date you receive from us a written notice of default and ending on the date the default is cured.</p>
h. "Cause" defined - non-curable defaults	Sections 17.01 and 17.02	<p>Automatic, without notice: bankruptcy, insolvency, receivership, dissolution or levy. On notice to you:</p> <p>a. You: fail to open the Honest Restaurant within 240 days after the Effective Date of the Franchise Agreement; cease to operate the Honest Business; abandon the franchise; or, fail to operate your Honest Restaurant for two consecutive days or three individual days within a 12 month period, during which you are required to operate, unless due to causes beyond your control.</p> <p>b. You omitted or misrepresented a material fact in information you furnished us in connection with our decision to sign the Franchise Agreement.</p> <p>c. You and we agree in writing to terminate.</p> <p>d. You do not secure a Restaurant Location within the required time limits and procedures stated in the Franchise Agreement.</p> <p>e. You lose the right to possess the Restaurant Location, provided that if the loss results from the government's exercise of the power of eminent domain, or through no fault of yours, the premises are damaged or destroyed, you may apply for approval to relocate and reconstruct.</p> <p>f. You, your Operating Principal, your Restaurant Manager and/or if you are a business entity, any owner, member, shareholder, director or manager of yours is convicted of a felony, etc.</p> <p>g. You purport to make an unauthorized transfer.</p> <p>h. You do not comply with the in-term covenant not to compete, you fail to</p>

Provision	Section in Franchise Agreement	Summary
		<p>obtain the required additional covenants, or you violate the restrictions pertaining to the use of confidential information.</p> <ul style="list-style-type: none"> i. Before you open, we determine that you and/or your Operating Principal failed to attend or successfully complete the Initial Training Program. j. You knowingly conceal revenues, knowingly maintain false books or records, or submit any false report to us. k. You do not maintain the required financial records. l. An audit shows that you understated your Gross Revenues by 5% or more for any week or for the entire period of examination. m. An audit shows that during a 36 week period, you submitted three or more weekly reports or statements that understated your Gross Revenues by 2% or more for any three weeks within the period of examination, or for the entire period of examination. n. You refuse us permission to inspect or audit. o. You take any funds withheld from your employees' wages which should have been set aside for the Honest Business' employee taxes, FICA, insurance or benefits; wrongfully take our property; systemically fail to deal fairly with your employees, customers or suppliers; or knowingly permit or, having discovered the facts, fail to take any action against or to discharge any agent, servant or employee who has embezzled. p. After curing a default which is subject to cure, you commit the same act of default again within 12 months. q. You make a willful misrepresentation or do not make a material disclosure required by any governmental authority regarding any matter involving your Honest Business and Honest Restaurant. r. You interfere or attempt to interfere with our contractual relations with others. s. commit any act or default which materially impairs the goodwill associated with our Proprietary Marks and which, by its nature, is incurable, or if the default is curable, you fail to cure the default following delivery of at least 72 hours' written notice to cure. t. You do not comply, for a period of 15 days after notification of non-compliance by us or any governmental authority, with any federal, state or local law or regulation applicable to the operation of the Honest Business u. You repeatedly fail to comply with one or more requirements of this Franchise Agreement, whether or not corrected after notice. v. You do not devote the amount of your time and attention and/or your best efforts to the performance of your duties necessary for the proper and effective operation of your Honest Business. w. You do not immediately repay us or our affiliates for any amounts we advance on your behalf. x. You do not purchase or maintain required insurance. y. You, your Honest Business and/or your Honest Restaurant commit any violation of law, rule or regulation and/or engage in any act or practice which subjects you and/or us to widespread publicity or ridicule. z. You breach advertising standards and fail to cure within 3 days following written notice. aa. You purchase any proprietary products or services or purchase any non-proprietary goods or services under a systemwide supply contract we negotiate, and you use, sell or otherwise exploit them for the benefit of any other individual, entity or business. bb. You operate your Honest Business and/or your Honest Restaurant in a fashion that, in our sole judgment, in any way jeopardizes the life, health or safety of the general public, your customers and/or your employees. If you do so, then not only may we terminate the Franchise Agreement upon notice, but we may direct you to immediately close your Honest Restaurant; you must immediately comply with our direction; and, you must hold us harmless from and against any claims relating to our direction to close your Honest Restaurant.

Provision	Section in Franchise Agreement	Summary
		<p>cc. You fail to immediately endorse and tender to us any payment which is due us or our affiliates but is made to your order.</p> <p>dd. You use our confidential information and/or Proprietary Marks in a way not specifically authorized, or for the benefit of any individual or entity other than your Honest Business.</p> <p>ee. You interfere or attempt to interfere with our ability or right to franchise or license others to use the System and/or Proprietary Marks</p> <p>ff. You interfere or attempt to interfere with our relationships with any other Honest franchisee, supplier, government authority, or other third party.</p> <p>gg. You engage in any act or conduct, or fail to engage in any act or conduct, which under the Franchise Agreement specifically authorizes us to terminate the Franchise Agreement immediately upon notice to you.</p>
i. Your obligations on termination/nonrenewal	Article 18	<p>a. Immediately pay all money owing to us or our affiliates, plus interest, and all sums due to third parties.</p> <p>b. Stop using our Proprietary Marks, confidential information, trade secrets and Manual and never identify yourself to the public in any fashion whatsoever as a current or former Honest franchisee.</p> <p>c. Cancel assumed name or equivalent registration which contains "Honest", or any other Proprietary Marks of ours, or any variant, within 15 days.</p> <p>d. If we terminate the Franchise Agreement for your default or you terminate through failure to make payment following notice to cure (see section d. above), you must pay us all expenses and damages incurred as a result of your default or termination. Damages may include, for example, lost profits, lost opportunities, damage to our Proprietary Marks and reputation, travel and personnel costs and the cost of securing a new Honest Business at or proximate to the Restaurant Location.</p> <p>e. Immediately deliver to us all training or other manuals furnished to you (including the Manual and Supplements to the Manual), confidential information, manuals, computer software and database material, customer lists, records and files, forms, advertising and promotional material, signs and related items which bear our Proprietary Marks.</p> <p>f. Immediately sign agreements necessary to effectuate termination.</p> <p>g. Stop using the telephone numbers listed in directories under the name "Honest" or any confusingly similar name or, upon our written demand, direct the telephone company to transfer such telephone numbers to us or to any other person and location that we direct.</p> <p>h. Strictly comply with the post-termination/post-expiration covenants not to compete.</p> <p>i. Continue to abide by restrictions on the use of our confidential information, trade secrets and know-how.</p> <p>j. Immediately refrain from engaging in any contacts with customers, suppliers, employees and all vendors of the Honest Business.</p> <p>k. Immediately surrender to us all computer software, data storage disks or tapes and other electronic media used in the operation of the Honest Business, printouts, and other information pertaining to computer operations, codes, procedures and programming.</p> <p>l. If we request, assign us your interest in the Honest Restaurant lease and vacate promptly, rendering all necessary assistance to us to enable us to take prompt possession.</p> <p>m. Within 15 days, arrange with us for an inventory of personal property, fixtures, equipment, inventory and supplies. We have option for 30 days to buy these at fair market value. If we choose not to take over the Honest Restaurant, you must redecorate and remodel it to deidentify it and distinguish it from an authorized Restaurant Location.</p> <p>If we terminate for cause, we can take possession of the Honest Business. If you dispute the termination, then we can operate the Honest Business until the final court determination. If the court decides the termination was not valid, we must make a complete accounting for the period when we operated</p>

Provision	Section in Franchise Agreement	Summary
		the Honest Business
j. Assignment of contract by us	Section 14.01	We will have the right to assign the Franchise Agreement and our rights and privileges thereunder if the assignee is financially responsible and economically capable of performing our obligations under the Franchise Agreement and agrees to perform these obligations. We may sell our assets, Proprietary Marks, or System; go public, etc. (see Franchise Agreement)
k. "Transfer" by you – definition	Section 14.02	Any assignment, transfer, subfranchising, sublicensing, sale, redemption or division of Agreement, Honest Business, Honest Restaurant, any interest in them or a business entity franchisee.
l. Our approval of transfer by you	Section 14.02, 14.03	No transfer without our consent.
m. Conditions for our approval of transfer	Section 14.04	<p>a. The person to whom you propose to transfer (the "transferee") must apply to us for acceptance and furnish to us all information and references we request.</p> <p>b. Transferee (or, if a business entity, the principals of the proposed transferee) must come to personal interview, or we may meet with transferee at his, her or its business or residence, and if we do you must reimburse us for our travel, lodging, meal and personal expenses.</p> <p>c. Transferee (or, if a business entity, the principals of the proposed transferee) must demonstrate the skills, qualifications, ethics, moral values and economic resources necessary, in our reasonable judgment, to conduct the Honest Business.</p> <p>d. Transferee and/or his/her/its proposed Operating Principal must attend and receive certification in safe food handling from a state-approved food safety program and attend and successfully complete Initial Training Program before assignment (and other training if we wish), at transferee's expense.</p> <p>e. The landlord of the Restaurant Location must consent in writing to the assignment of lease.</p> <p>f. You must have cured any existing defaults, fully comply with all obligations to us and satisfy your outstanding monetary obligations to third parties.</p> <p>g. Transferee must sign new then-current Franchise Agreement and all other agreements required of new franchisees. The term of the new Franchise Agreement will be the balance of your Franchise Agreement.</p> <p>h. Transferee must have acquired, or will be able to immediately acquire following the signing of the new Franchise Agreement, all permits, licenses and other authorizations legally necessary to operate the Honest Business.</p> <p>i. The Total Sales Price may not be so excessive, in our determination, that it jeopardizes the continued economic viability and future operations of the Honest Business and/or the transferee. See Franchise Agreement for definition of "Total Sales Price."</p> <p>j. If transferee is a business entity, owners must sign guarantees and confidentiality/ non-competition agreements.</p> <p>k. You and, if you are a business entity, all of your owners and the assignee (and, if it is a business entity, all of its owners) must sign a general release in the form of Exhibit K to the Franchise Agreement (subject to state law).</p> <p>l. If the transferee is a business entity, all of the requirements of its new Franchise Agreement concerning business entities must be complied with before we sign the new Franchise Agreement and must continue to be complied with.</p> <p>m. You must give us copies of the proposed assignment contract and following execution, a copy of the signed assignment contract.</p> <p>n. The transferee, at its expense, must upgrade the Honest Restaurant to conform with then-current standards and specifications within the time we reasonably specify.</p> <p>o. You must pay us a transfer fee of \$25,000 or such greater amount as is necessary to reimburse us for our reasonable costs and expenses associated</p>

Provision	Section in Franchise Agreement	Summary
		with the application for transfer, plus a transaction fee equal to 10% of the Total Sales Price. Notwithstanding the foregoing, there will be no transfer fee if the assignee is a member of your immediate family.
n. Our right of first refusal to purchase your business	Section 14.06	We can match any offer for your Honest Business.
o. Our option to purchase your business	Section 14.08, 19.01	We have the option to buy your Honest Business's assets (including its real estate and facilities) upon termination or expiration. In addition, we have the right at any time during the term of the Franchise Agreement to buy your Honest Business's assets (including its real estate and facilities, as well as the Franchise Agreement), for (a) if in operation for less than 1 year, 200% of the cumulative cost to you for the Restaurant assets or (b) if in operation for 1 or more years, 6x your EBITDA, in each case with a set off against amounts you owe us.
p. Your death or disability	Section 14.05	On your death or disability your rights pass to your "Estate". Your Estate may continue operating the Honest Business if it provides an acceptable Operating Principal and Restaurant Manager. This Operating Principal must successfully complete our next Initial Training Program and assume full-time operation of the franchise within 1 month of your death or disability. From the date of your death or disability until an Operating Principal assumes full time control, we can operate your Honest Business, but need not do so. See Item 6. Or, the Estate may sell the franchise within six months of the death or long-term disability in accordance with the requirements described in m. above
q. Non-competition covenants during the term of the franchise	Sections 12.02	No involvement in competing business anywhere in U.S. You may not solicit for employment or hire our management personnel, the management personnel of any of our affiliates or the management personnel of any other Honest Business without first obtaining any written permission from us and the employer(s) of the personnel in question. These provisions are subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Section 12.02	No competing business for 2 years within your Territory, within ten miles of the perimeter of your Territory or within ten miles of the perimeter or within the Territory or market area (as applicable) of any other franchised or company-owned Honest Business. Also for 2 years, you may not solicit for employment or hire our management personnel, the management personnel of any of our affiliates or the management personnel of any other Honest Business without first obtaining any written permission from us and the employer(s) of the personnel in question. These provisions are subject to state law.
s. Modification of the agreement	Sections 7.01, 27.01	No oral modifications generally, but we may change the Manual. Any Manual change will not conflict with or materially alter your rights and obligations under the Franchise Agreement.
t. Integration/merger clause	Section 26.01	Only the terms of the Franchise Agreement, the Exhibits to the Franchise Agreement and all agreements signed with it are enforceable (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	N/A	No provision for arbitration or mediation.
v. Choice of forum	Section 31.04	Litigation must be in a state or federal district court of competent jurisdiction in New York, New York, except that we may bring an action for an injunction in any court with jurisdiction (see Franchise Agreement). (Subject to state law).
w. Choice of law	Section 31.03	New York law applies. Your state law may supersede this provision and it may not be enforceable in your state. (Subject to state law).

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Abhishek Gupta at 111 Town Square Place, Suite #1203, Jersey City, NJ 07310 or (551) 216-1382, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20 OUTLETS AND FRANCHISEE INFORMATION**Table No. 1****Systemwide Outlet Summary****For Years December 31, 2020 to December 31, 2020**

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	2020	13	22	+9
	2021	22	30	+8
	2022	30	31	+1
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	13	22	+9
	2021	22	30	+8
	2022	30	31	+1

Table No. 2**Transfers of Franchised Outlets from Franchisees
to New Owners (other than the Franchisor)**
For Years December 31, 2020 to December 31, 2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
New Jersey	2020	2
	2021	0
	2022	0
All Other States	2020	0
	2021	0
	2022	0
Total	2020	2
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets
For Years December 31, 2020 to December 31, 2022*

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termin ations	Column 6 Non- Renewals	Column 7 Reacqui red by Franchi sor	Column 8 Ceased Opera - tions - Other Reasons	Column 9 Outlets at End of the Year
California	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Georgia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Kentucky	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
Illinois	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Maryland	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Massachusetts	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Michigan	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
New Jersey	2020	4	2	0	0	0	0	6
	2021	6	2	0	0	0	0	8
	2022	8	0	0	0	0	0	8
New York	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Ohio	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Tennessee	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

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

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termin ations	Column 6 Non- Renewals	Column 7 Reacqui red by Franchi sor	Column 8 Ceased Opera - Other Reasons	Column 9 Outlets at End of the Year
Texas	2020	2	1	0	0	0	0	3
	2021	3	2	0	0	0	0	5
	2022	5	0	0	0	0	1	4
Virginia	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Washington	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
All Other States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Total	2020	13	9	0	0	0	0	22
	2021	22	8	0	0	0	0	30
	2022	30	3	0	0	0	2	31

Table No. 4
Status of Company-Owned Outlets
For Years December 31, 2020 to December 31, 2022*

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 Franchisee	Column 8 Outlets at End of the Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

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

Table No. 5
Projected Openings as of December 31, 2022

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlet in the Next Fiscal Year
California	0	0	1
Delaware	1	1	0
Georgia	2	1	0
Maryland	0	1	0
Missouri	1	0	0
North Carolina	1	1	0
Ohio	1	1	0
All other states	0	0	0
Total	6	5	1

A list of the names of all franchisees and the addresses and telephone numbers of them is provided in Exhibit E-1 to this Disclosure Document. The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of September 5, 2023 is listed on Exhibit E-2 to this Disclosure Document. We have never in the past sold, and as of September 5, 2023 we do not currently offer or sell, any area development agreements; therefore we have no current or former area developers.

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

Except with respect to our former franchisees, no other franchisees have signed confidentiality clauses during the past three fiscal years that would restrict their ability to speak openly about their experiences with the System.

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

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ITEM 21 FINANCIAL STATEMENTS

Our audited financial statements as of December 31, 2020, December 31, 2021 and December 31, 2022, as well as our unaudited financial statements for the period ended May 31, 2023, are in Exhibit B.

ITEM 22 CONTRACTS

Copies of our Franchise Agreement and the following exhibits to it are included in Exhibit A: Restaurant Location and Territory (Exhibit A); Proprietary Marks (Exhibit B); Required Provisions for Lease Rider and Collateral Lease Assignment (Exhibit C); Software License Agreement (Exhibit D); Confidentiality/Non-Competition Agreement (Exhibit E); Principal Owners Statement (Exhibit F); Sample Bylaws of Regional Advertising Cooperative (Exhibit G); Guarantee (Exhibit H); General Release - Termination (Exhibit I); General Release - Renewal (Exhibit J); General Release - Assignment (Exhibit K); and, Acknowledgement Addendum (Exhibit L).

ITEM 23 RECEIPTS

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

EXHIBIT A
FRANCHISE AGREEMENT

HONEST HOSPITALITY GROUP LLC
FRANCHISE AGREEMENT

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TABLE OF CONTENTS

1.	PURPOSE AND SCOPE OF THIS AGREEMENT	1
2.	GRANT OF FRANCHISE AND LICENSE	1
3.	TERRITORY	1
4.	TERM AND RENEWAL	3
5.	YOUR PAYMENTS TO US	4
6.	SITE SELECTION, CONSTRUCTION, TRADE DRESS AND LEASE REQUIREMENTS	6
7.	OUR DUTIES	9
8.	YOUR DUTIES	12
9.	INSURANCE	20
10.	ADVERTISING	22
11.	RECORDS, AUDITS AND REPORTING REQUIREMENTS	26
12.	CONFIDENTIAL INFORMATION AND COVENANTS NOT TO COMPETE	27
13.	CONDITIONS TO AND PROCEDURES GOVERNING RENEWAL	30
14.	ASSIGNMENT	31
15.	PROPRIETARY MARKS	38
16.	RELATIONSHIP OF THE PARTIES	40
17.	DEFAULT AND TERMINATION	41
18.	FURTHER OBLIGATIONS AND RIGHTS FOLLOWING THE TERMINATION OR EXPIRATION OF THIS AGREEMENT	46
19.	OUR OPTION UPON TERMINATION OR EXPIRATION	49
20.	UNAVOIDABLE DELAY OR FAILURE TO PERFORM (FORCE MAJEURE)	50
21.	WAIVER AND DELAY	50
22.	NOTICE OF OUR ALLEGED BREACH	50
23.	OUR RIGHT TO CURE DEFAULTS	50
24.	OUR WITHHOLDING OF CONSENT – YOUR EXCLUSIVE REMEDY	51
25.	INJUNCTION	51
26.	INTEGRATION OF AGREEMENT	51
27.	NO ORAL MODIFICATION	51
28.	NOTICES	52
29.	MISCELLANEOUS	52
30.	SEVERABILITY	53
31.	COSTS OF ENFORCEMENT; ATTORNEYS' FEES; GOVERNING LAW; VENUE	53
32.	LIABILITY OF "FRANCHISEE"; GUARANTEE	55
33.	SURVIVAL	55

34.	OUR BUSINESS JUDGMENT	55
35.	YOUR REPRESENTATIONS AND ACKNOWLEDGEMENTS.....	56
36.	SUBMISSION OF AGREEMENT	59

EXHIBITS

State Addenda to Franchise Agreement

A RESTAURANT LOCATION AND TERRITORY

B PROPRIETARY MARKS

C REQUIRED PROVISIONS FOR LEASE RIDER AND COLLATERAL LEASE
ASSIGNMENT

D SOFTWARE LICENSE AGREEMENT

E CONFIDENTIALITY/NON-COMPETITION AGREEMENT

F PRINCIPAL OWNERS STATEMENT

G SAMPLE BYLAWS OF REGIONAL ADVERTISING COOPERATIVE

H GUARANTEE

I GENERAL RELEASE - TERMINATION

J GENERAL RELEASE - RENEWAL

K GENERAL RELEASE – ASSIGNMENT

L ACKNOWLEDGEMENT ADDENDUM

HONEST HOSPITALITY GROUP LLC

FRANCHISE AGREEMENT

THIS AGREEMENT is entered into between HONEST HOSPITALITY GROUP LLC, a Texas limited liability company with its principal office at 111 Town Square Place, Suite #1203, Jersey City, NJ 07310 ("we," "us," "our" or "Franchisor") and _____ whose principal address is _____ ("you," "your" or "Franchisee"), as of the date signed by us and set forth opposite our signature on this Agreement (the "Effective Date").

1. PURPOSE AND SCOPE OF THIS AGREEMENT

1.01 The Businesses, System and Proprietary Marks

We and/or our affiliates have developed a proprietary system (the "System") for opening and operating businesses (each a "Business"), that operate fast-casual service restaurants specializing in the sale of freshly prepared, non-frozen, Indian street food dishes cooked to order and related menu items, in a traditional Indian restaurant, cafeteria or canteen setting, and available for consumption at the restaurant or through catering, delivery and/or carry-out (each, a "Restaurant"). The System makes use of the trademark, service mark and fictitious business name "Honest" and certain other trademarks, service marks, trade names, related emblems, designs, labels, trade dress, signs and symbols, copyrighted materials and intellectual property (collectively, the "Proprietary Marks"), which we will designate as licensed to you in this Agreement, Exhibit B hereto, our Manual (as described below) and/or otherwise.

2. GRANT OF FRANCHISE AND LICENSE

2.01 Grant of Franchise and Licenses

We grant you, and you accept, the right to use the Proprietary Marks and the System in connection with establishing and operating your Business and Restaurant within the Territory specified in Section 3.01 of this Agreement. You agree to use the Proprietary Marks and System as we may change, improve, modify or further develop them from time to time, as provided in this Agreement, and only in accordance with the terms and conditions of this Agreement and all related agreements.

3. TERRITORY

3.01 Territory

Under this Agreement, your Business may establish only one Restaurant. Your right to operate a Restaurant is restricted to the geographic area described in Exhibit A (the "Territory"), within which we will grant you the right to operate your Restaurant from one specific location (the "Restaurant Location") in accordance with Section 6.01. The Territory shall be the geographic area embraced by a circle whose radius extends: (a) one-half (1/2) mile from your Restaurant if it is situated in an urban area; (ii) three (3) miles from your Restaurant if it is situated in a suburban area; or, (iii) five (5) miles from your Restaurant if it is situated in any area other than an urban or suburban area. For purposes of determining your Territory, "urban" and "suburban" shall have the meanings designated by the United States Census Bureau.

Notwithstanding anything in the foregoing to the contrary, if we grant our approval for your Restaurant to be located at a non-traditional location (as that term is defined below), which we are under no obligation to approve, then it will not have any Territory.

In addition, if we, in our sole judgment, permit you to offer delivery from the Restaurant, you will be required to comply with our then-current standards regarding same (including, without limitation, the use of specified approved delivery service providers and the execution of required third-party agreements in accordance with same). If we permit you to do so, you will not have a protected delivery area and customers may be able to order, pick up and take out from any Restaurant it so desires (even if within your Territory).

3.02 Our Restrictions

Within the Territory, neither we nor any affiliate (meaning any individual or business entity we control, which controls us, or which is under common control with us, together our "affiliates") will operate or grant a franchise for a Restaurant of the type franchised to you hereunder, except as provided in Section 3.04

(“Rights We Reserve”). These restrictions will terminate immediately upon the expiration or termination of this Agreement for any reason.

Outside of the Territory, we and/or our affiliates reserve the right to operate any number of Businesses, and/or authorize others to operate same, at any location whatsoever, including one or more locations that may be proximate to, but not within, the Territory.

3.03 Your Restrictions

Your Business may only offer and sell its products and services in, at and from your Restaurant. Notwithstanding the foregoing, where the Restaurant offers delivery, you will have the non-exclusive right to deliver products to customers within the Territory. Under no circumstance may your Business establish any physical presence besides from your Restaurant Location at or from which System programs, products or services are sold or furnished. In addition, under no circumstance may your Business sell any System programs, products or services through any alternative channels of distribution, such as the internet/worldwide web/virtual platforms (including without limitation the metaverse) and other forms of electronic commerce; engage in cryptocurrency, non-fungible token (NFTs) and other blockchain promotions; “800” or similar toll-free telephone numbers; supermarkets, grocery stores or convenience stores; mail order; catalogs; ghost kitchens, cloud kitchens and other delivery-only concepts; or, any other channel of distribution whatsoever. Notwithstanding the foregoing, if we grant you permission, in our sole judgment, you may offer delivery from your Restaurant to customers within the Territory.

You may only engage in the retail sale of System products and services. You are prohibited from engaging in the wholesale sale or distribution of any System products or services, or the products, equipment, and services which your Business is required or permitted to use or sell under this Agreement, or any component or ingredient of any of the foregoing which now or in the future constitutes part of the System. “Retail sale” means any sale by you directly to an ultimate consumer. “Wholesale sale or distribution” means any sale or distribution by you to a third party for resale, retail sale, or further distribution. “Component” means any constituent part, ingredient, element, segment or derivative.

3.04 Rights We Reserve

You understand and agree that we and/or our affiliates may (except as restricted by Section 3.02 of this Agreement), engage in any business activity and deploy any business concept whatsoever, and use our Proprietary Marks or any other names or marks owned or developed by us or our affiliates, in connection with such other concepts and business activities anywhere (including proximate to your Restaurant Location). You further understand and agree that this Agreement does not confer upon you any right to participate in or benefit from such other concepts or business activities, regardless of whether they are conducted under the Proprietary Marks or not. Our and our affiliates’ rights to engage in other business activities are specifically reserved and may not be qualified or diminished in any way by implication. We thus may engage in, or authorize others to engage in, any form of business offering and selling any type of program, product or service except as restricted by Section 3.02 above.

By way of example, we and/or our affiliates may own, operate or authorize others to own or operate any type of business at any location whatsoever, including within your Territory, so long as such other business does not sell under the identical Proprietary Marks, the identical type of programs, products or services which your Business offers and sells (except as permitted below). Further, we and/or our affiliates may own, operate or authorize others to own or operate Businesses at any location outside of your Territory, including a location immediately proximate to your Territory.

In addition, you understand and agree that we and/or our affiliates alone have the right to offer and sell within and outside your Territory, under the Proprietary Marks, any and all System programs, products or services and/or their components or ingredients (including those used or sold by your Business), at wholesale or retail, through any alternative method of distribution including, without limitation, such alternative channels of distribution as the internet/worldwide web; any other form of electronic commerce; “800” or similar toll-free telephone numbers; supermarkets, grocery stores and convenience stores; mail order; catalogs; television sales (including “infomercials”); or, any other channel of distribution whatsoever except for a Restaurant in your Territory.

You also understand and agree that we and/or our affiliates have the right to develop, open and operate, grant third parties the right to develop, open and operate, and to offer and sell (whether directly or through other franchisees, distributors, licensees or otherwise) System programs, products and services at any and all nontraditional locations, including nontraditional locations situated in your Territory, through the establishment of Restaurants, kiosks, mobile units, concessions or "shop in shops", and that, by contrast, you are precluded in engaging in such activity except in accordance with this Section 3.04. "Nontraditional locations" include sports arenas and venues; theatres; resorts; food retailers (including supermarkets, grocery stores and convenience stores); malls and mall food courts; schools and universities; hospital and healthcare facilities; airports; guest lodging facilities; day care facilities of any type; government facilities; condominium and cooperative complexes; the premises of any third party retailer which is not a restaurant (including shops, stores and department stores); shopping malls and food courts; transportation facilities, including airports, train stations, subways and rail and bus stations; sports facilities, including stadiums and arenas; theaters; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks and amusement parks; Indian reservations; casinos; business or industrial foodservice venues; ghost kitchens, delivery-only restaurants, virtual kitchens, shadow kitchens, commissary kitchens, cloud kitchens, or dark kitchens; military bases and installations; airlines, railroads and other modes of mass transportation; and, any other location or venue to which access to the general public is restricted. If any nontraditional location is located within the physical boundaries of your Territory, then the premises of this nontraditional location will not be included in your Territory and you will have no rights to this nontraditional locations.

You further agree that, both within and outside the Territory, we and/or our affiliates alone have the right to sell System programs, products and services to national, regional and institutional accounts. "National, Regional and Institutional Accounts" are organizational or institutional customers whose presence is not confined to your Territory, including (by way of example only): business entities with offices or branches situated both inside and outside of your Territory; government agencies, branches or facilities; guest lodging networks; healthcare networks; the military; and, any other customer whose presence is not confined to your Territory. Only we will have the right to enter into contracts with national, regional and/or institutional accounts (which may include facilities within your Territory). If we receive orders for any products or services calling for delivery or performance in your Territory as a result of our engaging in commerce with National, Regional and Institutional Accounts, then we will have the right, but not the obligation, either to require you to fulfill such orders at the price we agree on with the customer or give you the opportunity to fulfill such orders at the price we agree on with the customer. If we give you the opportunity to fulfill such orders and if, for any reason, you do not desire to or cannot serve the customer, or if the customer desires for any or no reason to deal exclusively with us, our affiliate or another franchisee and not with you, then we, our affiliate or any other Honest franchisee may serve the customer within your Territory, and you will not be entitled to any compensation. The procedures governing our National, Regional and Institutional Accounts program are set forth in our Manual.

You waive and release any claims, demands or damages arising from or related to any of the above activities and promise never to begin or join in any legal action or proceeding, or register a complaint with any governmental entity, directly or indirectly contending otherwise.

For the purposes of this Agreement, an "affiliate" of an individual or business entity (such as you or us) is defined to mean any individual or business entity which directly or indirectly is controlled by, controls or is under common control with that individual or business entity.

4. TERM AND RENEWAL

4.01 Initial Term

The initial term ("Initial Term") of this Agreement will be ten years, beginning on the Effective Date, unless this Agreement is sooner terminated in accordance with its provisions.

4.02 Renewal Term and Successor Franchise Agreement

You will have the right to enter into two consecutive Successor Franchise Agreements, each featuring a term of five years (a “Renewal Term”) if you have complied with the conditions and procedures for renewal specified in Article 13 below. The first Renewal Term will begin on the date that the Initial Term expires and the second Renewal Term will begin on the date that the first Renewal Term expires. The first Successor Franchise Agreement will supersede this Agreement and the second Successor Franchise Agreement will supersede the first Successor Franchise Agreement. Successor Franchise Agreements will not take the form of an extension of this Agreement; but, instead, will each take the form of our then-current franchise agreement and may materially vary from this Agreement in all respects, except that no “initial franchise fee” will apply to you; the limited renewal rights identified in this Agreement will be incorporated (as applicable); the boundaries of your Territory will remain the same; the term of each Renewal Term will be 5 years; and, the Continuing Royalty on renewal will not be greater than the Continuing Royalty that we then impose on similarly situated renewing franchisees. The conditions to and procedures governing your right to renew are set forth in Article 13.

5. YOUR PAYMENTS TO US

5.01 Initial Franchise Fee

You agree to pay us an Initial Franchise Fee of \$25,000. The Initial Franchise Fee is payable in full when you sign this Agreement; is not refundable except as specifically provided in this Agreement; and, will be deemed fully earned when paid solely in consideration of our execution of this Agreement and not in exchange for any particular products, services or assistance.

5.02 Continuing Royalty

From the opening date of your Restaurant and continuing through the end of the Initial Term of the Franchise Agreement, you agree to pay us a weekly Continuing Royalty equal to 5.50% of your previous week's Gross Revenues, as defined in Section 5.04. The Continuing Royalty is solely in consideration of our granting you the franchise conferred by this Agreement and is not in exchange for any particular goods, services or assistance we may furnish you.

If you are operating your Restaurant while you are in material default of any provision of this Agreement other than those defaults enumerated in Section 17.01 or 17.02, the Continuing Royalty set forth above will be tripled -- for each and every one of your operating Restaurants -- commencing on the date you receive from us a written notice of material default and ending on the date the material default is cured.

If a state or local law in which your Business is located prohibits or restricts in any way your ability to pay and our ability to collect the Continuing Royalty derived from the sale of alcoholic beverages at your Restaurant (an “Alcohol Restriction Law”), you will be required to pay whatever increased percentages of all Gross Revenues not deriving from the sale of alcohol are necessary so that the Continuing Royalty you pay equals the Continuing Royalty you would make if you were not subject to an Alcohol Restriction Law.

5.03 System Brand Fund Contribution

We do not presently have a System Brand Fund. If in the future, in our sole and absolute discretion, we establish a System Brand Fund, we will notify you in writing of the starting date and the amount you will be required to contribute (the “System Brand Fund Contribution”). System Brand Fund Contributions will be calculated as a percentage of your previous week's Gross Revenues as defined in Section 5.04. The amount of your System Brand Fund Contributions will be determined in our sole discretion, but shall be no less than 0.5% and no more than 3.0% of your weekly Gross Revenues. If required, System Brand Fund Contributions will be expended as provided for in Section 10.01 below.

If a state or local law in which your Business is located prohibits or restricts in any way your ability to pay and our ability to collect the System Brand Fund Contribution derived from the sale of alcoholic beverages at your Restaurant (an “Alcohol Restriction Law”), you will be required to pay whatever increased percentages of all Gross Revenues not deriving from the sale of alcohol are necessary so that the System Brand Fund Contribution you pay equals the System Brand Fund Contribution you would make if you were not subject to an Alcohol Restriction Law.

5.04 Definition of Gross Revenues

“Gross Revenues” means all revenues and income from any source that you derive or receive from, through, by or on account of the operation of the Business, whether received in cash, in services, in kind, from barter and/or exchange (valued at the full retail value of the goods or services received), on credit (whether or not you ultimately receive payment on credit transactions), or otherwise. You may deduct from Gross Revenues, to the extent that they have been included in your calculation of Gross Revenues, documented refunds, chargebacks, credits and allowances that you give in good faith to customers. You may also deduct from Gross Revenues all sales taxes or similar taxes which you legally charge to customers if you add the taxes when you charge the customers; send the tax payments to the appropriate tax authorities when due; furnish to us within 30 days of payment an official receipt for payment of the taxes or any other evidence that we reasonably consider acceptable; and, state in the weekly report required by Section 5.05 the amount of all these taxes and the payments to which they relate.

5.05 Reporting and Payment

A. You agree to submit a weekly report to us for our receipt on or before Monday of each week. The weekly report will consist of a statement reporting all Gross Revenues for the preceding week and your calculation of the Continuing Royalty (and, if required, System Brand Fund Contributions) due thereon, all in the manner and form we prescribe. You must sign the weekly report. We reserve the right to require you to file your weekly reports electronically. You also agree to furnish any other financial or non-financial data concerning the activity of your Business that we request in the form, manner and frequency that we request it. Notwithstanding anything in the foregoing to the contrary, we reserve the right (but not the obligation) to assess your Gross Revenues for the preceding week and the Continuing Royalty (and, if required, System Brand Fund Contributions) due thereon based in the information you input into your computer and Point of Sale System (your obligations and our rights with respect to your computer and Point of Sale System are set forth in more detail in Section 8.08 below).

B. On or before Monday of each week, you agree to pay us the Continuing Royalty and System Brand Fund Contribution (if any) due for the preceding week, as specified in your weekly report.

C. We reserve the right to require the transmission of these and any other payments required under this Agreement by direct account debit, electronic funds transfer or other similar technology designed to accomplish the same purpose. If we require you to make payments by direct account debit, electronic funds transfer or other similar technology we designate, you agree to deposit and maintain at all times sufficient funds to cover all fees and payments you owe to us and our affiliates in a segregated bank account (the “Bank Account”) that you form and maintain for the Business and Restaurant. The Bank Account must have the capacity to make payments through the means we designate, and you must sign all documents required by your bank, our bank and us or for approval and implementation of the debit or transfer process. If and when we have implemented this requirement, you may not change the Bank Account without our advance written approval. You agree to pay all costs of direct account debit, electronic funds transfer or other similar technology we designate. Furthermore, you agree to pay us a fee of \$100 each time we attempt to debit your Bank Account for payments you owe us and the Bank Account has insufficient funds.

D. You agree to pay us a late payment fee of 20% on any amounts not paid within 15 days of when they were due to us or our affiliates. You also agree to pay us or our affiliates interest on any amounts due to us or our affiliates under this Agreement and not paid on time at the maximum interest rate permitted by law. If there is no applicable legal maximum rate, interest will be calculated at the rate of 4.0% above the then-current Wall Street Journal prime rate of interest. This provision does not constitute consent to late payments or an agreement to extend credit. If you are delinquent in any required payment, we or our affiliate

may apply any payment from you to any obligation due in whatever order and for whatever purposes as we determine, whether or not there is any contrary designation by you. You may not withhold, set-off or recoup payment of any amount due on the grounds of the alleged non-performance or breach of any of our or our affiliates' obligations under this or any other agreement.

E. In addition to all other payments under this Agreement, you agree to pay us or our affiliates immediately upon demand: (a) all sales taxes, trademark license taxes, service taxes, value-added taxes and any other taxes, imposed on, required to be collected, or paid by us or our affiliates (excluding any corporate income taxes imposed on us or our affiliates) because we or our affiliates have furnished services or products to you or collected any fee from you; (b) all amounts we advance, pay or become obligated to pay on your behalf for any reason; and (c) all amounts you owe us or our affiliates for products or services that you purchase from us or our affiliates.

F. If you do not report the Restaurant's Gross Revenues to us as required under this Section 5.05, we may debit your account for one hundred twenty percent (120%) of the last Royalty Fee and System Brand Fund Contribution Fee that we debited. If the Royalty Fee and Creative Marketing Fee we debit are less than the Royalty Fee and System Brand Fund Contribution you actually owe to us, once we have been able to determine the Restaurant's true and correct Gross Revenues, we will debit your account for the balance on a day we specify. If the Royalty Fee and System Brand Fund Contribution we debit are greater than the Royalty Fee and System Brand Fund Contribution you actually owe, we will credit the excess (minus other amounts that you may owe us in connection with your failure to report your Restaurant's Gross Revenues and any late fees and interest fees assessed) against the amount we otherwise would debit from your account for the next payment due. For the avoidance of doubt, our right to debit your account in the manner set forth above does not negate your obligation to submit to us the reports specified in this Section 5.05 or waive your breach for your failure to do so, and in the event that we decide to exercise our rights under this Section 5.05(F), we retain the right to exercise any and all other or additional rights afforded to us under this Agreement and/or under applicable law.

6. SITE SELECTION, CONSTRUCTION, TRADE DRESS AND LEASE REQUIREMENTS

6.01 Restaurant Location

A. You may operate your Business only from your Restaurant Location and within the Territory. You may use the Restaurant Location for no other purpose than the operation of the Business.

B. If you have suggested a Restaurant Location which we have approved before the execution of this Agreement, then the address of that Restaurant Location will be set forth on Exhibit A to this Agreement. If you have not suggested a Restaurant Location which we have approved before the execution of this Agreement, then the following provisions will apply:

We will furnish to you our site selection criteria following the execution of this Agreement. You agree to use your best efforts to find an acceptable Restaurant Location within the Territory. You must comply with all our Restaurant specifications, requirements and restrictions. The Restaurant Location will be subject to our advance written approval, and our determination will be final. We may require you to submit maps, completed checklists, photographs, diagrams of the premises with measurements and other information and materials which we may reasonably require to evaluate your proposed Restaurant Location. We also may visit the proposed Restaurant Location in order to evaluate its suitability.

It is of the essence of this Agreement that you select a Restaurant Location and obtain our advance written approval for your Restaurant Location within 90 days following the Effective Date of this Agreement and that you sign a lease approved by us (or provide proof of ownership or an executed contract of sale) for your Restaurant Location within 120 days following the Effective Date of this Agreement. If you do not secure a Restaurant Location within the time limits and following the procedures specified in this Section 6.01, then this failure will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure. If we terminate the Agreement for this reason, then all funds you paid us will be considered earned by us, except that we will return to you 50% of the Initial Franchise Fee (minus our expenses), on the condition that you

execute a General Release in the form of Exhibit I running in favor of us and our affiliates. You will not be entitled to multiple refunds if there is more than one reason for termination, but will only receive the lowest refund available to you as provided herein – see the following paragraph and Section 7.02.

In addition, if you and we cannot agree upon a Restaurant Location within 90 days following the Effective Date, then either you or we can terminate this Agreement, and if either of us does so, then we will refund 50% of the Initial Franchise Fee (minus our expenses), on condition that you execute a General Release in the form of Exhibit I running in favor of us and our affiliates.

You acknowledge and agree that any advice we furnish regarding site selection and our proposal, inspection and/or approval of any proposed site for your Restaurant Location will not constitute, and will not be deemed to constitute, our express or implied representation, warranty, guarantee or any other indication of the prospective profitability, viability or merit of the Restaurant Location, and you hereby forever waive any claim to the contrary.

6.02 Location Lease

If you will be leasing the Restaurant Location, then promptly following our written approval of your proposed Restaurant Location, you agree to obtain a lease or sublease for the Restaurant Location which, unless we otherwise approve the lease in advance, must be accompanied by a rider incorporating the requirements specified in Exhibit C of this Agreement in addition to the signed collateral lease assignment set forth in Exhibit C. You agree to deliver to us a copy of any proposed lease or sublease for the Restaurant Location and any related documents (collectively, the “Lease”) before you execute the Lease. Any Lease will be subject to our advance written approval, which we will not unreasonably withhold or delay, provided, however, that we expressly reserve the right to disapprove any Lease not accompanied by a rider embracing all of the provisions of Exhibit C and for which the collateral lease assignment has not been secured. If we do not communicate our approval or disapproval of a proposed Lease to you within twenty business days following our receipt of the proposed Lease, and if the Lease is accompanied by a rider containing the required provisions of Exhibit C and the signed collateral lease assignment set forth in Exhibit, then the Lease will be considered approved.

In any Lease, you may not create any obligations or grant any rights against us or our affiliates or agree to any term, condition or covenant which is inconsistent with this Agreement or any related agreement. You agree to timely perform all terms, conditions, covenants and obligations under the Lease. You may not assign, transfer or encumber your Lease or sublet all or any part of the Location without our advance written approval.

6.03 Specifications and Sources of Supply

In addition, we may (but will not be required) to provide you with specifications for, and approved sources of supply of, your Restaurant’s furniture, fixtures, equipment, signs and/or other trade dress elements. We reserve the right to be (and earn a profit as) an approved source or the only approved source of certain of your Restaurant’s furniture, fixtures, equipment and/or other trade dress elements. If we have not specified a source of supply for any such item, then you may purchase that item from any source, so long as the items purchased are in strict accordance with any specifications concerning the item which we have issued in the Manual or otherwise. You must obtain our advance written consent before deviating in any fashion from our specifications. We may designate an architect and a general contractor whose services you will be required to use, at your own expense, for the development of your Restaurant.

All signs at your Restaurant must conform to our sign criteria, unless we otherwise consent in writing, for good cause you demonstrate.

You must submit to us for our prior written approval, which approval we will not unreasonably withhold, a layout for the interior of, and a set of preliminary plans for, your Honest Restaurant. No changes we require to your layout and preliminary plans will address the requirements of any federal, state or local law, code or regulation, including those of the Americans with Disabilities Act (the “ADA”) or similar laws or rules. You alone, working with your architect or engineer (if applicable), are responsible for ensuring that your Restaurant, as constructed, complies with all applicable laws, rules, regulations, ordinances, building codes,

fire codes, permit requirements and the ADA. You agree, at your expense, to employ architects, designers, engineers or others necessary to complete, adapt, modify or substitute the layout, plans and specifications for your Restaurant.

You must submit a complete set of your proposed final plans and specifications to us and obtain our written approval of them before you seek to register them with any governmental or quasi-governmental agency or begin construction of your Restaurant. Although this Agreement does not require us to do so, we may have an interior designer or a member of our staff make visit(s) to your Restaurant Location, and you agree to allow those visits, in order to assist us in determining whether to approve your final plans and specifications. Our approval will be based on our and our designees' assessment of compliance with our standards for new Restaurants. We will not assess compliance with federal, state or local laws, rules or regulations, including the ADA. Your architect must certify to you in writing that the plans and specifications for your Restaurant comply with the ADA; the architectural guidelines under the ADA; all applicable federal, state and/or local laws, rules and regulations for accessible facilities; and, all other applicable federal, state or local laws, rules and regulations (including building codes, fire codes and permit requirements). You must furnish us with a copy of this certification if we ever request it.

You agree that any plans and specifications you prepare and submit to us will be our property. We, our affiliates and any other franchisees to whom we give these plans and specifications may use them without owing you any compensation or being liable to you in any way.

6.04 Construction of Your Restaurant

After acquiring the Restaurant Location of your Restaurant by lease or purchase, you shall at your expense, and as applicable, either construct your Restaurant at the Restaurant Location, or convert the existing premises at the Restaurant Location to become your Restaurant, in conformity with the final plans and specifications which we have approved (as provided in Section 6.03). You must use your best efforts to complete the construction or conversion (as applicable) of your Restaurant. You must provide us with comprehensive information regarding all phases of the development process of the Restaurant Location as we may require, such as weekly progress reports during construction or conversion, in the format we designate. This information will include (without limitation and as applicable) the names, addresses and telephone numbers of your architect, civil engineer, surveyor, general contractor, subcontractors, principal vendors and environmental consultant, and the primary contact for each; copies of all permits, licenses, contractor's liability insurance certificates and other similar items required for the construction or conversion of your Restaurant; and, copies of all construction or remodeling contracts and documents, along with originals of all lien waivers. These requirements will also apply to any construction, remodeling, renovation or refurbishing of your Restaurant at any time after it opens.

We will not be responsible for delays in construction, conversion, remodeling, equipping or decoration or for any loss resulting from your Restaurant's design or construction. You must obtain our written approval for all changes to the Restaurant's plans that you furnished to us pursuant to Section 6.03 before implementing the changes. You hereby grant us and our designees (including our interior designers and architects) access to your Restaurant Location while work is in progress. We may require any reasonable modifications of the construction of your Restaurant that we and/or our designees consider necessary or desirable in our reasonable business judgment. If you fail to promptly begin the design, construction, equipping and opening of your Restaurant with due diligence, we may elect to terminate this Agreement immediately upon notice to you.

When construction is complete and before you open your Restaurant, your architect and general contractor must provide us with a certificate stating that the as-built plans for the Restaurant fully comply with the ADA; the architectural guidelines under the ADA; and, all other laws, rules, regulations, codes and ordinances applicable to the Restaurant.

We will have the right, but not the obligation, to conduct a final inspection of the completed Restaurant before it opens. We may require any corrections and modifications we and/or our designees consider reasonable and necessary to bring the Restaurant into compliance with the plans and specifications we

approved. The Restaurant will not be allowed to open if it does not conform to the approved plans and specifications, including changes thereto that we may approve.

6.05 Maintaining and Refurbishing Your Restaurant

You shall at all times maintain, at your sole expense, the interior and exterior of your Restaurant the entire Restaurant Location (including the parking lot, if any, and walkways) and any other facilities used by the Business in first class condition and repair, and in compliance with all applicable laws, rules, regulations and our Manual, except to the extent that we may otherwise expressly agree in writing.

We have the right to require you, once during the Initial Term of this Agreement and each Renewal Term, at your sole expense, to update, remodel, refurbish, renovate, modify or redesign the Restaurant so that it reflects our then-current standards. We will provide you notice of any such required update, remodel, refurbish, renovate, modify or redesign your Restaurant, after the receipt of which you will have 120 days to comply with our direction. If any such direction of ours requires you to expend more than \$30,000 to effect the directed activity, then you will have 180 days following your receipt of our notice to comply with our direction. In addition, we will relieve you from our direction if in our sole opinion you will be unable to amortize the additional investment required during the balance of the Initial Term of this Agreement; however, under these circumstances, we may extend the term of this Agreement to allow for a new schedule of amortization, and if we do so you will be required to comply with our direction.

6.06 Relocation of Your Restaurant

You may not relocate your Restaurant to another location without first obtaining our written approval for the new location and reimbursing us for any reasonable costs we incur in considering your request. If you relocate the Restaurant with our approval subject to the terms of this Section 6.06, the new location will be the "Restaurant Location" of the Restaurant. Any relocation will be at your expense. All leases or subleases that you enter into, all plans and specifications for your relocated Restaurant that you adduce and all construction, remodeling, renovation or other such activity that you perform at and for the relocated Restaurant must be in accordance with all of the provisions of this Article 6 and our then-current standards, specifications and requirements.

6.07 Time is of the Essence

Subject to the provisions of Article 20 of this Agreement ("Unavoidable Delay or Failure to Perform (Force Majeure)"), time is of the essence with regard to this Article 6.

7. OUR DUTIES

7.01 Confidential Operating Manual; Policy Statements

We will lend you one copy of our confidential operating manual (the "Manual"). The Manual may take the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins; notices; videos; CD-ROMS and/or other electronic media; online postings; e-mail and/or electronic communications; facsimiles; or, any other medium capable of conveying the Manual's contents.

The Manual will, among other things, set forth our operating systems, procedures, policies, methods, standards, specifications and requirements for operating your Business. You agree to operate your Business in strict compliance with the Manual.

We have the right to prescribe additions to, deletions from or revisions of the Manual (the "Supplements to the Manual"), all of which will be considered a part of the Manual. All references to the Manual in this Agreement will include the Supplements to the Manual. Supplements to the Manual will become binding on you as if originally set forth in the Manual, upon being delivered to you. The Manual and any Supplements to the Manual are material in that they will affect the operation of the Business, but they will not conflict with or materially alter your rights and obligations under this Agreement.

You acknowledge that we are the owner of all proprietary rights in the Manual and all intellectual property rights connected therewith (including common law copyright) and that you are acquiring no property or other right to the Manual other than a license to use it and comply with it during the term of this Agreement. You agree to ensure at all times that your copy of the Manual is current and up-to-date. If there is any dispute as

to your compliance with the provisions of the Manual and any Supplements to the Manual, the master copy of the Manual and any Supplements to the Manual maintained at our principal office will control.

In addition to the Manual, we may issue policy statements designed to provide you with information and/or insight as to our current thinking about various business issues or strategies. Policy statements are not part of the Manual, are not contracts and do not create any contractual or other binding obligation on either you or us.

7.02 Initial Training Program

After entering into this Agreement and before the opening of the Restaurant (although in no case earlier than two months before the opening of the Restaurant), you (if an individual) and/or your Operating Principal (as defined in Section 8.06) must, and your Restaurant Manager (as defined in Section 8.06) may, attend and successfully complete an initial training program (the "Initial Training Program") which we, our affiliate or designee will provide at no additional expense to you. The Initial Training Program will be conducted for up to seven to ten days at any location we designate (which may include a current operating Honest Restaurant in India or in the United States, our headquarters in Ahmedabad, India or elsewhere). We will determine the date of commencement, location and duration of the Initial Training Program and notify you of them.

Any attendee of the Initial Training Program must have first attended and received certification in safe food handling from a state-approved food safety program. You agree to produce such certifications to us for review before attendance at the Initial Training Program.

We will have the right to terminate this Agreement if, following your Initial Training Program, we determine that you or your Operating Principal has failed to attend or successfully complete the Initial Training Program to our satisfaction, in our business judgment. This failure will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure. If we terminate the Agreement for this reason, then all funds you paid us will be considered earned by us, except that we will return to you 50% of the Initial Franchise Fee (minus our expenses) which you paid to acquire the franchise, on condition that you execute a General Release in the form of Exhibit I running in favor of us and our affiliates.

You must pay an additional fee to us for providing the Initial Training Program to additional or subsequent personnel, which fee is currently \$500 per person. This training is required of replacement Operating Principals (but only if you (if an individual) have not attended and successfully completed the Initial Training Program).

We reserve the right at all of our training programs to determine the duration and subjects included in the curriculum of our training programs and to train any number of individuals from any number of Businesses, whether franchised or otherwise affiliated with us, at the same time. Under no circumstance will you be compensated for any work your trainees may perform or services your trainees may render in the course of participating in any of our training programs. We reserve the right to furnish our training programs by means of a company intranet or other electronic means of communication.

At all times during the term of this Agreement, you agree to pay all the expenses incurred by your trainees or attendees in connection with any training, conferences, conventions or other meetings they attend, including, but not limited to, their salaries, transportation costs, meals, lodging and other living expenses.

The Initial Training Program will be conducted only in English. You are required to pay the cost of an interpreter, should one be required.

7.03 On-Site Training or Assistance

If this Agreement governs the operation of your first Restaurant, then subject to availability, we will provide, at no additional expense to you, one trainer for up to ten (10) days of on-site training or assistance during the Restaurant's opening ("Opening On-Site Training or Assistance").

In addition to the Opening On-Site Training or Assistance we agree to provide for your first Restaurant, you may request additional on-site training or assistance at any time. We will not be obligated to provide any such additional on-site training or assistance, but if we elect to do so, we may impose a fee of \$100 per day.

The timing of all advice, consultation and training provided for in this Agreement will be subject to the availability of our personnel.

All on-site or additional training we provide will be conducted only in English. You are required to pay the cost of an interpreter, should one be required.

7.04 On-Going Training

We may from time to time develop additional training programs which you (if an individual), your Operating Principal and/or other staff or personnel we designate must attend and successfully complete. We will determine the duration, curriculum and location of these future additional training programs. We reserve the right to charge our then-current training fees for such programs. You also agree to pay all of the expenses incurred by your trainees or attendees in connection with any additional training programs we develop, including their salaries, travel costs, meals, lodging and other living expenses.

In addition, we may from time to time conduct an annual conference, convention or training session. We will determine the duration, curriculum and location of these. You (if the franchisee is an individual) and/or your Operating Principal must attend each annual conference, convention or training session. We reserve the right to charge our then-current fees for such events.

Any ongoing training will be conducted only in English. You are required to pay the cost of an interpreter, should one be required.

7.05 Field Support Services

After you open your Restaurant, we may from time to time and at your sole expense (including our staff's hotel and travel expenses) offer you field support services, supervision and/or assistance that we consider advisable through on-site visits, off-site sessions, telephonic, electronic or other communication modes. You may also at any time communicate with our headquarters for consultation and guidance with respect to the operation and management of your Business. The timing of our field support and headquarter consultation services will be subject to the availability of our personnel.

7.06 Accounting and MIS Systems

We will specify the electronic and/or written accounting and MIS Systems, procedures, formats and reporting requirements which you will utilize to account for your Business; maintain your financial records and merchandising data; and, generate reports for both you and us. In addition to operating reports, payroll, cash management and general ledger accounts, these systems may be tailored to provide computerized point-of-sale ("POS") scanning and invoice entry. You will be solely responsible for performing all bookkeeping, recordkeeping and accounting duties prescribed under this Agreement or in the Manual and for bearing the costs of these activities.

7.07 Pricing

Because enhancing Honest's interbrand competitive position and consumer acceptance for Honest's products and services is a paramount goal of ours and our franchisees, and because this objective is consistent with the long term interest of the System overall, we may exercise rights with respect to the pricing of products and services to the fullest extent permitted by then-applicable law. These rights may include (without limitation) prescribing the maximum and/or minimum retail prices which you may charge customers for the products and/or services offered and sold at your Restaurant; recommending retail prices; advertising specific retail prices for some or all products or services sold by your Restaurant, which prices you will be compelled to observe; engaging in marketing, promotional and related campaigns which you must participate in and which may directly or indirectly impact your retail prices (such as "buy one, get one free"); and, otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which your Restaurant may charge the public for the products and services it offers. We may engage in any such activity either periodically or throughout the term of this Agreement. Further, we may engage in such activity only in certain geographic areas (cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. You acknowledge and agree that any maximum, minimum or other prices we prescribe or suggest may or may not optimize the revenues or profitability of your Business and you

irrevocably waive any and all claims arising from or related to our prescription or suggestion of your Business's retail prices.

7.08 Nature of Obligations

All our obligations under this Agreement are to you alone. No other party is entitled to rely on, enforce or obtain relief for breach of any of our obligations hereunder, either directly or by subrogation.

8. YOUR DUTIES

8.01 Opening Date

You must fulfill all of your pre-opening obligations and open your Restaurant to the general public no later than 240 days following the Effective Date.

You will not be allowed to open your Restaurant without our written approval, which approval we will not unreasonably withhold. In order to obtain our approval to open, you must: obtain all required state, local and other required government certifications, permits and licenses (including, if you will sell liquor, a liquor license), furnish to us copies of all such required permits and licenses; furnish to us copies of all insurance policies required under this Agreement; attend and successfully complete our Initial Training Program to our satisfaction (as provided in this Agreement); pay us or our affiliates any amounts due through the date that you request our approval to open; not be in default under any agreement with us or any affiliate of ours; not be in default under, but instead be current with, all contracts or agreements with your principal vendors, suppliers and other business creditors (including the lessor or sublessor of your Restaurant Location, us and our affiliates); and, otherwise comply in all respects with the pre-opening obligations set forth in this Agreement.

8.02 Manner of Operation

Your Business and the Restaurant it operates must comply at all times with every provision of this Agreement, the System and the Manual. You may not use the System or the Proprietary Marks for the benefit of any business other than the Business. You may not conduct (or permit anyone else to conduct) any business at your Restaurant other than the Business embraced by this Agreement without first obtaining our written consent, which we may withhold for any reason or no reason.

8.03 Modifications to the System

In the exercise of our sole business judgment, we may from time to time modify any components of the System and requirements applicable to you by means of Supplements to the Manual or otherwise, including, but not limited to, altering the products, services, programs, methods, standards, accounting and computer systems, forms, policies and procedures of the System; adding to, deleting from or modifying the products and services which your Business is authorized and required to offer; modifying or substituting the equipment, signs, trade dress and other Restaurant characteristics that you are required to adhere to (subject to the limitations set forth in this Agreement); and, changing, improving, modifying or substituting the Proprietary Marks. For example, we may require you to institute drive-through and/or delivery services at and/or from your Restaurant. You agree to implement any such System modifications as if they were part of the System at the time you signed this Agreement.

You acknowledge that because uniformity under many varying conditions may not be possible or practical, we reserve the right to materially vary our standards or franchise agreement terms for any Business, based on the timing of the grant of the franchise, the peculiarities of the particular territory or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions or any other condition which we consider important to the successful operation of the Business. You will have no right to require us to disclose any variation or grant the same or a similar variation to you.

8.04 Cobranding

We may determine from time to time to incorporate into the System products or services which we either develop or otherwise obtain rights to, which are offered and sold under names, trademarks and/or service marks other than the Proprietary Marks and which your Business, along with other Businesses, will be required to offer and sell. This activity, referred to as "cobranding", may involve changes to the Proprietary

Marks and may require you to make modifications to your Restaurant's building, premises, furniture, fixtures, equipment, signs and trade dress. If you receive written notice that we are instituting a cobranding program, you agree promptly to implement that program at your Restaurant at the earliest commercially reasonable time and to execute any and all instruments required to do so. Under no circumstance will any cobranding program increase your Continuing Royalty, System Brand Fund Contribution (if any) or local advertising expenditure obligations under this Agreement.

8.05 Compliance with Laws, Rules and Regulations

You agree to adhere to the highest standards of honesty, integrity and fair dealing in all dealings with the public and to operate your Restaurant and Business in strict compliance with all laws, rules, regulations, ordinances, policies and procedures of any federal, state, county, municipal or local governmental or quasi-governmental agency, commission and/or authority which govern the construction or any element of the operation of your Restaurant and Business. You also agree to obtain and keep in good standing all licenses (including, if you sell liquor, a liquor license), permits and other governmental consents and approvals required to operate your Restaurant and Business now or in the future.

You represent and warrant to us that, as of the date of this Agreement and at all times during the Term hereof, and to your actual or constructive knowledge, neither you, any affiliate of yours, any individual or entity having a direct or indirect ownership interest in you or any such affiliate (including any shareholder, general partner, limited partner, member or any type of owner), any officer, director or management employee of any of the foregoing, nor any funding source you utilize is or will be identified on the list of the U.S. Treasury's Office of Foreign Assets Control (OFAC); is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government or by any individual that is subject to an embargo imposed by the United States government; is acting on behalf of any country or individual that is subject to such an embargo; or, is involved in business arrangements or other transactions with any country or individual that is subject to an embargo. You agree that you will immediately notify us in writing immediately upon the occurrence of any event which would render the foregoing representations and warranties incorrect. Notwithstanding anything to the contrary in this Agreement, you may not allow, effect or sustain any transfer, assignment or other disposition of this Agreement to a "Specially Designated National or Blocked Person" (as defined below) or to an entity in which a "Specially Designated National or Blocked Person" has an interest. For the purposes of this Agreement, "Specially Designated National or Blocked Person" means: (i) a person or entity designated by OFAC (or any successor officer agency of the U.S. government) from time to time as a "specially designated national or blocked person" or similar status; (ii) a person or entity described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001; or, (iii) a person or entity otherwise identified by any government or legal authority as a person with whom you (or any of your owners or affiliates) or we (or any of our owners or affiliates) are prohibited from transacting business.

You further agree that you will not hire, retain, employ or otherwise engage the services of any individual or entity in contravention of the Patriot Act; any law, rule or regulation pertaining to immigration or terrorism; or, any other legally prohibited individual or entity.

8.06 Your Participation in the Operation of the Business; Operating Principal; Restaurant Manager

Unless we otherwise permit in writing, you agree to personally supervise and participate in the day-to-day operation of the Business and to devote your time, attention and best efforts to the performance of your obligations under this Agreement, all ancillary documents relating to this Agreement and all other agreements which may now or hereafter be in effect between us (or any affiliate) and you (or any affiliate). If you are licensed to operate more than one Business, then you agree to devote such amount of your time and attention to the performance of your duties as is necessary for the proper and effective operation of each such Business.

Your Business must have an "Operating Principal." Your Operating Principal must have complete decision making authority with regard to your Business and must have authority to in all respects act on your behalf under this Agreement. Your Operating Principal is the sole individual with whom we will be required to

communicate when we seek to communicate with you. If you are an individual, then you must serve as Operating Principal and if you are a business entity, then you must designate an individual who either owns a majority interest in the Business or, where there is no majority owner, who we otherwise approve of in writing, to serve as Operating Principal. Before you designate the Operating Principal, you must identify such individual to us; furnish information to us regarding the candidate's background, experience and credentials; and, secure our prior written approval of the candidate, which we will not unreasonably withhold or deny. You (if an individual) and the Operating Principal must attend and successfully complete the Initial Training Program.

You must either serve as or designate a "Restaurant Manager" for your Business. Your Restaurant Manager will be responsible for managing the day-to-day operations at your Restaurant. Before designating and engaging the services of the Restaurant Manager, you must identify such individual to us; furnish information to us regarding the candidate's background, experience and credentials; and, secure our prior written approval of the candidate, which we will not unreasonably withhold or deny.

Upon the death, disability or termination of employment of your Operating Principal or Restaurant Manager, for any cause or reason, you must immediately notify us. You must designate a successor or acting Operating Principal or Restaurant Manager, as applicable, promptly but in no event later than ten days following the death, disability or termination of the predecessor Operating Principal or Restaurant Manager. Each successor Operating Principal and Restaurant Manager must possess those credentials set forth in our Manual. Each successor Operating Principal must attend and successfully complete the Initial Training Program. In addition, each successor Operating Principal and Restaurant Manager, as applicable, must attend and successfully complete any other reasonable training we may require, all at your expense. The failure to employ and train (as applicable) a successor Operating Principal or Restaurant Manager will constitute a material breach of this Agreement.

8.07 Requirements Concerning Products and Services

A. Products and Services You Sell

You agree to sell all products, services and programs which now or in the future are part of the System unless, as to any one or more items, sale is prohibited by local law or regulation or we have granted you our advance written approval to exclude a product, service or program. You may not sell any product, service or program which is not a part of the System or which we delete from the System. In addition, you understand, acknowledge and agree that, unless you obtain our prior written approval, you may not offer or sell alcoholic beverages at your Restaurant.

If you desire to sell any product, service or program which is not a part of the System, then you must obtain our advance written permission, which we may deny for any or no reason. If we grant such advance written approval, then the product, service or program in question will become part of the System; we may, but will not be required to, authorize the product, service or program for sale at one or more other Restaurants; we may subsequently revoke our approval for any or no reason; we will own all rights associated with the product, service or program; and, you will not be entitled to any compensation therefor.

B. Proprietary Products and Services and Trademarked Items

You must purchase or lease certain proprietary products, supplies, equipment, materials and services used, offered or sold at the Restaurant which now comprise, or in the future may comprise, a part of the System and which were developed by, are proprietary to or kept secret by us or our affiliates, only from us, an affiliate of ours that we designate or an independent distributor whom we authorize. We impose this requirement to advance the uniformity of the Honest network concept and quality and to protect our trade secrets, which are of the essence to the System and this Agreement. The proprietary products you are currently required to purchase and use are our proprietary spices and bakery products. In addition, we may specify certain trademarked items bearing our Proprietary Marks which you must purchase in amounts sufficient to satisfy customer demand, use and offer for sale in your Restaurant. You must purchase the trademarked items from us, our affiliates or our designated suppliers. We reserve the right to earn a profit on the sale of the trademarked items to you. We (or our affiliates or designees) will sell to you all proprietary

products and trademarked items under terms we develop and advise you of from time to time. We reserve the right to earn a profit on the sale of proprietary products and trademarked items to you.

C. Sources of Supply and Specifications

You must purchase certain required non-proprietary products, supplies, equipment, materials and services from suppliers we designate in writing; from suppliers you propose and we approve; and/or, in accordance with our written specifications. All such designated sources and specifications are subject to addition, modification, revocation and/or deletion by us from time to time upon notice to you. If we revoke or delete any product, supply, equipment, component or any approved supplier, then you must cease using any such disapproved item (or any items purchased from a revoked source of supply) which are inventoried by your Business within ten days of written notice from us, unless the item or source of supply poses a threat to the health or safety of the public, in which case you must cease using the item or source immediately upon oral or written notice from us.

We may from time to time provide you with specifications governing the minimum standards of products, services and/or equipment required to be used in or sold by your Restaurant, for which we do not designate a required source of supply. We will set forth such specifications in our Manual or in other written notices we transmit to you. We may add to, modify or revoke our specifications in writing from time to time.

If we specify any particular source of supply for any particular non-proprietary product, service or equipment and you wish to propose an alternative source of supply, we will exercise our approval of your proposed alternative supply reasonably, in accordance with the following procedure.

1. You must submit a written request to us for approval of the supplier and then furnish us with the information, data and samples that we reasonably request;
2. The supplier must demonstrate to our reasonable satisfaction that it is able to supply the product, service or equipment to you meeting our specifications; and,
3. The proposed supplier must demonstrate to our reasonable satisfaction, following our inspection or other review, that it is in good standing in the business community in all respects; that the product, service or equipment meets or exceeds our specifications and standards for it in all respects; and, that the proposed supplier's manufacturing and distribution capabilities are sufficient to furnish you with the product, service or equipment in a consistently timely, sanitary, hygienic and cost-efficient fashion.

We reserve the right to test, analyze, inspect or randomly sample the product, service or equipment of any supplier you propose at your expense, whether or not we ultimately approve or reject the supplier. We will give you written notice of our approval or disapproval of your proposed supplier within 30 days. If we revoke approval of the supplier, we will give you written notice.

We, our affiliate or our designee may be an approved source of supply for any non-proprietary product, service or equipment that you are required to purchase. However, you will be under no obligation to purchase any non-proprietary products, services or equipment from us, our affiliate or our designee. We will determine the prices we charge for any such product, service, or equipment and set them forth at the time of sale in our Manual or otherwise. We reserve the right to earn a profit from selling any and all such goods and services, whether proprietary or non-proprietary.

We also reserve the right to direct that any supplier rebates, refunds, advertising allowances or other consideration payable or paid as a result of your purchases of goods, services or equipment be paid to us as revenue or, if formed, into the System Brand Fund (if and as we may determine in our sole and exclusive business judgment). If we do so, then you hereby acknowledge that you will not assert any interest in such monies.

D. Systemwide Supply Contracts

We may, in the exercise of our business judgment, enter into supply contracts either for all Businesses or a subset of Businesses situated within one or more geographic regions (each, a "systemwide supply contract").

We may enter into systemwide supply contracts with one or more vendors of products, services or equipment that all company-owned and Businesses in a geographic area will be required to purchase, use or sell. If we do so, then immediately upon notification, you, we and all other Businesses in the geographic area must purchase the specified product, service or equipment only from the designated supplier. However, if at the time of our notification you are already a party to a non-terminable supply contract with another vendor or supplier for the product, service or equipment, then your obligation to purchase from our designated supplier under the systemwide supply contract will not begin until the scheduled expiration (or earlier termination) of your pre-existing supply contract.

We make no representation that we will enter into any systemwide supply contracts or other exclusive supply arrangements or, if we do so, that you would not otherwise be able to purchase the same products and/or services at a lower price from another supplier. We may add to, modify, substitute or discontinue systemwide supply contracts or exclusive supply arrangements in the exercise of our business judgment.

8.08 Computer and Point of Sale Systems

Before the opening of the Restaurant, you agree to procure and install, at your expense, the computer hardware, software, training service, Internet connections and service, required dedicated telephone and power lines and other computer-related accessories, peripherals and equipment that we specify in our Manual or otherwise (the "computer and Point of Sale systems"). If we change our designated approved point of sale system in the future and notify you of a different approved point of sale system, then you must immediately change your point of sale system at that point, at your cost and expense, in order to have a point of sale system approved by us. You agree to obtain and maintain high-speed communications access, such as broadband, DSL or other high-speed capacity that we require for your computer and Point of Sale systems. You also agree to maintain at all times a functioning e-mail address for your Business.

You agree to provide all assistance we require to bring your computer and Point of Sale systems online with our computers at the earliest possible time and to maintain these connections as we require. You agree to input and maintain in your computer and Point of Sale systems all data and information which we prescribe in our Manual, in our proprietary software (if any) and its manuals, and otherwise. We will have independent access to your computer and Point of Sale systems and we may retrieve from your computer and Point of Sale systems all information (including, without limitation, your Gross Revenues data) that we consider necessary, desirable or appropriate. You must accurately, consistently and completely record and provide through the computer and Point of Sale systems all information concerning the operation of the Business that we require (including, without limitation, your Gross Revenues data), in the form and at the intervals that we require.

If and when we develop our own proprietary computer software programs and software support services, you will be required to purchase same from us or from any such third party supplier we designate at our then-current cost, pay our then-current software support fees associated therewith, use such software, and execute any standard form software license agreement reasonably necessary to do so. You agree to purchase from us or our designee, as applicable, new, upgraded or substitute proprietary software whenever we determine to adopt them systemwide, at the prices and on the terms that we or such third party vendor establish, but you will not be required to do so more than once in any calendar year. You are required to procure and use the inventory management software we specify from time to time, from a vendor we have approved.

You agree, at your expense, to keep your computer and Point of Sale systems in good maintenance and repair. We may mandate that you add memory, ports, accessories, peripheral equipment and additional, new or substitute software. Following our testing and determination that it will prove economically or systemically beneficial to you and to us, you agree to install at your own expense the additions, modifications, substitutions and/or replacements to your computer and Point of Sale hardware, software, telephone and power lines and other computer and Point of Sale facilities as we direct, on the dates and within the times we specify in our Manual or otherwise.

Upon termination or expiration of this Agreement, you must return all software, disks, tapes and other magnetic storage media to us in good condition, allowing for normal wear and tear.

You will provide to us all user ID's and passwords required to access files and other information stored on your Business's computer and Point of Sale systems. You will at all times ensure that the only personnel conducting transactions on your computer or Point of Sale systems will be those who have been trained and qualified in accordance with the requirements of our Manual.

8.09 Web Sites and Social Media

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators ("URL's") and, if we do, we will design and provide for the benefit of your Business a "click through" subpage at each such website for the promotion of your Business. If we establish one or more websites or other modes of electronic commerce and if we provide a "click through" subpage at each such website for the promotion of your Business, you agree to routinely provide us with updated copy, photographs and news stories about your Business suitable for posting on your Business's "click through" subpage, the content, frequency and procedure of which will be specified in our Manual. Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products, programs or services available at Businesses – also be devoted in part to offering Business franchises for sale and be utilized by us to exploit the electronic commerce rights which we alone reserve (as provided in Section 3.04 above).

You may not maintain your own website; otherwise maintain a presence or advertise on the internet / virtual platform (including without limitation the metaverse); develop a non-fungible token (NFTs) or develop or maintain any other mode of electronic commerce in connection with your Business; establish a link to any website we establish at or from any other website or page; or, at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the "Honest" name or any name confusingly similar thereto.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any Honest website we establish and maintain, including any and all material you may furnish to us as provided above.

You are not permitted to promote your Business or use any of the Proprietary Marks in any manner on any social media (as defined below), without our prior written consent. You must comply with our System standards regarding the use of social media in your Business' operation, including prohibitions on your and the Business' employees posting or blogging comments about the Business or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, Instagram, Foursquare, MySpace, TikTok Snapchat, Reddit, YouTube, Vimeo, Tumblr, Pinterest, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We reserve the right to conduct collective/national campaigns via local social media on your behalf.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and systemwide communications (among other activities) can be effected.

8.10 Indemnification

You agree that you will, at your sole cost, at all times defend us, any affiliate of ours, the affiliates, subsidiaries, successors, assigns and designees of each; and, the officers, directors, managers, employees, agents, attorneys, shareholders, owners, members, designees and representatives of all of the foregoing (we and all others referenced above being the "Indemnitees"), and indemnify and hold harmless us and the Indemnitees to the fullest extent permitted by law, from all claims, losses, liabilities and costs incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether any of the foregoing is reduced to judgment) or any settlement of the foregoing, which actually or allegedly, directly or indirectly, arises out of, is based upon, is a result of or is related in any way to any element of your establishment, construction, opening and operation of your Restaurant and Business, including (without limitation) any personal injury, death or property damage suffered by any customer, visitor, operator, employee or guest of the Restaurant or Business; any failure to comply with FDA and/or

menu labeling laws, rules and regulations; any violation of data protection laws, rules and regulations; any claims that we are the employer, joint-employer or co-employer of you or your employees; any crimes committed on or near any of the premises, facilities of your Business or vehicles used by your Business; all acts, errors, neglects or omissions engaged in by you, your contractors or subcontractors, as well as any third party, arising out of or related to the design, construction, conversion, build-out, outfitting, remodeling, renovation or upgrading of your Restaurant, whether or not any of the foregoing was approved by us; defects in any Restaurant you construct and/or operate, whether or not discoverable by you or by us; all acts, errors, neglects or omissions of you or the Business and/or the owners, officers, directors, management, employees, agent, servants, contractors, partners, proprietors, affiliates or representatives of you or the Business (or any third party acting on your behalf or at your direction), whether in connection with the Business or otherwise, including (without limitation) any property damage, injury or death suffered or caused by any delivery person or vehicle serving your Business; all liabilities arising from or related to your offer, sale and/or delivery of products and/or services as contemplated by this Agreement; and, any action by any customer of yours or visitor to your Restaurant or any other facility of your Business.

As used above, the phrase "claims, losses, liabilities and costs" includes all claims; causes of action; fines; penalties; liabilities; losses; compensatory, exemplary, statutory or punitive damages or liabilities; costs of investigation; lost profits; court costs and expenses; reasonable attorneys' and experts' fees and disbursements; settlement amounts; judgments; compensation for damage to our reputation and goodwill; costs of or resulting from delays; travel, food, lodging and other living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts or tribunals (including arbitration tribunals), or government or quasi-governmental entities (including those incurred by Indemnitees' attorneys and/or experts); all expenses of recall, refunds, compensation and public notices; and, other such amounts incurred in connection with the matters described. All such losses and expenses incurred under this indemnification provision will be chargeable to and paid by you pursuant hereto, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of the actions, activity or defense.

Specifically excluded from the indemnity you give hereby is any liability associated with our or the other Indemnitees' gross negligence, willful misconduct or criminal acts (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to you).

You agree to give us written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim for indemnification by any Indemnitee within three days of your actual or constructive knowledge of it. At your expense and risk, we may elect to assume (but under no circumstance will we be obligated to undertake) the defense and/or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation. However, we will seek your advice and counsel and keep you informed with regard to the defense or contemplated settlements. Our undertaking of defense and/or settlement will in no way diminish your obligation to indemnify us and the other Indemnitees and to hold us and them harmless.

We will have the right, at any time we consider appropriate, to offer, order, consent or agree to settlements or take any other remedial or corrective actions we consider expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our sole judgment, there are reasonable grounds to do so. Under no circumstance will we or the other Indemnitees be required to seek recovery from third parties or otherwise mitigate our or their losses to maintain a claim against you. You agree that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by us or the other Indemnitees from you. The indemnification obligations of this Section 8.10 will survive the expiration or sooner termination of this Agreement.

8.11 Inspection

We (and any of our authorized agents and representatives, including outside accountants or auditors) may during normal business hours enter your Restaurant and any premises of the Business, and/or visit any locations at which you have provided or are providing products or services to customers or maintain business records, and inspect and audit the products, services and programs provided from or at such locations, the

products and supplies contained at such locations and their condition, confer with your employees and customers and copy any of your business or tax books and records. Following any such inspection, you agree to incorporate into your Restaurant and your Business any reasonable corrections and modifications we require to maintain the standards of quality and uniformity we prescribe, as quickly as is reasonably possible and using all resources at your disposal. In the event your Restaurant: (i) receives two or more health inspection violations within any 12-month period, or (ii) is found to be using unapproved products, then in addition to our other rights and remedies under your Franchise Agreement, you will be required to pay us a fee of \$1,000.

8.12 Intellectual Property You Develop

You hereby permanently and irrevocably assign to us any and all rights and interests (including intellectual property rights and interests) to any and all of the following which is developed by you or on your behalf, if developed in whole or in part in connection with your Business or Restaurant: all products or services; all variations, modifications and/or improvements on products or services; your means, manner and style of offering and selling products and services; management techniques or protocols you may develop (or have developed on your behalf); all sales, marketing, advertising and promotional programs, campaigns or materials developed by you or on your behalf; and, all other intellectual property developed by you or on behalf of your Business. We may authorize ourselves, our affiliates and/or other Businesses to use and exploit any such rights which are assigned to us hereunder. The sole consideration for your assignment to us of all of the foregoing rights shall be our grant of the franchise conferred upon you by this Agreement.

8.13 Adequate Reserves and Working Capital

You must at all times maintain adequate reserves and working capital sufficient for you to fulfill all your obligations under this Agreement and to cover the risks and contingencies of the Business for at least three months. These reserves may be in the form of cash deposits or lines of credit.

8.14 Credit Cards

You agree to become and remain a merchant for any credit cards which we may specify in our Manual or otherwise. Further, you agree to maintain the creditworthiness required of each of these credit card issuers; to honor these cards for credit purposes; and, to abide by all related regulations and procedures that we and/or the credit card issuer prescribe.

8.15 Compliance With Security Protocols

You agree to assure all communication connections (of whatever form, wireless, cable, internet, broadband or other) and access to financial information, especially credit card information, is at all times kept secure in a manner which is in compliance with all legal requirements and, particularly, with all security requirements of the issuing credit card companies. You further agree to hold us and the other Indemnitees (as defined in Section 8.10) harmless from any and all claims and liabilities related to same. In addition, at your cost, you agree to provide us with a written report of verification from a specialist approved by us confirming compliance with the obligations imposed by this Section 8.15 and any other proof of such compliance that we may reasonably require.

8.16 Hours of Operation

You agree to continuously operate the Restaurant on the days and during the minimum hours that we may from time to time specify in our Manual or otherwise. You may establish hours of operation in addition to the required minimum hours.

8.17 Business Entity Requirements and Records

If you are a corporation, limited liability company, limited partnership or any other type of business entity, you must comply with the following requirements (which will also apply to any assignee of this Agreement which is a business entity):

- A. Furnish us with all of your formation, organizational and governing documents; a schedule of all owners (indicating as to each its percentage ownership interest); any shareholder, partnership, membership, buy/sell or equivalent agreements and documents; and, a list of all of your officers, directors and managers (as applicable).

- B. Your business entity's formation and governing documents must provide that its activities will be confined exclusively to the operation of the Business.
- C. You must promptly notify us in writing of any change in any of the information specified, or in any document referred to, herein.

You shall not permit any mortgage, lien, pledge or other security interest in respect of any of your business entity's shares, equity interests or other ownership interests without our prior written consent. Any violation of the preceding restriction will give us the right to terminate this Agreement immediately upon notice to you.

8.18 Principal Ownership Statement

You must accurately and completely describe all of the ownership interests in you in Exhibit F. You must promptly notify us in writing of any change in any of the information specified, or in any document referred to, herein and secure our prior written consent regarding such change.

8.19 Staffing

You agree to maintain a competent, conscientious, trained staff in sufficient numbers as necessary to promptly, efficiently and effectively service customers. You shall take such steps as are necessary to ensure that your employees preserve good customer relations.

8.20 Testimonials and Endorsements

You agree to permit us (or any of our authorized agents or representatives) to communicate in any manner with your customers to procure customer testimonials and endorsements of the products or services furnished by your Business and any related products or services. You agree to cooperate with us in procuring testimonials and endorsements. You agree that we will be free to make whatever use of testimonials and endorsements that we determine, and that we will owe you absolutely no direct or indirect compensation or other duty as a consequence of our use.

8.21 Trade Accounts

You agree to maintain your trade accounts in a current status and to seek to promptly resolve any disputes with trade suppliers. If you do not maintain your trade accounts in a current fashion, we may pay any or all of the accounts on your behalf, but we will have no obligation to do so. If we pay any accounts on your behalf, then you agree to immediately repay us as provided by Section 5.05(E). If you do not keep your trade accounts current or make immediate repayment to us, this will be a material breach of this Agreement entitling us to terminate this Agreement following our giving you notice and an opportunity to cure your breach.

8.22 No Conflicting Agreements

During the term of this Agreement, you may not be party to any contract, agreement, business entity formation or governance document, mortgage, lease or restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

9. INSURANCE

9.01 Your Required Insurance Coverage

A. Within ten days following our execution of this Agreement, and thereafter at all times throughout the term of this Agreement, you agree to purchase at your own expense, and maintain in effect at all times, the following categories of insurance coverage in forms and through insurance companies satisfactory to us:

1. Broad form comprehensive general liability coverage, and broad form contractual liability coverage of at least \$5,000,000 aggregate and at least \$2,000,000 per occurrence, such insurance to embrace (without limitation) claims for liquor liability (if you sell liquor), personal injury, bodily injury, property damage and product liability. This insurance may not have a deductible or self-insured retention of over \$5,000.

2. Fire and extended coverage insurance on your Restaurant and property in an amount adequate to replace them in case of an insured loss.
3. Business interruption insurance in sufficient amounts to cover your Restaurant rental expenses, previous profit margins (so we can continue to receive the Continuing Royalty and, if imposed, System Brand Fund Contribution), maintenance of competent personnel and other fixed expenses for a minimum of 120 days.
4. If any vehicle is operated in connection with the Business, automobile liability insurance (including coverage for all owned, non-owned, leased or hired vehicles) with minimum limits of liability in the greater of (a) the greatest amount required by any applicable federal, state or local law, or (b) \$1,000,000 for each person killed or injured and, subject to that limit for each person, a total minimum of \$2,000,000, along with a minimum limit of \$3,000,000 for injury, destruction or loss of use of property of third persons as a result of any one accident.
5. Workers' compensation, employer's liability and any other employee insurance required by any applicable federal, state or local law, rule or regulation (but in no event less than \$1,000,000 for employer's liability insurance).
6. In connection with the construction, refurbishment, renovation or remodeling of your Restaurant, builders' and/or contractor's insurance (as applicable) and performance and completion bonds in forms and amounts acceptable to us.
7. Insurance coverage of such types, nature and scope sufficient to satisfy your indemnification obligations under this Agreement.
8. Umbrella liability coverage in no event less than \$5,000,000.

B. The insurance coverage that you acquire and maintain under this Article 9 must:

1. Name us and the other Indemnitees identified in Section 8.10 as additional insureds and provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured (except for workers' compensation, employer's liability and any other employee-related insurance mandated by any federal, state or local law, rule or regulation).
2. Contain no provision which in any way limits or reduces coverage for you if there is a claim by one or more of the Indemnitees.
3. Extend to and provide indemnity for all obligations assumed by you under this Agreement and all other items for which you are required to indemnify us under this Agreement.
4. Be primary to and without right of contribution from any other insurance purchased by the Indemnitees.
5. Provide, by endorsement, that we are entitled to receive at least 30 days prior written notice of any intent to reduce policy limits, restrict coverage, modify, cancel, not renew or otherwise alter or amend the policy.
6. Contain a waiver of subrogation rights against us, the other Indemnitees identified in Section 8.10, and any of our successors and/or assigns.
7. Be obtained from responsible insurance carriers acceptable to us which possess a Best's Insurance Guide rating of no less than "A+13".

C. You agree not to reduce the policy limits, restrict coverage, cancel or otherwise alter or amend any required insurance policy without our specific advance written consent, which may be denied for any or no reason.

D. If there is a claim by any one or more of the Indemnitees against you, you must, upon our request, assign to us all rights which you then have or thereafter may have with respect to the claim against the insurer(s) providing the coverages described in this Section 9.01.

E. You agree that we may periodically add to, modify or delete the types and amounts of insurance coverage which you are required to maintain under this Agreement, and all features and elements thereof, by written notice to you (through a Supplement to our Manual, or otherwise). Upon delivery or attempted delivery of this written notice, you agree to immediately purchase insurance conforming to any such newly established standards and limits.

9.02 Purchase of Insurance on Your Behalf

If you fail to purchase insurance conforming to the standards and limits we prescribe, we may (but we are not required to) obtain on your behalf the insurance necessary to meet these standards, through agents and insurance companies that we choose. If we do this, then you must immediately pay the required premiums or reimburse us for the premiums we advanced and must also pay us a reasonable fee for the efforts we undertake to obtain such insurance for you. Nothing contained in this Agreement will impose any duty or obligation on us to obtain or maintain any specific forms, kinds or amounts of insurance on your behalf.

9.03 No Undertaking or Representation

Nothing in this Agreement may be considered our undertaking or representation that the insurance that you are required to obtain or that we may obtain for you will insure you against any or all insurable risks of loss which may arise out of or in connection with the operation of the Business. We advise you to consult with your insurance agent and other risk advisors regarding any types, amounts or elements of insurance coverage beyond those specified herein which may be prudent to obtain.

9.04 Certificates of Insurance

You agree to promptly provide us with certificates of insurance evidencing the required coverage no later than ten days before the date that the Restaurant will commence operations. You agree to renew all insurance policies and documents and to furnish a renewal certificate of insurance to us before the expiration date of the expiring policy in question. We may at any time require you to forward to us full copies of all insurance policies.

9.05 Failure To Purchase Insurance Or To Reimburse

If you fail to purchase or maintain any insurance required by this Agreement or you fail to reimburse us for our purchase of any required insurance on your behalf, your failure will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

10. ADVERTISING

10.01 Administration of the System Brand Fund

If we choose to establish a System Brand Fund (the “Fund”), then we or our designee will administer the Fund as follows:

A. As provided in Section 5.03, you agree to pay us a System Brand Fund Contribution which, combined with the contributions made by all other Honest franchisees, will constitute the Fund.

B. We will direct all advertising programs, with sole control over the creative concepts, materials and media used in such programs, and the placement and allocation of Fund advertising. You acknowledge that the Fund is intended to further general public recognition and acceptance of the Proprietary Marks for the benefit of the System. You further acknowledge that we and our designees undertake no obligation in administering the Fund to make expenditures for you which are equivalent or proportionate to your contributions, to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising or to ensure that any advertising impacts or penetrates your Territory. The Fund is not a trust and we are not a fiduciary with respect to the Fund.

C. The Fund may be used to meet any and all costs of administering, directing, preparing, placing and paying for national, regional or local advertising, including (without limitation): production and media; television, radio, cable, magazine, newspaper and worldwide web/internet advertising campaigns; other advertising, marketing and public relations and promotional materials; point-of-purchase materials; consumer research, interviews and related activities; the creation, maintenance and periodic modification of the Honest website; advertising at sports events; mailers, door hangers, freestanding inserts/coupons, brochures and sponsorships; mystery shoppers (both for the System and for competitive networks or units); conducting cryptocurrency, non-fungible token (NFTs) and other blockchain promotions; developing and maintaining a presence on any virtual platform (including, without limitation, the metaverse); celebrity endorsements; reviewing any advertising material you propose to use (as provided below); search engine optimization; establishing a third party facility for customizing local advertising materials; accounting for Fund receipts and expenditures; attendance at industry related conventions, shows or seminars; related retainers; association dues (including the International Franchise Association); social media programs on the internet; cellular telephone and smartphone media programs, other activities that we in our business judgment believe are appropriate to enhance, promote and/or protect the System or any component thereof; and, engaging advertising agencies to assist in any or all of the foregoing activities, including fees to have print, broadcast and/or internet advertising placed by an agency, and all other advertising agency fees.

D. We need not maintain the sums paid by franchisees to the Fund, or income earned from the Fund, in a separate account from our other funds, but we may not use these amounts under any circumstance for any purposes other than those provided for in this Agreement. We may, however, expend monies from the Fund for any reasonable administrative costs and overhead that we may incur in activities reasonably related to the administration or direction of the Fund and advertising programs for franchisees including, without limitation, preparing marketing and advertising materials; working with advertising agencies, advertising placement services and creative talent; preparing an accounting of contributions to the Fund and the annual statement of Fund contributions and expenditures provided for below; and, otherwise devoting our personnel, resources and/or funds for the benefit of the Fund. Our right to expend monies from the Fund to reimburse us for such activities is exclusive of any advertising agency fees which the Fund must expend to secure the services of an advertising agency or to have print, broadcast or internet advertising placed by an agency.

E. Within 60 days following the close of our fiscal year, we will prepare (but not audit) a statement detailing Fund income and expenses for the fiscal year just ended, a copy of which statement will be sent to you upon request.

F. We expect to expend most contributions to the Fund for advertising during the fiscal year when the contributions are made. If we expend less than the total sum available in the Fund during any fiscal year, we may either expend the unused sum during the following fiscal year or rebate all or a portion of the unused sum to franchisees on a pro rata basis for them to spend on Local Advertising and Promotion (as provided for in subsection G). If we advance and expend an amount greater than the amount available in the Fund in any fiscal year (in addition to any sum required to be expended because we did not expend all the sums in the Fund during the preceding year), we will be entitled to reimburse ourselves from the Fund during the following fiscal year for all such advanced sums, with interest payable on such advanced sums at the greater rate of 1.5% per month or the maximum commercial contract interest rate permitted by law (with interest accruing the first calendar day following the day on which we advance and expend any such sum).

G. We reserve the right to use any media, create any programs and allocate brand funds to any regions or localities in any manner we consider appropriate in our business judgment. The allocation may include rebates to individual franchisees of some or all of their Fund contributions for local advertising expenditures if, in our judgment, our national or regional advertising program or campaign cannot effectively advertise or promote in certain regions or communities. If we determine that the total contributions collected from all Honest franchisees is insufficient to sustain a meaningful regional or national advertising campaign, we may rebate all or a portion of the Fund contributions to franchisees on a pro rata basis. Franchisees must expend any rebate on the types of local advertising and media that we determine. All rebate advertising

expenditures must be documented to us in a monthly rebate advertising expenditure report form which we will furnish in our Manual or otherwise.

H. The Fund will not be used for any activity whose sole purpose is the sale of franchises. However the design and maintenance of our Web site (for which Fund monies may be used) may, without violating the provisions of this Agreement, include information and solicitations for prospective franchisees and public relations and community involvement activities which may result in greater awareness of the Honest brand and the franchise opportunity.

I. Although the Fund, unless we specify otherwise, is intended to be a perpetual duration, we maintain the right to terminate the Fund, but will not do so until all of the monies in the Fund have been expended for advertising and promotional purposes.

10.02 Advertising Standards You Must Comply With

You may only use advertising which we have either furnished (through sale to you or otherwise) or approved in writing in advance. We may require you to purchase advertising materials we develop at a reasonable cost. All net profits from the sale of such materials to you will be contributed to the System Brand Fund.

You agree to conduct all advertising which uses the Proprietary Marks or refers in any way to your Business in a dignified manner and in a fashion calculated to avoid fraud, illegality, deception, misrepresentation, embarrassment, shame, ridicule, disparagement or liability of any type or nature accruing to you, us, your Business, the System, your Restaurant or other Honest franchisees or Businesses. You agree to conform all of your advertising to the standards, specifications and requirements specified in writing by us, in our Manual or otherwise.

If we learn that you have breached these requirements, we will notify you in writing and if you do not cure the breach within three days following delivery of our notice, then we may remove any unauthorized advertising at your expense, and will also be entitled to terminate this Agreement unilaterally and immediately upon notice to you (which we may also do if your breach, by its nature, is incurable).

Under this Agreement, the term "advertising" is defined to mean any and all advertising, identification and promotional materials and programs of any type or nature whatsoever including print and broadcast advertisements; direct mail materials; brochures; advertising specialties; electronic commerce communications and "bulletin boards"; any advertising on the internet/worldwide web; public relations and brand awareness programs; direct mail; door hangers; freestanding inserts and coupons; sponsorships; point of sale materials; press releases; business cards; displays; leaflets; telephone and computer greetings; messages and voice-mail/e-mail sent to or accessible by customers or other third parties; promotional material captured in any electronic medium; and, any other material or communication which we denominate as "advertising" in our Manual or otherwise.

You agree to submit to us for approval, before use or dissemination, copies of all proposed advertising you intend to use (except for advertising which we furnish to you under this Agreement or advertising you have previously submitted and we have approved). Our approval of any of your proposed advertising may be withheld for any or no reason. If we do not respond within ten business days following our documented receipt of your proposed advertising material, then our approval will be deemed withheld and the proposed advertising material not approved. You may not use any advertising material approved by us if our approval took place more than 12 months prior to the proposed use. You acknowledge that our grant or denial of our approval of your proposed advertising will not give rise to any liability on our part and you waive any possible claims against us to the contrary.

You agree to conduct all local advertising in accordance with the requirements and procedures set forth in our Manual or otherwise, which may include restrictions on your ability to advertise your Restaurant to customers located proximate to other franchised or company-owned Restaurants.

10.03 Market Introduction Program, Local Advertising and Promotion

We will provide you with a Market Introduction Program, which will set forth your advertising and promotional obligations during the period beginning one month before the scheduled opening of the

Restaurant and continuing until one month following the commencement of operation of the Business. You may request modifications to the Market Introduction Program which we may approve or disapprove in our sole judgment. Once a final Market Introduction Program has been finalized and approved, you agree to execute the Market Introduction Program and to fulfill your obligations under same. We may require you and you agree to submit proof of your expenditures under the Market Introduction Program.

After your obligations under the Market Introduction Program have been fully satisfied, you agree to expend an average of one percent (1%) of the previous week's Gross Revenues on Local Advertising and Promotion, on an ongoing basis for the remainder of the term of this Agreement. "Local Advertising and Promotion" means the local or regional advertising and promotional activities that we specify in our Manual or otherwise, or approve in advance as provided in Section 10.02.

On or before January 15th of each year during the term of this Agreement, and at any other times that we may require, you agree to furnish to us copies of all statements, invoices and checks issued during the preceding year showing that you have spent the required amounts for Local Advertising and Promotion. You further agree to furnish to us an accurate accounting of all expenditures for Local Advertising and Promotion in the previous calendar year, at the same time that you submit the annual financial statements required by Section 11.01 below.

You will be entitled to a credit against your minimum Local Advertising and Promotion requirement for contributions made to a regional advertising cooperative (as provided for in Section 10.04), but will not be entitled to any credit for Yellow Pages or White Pages advertisements.

10.04 Regional Advertising Cooperatives

We may, from time to time, establish, change, merge or dissolve regional advertising cooperatives for a geographic area which encompasses three or more Businesses (each a "Regional Advertising Cooperative"). We will furnish to you written notice of the establishment of any Regional Advertising Cooperative for your Territory. The notice will specify the date you are to begin making contributions and the amount of the contributions. Contributions will be calculated as a percentage of Gross Revenues as defined in Section 5.04 above. Your contributions to a Regional Advertising Cooperative will not be less than 1% nor more than 2% of your Gross Revenues (unless the maximum contribution is changed by franchisee Regional Advertising Cooperative members in accordance with the terms of the Bylaws of the Regional Advertising Cooperative) and you will be required to pay annual dues to the Regional Advertising Cooperative in the amount of \$100 (which amount will be subject to modification by the Cooperative's Board of Directors). You will be entitled to a credit against your minimum Local Advertising and Promotion requirement as set forth in Section 10.03 for contributions made to a Regional Advertising Cooperative.

Businesses that are owned and operated by us or an affiliate of ours and are within the geographic area of a Regional Advertising Cooperative will participate in and contribute to the Regional Advertising Cooperative on the same basis as required of franchisee members of the Regional Advertising Cooperative. All Regional Advertising Cooperatives will be governed by Bylaws in the form of Exhibit G, except as modified to conform with the laws of any specific jurisdiction.

The Regional Advertising Cooperative may expend its funds for any or all of the following purposes: (i) development of advertising ideas and concepts; (ii) development of market research and merchandising programs; (iii) preparation of advertising campaigns; (iv) development of promotional ideas and strategies; (v) preparation of collateral creative materials; (vi) preparation of advertisements; (vii) placing and paying for regional marketing and advertising; (viii) planning, negotiating, contracting and trafficking all media programs; (viii) employing advertising agencies to assist in these activities and securing other technical and professional advice in connection with the above; (x) other public relations; and, (xi) administration of the Regional Advertising Cooperative, including legal and accounting services. It will not be a requirement that expenditures made by a Regional Advertising Cooperative be proportionate to your contributions or those of any other franchisee.

Your failure to make any required payments to any Regional Advertising Cooperative will be a material breach of this Agreement which, unless cured as provided in Section 17.03, may result in this Agreement being terminated.

10.05 Yellow/White Page Advertising

You agree to list your Business in all print and/or electronic alphabetic directories ("White Pages") serving your Territory. You are also required to advertise your Business continually in all print and/or electronic classified directories ("Yellow Pages") serving your Territory under headings designated by us in our Manual or otherwise. We may annually furnish you with demographic information and recommendations regarding which Yellow Pages directory(ies) in your Territory you should advertise in for the coming year. You agree to procure, place and pay for all of your White Pages advertising and any Yellow Pages advertising we may require. We may specify the size, style and content of your Yellow Pages advertising and may require you to utilize the services of a classified telephone directory advertising or placement agency we designate. In lieu of individualized Yellow Pages advertising for your Business, we may instead require you and all other Businesses situated within a geographic area served by one or more Yellow Pages print or electronic directories (including Businesses owned or franchised by us or our affiliates) collectively to prepare, place and equally share in the cost of combined Yellow Pages advertisements featuring, and treating identically, all such Businesses. Any expenditure you make for White Pages or Yellow Pages advertising will be in addition to, and not included in, those sums which this Agreement requires you to expend for Local Advertising and Promotion.

11. RECORDS, AUDITS AND REPORTING REQUIREMENTS

11.01 Financial Statements

A. No later than 30 days following the end of each calendar quarter during the term of this Agreement, you agree to furnish to us, in a form we approve, a statement of the Business's profit and loss for the quarter and a balance sheet as of the end of the quarter. You must certify these statements to be true and correct.

B. No later than 90 days following the end of each of your fiscal years during the term of this Agreement, you agree to furnish to us, in a form we approve, a statement of the Business's profit and loss for the fiscal year and a balance sheet as of the end of the fiscal year, prepared on a compilation basis and certified to be true and correct by you. We reserve the right to require these annual financial statements to be audited by an independent certified public accountant.

C. The financial statements required above must be prepared in accordance with United States generally accepted accounting principles, including all disclosures required under those principles.

D. No later than 30 days following your filing of the annual tax returns of the Business, you agree to furnish to us exact copies of the tax returns, including federal, state and any local income tax returns, together with a certificate from an independent certified public accountant that all Social Security payments, taxes and fees required to be paid by you to any governmental agency or entity have been paid, and that if you are a business entity, there is no reason to believe that your entity's status has been impaired.

E. If you do not timely furnish to us any of the financial statements or tax returns required above in this Article 11 then you agree to pay us a late charge of \$50 per month that each financial statement or tax return is overdue. We may also in such circumstance elect to terminate this Agreement upon giving you notice and an opportunity to cure your default.

F. You authorize us to incorporate into our franchise disclosure document and/or promotional literature information derived from the above financial statements, so long as you and/or your Business are not individually identified.

11.02 Financial Records and Audit

A. You agree to record all Gross Revenues received by and all expenditures made by you or your Business. You further agree to keep and maintain adequate records of all such Gross Revenues and expenditures and to maintain accurate books, records and tax returns, including related supporting material

(such as cash receipts, and credit and charge records) for your Business. We may specify, in our Manual or otherwise, the forms and media that you will be required to use in recording your Business' Gross Revenues and expenditures. You agree to keep and preserve for seven years (or such longer period as may be required by any law, rule or regulation) the types and classes of electronic and/or other books, records and tax returns that we specify in our Manual or otherwise, along with all business, personnel, financial and operating records, in any media, relating to your Business. If you do not maintain the required records, this will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

B. We and/or our agents (who may be outside accountants and auditors), designees and/or employees will have the right, at any time, with or without written notice, during normal business hours, to enter your Restaurant and any other premises from which the Business is conducted, in a fashion calculated not to disrupt your Restaurant's and Business's operations, to inspect, audit and make copies of all records including, but not limited to, the following: books of accounts; bank statements; cash or other receipts; checkbooks; documents; records; sales and income tax returns (federal, state, foreign and, if applicable, city); and, your files relating to programs, services and products sold, business transacted and expenditures relating to the Business. These files must include (without limitation) your operating records; bookkeeping and accounting records; customer lists; customer job orders; operating records; operating reports; correspondence; general business records; your copy of the Manual (as amended); invoices; payroll records; journals; ledgers; files; memoranda and other correspondence; contracts; and, all sources and supporting records used to prepare the reports and forms which you are required to submit to us under this Agreement, including the books or records of any business entity which owns the Business. You agree to make any of these materials available for examination at your premises. Alternatively, we may determine to conduct any such audit either at our offices or at the office of a designee of ours and, if we do, you will be required to transmit some or all of the foregoing books and records to us or our designee. In addition to the foregoing, we may require you to scan and electronically transmit to us such volume of the above-referenced records, files and documents as will not unreasonably burden the licensed business.

C. If an audit reveals that you understated the Gross Revenues on your weekly reports to us by any amount for any week within the period of examination, or for the entire period of examination, when compared to your actual Gross Revenues, then you agree to immediately pay us the additional amount payable as shown by the audit, plus interest calculated as provided in subsection 5.05(D). If an audit reveals that you understated the Gross Revenues on your weekly reports to us by more than 2% but less than 5% for any week within the period of examination, or for the entire period of examination, then in addition to paying the additional amounts due and interest calculated as provided in subsection 5.05(D), you agree to immediately pay us the full cost of the audit for the entire period of examination. If an audit reveals an understatement by you of 5% or more for any week within the period of examination, or for the entire period of examination, then in addition to paying the additional amounts due, interest calculated as provided in subsection 5.05(D) and the full cost of the audit for the entire period of examination, your understatement will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure. If an audit reveals that you understated your Gross Revenues by 2% or less for any week or for the entire period, you must immediately pay us the amount due, plus interest, but we will pay the cost of the audit.

12. CONFIDENTIAL INFORMATION AND COVENANTS NOT TO COMPETE

12.01 Restriction on Use of Confidential Information

You agree to use and permit the use of our Confidential Information (as defined below) solely in connection with the operation of your Business. You further agree that you will never – during the Initial Term or any Renewal Term of this Agreement, or any time after this or any Successor Franchise Agreement expires or terminates, or your rights under this Agreement or any Successor Franchise Agreement are assigned or terminated – divulge or use any of our Confidential Information for the benefit of yourself, your owners (if you are a business entity) any third party (including any person, business entity or enterprise of any type or nature), nor will you directly or indirectly aid any such third party to imitate, duplicate or “reverse engineer” any of our Confidential Information.

“Confidential Information” means all information, knowledge, trade secrets or know-how utilized or embraced by the System or which otherwise concerns your or our systems of operation, programs, services, products, customers, practices, materials, books, records, manuals, computer files, databases or software. Confidential Information includes (without limitation): all elements of the System and all products, services, equipment, technologies, policies, standards, requirements, criteria and procedures that now or in the future are a part of the System; our Manual (including Supplements to the Manual); all specifications, sources of supply, all procedures, systems, techniques and activities employed by us or by you in the offer and sale of products and/or services at or from your Business; all pricing paradigms established by us or by you; all of our and/or your sources (or prospective sources) of supply and all information pertaining to same (including wholesale pricing structures, the contents of sourcing agreements and the identity of suppliers); our specifications, and your final plans, for the construction, buildup, design, renovation, décor, equipment, signage, furniture, fixtures and trade dress elements of your Restaurant; the identify of, and all information relating to, the computer and Point of Sale system hardware and software utilized by us and you; all information pertaining to our and/or your advertising, marketing, promotion and merchandising campaigns, activities, materials, specifications and procedures; all customer lists and records generated and/or otherwise maintained by your Business; our (and, if in the future we permit, your) internet/web protocols, procedures and content; our training and other instructional programs and materials; all elements of our recommended staffing, staff training and staff certification policies and procedures; all communications between us (including the financial and other reports you are required to submit to us under this Agreement); additions to, deletions from and modifications and variations of the components of the System and the other systems and methods of operations which we employ now or in the future; and, all other information, knowledge and know-how which either we or our affiliates, now or in the future, designate as confidential.

Confidential Information will not, however, include information which you can demonstrate came to your attention before we disclosed it to you (unless illegally or improperly procured by you before our disclosure) or which, at or after the time of disclosure, has become a part of the public domain through publication or communication by others, but not through any act of yours.

Except as authorized in this Agreement, you agree never to copy, duplicate, record or otherwise reproduce any of the Confidential Information, in whole or in part; otherwise share it with any other third party individual or entity; store it in a computer or other electronic format; or, otherwise make it available to any third party by any other means whatsoever. Upon the expiration or termination of this Agreement, you agree to return to us such Confidential Information as we request (including customer lists and records; all training materials and other instructional content; financial and non-financial books and records; the Manual; and, computer databases, software and manuals) which is then in your possession or, upon our request, destroy all or certain such Confidential Information and certify such destruction to us. It is specifically understood that all customer lists or information adduced by your Business is our property, not yours, and you shall never contend otherwise.

You must only divulge such Confidential Information to your operational personnel as is necessary for each to perform his/her functions and then only on a “need to know” basis. You agree to take all necessary precautions to insure that these individuals maintain the Confidential Information in confidence and comply with the confidentiality provisions of this Agreement. Your agreement to procure execution of our Confidentiality/Non-Competition Agreement from certain of your owners, management and staff is set forth below in Section 12.05.

12.02 Covenant Not to Compete

You agree that (i) at any geographic location whatsoever during the Initial Term and any Renewal Term of this Agreement, and (ii) within your Territory, within ten miles of the perimeter of your Territory or within ten miles of the perimeter, or within, the Territory or market area (as applicable) of any other franchised or company-owned Business (regardless of how established or operated) for a period two years immediately following the termination or expiration of this Agreement or any Successor Franchise Agreement for any reason, you will not directly or indirectly engage in, aid, assist, serve or participate in any other business or activity (a “Competitive Business”) which offers or sells any of the products or services which now or hereafter are authorized for sale under the System or component thereof in any manner; which offers or sells

similar or related products or services; which engages in any of the activities which this Agreement contemplates that you will engage in; or, which offers or sells any other product, service or component which now or in the future is part of the System, or any confusingly similar product or service.

You are prohibited from directly or indirectly engaging in any Competitive Business as a proprietor, partner, investor, shareholder, member, director, manager, officer, employee, principal, agent, advisor, consultant, lessor, sublessor or any similar capacity. In addition, you agree not to divert any business that should be handled by the Business to any other person or entity. It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing in this Agreement will prevent you from owning for investment purposes only up to an aggregate of 5% of the capital stock of any Competitive Business you do not control, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange.

Further, during Initial Term or any Renewal Term of this Agreement, and for two years following the termination or expiration of same for any reason, you agree not to: (i) solicit for employment or hire our management personnel, the management personnel of any of our affiliates or the management personnel of any other Business without first obtaining any written permission from us and the employer(s) of the personnel in question, or (ii) sell, assign, lease, sublease or otherwise grant possession of your Restaurant and/or Restaurant Location to any individual or entity which intends to utilize same to conduct a Competitive Business thereat (and it shall be your affirmative duty in connection with any such sale, assignment or other disposition of your Restaurant and/or Restaurant Location to secure a written memorialization from the purchaser, assignee, lessee, sublessee or permittee that it has no intent to conduct a Competitive Business, as herein defined, following the subject transaction).

It is the intention of these provisions that any person or entity within a legal or beneficial interest in or traceable to, down or through you be bound by the provisions of this covenant, including (without limitation) your spouse, brother, brother-in-law, sister, sister-in-law, parents, parents-in-law, child, son-in-law or daughter-in-law; any direct or indirect beneficiary of yours; and, any other related person or entity, regardless of how many levels or tiers there may be between you and the person or entity.

If you are a business entity, you agree to cause your (as applicable) owners, members, shareholders, directors, officers, partners, general partner, proprietor and or any other beneficial owner to refrain from any of the competitive activities described above in any manner which we reasonably request. In all instances, you shall also cause your Operating Principal, Restaurant Manager, Area Manager (if applicable) and all other key management employees of your Business to refrain of any of the competitive activities described above in any manner which we reasonably request. Your agreement to procure the execution of our Confidentiality/Non-Competition Agreement from certain such individuals is set forth below.

12.03 Lesser Included Covenants Enforceable At Law

If all or any portion of the covenants not to compete set forth in this Article 12 are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court or agency is hereby empowered to revise and/or construe the covenants to fall within permissible legal limits, and should not by necessity invalidate the entire covenants. You expressly agree to be bound by any lesser covenants subsumed within the terms of this Article 12 as if the resulting covenants were separately stated in and made a part of this Agreement.

12.04 Enforcement of Covenants Not To Compete

You acknowledge that any violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you consent to the entry of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete set forth in this Agreement. You expressly agree that any violation of the covenants not to compete will conclusively be deemed to have been accomplished by and through your unlawful use of our Confidential Information, know-how, methods and procedures. Further, you expressly agree that any claims you may have against us, whether or not arising from this Agreement, will not

constitute a defense to our enforcement of the covenants not to compete in this Agreement. You agree to pay all costs and expenses, including reasonable attorneys' and experts' fees that we incur in connection with the enforcement of the covenants not to compete set forth in this Agreement.

12.05 Procurement of Additional Covenants

You agree to require and obtain the execution of our Confidentiality/Non-Competition Agreement (Exhibit E) from all of the following persons:

1. Before employment or any promotion, your Operating Principal, Restaurant Manager, Area Manager (if applicable) and all other managerial personnel; and,
2. If you are a business entity, and as applicable, all of your owners, equity holders, control persons, shareholders, members, partners and general partner(s); all of your officers, directors and managers; and, all persons possessing equivalent positions in any business entity which directly or indirectly owns and/or controls you. You shall procure all such Confidentiality/Non-Competition Agreements no later than ten days following the Effective Date (or, if any individual or entity attains any status identified above after the Effective Date, within ten days following such individual or entity's attaining such status) and shall furnish to us copies of all executed Confidentiality/Non-Competition Agreements within ten days following their execution.

12.06 Your and Our Enforcement of Confidentiality/Non-Competition Agreements

You agree to vigorously and vigilantly prosecute to the fullest extent permitted by law breaches of any Confidentiality/Non-Competition Agreement executed by any of the individuals referenced in Section 12.05, and you acknowledge our right, to be exercised as we alone determine, to ourselves and enforce the terms of any such executed Confidentiality/Non-Competition Agreement. If the provisions of our Confidentiality/Non-Competition Agreement have been breached by an individual employed, engaged or otherwise serving your Business who has not executed a Confidentiality/Non-Competition Agreement, you must nevertheless vigorously and vigilantly prosecute such conduct to the fullest extent permitted by law.

13. CONDITIONS TO AND PROCEDURES GOVERNING RENEWAL

13.01 Conditions to Renewal

Your right to enter into a Successor Franchise Agreement will be conditioned on the following:

- A. We are still offering franchises in the area in which your Restaurant is located;
- B. You must notify us in writing no more than nine months and no less than six months before the expiration of the Initial Term of this Agreement of your intent to enter into a Successor Franchise Agreement;
- C. Throughout the Initial Term and at the time of renewal you must have performed all of your material obligations and been in compliance with the terms of this Agreement, the Manual and other agreements between you and us or our affiliates;
- D. At the time of renewal you must be current on the payment of all monetary obligations to us, our affiliates, the lessor or sublessor of your Restaurant and any material third party supplier of yours;
- E. Before the commencement of the applicable Renewal Term, you must refurbish, redesign and/or remodel your Restaurant as we reasonably require to meet our then current standards;
- F. You and/or your Operating Principal (as applicable) and any other management and staff we designate must attend and successfully complete any training that we may reasonably require, at your expense;
- G. You must pay us a renewal fee equal to 50% of the our then-current Initial Franchise Fee for Businesses;

- H. You must be able to renew the lease for your Restaurant Location on terms acceptable both to you and us, or lease a substitute Restaurant Location acceptable to and approved by us, without any interruption of business in compliance with the terms of Section 6.06; and,
- I. You must have signed a General Release in the form of Exhibit J. This General Release will not release us from any future claims related to any Successor Franchise Agreement but will release us from any and all claims you may have related to this Agreement; and,

If you have satisfied these conditions, then we will provide you with a Successor Franchise Agreement in the manner specified in the following section.

13.02 Renewal Procedures

You must exercise your renewal right under this Agreement in the following manner:

- A. You must notify us in writing no more than nine months and no less than six months before the expiration of the Initial Term of this Agreement of your desire to enter into a Successor Franchise Agreement.
- B. Within thirty days after our receipt of your notice, we will deliver to you a copy of our then-current franchise disclosure document (if we are then legally required to do so) and a copy of your Successor Franchise Agreement in a form ready to be executed by you (together, the “Renewal Package”). You must acknowledge receipt of the Renewal Package in any fashion that we reasonably specify.
- C. No sooner than fifteen days, but no later than twenty five days, after you receive our Renewal Package, you must execute the Successor Franchise Agreement and return it to us.
- D. If you have exercised your renewal right as described above and have complied with all of the procedures set forth herein, and on the date of expiration of the Initial Term you satisfy all of the conditions to renewal identified in Section 13.01 of this Agreement, then we will execute the Successor Franchise Agreement previously executed by you and will, deliver one fully executed copy of your Successor Franchise Agreement to you.
- E. If you do not perform any of the acts or deliver any of the writing required herein in a timely fashion, this will be considered your conclusive election not to exercise your right to enter into a Successor Franchise Agreement and such right will then automatically lapse and expire without further notice or action by us. If this occurs, this Agreement will terminate at the end of the Initial Term, except for the post-termination and post-expiration provisions of this Agreement which by their nature will survive.
- F. **Time is of the essence with regard to this Section 13.02.**

13.03 Notice of Expiration

If applicable law requires us to give you notice of expiration of this Agreement at a specified time prior to such expiration, and we have not done so, then the term of this Agreement will be extended to the date following which our notice has been given and the legally required notice period has expired.

14. ASSIGNMENT

14.01 Assignment By Us

We will have the right to assign this Agreement, and all of our rights and privileges under this Agreement, to any person or business entity, provided that: (i) the assignee must, at the time of assignment, be financially responsible and economically capable of performing our obligations under this Agreement, and (ii) the assignee must expressly assume and agree to perform these obligations.

You agree and affirm that we may sell our company, our assets, our Proprietary Marks and/or System to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other business entities or be acquired by another business entity; and/or, may undertake a refinancing, recapitalization, securitization, leveraged buyout or other economic or financial restructuring.

With regard to any such sale, assignment, merger, acquisition or financial activities, you expressly and specifically waive any claims, demands or damages arising from our related to the substitution of our name, Proprietary Marks (or any variation thereof) and System; the loss of association with us or identification of us as the “Franchisor” under this Agreement; and, any and all other claims, demands or damages arising from or related to such activities.

If we assign this Agreement, as provided herein, you expressly agree that immediately upon and following such assignment, we will no longer have any obligation – directly, indirectly or contingently – to perform or fulfill the duties and obligations imposed upon “Franchisor” hereunder. Instead, all such duties and obligations will be performed solely by our assignee, and you will never assert, contend or complain otherwise.

14.02 Assignment By You – General

You understand and acknowledge that we have entered into this Agreement in reliance on and in consideration of your singular personal skill and qualifications (or, if you are a business entity, the personal skill and qualifications of your owners and managers), and the trust and confidence that we repose in you (or your owners and managers, if you are a business entity), and that this Franchise Agreement and the franchise conveyed hereunder is therefore personal to you and is your personal obligation. Accordingly, except as provided below, neither all nor any part of your interest in this Agreement; the franchise conveyed hereby; your rights, privileges or obligations under this Agreement; the Business; your Restaurant; the ownership of your Business; or, your rights to use the System, Proprietary Marks, Confidential Information and Manual may in whole or in part be assigned, sold, transferred, shared, sublicensed or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any fashion without first obtaining our written consent in accordance with this Article 14 and without first complying with our right of first refusal pursuant to Section 14.06 below.

Any actual or attempted assignment, transfer or sale of this Agreement, the franchise conveyed hereunder, the Business, your Restaurant, any ownership interest in you (if you are a business entity), any of the other interests, rights or privileges identified in the preceding paragraph, or any interest in any of these, in violation of the terms of this Article 14, will be null, void and of no effect, and will be a material and incurable breach of this Agreement which, unless we waive to the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

If you are a business entity, then for the purposes of this Agreement “assignment” includes (without limitation) the transfer, issuance or redemption in the aggregate of more than 25% of the voting power or (as applicable) the capital stock, partnership interest, membership interest or any other species of ownership interest in you (or any lesser percentage sufficient to control your business entity or the Business, as the term “control” is most broadly defined by any United States or state securities and/or corporate and/or partnership law) to any person or entity who is not (i) already a (as applicable) shareholder, member, partner or other category of owner of your Business; (ii) the spouse of such individual; (iii) a trust controlled by such individual; or, (iv) a business entity owned, controlled and composed solely of such individuals in the same proportionate ownership interest as each such individual had in you before the assignment, as provided below. You agree to immediately report to us all such transfers or assignments of ownership in your business entity, even if less than 25%, in accordance with the procedure set forth in our Manual or otherwise.

14.03 Assignment By You – To A Business Entity You Form

If you would like to transfer your interest in this Agreement to a business entity you form solely for the convenience of business entity ownership, you must obtain our prior written consent. We will not unreasonably withhold consent if all of the following conditions are met:

- A. The business entity must be newly organized and duly formed, and its activities must be confined exclusively to serving as “Franchisee” under this Agreement.
- B. Each individual involved in the new entity has the same proportionate ownership interest in the new entity as he or she had in the Business before the assignment.

- C. You and the business entity must execute an agreement with us under which you and the business entity agreed to be jointly and severally liable for all duties, responsibilities and obligations to us under this Agreement and expressly agree to be bound by all of the terms, conditions and covenants of this Agreement. Each then-current and future owner of any interest in the business entity must agree in writing to personally guarantee the performance by the business entity of your obligations under this Agreement, and to be individually bound by all of the terms and conditions of this Agreement and any other agreements between you and us, in the form of Exhibit H to this Agreement.
- D. Each present and future owner of any interest in the business entity must execute our Confidentiality/Non-Competition Agreement in the form of Exhibit E to this Agreement.
- E. The name of the business entity formed by you may not include the Proprietary Mark "Honest", any variant thereof or any word confusingly similar thereto.
- F. All of your business entity's organizational documents and evidences of ownership interests (such as stock certificates) must state that the issuance and transfer of any interest in the business entity are restricted by the terms of this Agreement and subject to our prior written consent.

Any transfer pursuant to this Section 14.03 will not be subject to our right of first refusal below and will not require you to pay to us any transfer fee or transaction fee.

14.04 Assignment By You – Sale To Third Party

You may not sell or otherwise assign or transfer all or any interest in you (if you are a business entity), the franchise conferred by this Agreement, your Business, your Restaurant, your right to use the System, Proprietary Marks, Confidential Information and/or Manual, or any interest in any of these, to a third party without our prior written consent. If we do not elect to exercise our right of first refusal (as provided in Section 14.06 below), which right shall not apply in the event that the assignee is a member of your immediate family, then we will not unreasonably withhold consent to the assignment and sale. You agree that it will not be unreasonable for us to impose, among other requirements, the following conditions to granting consent to the proposed assignment and sale:

- A. That the proposed assignee applies to us for acceptance as a franchisee, and furnishes to us the information and references that we request to determine the proposed assignee's skills, qualifications, financial condition, background and history, reputation, economic resources and ability to assume your duties and obligations under this Agreement and any related agreement. You must pay the costs of any such investigation conducted by us.
- B. That the proposed assignee (or, if an entity, the principals of the proposed assignee) presents itself for a personal interview at our corporate office, or any other location we designate, at the date and time we reasonably request, without expense to us. We may determine to meet with your proposed assignee at his, her or its principal place of business or residence and, if we do, you will reimburse us for all travel, lodging, meal and personal expenses related to such activity.
- C. That the proposed assignee (or, if an entity, the principals of the proposed assignee) demonstrates that it has the skills, qualifications, ethics, moral values and economic resources necessary, in our reasonable judgment, to conduct the Business contemplated by this Agreement.
- D. That the proposed assignee and/or his, her or its proposed Operating Principal attend and receive certification in safe food handling from a state-approved food safety program and attend and successfully complete our Initial Training Program before the assignment, and any other training that we reasonably require, at the assignee's expense (which will include our then-current training fee and the cost of the trainee's transportation, lodging, food and other living expenses).

- E. That the lessor or sublessor of your Restaurant Location consents in writing to the assignment of your lease to the proposed assignee.
- F. That, as of the date of the assignment, you have cured any existing defaults under any provisions of this Agreement or any other agreement or arrangement with us or our affiliates, and have fully satisfied in all respects all of your accrued and/or then-current monetary and other obligations to us and our affiliates (under this Agreement or otherwise), all sources of financing of your Business and all material sources of supply of your Business.
- G. That the assignee executes a new Honest Franchise Agreement, and all other agreements required of new franchisees, in the form and on the terms and conditions we then offer to prospective franchisees, which terms and conditions may vary significantly from this Agreement. The assignee will not be obligated to pay another Initial Franchise Fee under the new Agreement but will be required to pay our then-current fees for furnishing our Initial Training Program and for any other services we are required to furnish under the new Agreement. The term of the new Franchise Agreement will be equal to the balance of the term of this Agreement. The execution of the new Franchise Agreement will terminate this Agreement, except for your guarantees; any of your obligations to us or our affiliates which remain outstanding and/or unsatisfied; and, the post-termination and post-expiration provisions of this Agreement which, by their nature, will survive.
- H. That the assignee has acquired, or will be able to immediately acquire following the execution of the new Franchise Agreement, all permits, licenses and other authorizations required by any federal, state or local, rule or regulation to operate the Business. If applicable law enables you to transfer or assign any of the aforementioned permits, licenses and/or authorizations which you possess to the assignee, then you agree to do so immediately following our execution of the assignee's new Franchise Agreement.
- I. That the Total Sales Price is not so excessive, in our sole determination, that it jeopardizes the continued economic viability and future operations of the Business and/or the assignee. "Total Sales Price" means all consideration of every kind paid or payable to you or any other person in connection with, arising out of or relating to the assignment or transfer of the franchise, the Franchise Agreement or the Business, whether money, property or other thing or service of value including consideration received for your Business; your rights under this Agreement; contracts; goodwill; restrictive covenants; your furniture, fixtures, equipment and trade dress elements; accounts receivable; any consulting salary; or, any other fees or arrangements or other form of consideration, whether the consideration is received in the present or promised to be given to the assignor or any other person in the future (including the highest possible value of any contingent future consideration).
- J. That if the proposed assignee is a business entity, then the owners of that business entity must execute a Confidentiality/Non-Competition Agreement in the form of Exhibit E to this Agreement and a Guarantee in the form of Exhibit H to this Agreement.
- K. That you, if you are a business entity; all of your owners; and, the proposed assignee (and, if it is a business entity, all of its owners) execute a General Release in the form of Exhibit K of any and claims, demands and causes of action which you, such owners or the assignee may or might have against us and/or our affiliates.
- L. That if the proposed assignee is a business entity, all of the requirements of its new Franchise Agreement concerning business entities must be complied with before we will execute the new Franchise Agreement and, as applicable, will continue to be complied with thereafter.
- M. That you furnish us with a copy of any proposed contract of assignment (and any related agreements) and, promptly following execution, furnish to us a copy of the executed contract of assignment (and any related agreements).

- N. That the proposed assignee, at its expense, upgrades the Restaurant to conform with our then-current standards and specifications and completes this upgrading within the time reasonably specified by us.
- O. That you pay us a transfer fee of \$25,000 or such greater amount as is necessary to reimburse us for our reasonable costs and expenses associated with the application for transfer (including costs relating to the review of the application, training of the assignee and legal and accounting fees). This transfer fee must be paid at the time you submit an application to us requesting the transfer. Notwithstanding the foregoing, there will be no transfer fee if the proposed assignee is a member of your immediate family.
- P. That you pay us a transaction fee equal to 10% of the Total Sales Price. This transaction fee must be paid to us on the closing date of the transfer. Notwithstanding the foregoing, there will be no transaction fee if the proposed assignee is a member of your immediate family

If we consent to the assignment of this Agreement and/or your Business, we will also consent to the assignment of the lease for your Restaurant and all other agreements between you and us or our affiliates, and you agree to assign your lease and such other agreements to the same assignee. After the assignment, you will remain liable under all the assigned agreements to the extent they require.

You expressly agree that your obligations to indemnify and hold harmless us and the other Indemnitees under Section 8.10 of this Agreement extends to and embraces liabilities arising from or relating to, directly or indirectly, any statements, representations or warranties that you may give to or receive from any proposed assignee and/or any claim that you (and, if you are a business entity, your owners, Operating Principal, Restaurant Manager, management or employees) or your assignee engaged in fraud, deceit, violation of franchise laws or other illegality in connection with the negotiation or consummation of the assignment. As with all other indemnification obligations set forth in this Agreement, this specific indemnification obligation will survive the termination or expiration of this Agreement.

You further understand and agree that our approval of any assignment transaction will not constitute our waiver of any claims against you by us or our affiliates, under this Agreement or otherwise.

14.05 Assignment By You – Transfer Upon Death or Disability

Upon your death or disability (as defined below) (if you are an individual), or the death or disability of your last surviving owner (if you are a business entity), that person's rights will pass to his or her estate, as heirs, legatees, guardians or representatives, as appropriate (collectively, the "Estate").

The Estate may continue the operation of your Business if: (i) the Estate provides competent and qualified individuals acceptable to us to serve as Operating Principal and Restaurant Manager and operate your Business on a full-time basis; (ii) the Operating Principal attends and successfully completes our next offered Initial Training Program at the Estate's expense; and, (iii) the Operating Principal assumes full-time operation of your Business within one month of the date you or your last surviving owner (as applicable) dies or becomes disabled. In the alternative, the Estate may sell the Business within six months of the death or long-term disability in accordance with the provisions of Section 14.04 and subject to our right of first refusal under Section 14.06. Failure to comply with one of these alternatives will be a material breach of this Agreement which, unless cured by the Estate as provided in Section 17.03, will result in this Agreement being terminated immediately. Any transfer pursuant to this Section 14.05 will not require you to pay us any transfer fee or transaction fee.

"Disability" means any physical, emotional or mental injury, illness or incapacity which prevents or will prevent a person from performing the obligations set forth in this Agreement for at least ninety consecutive days. Disability will be determined either after this ninety day period or, if we elect, at an earlier time following an examination of the person by a licensed practicing physician selected and paid for by us. If the person refuses to submit to an examination, then the person will automatically be considered permanently disabled as of the date of the refusal.

From the date of death or disability until a fully trained and qualified Operating Principal assumes full-time operational control of the Business, we may assume full control of and operate the Business, but will have no obligation to do so. If we do so, then during this period, we will deduct our expenses for travel, lodging, meals, and all other expenses and fees from the Business's Gross Revenues and pay ourselves a management fee equal to the greater of (i) two times the compensation paid to the individual(s) assigned by us to operate the Business, or (ii) 10% of the Business's weekly Gross Revenues. This management fee will be in addition to the Continuing Royalties due us under this Agreement. We will then remit any remaining funds to the Estate. The Estate must pay us any deficiency in sums due to us under this Agreement within ten days of our notifying the Estate of the deficiency. We will not be obligated to operate your Business. If we do so, we will not be responsible for any operational losses of the Business, nor will we be obligated to continue operating the Business.

14.06 Right of First Refusal

Your rights to assign, transfer, redeem or sell any interest in this Agreement or the Business, voluntarily or by operation of law (as provided above), will be subject to our right of first refusal (except in those instances specified above where no such right will pertain), which right of first refusal we may freely assign to any individual or entity. We will exercise our right of first refusal in the following manner.

- A. You must deliver to us a true and complete copy of the proposed assignee's offer (the "notice") including all its material terms and furnish to us any additional information concerning the proposed transaction and the proposed assignee that we reasonably request.
- B. Within 60 days after our receipt of the notice (or, if we request additional information, within 60 days after receipt of the additional information), we may either consent or withhold its consent to the assignment or redemption, in accordance with this Article, or at our option accept the assignment to ourselves or to our designee, on the terms and conditions specified in the notice. If we or our designee accept the assignment, we will be entitled to all of the customary representations and warranties given by the seller of assets of a business, including (without limitation) representations and warranties as to ownership, condition of and title to assets, liens and encumbrances on the assets, validity of contracts and agreements, and your contingent and other liabilities affecting the assets. Any dispute regarding the value of all or any part of the assets or rights proposed to be assigned and/or the consideration proposed to be paid or payable to you or any third party in connection with the proposed assignment shall be determined by a reputable independent appraiser we select, and you and we equally share the expense of, whose determination will be final and binding on us.
- C. If you are a business entity and a partial transfer is proposed through the assignment or redemption of more than 25% of your entity's ownership interests other than to any of your entity's co-owners, then we or our designee will have the option to purchase not only the interests being transferred but also all remaining interests, so that our resulting ownership will be 100% of your business entity. The price of these remaining interests will be proportionate to the price of the interests initially being offered.
- D. Our credit will be considered at least equal to the credit of any proposed purchaser. We may substitute cash for the fair market value of any other form of payment proposed in the offer.
- E. If we give notice of exercise of our right of first refusal, we will be given at least sixty days after our notice to prepare for closing. You agree to take all action necessary to assign your lease agreement with the lessor of your Restaurant Location to us.
- F. If we elect not to exercise our right of first refusal and we consent to the proposed assignment or redemption, then you will, subject to the provisions of this Article, be free to assign this Agreement or the Business to your proposed assignee on the terms and conditions specified in the notice if you satisfy the conditions of Section 14.04 for our approval of an assignment and if you close the transaction within sixty days (or such further time as may be

stipulated by law, rule or regulation). If, however, the terms specified in your notice are changed, the changed terms will be considered a new offer, and we will have an identical right of first refusal with respect to this new offer. Further, if you fail to close the assignment transaction within sixty days (or such further period of time as may be stipulated by applicable law, rule or regulation), then our right of first refusal hereunder shall be restored and we may elect to exercise same within thirty days thereafter.

G. Our election not to exercise our right of first refusal with regard to any offer will not affect our right of first refusal with regard to any later or modified offer. If we do not exercise our right of first refusal, this will not constitute approval of the proposed transferee, assignee, redemption or the transaction itself. You and any proposed assignee must comply with all the criteria and procedures for assignment of the franchise, the Franchise Agreement and/or the Business specified in this Article 14.

14.07 No Encumbrance

You will have no right to pledge, encumber, mortgage, hypothecate or otherwise give any third party a security interest in this Agreement, the Business or your Restaurant in any manner without our prior written permission, which we may withhold for any reason.

14.08 Our In-Term Buy-Back Option

At our election, at any time during the Initial Term or any Renewal Term (but *not* in the event of expiration or termination by us for cause, in which case we will have the right to purchase your Restaurant's assets in the manner described in Section 19.01), we will have the right (but not the obligation) to purchase the Restaurant at any time and for any reason, and which may include, but not be limited to, all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Restaurant (collectively, the "Restaurant Assets"), as well as the franchise granted under this Agreement, and assume the Restaurant Location's lease or sublease (as applicable). Our option shall be exercisable by providing you with ninety (90) days' written notice of our intention to exercise the option. You must sign all documents relating to the assignment and transfer as are reasonably necessary for purchase of the Restaurant or its assets by us. The purchase price will be established by, and subject to, the following terms:

A. If your Restaurant has been open and in operation for less than one (1) year, the purchase price will be an amount equal to two hundred percent (200%) of the cumulative cost to you for all of the Restaurant Assets.

B. If your Restaurant has been open and in operation for one (1) year or longer, the purchase price will be an amount equal to six (6) times your Restaurant's EBITDA. "EBITDA" means, in respect of any twelve (12) month period, your Restaurant's earnings before interest on borrowed money, income tax, depreciation and amortization, as determined in accordance with U.S. generally accepted accounting principles (commonly referred to as "GAAP"). EBITDA shall be calculated based on your Restaurant's net reported earnings as reported on your most recent income statement or balance sheet covering the preceding twelve (12) month period, plus, to the extent deducted in determining such net income and without duplication: (i) your interest expenses on borrowed money for such period; (ii) your current income taxes for such period; (iii) depreciation of the Restaurant Assets for such period; and (iv) amortization of your Restaurant for such period. We reserve the right to adjust EBITDA for any expenses which we determine, in our discretion acting reasonably, are not customary or ordinary for the operation of a franchised Honest Restaurant.

C. If we elect to exercise our option to purchase the Restaurant, we will have the right to set off all amounts due from you under this Agreement or any other agreements between the parties, and the cost of the appraisal, if any, against any payment to you.

D. You understand that this may be a premium price above fair market value and does not vest any rights in you.

The time for closing of the purchase and sale of the Restaurant as described in this Section shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date we receive and obtain all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date.

15. PROPRIETARY MARKS

15.01 Our Ownership of Proprietary Marks

You agree that the Proprietary Marks are our (or our affiliates') exclusive property. You assert and will in the future assert no claim to any goodwill, reputation or ownership of the Proprietary Marks by virtue of your licensed use of the Proprietary Marks, or for any other reason. You agree that you will not do or permit any act or thing to be done in derogation of any of our rights or the rights of our affiliates in connection with the Proprietary Marks, either during or after the term of this Agreement. You agree not to apply for or obtain any trademark or service mark registration of any of the Proprietary Marks or any confusingly similar marks in your own name. You agree to use the Proprietary Marks only for the uses and in the manner licensed under this Agreement and as provided in this Agreement. If you are a business entity, then you agree that under no circumstance will you incorporate any of the Proprietary Marks, any portion thereof or any name or mark derivative of or similar to the Proprietary Marks, in your business entity's name. You may never use the Proprietary Marks in connection with any other business except for the Business. You agree that you will not, during or after the term of this Agreement, impair the goodwill associated with the Proprietary Marks or in any way dispute or impugn the validity of the Proprietary Marks, our rights (or those of our affiliates) to the Proprietary Marks, or the rights of us, our affiliates, other franchisees of ours or other third parties to whom we may have licensed the Proprietary Marks to use the Proprietary Marks.

You acknowledge that our rights in the Proprietary Marks are not limited to the specific presentation or configuration of any of them, but rather extend to all combinations and displays of the words and/or design elements thereof and extend to all translations of them in any language. Further, you acknowledge and agree that our rights in and to the Proprietary Marks are not limited to such rights as may be conferred by registrations thereof or by applications for registrations but, instead, include extensive common law and other rights in the Proprietary Marks vested in us as a result of their use by us or our affiliates and other authorized parties.

15.02 Limitations on Your License to Use the Proprietary Marks

Nothing in this Agreement will give you any right, title or interest in or to any of our (or our affiliates') Proprietary Marks except as a mere privilege and license, during the term of this Agreement, to display and use the Proprietary Marks according to the limitations set forth in this Agreement, in our Manual or in other written notices to you. You understand and agree that your limited license to use the Proprietary Marks granted by this Agreement applies only to the Proprietary Marks shown on Exhibit B (if we do not subsequently designate them as being withdrawn from use), together with those which we may later designate in writing. In all instances your use of the Proprietary Marks must comply with our directions, limitations, specifications and authorized prescribed uses. You expressly understand and agree that you are bound not to represent in any manner that you have acquired, and you will not assert any claim to, any ownership, goodwill, reputation or equitable rights in any of our Proprietary Marks by virtue of the limited license granted under this Agreement, by virtue of your use of any of the Proprietary Marks or otherwise. All of your uses of the Proprietary Marks, whether as a trademark, service mark, trade name or trade style, will inure to our benefit. Following the expiration or termination of this Agreement, no monetary amount will be attributable to any goodwill associated with your use of the Proprietary Marks or operation of the Business or your Restaurant including any "local goodwill", which, you expressly agree, exclusively vests in us.

15.03 Use and Display of Proprietary Marks

A. You must not use, and must not permit or cause another to use, the Proprietary Marks except in the manner and to the extent specifically licensed to you under this Agreement. You agree that each use

you make of any Proprietary Mark will accurately portray the Proprietary Mark and that the Proprietary Mark will not be used or portrayed in a manner which jeopardizes the goodwill associated with the Proprietary Mark or the System. You agree to use the Proprietary Marks in full compliance with rules we prescribe from time to time in our Manual or otherwise. You are prohibited (except as expressly provided in this Agreement) from using any Proprietary Mark with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed by us to you). You may not use any Proprietary Mark in connection with the sale of any unauthorized service, product or program or in any other manner not explicitly authorized in writing by us. You may use the Proprietary Marks only for the operation of the Business or in advertising for the Business. Your right to use the Proprietary Marks is limited to the uses authorized under this Agreement. Any unauthorized use of the Proprietary Marks by you will constitute an infringement of our rights and a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

B. You may not use the Proprietary Marks in any way which will incur any obligation or indebtedness on our behalf. You agree to comply with our Manual's instructions in filing and maintaining all requisite trade name or fictitious name registrations, and in executing any documents considered necessary by us or our counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

C. You agree to affix our Proprietary Marks on the facilities of your Business, including your Restaurant, delivery vehicles operated by your Business, your Business's point-of-sale materials, signs, stationery, advertising, sales, marketing and promotional materials and other objects in the size, color, lettering style and fashion and at the places which we designate in our Manual or otherwise. You also agree to display the Proprietary Marks and relevant trademark and copyright notices pursuant to the requirements set forth in the Manual. No trademarks, logotypes, names, symbols or service marks other than the Proprietary Marks may be used by or in connection with your Business in any fashion whatsoever except as we may expressly provide in our Manual or as we may approve in writing.

15.04 Required Means of Identification; Non-Use of Trade Name

You must conduct your Business under the assumed business name "Honest". You agree, at your expense, to perform all filings and procure all required or necessary government approvals or registrations required to do business under that assumed business name and to furnish to us copies of all such filings, approvals and registrations. You must never identify yourself as an agent of ours. You must conspicuously identify yourself, your Business and your Restaurant in all dealings with your customers, contractors, suppliers, public officials and members of the public, and in all advertising, promotion and marketing related to your Business, as our independently owned and operated franchisee. You agree to place this notice of independent ownership in your Restaurant and any other facilities of the Business, and on your delivery vehicle(s), printed materials, business cards, stationery, marketing and advertising materials, signs and other written or electronic modes that we may specify in such fashion and as we require from time to time, in our Manual or otherwise.

If you are a Business Entity, you may not use our Proprietary Marks or any confusingly similar words or symbols, in your entity name. In particular, you may not use the words "Honest," "Honest Hospitality Group LLC," or any variant as part of your Business Entity name.

15.05 Our Defense of Proprietary Marks and Copyrights

If you receive notice, are informed or learn of any claim, suit or demand against you on account of any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Marks or any of our copyrights (each, a "claim"), you agree to promptly notify us. We will then promptly take any action we may consider necessary to protect and defend you against the claim and indemnify you against any loss, cost or expense incurred in connection with the claim, so long as the claim is based solely on any alleged infringement, unfair competition, or similar matter relating to your use of the Proprietary Marks or copyrights. You may not settle or compromise the claim by a third party without our prior written consent. We will have the right to defend, compromise and settle the claim at our sole cost and expense, using our

own counsel. You agree to cooperate fully with us in connection with the defense of the claim. You grant irrevocable authority to us, and appoint us as your attorney in fact, to defend and/or settle all claims of this type. You may participate at your own expense in the defense or settlement, but our decisions with regard to the defense or settlement will be final.

We will have no obligation to defend or indemnify you pursuant to this Section 15.05 if the claim arises out of or relates to your use of any of the Proprietary Marks and/or our copyrights in violation of the terms of this Agreement.

15.06 Prosecution of Infringers

If you receive notice, are informed or learn that any third party which you believe is not authorized to use the Proprietary Marks is using the Proprietary Marks or any variant of the Proprietary Marks, you agree to promptly notify us. We will then determine whether or not we wish to take any action against the third party on account of the alleged infringement of our Proprietary Marks. You will have no right to make any demand or to prosecute any infringement claim.

15.07 Discontinuance or Substitution of Proprietary Marks

You agree that at any time we may direct you to modify or discontinue the use of any Proprietary Mark and/or adopt and use one or more additional or substitute Proprietary Marks and that, under such circumstance, you will be required promptly to comply with any of our directions or instructions. If this happens, our only obligation will be to reimburse you for your documented reasonable expenses ("hard costs") of complying with our directions or instructions, including expenditures you make for changing signs, vehicle decals, uniforms, stationery and any incremental cost of modifying any preexisting advertising or promotional material. We will not be liable to you for any other expenses, losses or damages sustained by you as a result of any Proprietary Mark addition, modification, substitution or discontinuation except as provided herein. You waive any claim for any such other expenses, losses or damages and covenant not to commence or join in any litigation or other proceeding against us for any of these other expenses, losses or damages.

16. RELATIONSHIP OF THE PARTIES

16.01 Relationship of the Parties

You understand and agree that you are and will be our independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. None of your employees will be considered to be our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your Business does not directly or indirectly vest in us the power to hire, fire or control any such employee.

You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of your Business and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Business.

You may not, without our prior written approval, have any power to obligate us for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. Except as expressly provided in this Agreement, we may not control or have access to your funds or the expenditure of your funds or in any other way exercise dominion or control over your Business. Except as otherwise expressly authorized by this

agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and you is other than that of franchisor and franchisee. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Business.

16.02 Franchisee is the Sole and Exclusive Employer of its Employees

Franchisee hereby irrevocably affirms, attests and covenants its understanding that Franchisee's employees are employed exclusively by Franchisee and in no fashion is any such employee either employed, jointly employed or co-employed by Franchisor. Franchisee further affirms and attests that each of its employees is under the exclusive dominion and control of Franchisee and never under the direct or indirect control of Franchisor in any fashion whatsoever. Franchisee alone hires each of its employees; sets their schedules; establishes their compensation rates; and, pays all salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/Affordable Care Act contributions/unemployment insurance premiums). Franchisee alone has the ability to discipline or terminate its employees to the exclusion of Franchisor, which has no such authority or ability. Franchisee further attests and affirms that any minimum staffing requirements established by Franchisor are solely for the purpose of ensuring that Franchisee's Restaurant is at all times staffed at those levels necessary to operate Franchisee's Restaurant in conformity with the System and the products, services, standards of quality and efficiency, and other Honest brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. Franchisee affirms, warrants and understands that it may staff its Restaurant with as many employees as it desires at any time so long as Franchisor's minimal staffing levels are achieved. Franchisee also affirms and attests that any recommendations it may receive from Franchisor regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist it to efficiently operate its Restaurant, and that Franchisee is entirely free to disregard Franchisor's recommendations regarding such employee compensation. Moreover, Franchisee affirms and attests that any training provided by Franchisor for Franchisee's employees is geared to impart to those employees, with ultimate authority, the various procedures, protocols, systems and operations of a Restaurant and in no fashion reflects any employment relationship between Franchisor and such employees. Finally, should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue requested by Franchisor to testify on Franchisor's behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees). To the extent Franchisor is the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of Franchisee, then should any such appearance by Franchisee be required or requested by Franchisor will recompense Franchisee the reasonable costs associated with Franchisee appearing at any such venue (including travel, lodging, meals and *per diem* salary).

17. DEFAULT AND TERMINATION

17.01 Termination By Us – Automatic Termination Without Notice

You will be in default of this Agreement, and all rights granted in this Agreement will immediately and automatically terminate and revert to us without notice to you, if: you, the Business or the business to which the franchise relates is adjudicated as bankrupt or insolvent; all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor; a petition in bankruptcy is filed by or against you or the Business and is not immediately contested and/or dismissed within sixty days from filing; a bill in equity or other proceeding for the appointment of a receiver or other custodian of you, the Business or assets of either is filed and consented to by you; a receiver or other custodian (permanent or temporary) of all or part of your assets or property is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law are instituted by or against you or the Business; you are dissolved;

execution is levied against you, the Business or your property; or, the real or personal property of the Business is sold after levy thereon by any governmental body or agency, sheriff, marshal or constable.

17.02 Termination By Us Upon Notice – No Opportunity To Cure

You will have materially breached this Agreement and we may, at our option, terminate this Agreement and all rights granted under this Agreement, without giving you any opportunity to cure the breach, effective immediately upon your receipt of notice (which, whether sent by certified mail, registered mail, overnight courier or personal physical delivery, will be deemed to have been received by you upon delivery or first attempted delivery of the notice to you) upon the occurrence of any of the following events:

1. You do not open your Restaurant for business within 240 days after the Effective Date of this Agreement; cease operating the Business; abandon the franchise relationship established under this Agreement; or, fail to operate your Restaurant for two consecutive days, or three individual days within a twelve month period, during which you are required to operate it under this Agreement, unless your failure to operate is due to fire, flood, other acts of God or other similar causes beyond your control.
2. You omitted or misrepresented any material fact in the information that you furnished to us in connection with our decision to enter into this Agreement.
3. We and you agree in writing to terminate the Franchise Agreement.
4. You do not secure the Restaurant Location for the Business within the time limits and following the procedures specified in Article 6 of this Agreement.
5. You lose the right to possession of the Restaurant Location, provided that if the loss of possession results from the government's exercise of the power of eminent domain, or if, through no fault of yours, the premises are damaged or destroyed, then you will have thirty days after this event to apply for our approval to relocate your Restaurant in accordance with the relocation provisions of this Agreement. This approval may not be unreasonably withheld, but it will be reasonable for us to withhold approval if your relocated Restaurant will not open for business within 90 days of the closing of the damaged or destroyed Restaurant.
6. You, your Operating Principal, Restaurant Manager and/or, if you are a business entity, any owner, member, shareholder, director or manager (as applicable) of such entity is convicted of a felony, fraud, crime involving moral turpitude, or any other crime or offense which we reasonably believe is related to your operation of the Business, or is likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated with the Proprietary Marks or our interest in the System or Proprietary Marks.
7. You purport or, if you are a business entity, any owner or principal of you purports to transfer any rights or obligations under this Agreement, any interest in you, the Business or your Restaurant to any third party in violation of the terms of this Agreement.
8. You do not comply with the covenant not to compete during the term of this Franchise Agreement; violate the restrictions pertaining to the use of Confidential Information contained in this Agreement; or, do not obtain the execution of the additional covenants required by this Agreement.
9. You and/or your Operating Principal fail to attend or successfully complete our Initial Training Program.
10. You knowingly conceal revenues; maintain false books or records; falsify information or otherwise defraud or make false representations to us; or, submit any false report to us.
11. You do not maintain the financial records required by Section 11.02.

12. We or our designee conducts an audit of your Business which discloses that any weekly report or statement which you submitted to us understated your Gross Revenues by 5% or more for any week within the period of examination, or for the entire period of examination.
13. We or our designee conducts an audit of your Business which discloses that during a 36 week period, you submitted three or more weekly reports or statements that understated your Gross Revenues by between 2% and 5% for any three weeks within the period of examination, or for the entire period of examination.
14. You refuse us permission to inspect, or to conduct an operational and/or financial audit of, your Business under Sections 8.11 and 11.02.
15. You take, withhold, misdirect or appropriate for your own use any funds withheld from your employees' wages which should have been set aside for the Business' employee taxes, FICA, insurance or benefits; wrongfully take or appropriate for your own use our property or funds; systemically fail to deal fairly and honestly with your employees, customers or suppliers; or knowingly permit or, having discovered the facts, fail to take any action against or to discharge any agent, servant or employee who has embezzled our funds or property or that of any customers or others.
16. After curing a default which is subject to cure under Section 17.03, you commit the same act of default again within 12 months.
17. You make a willful misrepresentation or do not make a material disclosure required by any governmental authority regarding any matter involving or affecting the operations of your Business and Restaurant.
18. You interfere or attempt to interfere with our contractual relations with other franchisees, customers, employees, advertising agencies or any third parties.
19. You commit any act or default which materially impairs the goodwill associated with our Proprietary Marks and which, by its nature, is incurable, or, if the default is curable, you fail to cure the default following delivery of written notice to cure at least seventy-two hours in advance.
20. You do not comply, for a period of 15 days after notification of non-compliance by us or any governmental authority, with any federal, state or local law or regulation applicable to the operation of the Business.
21. You repeatedly fail to comply with one or more requirements of this Franchise Agreement, whether or not corrected after notice.
22. You do not devote the amount of your time and attention and/or your best efforts to the performance of your duties under this Agreement necessary for the proper and effective operation of your Business.
23. You fail to immediately repay us or our affiliates for any amounts we advance on your behalf.
24. You do not purchase or maintain any insurance required by this Agreement.
25. You, your Business and/or your Restaurant commit any violation of law, rule or regulation and/or engagement in any act or practice which subjects you and/or us to widespread publicity or ridicule.
26. You breach the provisions of this Agreement relating to advertising standards and do not cure this breach within three days following written notice from us.
27. You purchase any proprietary products or services or trademarked items from us or our affiliates, or purchase from us, our affiliates or any third party non-proprietary goods or

services pursuant to a systemwide supply contract we negotiate, and you use, divert, sell or otherwise exploit such products or services for the benefit of any other individual, entity or business.

28. You operate your Business and/or your Restaurant in a fashion that, in our sole judgment, in any way jeopardizes the life, health or safety of the general public, your customers and/or your employees. If you do so, then not only may we terminate this Agreement upon notice, but you agree that we may either beforehand or concurrently direct you to immediately close your Restaurant; you shall immediately comply with such direction (which may be given orally or in writing); and, you shall hold us harmless from and against any claims whatsoever relating to our direction to close your Restaurant.
29. You fail to immediately endorse and tender to us any payment which is due us or our affiliates but is made to your order.
30. You make any use of our Confidential Information and/or Proprietary Marks not specifically authorized by this Agreement or our Manual, or you directly or indirectly utilize or devote same for the benefit of any individual or entity other than your Business.
31. You interfere or attempt to interfere with our ability or right to franchise or license others to use and employ the System and/or Proprietary Marks.
32. You interfere or attempt to interfere, through any means or manner, with our relationships with any other Honest franchisee, any supplier of yours or ours, any government authority, or any other third party individual or entity.
33. You engage in any act or conduct, or fail to engage in any act or conduct, which under this Agreement specifically authorizes us to terminate this Agreement immediately upon notice to you.

17.03 Termination by Us – Fifteen Days to Cure

Except as provided in Section 17.01 or 17.02 or in this Section 17.03, you will have fifteen calendar days after we furnish you with a written notice of default, transmitted in accordance with the terms of Section 28.01 of this Agreement, to cure any default under this Agreement (or, if the default cannot reasonably be cured within this time, to initiate action to cure the default within such time and complete cure within the shortest reasonable time thereafter) and to provide us with evidence that you have done so. If you have not cured any default within the applicable cure period specified in this Section 17.03 (or, if appropriate, you have not initiated action to cure the default within the applicable cure period and thereafter cure the default within the shortest reasonable time thereafter), or any longer period that applicable law may require, this Agreement will terminate immediately upon expiration of the applicable cure period, or any longer period required by applicable law.

You will be in default of this Agreement for any failure to comply with any of the requirements imposed upon you and, if you are a business entity, your owners by this Agreement, our Manual and/or all Supplements to the Manual or if you and/or your owners, otherwise fail to fulfill the terms of this Agreement in good faith. These defaults include the following events, which are set forth as examples only and are not meant to, nor shall they be deemed to, delineate all of the possible defaults which you may commit under this Agreement:

1. You fail, refuse or neglect to pay promptly when due any money owed to us, our affiliates or any lender which has provided financing to your Business under any arrangement with us. The cure period for this default shall not be the above-referenced fifteen calendar days but, instead, will be five calendar days after we transmit to you with a written notice of default. If you fail to cure any such default within such shortened cure period, then this Agreement will terminate immediately upon expiration of the applicable cure period, or any longer period required by applicable law. Notwithstanding the foregoing, we may terminate this Agreement immediately (without providing you with written notice of default) if any

payment you owe to us, our affiliates or any lender which has provided financing to your Business under any arrangement with us is not made within 30 calendar days after its due date.

2. You fail, refuse or neglect to submit the financial and non-financial reports and other information required to be submitted to us under this Agreement, our Manual or other written notices we transmit to you, or you make any false statements in connection with any reports or other information required to be submitted to us.
3. Your Business and/or Restaurant offers and sells any products or services that we do not authorize under this Agreement or our Manual.
4. You fail to maintain your trade accounts in a current status and/or fail to seek to promptly resolve any disputes with trade suppliers.
6. You engage in any business, or market any product or service, under a name or mark which, in our opinion, is confusingly similar to the Proprietary Marks.
7. You fail to pay any taxes due and owing by your Business (including employee taxes) when due.
8. You do not use the Proprietary Marks and/or trade dress solely in the manner and for the purposes directed by us in this Agreement, our Manual or otherwise.
9. You violate the restrictions pertaining to advertising or do not participate in the programs related to advertising and sales promotion set forth in Article 10 of this Agreement.
10. You do not indemnify us as required by this Agreement.
11. By act or omission, you permit a continued violation in connection with the operation of the Business of any law, ordinance, rule or regulation of a governmental agency, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief.
12. You fail to obtain or maintain any required permit, certificate or other governmental approval required either by this Agreement or applicable law, rule or regulation.
13. You employ any individual who is not eligible for employment in the United States under any federal, state, local or other law, rule or regulation.
14. You fail to operate your Business during the days and hours specified in our Manual without our prior written approval.
15. You default under any agreement between you and any lessor or sublessor of your Restaurant Location and you do not cure the default within the period specified in the Location's lease or sublease (as applicable).
16. You fail to maintain and operate your Restaurant and its delivery vehicles in a good, clean and sound manner, in strict compliance with our standards for quality, cleanliness and maintenance as set forth in our Manual or otherwise.
17. You do not engage and have us train (as applicable) a successor or replacement Operating Principal or Restaurant Manager, as required by Section 8.06 of this Agreement.
18. You do not comply with any other lawful provision or requirement of this Agreement or any specification, standard or operating procedure prescribed by us pursuant to this Agreement, in our Manual or otherwise.

17.04 Description of Default

The description of any default in any notice that we transmit to you will in no way preclude us from specifying additional or supplemental defaults under this Agreement or any related agreements in any action, proceeding, hearing or lawsuit relating to this Agreement or the termination of this Agreement.

17.05 Your Failure to Pay Constitutes Your Termination of This Agreement

Your failure to timely cure any breach of your obligation to make payments of Continuing Royalties, System Brand Fund Contributions or any other monies due and owing to us or our affiliates under this Agreement, or to timely cure any other material breach of this Agreement committed by you, in either instance following our notice to you that you have committed a breach of this Agreement and granting you an opportunity to cure said breach, will be irrevocably deemed to constitute your unilateral rejection and termination of this Agreement and all related agreements between you and us or our affiliates, notwithstanding that a formal notice of such termination(s) ultimately issues from us, and you shall never contend or complain otherwise.

17.06 Cross Default

Any default or breach by you, your affiliates and/or any guarantor of yours of any other agreement between us or our affiliates and you and/or such other parties will be deemed a default under this Agreement, and any default or breach of this Agreement by you and/or such other parties will be deemed a default or breach under any and all such other agreements between us or our affiliates and you, your affiliates and/or any guarantor of yours. If the nature of the default under any other agreement would have permitted us (or our affiliate) to terminate this Agreement if the default had occurred under this Agreement, then we will have the right to terminate all such other agreements in the same manner provided for in this Agreement for termination hereof. Your "affiliates" means any persons or entities controlling, controlled by or under common control with you.

17.07 Continuance of Business Relations

Any continuance of business relations between you and us after the termination or expiration of this Agreement will not constitute, and may not be construed as, a reinstatement, renewal, extension or continuation of this Agreement unless you and an authorized officer of ours agree in writing to any such renewal, extension or continuation.

17.08 Notice Required By Law

If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits our rights to terminate this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be considered modified to conform to the minimum notice, cure periods or restrictions upon termination required by such laws and regulations. We will not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

18. FURTHER OBLIGATIONS AND RIGHTS FOLLOWING THE TERMINATION OR EXPIRATION OF THIS AGREEMENT

18.01 Further Obligations and Rights Following The Termination or Expiration of this Agreement

If this Agreement expires or terminates for any reason or is assigned by you, you will cease to be an authorized Honest franchisee and you will lose all rights to the use of our Proprietary Marks, the System, all Confidential Information and know-how owned by us and any goodwill (including "local" goodwill) engendered by the use of our Proprietary Marks and/or attributed to your conduct of the Business.

Upon expiration or earlier termination of this Agreement for whatever reason, you agree to:

1. Immediately pay all royalties, fees and other sums due and owing to us or our affiliates, plus interest, and all sums due and owing to any landlord, suppliers, employees, taxing authorities, advertising agencies, lenders and all other third parties.

2. Discontinue the use of the Proprietary Marks, and not operate or do business under any name or in any manner which might tend to give the general public the impression that you are operating a Business, a Restaurant or any similar business. You may not use, in any manner or for any purpose, directly or indirectly, any of our Confidential Information, trade secrets, procedures, forms, techniques, know-how or materials acquired by you by virtue of the relationship established by this Agreement. You may never identify yourself to the public in any fashion whatsoever as a current or former Honest franchisee.
3. Take all necessary action to cancel any assumed name or equivalent registration which contains the Proprietary Mark "Honest", or any other Proprietary Mark of ours, or any variant, within fifteen days following termination or expiration of this Agreement. If you fail or refuse to do so, we may, in your name, on your behalf and at your expense, execute all documents necessary to cause discontinuance of your use of the name "Honest", or any related name used under this Agreement. You irrevocably appoint us as your attorney-in-fact to do so.
4. Upon any termination of this Agreement by us for cause, we will have the right immediately to enter and take possession of your Restaurant to maintain continuous operation of the previously franchised business, provide for orderly change of management and disposition of personal property, and otherwise protect our interests. If you dispute the validity of our termination of the franchise, we will nevertheless have the option (which you irrevocably grant) to operate the business pending the final, unappealed determination of the dispute by a court of competent jurisdiction. If a court of competent jurisdiction makes a final, unappealed determination that the termination was not valid, we agree to make a full and complete accounting for the period during which we operated the previously franchised business.
5. If we terminate this Agreement because of your default or you terminate same through failure to make payment following notice and opportunity to cure (pursuant to Section 17.04), you must pay us all losses and expenses we incur as a result of the default or termination, including all damages, costs, expenses, and reasonable attorneys' and experts' fees directly or indirectly related thereto, such as (without limitation) lost profits, lost opportunities, damage inuring to our Proprietary Marks and reputation, travel and personnel costs and the cost of securing a new Business at or proximate to the Restaurant Location. This obligation will give rise to and remain, until paid in full, a lien in our favor against any and all of assets, property, furnishings, equipment, signs, fixtures and inventory owned by you or the Business at the time of termination and against any of your money which we are holding or which is otherwise in our possession.
6. Immediately deliver to us all training or other manuals furnished to you (including the Manual and Supplements to the Manual), computer software and database material, customer lists, records and files, documents, instructions, display items, advertising and promotional material, any and all materials, signs and related items which bear our Proprietary Marks or slogans or insignias or designs, advertising contracts, forms and other materials or property of ours, and any copies of them in your possession which relate to the operation of the Business. You may retain no copy or record of any of these items, except for your copy of this Agreement, any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law. You agree that the foregoing items, materials, lists, files, software and other similar items will be considered to be our property for all purposes.
7. Immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner.
8. Cease using the telephone numbers listed in the Yellow Pages and White Pages of any telephone directories under the name "Honest" or any other confusingly similar name or,

upon our written demand, direct the telephone company to transfer the telephone numbers listed for the Business in the Yellow Pages and White Pages to us or to any other person and location that we direct. If you do not promptly direct the telephone company to do so, you irrevocably appoint us as your attorney-in-fact to direct the telephone company to do so.

9. Strictly comply with the post-termination/post-expiration covenants not to compete set forth in Article 12 of this Agreement (including those restricting your ability to sell, assign, lease or otherwise grant possessory rights to your Restaurant and/or Restaurant Location to a party intending to conduct a Competitive Business thereat).
10. Continue to abide by those restrictions pertaining to the use of our Confidential Information, trade secrets and know-how set forth in Article 12 of this Agreement.
11. Immediately refrain from engaging in any contacts with customers, suppliers, employees and vendors of the Business.
12. Immediately surrender to us all computer software, data storage disks or tapes and other electronic media used in the operation of the Business, printouts, and other information pertaining to computer operations, codes, procedures and programming. You agree not to destroy, damage, hide or take any steps to prevent us from obtaining any information which you had stored in the computer system of the Business. You agree not to retain any printouts, disks, tapes or other electronic media containing any of the programs or data stored in the computer system.
13. At our option, assign to us any interest which you have in the Lease, sublease, right or entry or easement for the Restaurant Location, and vacate the Restaurant promptly and completely, rendering all necessary assistance to us to enable us to take prompt possession.
14. Within 15 days from the date of termination or expiration of this Agreement, arrange with us for us to make an inventory, at our cost, of all of your personal property, fixtures, equipment, inventory and supplies and those of the Business. We will have the option, to be exercised within 30 days after termination or expiration of this Agreement, to purchase from you any or all of these items at fair market value, meaning depreciated book value or actual fair market value, whichever is less. If you and we cannot agree on a fair market value within a reasonable time, we will designate an independent appraiser, whose determination will be binding. We and you will each pay 50% of the fee charged by the independent appraiser. If we elect to exercise any right and option to purchase provided in this subparagraph, we will have the right to set off all amounts due from you under this Agreement, and the cost of the appraisal, if any, against any payments for the assets.
15. If we elect not to assume possession of the Restaurant Location and/or elect not to exercise our option under Article 19 below, then promptly upon termination or expiration of this Agreement, you agree to “deidentify” the Restaurant Location in all respects by performing all redecoration and remodeling, and effecting physical changes to the Location and the Business’ vehicles, décor, trade dress, color combination, signs and other physical characteristics, as we consider necessary in our reasonable business judgment to distinguish the Location from a duly authorized Restaurant Location. If you refuse, neglect or fail to do so, we have the right to enter upon the Location and effect such required changes at your sole risk and expense, without liability for trespass.

18.02 No Prejudice

The expiration or termination of this Agreement will be without prejudice to our rights against you, and will not relieve you of any of your obligations to us at the time of expiration or termination, or terminate your obligations which by their nature survive the expiration or termination of this Agreement.

19. OUR OPTION UPON TERMINATION OR EXPIRATION

19.01 Option to Purchase Your Business's Assets

A. Upon the termination or expiration of this Agreement for any reason, we, any of our affiliates, and/or any nominee or designee we name are hereby granted an option, exercisable within 30 days after the termination becomes effective, to purchase as soon as practicable thereafter (including any period necessary for the obtaining of governmental approvals and consents of the concerned lessor[s]) all of your operating assets relating to the Business. The date on which such purchase is closed will be referred to as the "closing date". The following terms and conditions will apply to the option granted by this Article 19:

1. All saleable or usable inventory will be purchased at your original cost, less the cost of shipping such inventory to us and less a 25% restocking fee. As used in this Agreement, the term "saleable or usable" is defined to mean all items of merchandise which have been paid for by you, belong to you and are in a condition proper for current use or sale, specifically excluding items which require reconditioning or reworking; items which are not useable or saleable through normal distribution channels; items which are in excess of normal requirements for a three month period; items which are out of code, damaged and/or deteriorated; and, consigned merchandise.
2. All land, facilities and vehicles owned by you (or any affiliate) and utilized by the Business will be purchased for an amount equal to their appraised value as determined by an appraiser we select and you and we share the expense of. If you own the Restaurant Location, we may instead of purchasing the Restaurant Location require you to execute and deliver to us or our designee a lease for the Restaurant Location on commercially reasonable terms. If the parties cannot agree on such terms within a reasonable time, we will designate an independent appraiser. The appraiser's determination will be binding, and you must execute and deliver to us a lease for the Restaurant Location on the terms determined by the appraiser to be commercially reasonable. We and you will each pay 50% of the fee charged by the independent appraiser. Upon your execution of the lease for the Restaurant Location, you agree to vacate the Restaurant Location promptly and completely, rendering all necessary assistance to us to enable us to take prompt possession.
3. All leasehold improvements, furniture, fixtures, supplies, equipment and trade dress elements will be purchased for an amount equal to their depreciated book value.
4. All transferable permits, licenses and other governmental authorizations will be transferred or assigned to us, our affiliate, nominee or designee (as applicable) at the soonest possible time, specifically including any alcoholic beverage licensing, permits or authorizations.
5. All printed material, forms and other materials purchased from us under this Agreement will be purchased for an amount equal to their cost (if any).
6. All property, real or personal, sold to us or our affiliate, nominee or designee (as applicable) under this Article 19 must be free and clear of all liens, debts, claims, liabilities, leases, encroachments, covenants, conditions, restrictions, rights, rights of way and/or other encumbrances (except for tax liens and special and/or other assessments not delinquent) unless we, in our reasonable opinion (or that of our affiliate, nominee or designee, as applicable), determine that the existence of same either will not interfere with the proposed use of the property or that the existence of same are merely due to easements of record, zoning ordinances or statutes, use and occupancy restrictions of public record or other limitations which are generally applicable to similar properties in close geographic proximity to the Restaurant Location.

B. You will convey to us (or our affiliate, nominee or designee, as applicable) good and merchantable, full, legal, equitable and beneficial title to all of the foregoing assets by means of appropriate deeds, bills of sale and assignments containing warranties of title. We (or our affiliate, nominee or designee, as applicable) will have the right at our option to assume any liabilities encumbering the assets sold under the

provisions of this Article or any of the liabilities for which we would otherwise be indemnified by you pursuant to Section 8.10 of this Agreement, and reduce the consideration payable to you accordingly. You will pay all transfer taxes and recording fees, if any.

C. All rents, interest, assessments, taxes and other charges or royalties related to the assets to be conveyed, the payment period of which began before the Closing Date, will be prorated to the Closing Date on the basis of the most recent rates available, and the prorated amount added to or subtracted from, as the case may be, the consideration payable to you.

D. You agree to use your best efforts to assist us (or our affiliate, nominee or designee, as applicable) in obtaining any government or other approvals or consents necessary to carry out the terms and intent of this Article 19.

20. UNAVOIDABLE DELAY OR FAILURE TO PERFORM (FORCE MAJEURE)

20.01 Unavoidable Delay or Failure to Perform (Force Majeure)

Any delay in our or your performance of any duties under this Agreement, or any non-performance of such duties, that is not your or our fault (as applicable) or within your or our reasonable control – including, but not limited to, fire; floods, natural disasters; Acts of God; war; civil commotion; terrorist acts; any governmental act or regulation; any delays or defaults in deliveries by common carriers and/or postal services and/or overnight couriers; computer network outages; late deliveries or non-deliveries of goods or non-furnishing of services by third party vendors; strikes; lockouts; and any other similar event beyond such party's control) will not constitute a breach or cause a default under this Agreement, provided, however, that we or you (as applicable) will take all steps reasonably possible to mitigate damages caused by such failure or delay.

Notwithstanding the foregoing, if any such failure or delay continues for more than 180 days, we will have the right at any time thereafter during the continuance of such failure or delay to terminate this Agreement upon 30 days advance written notice to you.

21. WAIVER AND DELAY

21.01 Waiver and Delay

No waiver or delay in either party's enforcement of any breach of any term, covenant or condition of this Agreement will be construed as a waiver by that party of such breach or any preceding or succeeding breach, or any other term, covenant or condition of this Agreement. Without limiting any of the foregoing, the acceptance of any payment specified to be paid by you under this Agreement will not be, nor constitute, a waiver of any breach of any term, covenant or condition of this Agreement.

22. NOTICE OF OUR ALLEGED BREACH

22.01 Notice of Our Alleged Breach

You agree to give us immediate written notice of any alleged breach or violation of this Agreement after you have constructive or actual knowledge of, believe, determine or are of the opinion that there has been an alleged breach of this Agreement by us, including any acts of misfeasance or nonfeasance. If you do not give written notice to us of any alleged breach of this Agreement within one year from the date that you have knowledge of, believe, determine or are of the opinion that there has been an alleged breach by us, then our alleged breach will be considered to be condoned, approved and waived by you and will not be considered to be a breach of this Agreement by us, and you will be permanently barred from commencing any action against us for the alleged breach or violation.

23. OUR RIGHT TO CURE DEFAULTS

23.01 Our Right To Cure Defaults

In addition to all other remedies granted pursuant to this Agreement, if you default in the performance of any of your obligations, or breach any term or condition of this Agreement or any related agreement, then we may, at our election, immediately or at any time thereafter, without waiving any claim for breach under this

Agreement and without notice to you, cure the default on your behalf. Our cost of curing the default and all related expenses will be due and payable by you immediately upon demand.

24. OUR WITHHOLDING OF CONSENT – YOUR EXCLUSIVE REMEDY

24.01 Our Withholding of Consent – Your Exclusive Remedy

In no event may you make any claim for money damages based on any claim or assertion that we have unreasonably withheld or delayed any consent or approval under the this Franchise Agreement. You waive any such claim for damages. You may not claim any such damages by way of setoff, counterclaim or defense. Your sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance or for declaratory judgment.

25. INJUNCTION

25.01 Injunction

You explicitly affirm and recognize the unique value and secondary meaning attached to the System and the Proprietary Marks. Accordingly, you agree that any noncompliance by you with the terms of this Agreement, or any unauthorized or improper use of the System or the Proprietary Marks by you, will cause irreparable damage to us and other System franchisees. You therefore agree that if you engage in this non-compliance, or unauthorized and/or improper use of the System or Proprietary Marks, during or after the period of this Agreement, we will be entitled to both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law. You consent to the entry of these temporary and permanent injunctions. You will be responsible for payment of all costs and expenses, including, reasonable attorneys' fees, which we and/or our affiliates may incur in connection with your non-compliance with this covenant.

26. INTEGRATION OF AGREEMENT

26.01 Integration of Agreement

This Agreement, all exhibits to this Agreement, and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. You acknowledge that you are entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your own independent investigation of the Business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors or franchisees which are contrary to the terms set forth in this Agreement or any franchise disclosure document required or permitted to be given to you pursuant to applicable law. You specifically acknowledge that the only financial performance information we furnish is set forth in Item 19 of our franchise disclosure document; that no officer, director, employee, agent, representative or independent contractor of ours is authorized to furnish you with any other financial performance information; that, if they nevertheless do, you will not rely on any such financial performance information given to you by any such individual; and, that if any such individual attempts to or actually does give you any such financial performance information in contravention of this provision, you will immediately communicate such activity to us. For the purpose of this Agreement, "financial performance information" means information given, whether orally, in writing or visually which states, suggests or infers a specific level or range of historic or prospective sales, expenses and/or profits of franchised or non-franchised Businesses.

27. NO ORAL MODIFICATION

27.01 No Oral Modification

This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. You expressly acknowledge that no oral promises were made to you (or, if they were, that you are not relying and will not rely on any such oral promise) and that our obligations are confined exclusively to

those set forth in this Agreement. Nothing in the preceding sentence, however, is intended to disclaim the representations we made in the franchise disclosure document that we provided to you. You understand and assume the business risks inherent in this enterprise.

28. NOTICES

28.01 Notices

Any notice required or permitted to be given under this Agreement must be in writing; must be delivered to the other party either personally, by certified mail (return receipt requested, postage prepaid), or by documented overnight delivery with a reputable carrier; and, will be effective on the date that delivery is documented to have been first attempted. Any notice to us will be addressed to:

Honest Hospitality Group LLC
111 Town Square Place, Suite #1203
Jersey City, NJ 07310
Attention: Abhishek Gupta

With a copy to:

Akerman LLP
1251 Avenue of the Americas, 37th Floor
New York, New York 10020
Attention: Dale A. Cohen, Esq.

Any notice to you will be addressed to you at:

Attention: _____

Either party to this Agreement may, in writing, on ten days' notice, inform the other of a new or changed address or addressee(s) to which notices under this Agreement should be sent.

29. MISCELLANEOUS

29.01 Execution, Construction and Interpretation; Further Acts

A. This Agreement may be executed in multiple counterparts, each of which will be considered an original and all of which together will constitute one and the same instrument. Electronic and facsimile signatures will be considered as binding and conclusive as if original, provided, however, that any party so executing must use all commercially reasonable efforts to furnish to the other party(ies) the originally executed document(s) at the earliest opportunity.

B. The titles and subtitles of the various articles and sections of this Agreement are inserted for convenience and will not affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement. The language of this Agreement will in all cases be construed simply according to its fair and plain meaning and not strictly for or against us or you.

C. It is agreed that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

D. The parties agree to execute all other documents and perform all further acts necessary or desirable to carry out the purposes of this Agreement.

E. If Franchisee consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us under this Agreement are joint and several.

F. As used in this Agreement, the words "include", "includes", or "including" are used in a non-exclusive sense and shall be construed to mean "including without limitation".

30. SEVERABILITY

30.01 Severability

Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future law, rule or regulation which by its terms is applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, that provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect, unless said provision pertains to the payment of monies due to us or our affiliates under this Agreement of any type or nature whatsoever, in which case we may at our option terminate this Agreement. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement (but not any of its payment provisions) and the parties agree to be bound by and perform this Agreement as so modified.

31. COSTS OF ENFORCEMENT; ATTORNEYS' FEES; GOVERNING LAW; VENUE

31.01 Costs of Enforcement

If any party hereto commences or joins in (and, if applicable, appeals from) any legal action or proceeding against the other for the purpose of enforcing, or preventing the breach of, any provision of this Agreement; or for damages for any alleged or actual breach of any provision of this Agreement; or for a declaration of such party's rights or obligations hereunder; or to address or resolve any other dispute between the parties of any nature whatsoever which dispute directly or indirectly arises from or relates to this Agreement and/or the relationship between the parties created hereby, then the ultimately prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection with such legal action or proceeding (including, if applicable, any appeal thereof), including reasonable attorneys' fees, experts' fees, court costs and all other expenses sustained by the prevailing party. For the avoidance of doubt, you will be required to reimburse us for any attorneys' fees and costs that we incur, in connection with revising this Agreement or any other agreements between us, as a result of inaccurate/misrepresented information provided to us by you.

31.02 Attorneys' Fees – Third Party Actions

If we become a party to any action or proceeding commenced or instituted against us by a third party arising out of or relating to this Agreement, any and all related agreements, the Business or your Restaurant as a result of any claimed or actual act, error or omission of yours (and/or any of your officers, directors, shareholders, management, employees, contractors and/or representatives) or the Business; by virtue of statutory, "vicarious", "principal/agent" or other liabilities asserted against or imposed on us as a result of our status as Franchisor; or if we become a party to any litigation or any insolvency proceeding involving you pursuant to any bankruptcy or insolvency code (including any adversary proceedings in conjunction with bankruptcy or insolvency proceedings), then you will be liable to, and must promptly reimburse us for, the reasonable attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses we incur in such action or proceeding regardless of whether such action or proceeding proceeds to judgment. In addition, we will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to our proof of claim in any insolvency or bankruptcy proceeding you file.

31.03 Governing Law

This Agreement; all relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of New York without recourse to New York's (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of New York, and if the Business is located outside of New York and the provision would be enforceable under the laws of the state in which the Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Section 31.03 is intended to invoke the application of any franchise registration and disclosure, franchise relationship, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of New York, or any other state, which given its jurisdictional scope (and absent this choice of law provision) would not otherwise apply, and Franchisee agrees to never contend otherwise.

31.04 Venue

Any litigation arising out of or related to this Agreement or any related agreement; any breach of this Agreement or any related agreement; the relations between the parties (as defined below); and, any and all disputes between the parties, whether sounding in law or equity, will be instituted, litigated through conclusion and, if necessary, appealed through final, irrevocable judgment exclusively in a state or federal district court of competent jurisdiction in New York, New York. You hereby irrevocably submit yourself to the jurisdiction of any such court and waive all questions of personal jurisdiction for the purpose of carrying out this provision. You agree that any dispute as the venue for litigation will be submitted to and resolved exclusively by such aforementioned court. Notwithstanding the foregoing, however, with respect to any action for monies owed, injunctive or other extraordinary or equitable relief, or involving possession or disposition of, or other relief relating to, your Restaurant Location, we may bring such an action in any state or federal district court which has jurisdiction. You hereby waive and covenant never to assert or claim that the venue designated for litigation by this Agreement is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including any claim under the judicial doctrine of "forum non conveniens"). As used in this section of the Agreement, the term "parties" includes you; your guarantor(s); if you are a business entity, your owners, officers, directors, shareholders, partners, members, managers, agents, representatives, independent contractors, servants and employees (as applicable) and, as to each of them, whether acting in their corporate or individual capacity; any other individual entity acting or purporting to act by, through, under or under authority granted by you; and, any affiliate of each of the foregoing.

31.05 Waiver of Jury Trial, Class Actions and Punitive Damages

A. The parties to this Agreement (as denominated in Section 31.04) explicitly waive their respective rights to a jury trial in any litigation between them which is authorized or contemplated by this Agreement, and hereby stipulate that any such trial shall occur without a jury.

B. You may only pursue any claim you have against us or the other Indemnitees in an individual legal action or proceeding. Neither you nor any of your officers, directors, members, owners, shareholders, management, employees, contractors and/or representatives (the "Franchisee Party(ies)") shall join or combine its/their legal action or proceeding in any manner with any action or claim of any other Honest franchisee, franchise owner, franchisee guarantor, or other claimant, nor will you or any other Franchisee Party maintain any action or proceeding against us and the other Indemnitees in a class action, whether as a representative or as a member of a class or purported class, nor will you or any other Franchisee Party seek to consolidate, or consent to the consolidation of, all or part of any action or proceeding by any of them against us or the other Franchisor Parties with any other litigation against us or such other Indemnitee.

C. You, your guarantors and your other parties (as defined in Section 31.04) hereby irrevocably waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other similar damages in any action or proceeding whatsoever between the parties to this Agreement (as defined in Section 31.04) and/or any of their affiliates, and you and such others covenant never to advance or pursue any such claim for punitive damages. You and such others agree that in

the event of a dispute, you and such others shall be limited to the recovery from us of any actual damages sustained by you or them.

32. LIABILITY OF “FRANCHISEE”; GUARANTEE

32.01 Liability of “Franchisee”

The terms "Franchisee" and "you" as used in this Agreement will refer to each person executing this Agreement as Franchisee, whether that person is one of the spouses, partners, proprietors, shareholders, trustees, trustors or beneficiaries or persons named as included in you, and will apply to each of these persons as if he/she were the only named Franchisee in this Agreement. If you are a married couple, both husband and wife executing this Agreement will be liable for all your obligations and duties as Franchisee under this Agreement as if the spouse were the sole Franchisee under this Agreement. If you are a partnership or proprietorship, or if more than one person executes this Agreement as Franchisee, each partner, proprietor or person executing this Agreement will be liable for all obligations and duties of Franchisee under this Agreement. If you are a trust, each trustee, grantor and beneficiary signing this Agreement will be liable for all the obligations and duties of Franchisee under this Agreement. If you are a business entity, all owners of such entity executing this Agreement will be liable for all obligations and duties of Franchisee under this Agreement as if each such owner or the sole franchisee under this Agreement.

32.02 Guarantee

If you are an entity, the following persons must, concurrently with the execution of this Agreement (or at such later time as they assume any status specified herein), execute our standard form Guarantee (Exhibit H), pursuant to which these individuals guarantee all your obligations and duties: (i) if you are a corporation or limited liability company, all shareholders or members (as applicable) owning 5% or more of your issued and outstanding stock or membership interests (as applicable) at the same time as the execution of this Agreement or at such later time as they assume such status; (ii) if you are a partnership, all general partners owning a 5% or greater interest in you (at the same time as the execution of this Agreement or at such later time as they assume such status); and, (iii) if you are a limited partnership, the general partner and all shareholders owning a 5% or greater interest in the general partner.

If you are in breach or default under this Agreement, we may proceed directly against each such guaranteeing individual and/or entity without first proceeding against you and without proceeding against or naming in the suit any other such guaranteeing individuals and/or entities. Your obligations and those of each such guaranteeing individual and/or entity will be joint and several. Notice to or demand upon one such guaranteeing individual and/or entity will be considered notice to or demand upon you and all such guaranteeing individuals and/or entities, and no notice or demand need be made to or upon all such guaranteeing individuals and/or entities. The cessation of or release from liability of you or any such guaranteeing individual and/or entity will not relieve you or any other guaranteeing individual and/or entity, as applicable, from liability under this Agreement, except to the extent that the breach or default has been remedied or money owed has been paid.

33. SURVIVAL

33.01 Survival

Any provision of this Agreement which imposes an obligation following the termination or expiration of this Agreement will survive the termination or expiration and will continue to be binding upon the parties to this Agreement. This Agreement will be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

34. OUR BUSINESS JUDGMENT

34.01 Our Business Judgment

Whenever this Agreement or any related agreement grants, confers or reserves to us the right to take action, refrain from taking action, grant or withhold our consent or grant or withhold our approval, unless the provision specifically states otherwise, we will have the right to engage in such activity at our option taking into consideration our assessment of the long term interests of the System overall. You and we recognize,

and any court or judge is affirmatively advised, that if those activities and/or decisions are supported by our business judgment, neither said court, said judge nor any other person reviewing those activities or decisions will substitute his, her or its judgment for our judgment. When the terms of this Agreement specifically require that we not unreasonably withhold our approval or consent, if you are in default or breach under this Agreement, any withholding of our approval or consent will be considered reasonable.

35. YOUR REPRESENTATIONS AND ACKNOWLEDGEMENTS

35.01 Your Representations

You represent and warrant to us, with the intention that we are relying on your representations and warranties in entering into this Agreement, that:

1. If you are a business entity (including a corporation, limited liability company, general partnership or limited partnership), you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and your business entity is in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over your Business.
2. If you are business entity, you have all requisite power and authority to execute, deliver, consummate and perform this Agreement, and all necessary business entity proceedings have been duly taken to authorize the execution, delivery and performance of this Agreement.
3. This Agreement has been duly authorized, executed and delivered by you, includes your legal, valid and binding obligations, and will be binding and enforceable upon you and your successors and assigns in accordance with its terms when executed by both parties.
4. You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements which you furnished to us before the execution of this Agreement.
5. As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, principal shareholders, proprietors, partners, members, managers, guarantors, shareholders, or any other owner or a direct or indirect, partial or whole interest in you (as applicable), after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use your assets, properties or rights to carry on your business; and/or, which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.
6. All information set forth in all applications, financial statements, corporate and ownership documents and submissions to us are true, complete and accurate in all respects, and you expressly acknowledge that we are relying on the truthfulness, completeness and accuracy of this information.
7. Attached hereto as Exhibit "L" is a Franchisee Acknowledgment Addendum. You shall have received and answer the questions thereon, relating to representations that have or have not been made to you. You have executed the Statement voluntarily and attached it hereto.

8. All of your representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

35.02 Your Acknowledgements

You represent, warrant and acknowledge to us, with the intention that we will be relying thereon in entering into this Agreement, that:

1. No representation has been made by us or our affiliates (or any of our or their officers, directors, managers, employees, agents or salespersons) and relied on by you as to the future or past income, expenses, sales volume or potential profitability, earnings or income of the Business, or any other Restaurant or Business. We make no guaranties, promises, representations, statements or warranties that you can or will achieve any level or range of sales, income or other measures of performance. You understand that this is a new business venture, and neither we, nor any of our affiliates (or any of our or their officers, directors, managers, employees, agents or salespersons) or representatives make any assurances as to your success. You acknowledge and agree that neither we, nor any of our affiliates (or any of our or their officers, directors, managers, employees, agents or salespersons) or representatives have provided you with any information not already set forth in Item 19 of our franchise disclosure document; you have not received any such information; and, we or any of the foregoing made any representations, statements or promises to you which conflict with, contravene or vary from the contents of our franchise disclosure document.

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2. No representation or statement has been made by us or our affiliates (or any of our or their officers, directors, managers, employees, agents or salespersons) and relied on by you regarding our anticipated income, earnings and growth or that of the System, or the viability of the business opportunity being offered under this Agreement.

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3. Before executing this Agreement, you have had the opportunity to contact all our existing franchisees.

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4. You have been advised and given the opportunity to independently investigate, analyze and construe both the business opportunity being offered under this Agreement, the terms and provisions of this Agreement and the prospects for the Business, using the services of legal counsel, accountants or other advisers of your own choosing. You have either consulted with these advisors or have deliberately declined to do so.

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5. You have received from us a copy of our franchise disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise, at least fourteen

calendar days before the execution of this Agreement or at least fourteen calendar days before the payment by you to us of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement.

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6. No representation or statement has been made by us, our affiliates (or any of our employees, agents or salespersons) or our or their representatives and relied on by you regarding your ability to procure any required license, permit, certificate or other governmental authorization that may be necessary or required for you to carry out the activities contemplated by this Agreement.

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7. You have carefully considered the nature and extent of the restrictions upon you set forth in this Agreement (including, without limitation, the covenants not to compete and the restrictions on assignment) and the rights and remedies conferred upon you and us under this Agreement. Such restrictions, rights and remedies: (a) are reasonable, including, but not limited to, their term and geographic scope; (b) are designed to preclude competition which would be unfair to us; (c) are fully required to protect our legitimate business interests; and, (d) do not confer benefits upon us that are disproportionate to your detriment.

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8. The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on you, since you have other considerable skills, experience and education which afford you the opportunity to derive income from other endeavors.

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9. You understand and agree that we may manage and change the System and our business in any manner that is not expressly prohibited by this Agreement. Whenever we have the right within this Agreement to take or withhold action or to grant or decline to you the right to take or withhold action, we may make such a decision on the basis of our business judgment of what is in our best interests and those of the System and the franchise network, without regard to whether other reasonable alternative decisions exist or whether our decision adversely affects you. Absent applicable statute, we shall have no liability for such a decision, and you agree that our decision will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, you agree that such a covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants to us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

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10. Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of the franchised Restaurant and Business, you retain the right and sole responsibility for the day-to-day management and operation of the Restaurant and Business and the implementation and maintenance of System standards at the Restaurant.

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11. You acknowledge and agree that we may modify the offer of our franchises to other franchisees in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

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12. You acknowledge that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent business person, your active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. We do not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

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13. You acknowledge and agree that any advice we furnish regarding site selection and our proposal, inspection and/or approval of any proposed site for your Restaurant location will not constitute, and will not be deemed to constitute, our express or implied representation, warranty, guarantee or any other indication of the prospective profitability, viability or merit of the location, and you hereby forever waive any claim to the contrary.

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36. SUBMISSION OF AGREEMENT

36.01 Submission of Agreement

Our tendering this Agreement to you does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both us and you. The date that we execute this Agreement, referred to in this Agreement as the "Effective Date", will be considered the date of execution of this Agreement.

THIS AGREEMENT WILL NOT BE BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF OURS.

YOU ACKNOWLEDGE THAT NO REPRESENTATIONS OR PROMISES WERE MADE TO YOU OTHER THAN THOSE SET FORTH IN OUR FRANCHISE DISCLOSURE DOCUMENT, OR THAT IF

ANY OTHER REPRESENTATIONS OR PROMISES WERE MADE TO YOU, YOU ARE NOT RELYING ON THEM.

YOU HAVE READ ALL OF THE FOREGOING AGREEMENT AND ACCEPT AND AGREE TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT

Dated: _____

FRANCHISEE:

Attest:

If a corporation or other entity:

(Name of Corporation or Other Entity)

Witness/Date

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

HONEST HOSPITALITY GROUP LLC

Attest:

Witness/Date

By: _____
(Print Name)

Its: _____
(Title)

STATE ADDENDA TO FRANCHISE AGREEMENT

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

1. The following language is added to Section 35.01 of the Franchise Agreement: **THE
ACKNOWLEDGEMENT DOES NOT APPLY TO FRANCHISEES WHO RESIDE IN, OR
WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN THE STATE OF
CALIFORNIA.**
2. 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.

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By:_____

Dated: _____

HONEST HOSPITALITY GROUP LLC

By:_____

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

1. Illinois law governs the agreements between the parties to this franchise.
2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
3. Section 41 of the Illinois Franchise Disclosure Act provides that 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.
4. Section 35.02 (“Your Acknowledgments”) is deleted from all Illinois Franchise Agreements.
5. 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.

Dated: _____

FRANCHISEE:

(Name of Entity)

By: _____

Dated: _____

HONEST HOSPITALITY GROUP LLC

By: _____

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement or New York law if such provisions are in conflict with Indiana law. The Franchise Agreement will be governed by Indiana law, rather than New York law, as stated in Section 31.03 of the Franchise Agreement.
2. Venue for litigation will not be limited to New York, as specified in Section 31.04 of the Franchise Agreement.
3. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the franchise agreement, will supersede the provisions of Article 17 of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
4. No release language set forth in the Franchise Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
5. Section 12.04 of the Franchise Agreement ("Enforcement of Covenants Not to Compete") will not apply to franchises offered and sold in the State of Indiana.
6. Article 24 of the Franchise Agreement ("Our Withholding of Consent – Your Exclusive Remedy ") will not apply to franchises offered and sold in the State of Indiana.
7. Section 12.02 of the Franchise Agreement is revised to limit the geographical extent of the post-term covenant not to compete to Franchisee's Territory for all franchises sold in the State of Indiana.
8. Section 25.01 of the Franchise Agreement ("Injunction") will not apply to franchises offered and sold in the State of Indiana.
9. Section 31.05 ("Waiver of Jury Trial and Punitive Damages") is deleted from the Franchise Agreement.
10. Notwithstanding the terms of Section 8.10 of the Franchise Agreement ("Indemnification"), Franchisee will not be required to indemnify Franchisor and the other Indemnitees for any liability caused by Franchisee's proper reliance on or use of procedures or materials provided by Franchisor or caused by Franchisor's negligence.
11. 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.

[signature page follows]

Dated: _____

FRANCHISEE:

(Name of Entity)

By: _____

Dated: _____

HONEST HOSPITALITY GROUP LLC

By: _____

[signature page to Indiana Addendum to Franchise Agreement]

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

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

1. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the Franchise.
3. Section 31.03 of the Franchise Agreement requires venue to be limited to New York. This provision is deleted from all Franchise Agreements for residents of the State of Maryland and/or franchises to be operated in the State of Maryland.
4. Exhibit L to the Franchise Agreement; the last two sentences of Section 26.01 of the Franchise Agreement; the last sentence in Section 27.01 of the Franchise Agreement; Section 35.02 ("Your Acknowledgments") and the third paragraph of Section 36.01 ("Submission of Agreement") are deleted from all Franchise Agreements for residents of the State of Maryland and/or franchises to be operated in the State of Maryland.
5. The following sentences are added at the end of the last paragraph of Section 3.04 of the Franchise Agreement ("Rights We Reserve"):

"The waivers and releases in this paragraph are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. The waivers and releases in this paragraph will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law."

6. The following language is added after the last sentence of Section 26.01 of the Franchise Agreement ("Integration of Agreement"): "Notwithstanding anything to the contrary herein, the previous language is not intended to, nor will it, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."
7. 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.
8. 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.

[signature page follows]

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Dated: _____

HONEST HOSPITALITY GROUP LLC

By: _____

[signature page to Maryland Addendum to Franchise Agreement]

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of New York:

1. The last sentence of the third paragraph of Section 7.01 of the Franchise Agreement ("Confidential Operating Manual") is amended to read as follows:

"The Manual and any additions, deletions, revisions or Supplements to the Manual are material in that they will affect the operation of the Business, but they will not conflict with or materially alter your rights and obligations under this Agreement or place an excessive economic burden on your operations."

2. Sections 6.01, 7.02, 13.01(I) and 14.04(K) of the Franchise Agreement are each amended to include the following language immediately following the requirement that Franchisee execute a General Release:

"Provided, however, that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this proviso that the non-waiver provisions of GBL, Section 687.4 and 687.5 be satisfied."

3. The second sentence of Section 12.04 of the Franchise Agreement ("Enforcement of Covenants Not To Compete") is amended to read as follows:

"Accordingly, you consent to the seeking of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete set forth in this Agreement."

4. The third and fourth sentences of Section 25.01 of the Franchise Agreement ("Injunction") are amended to read as follows:

"You therefore agree that if you engage in this non-compliance, or unauthorized and/or improper use of the System or Proprietary Marks, during or after the period of this Agreement, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law. You consent to the seeking of these temporary and permanent injunctions."

5. 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.

[signature page follows]

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Dated: _____

HONEST HOSPITALITY GROUP LLC

By: _____

[signature page to New York Addendum to Franchise Agreement]

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply:

1. 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 from Franchise Agreements issued in the State of Rhode Island.
2. 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. 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.

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Dated: _____

HONEST HOSPITALITY GROUP LLC

By: _____

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply:

1. 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"), the provisions of the Act will prevail over the inconsistent provisions of the franchise disclosure document and franchise agreement with regard to any franchise sold in Washington.
2. 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.
3. 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. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, and rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
4. The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.
5. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
6. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.
7. 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.
8. Franchisor covenants to offer and sell goods and services to franchisees at prices that are fair and reasonable.

9. 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.
10. 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.
11. The second sentence of Section 27.01 of the Franchise Agreement is hereby stricken in its entirety and replaced with the following: "You expressly acknowledge that no oral promises were made to you and that our obligations are confined exclusively to those set forth in this Agreement."
12. The references to "and relied on by you" in Sections 35.02(1), 35.02(2) and 35.02(6) of the Franchise Agreement are hereby stricken in their entirety.
13. The fifth sentence of Section 36.01 of the Franchise Agreement is hereby stricken in its entirety and replaced with the following: "YOU ACKNOWLEDGE THAT NO REPRESENTATIONS OR PROMISES WERE MADE TO YOU OTHER THAN THOSE SET FORTH IN OUR FRANCHISE DISCLOSURE DOCUMENT."

Dated: _____

FRANCHISEE:

If an entity:

(Name of Entity)

By: _____

Dated: _____

HONEST HOSPITALITY GROUP LLC

By: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT, ACKNOWLEDGEMENT
ADDENDUM, AND RELATED AGREEMENTS FOR MICHIGAN AND WISCONSIN**

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.

Dated: _____

FRANCHISEE:

If an entity:

_____ (Name of Entity)

By: _____

Dated: _____

HONEST HOSPITALITY GROUP LLC

By: _____

EXHIBIT A

**RESTAURANT LOCATION
AND TERRITORY**

EXHIBIT A
RESTAURANT LOCATION AND TERRITORY

The Restaurant Location as defined in Section 3.01 of the Franchise Agreement will consist of:

The Territory as defined in Section 3.01 of the Franchise Agreement will consist of:

Initials: Franchisor _____ Franchisee _____

EXHIBIT B

PROPRIETARY MARKS

The Proprietary Marks as defined in Section 1.01 of the Franchise Agreement will consist of:

Honest

and such other and further Proprietary Marks (as defined in Section 1.01 of the Franchise Agreement) that we may from time to time license to you in conjunction with and addition to the Proprietary Marks listed above. Any such other and further Proprietary Marks will be deemed a part of this Exhibit B.

EXHIBIT C

**REQUIRED PROVISIONS FOR LEASE RIDER
AND COLLATERAL LEASE ASSIGNMENT**

REQUIRED PROVISIONS FOR LEASE RIDER

All Leases _____ ("Franchisee," "you" or "your") enters into for the Restaurant Location must contain a Rider with provisions acceptable to Honest Hospitality Group LLC ("Franchisor") providing that:

1. After (a) the expiration of the Franchise Agreement (so long as Franchisor provides the undersigned the lessor or sublessor (the "Landlord") with no less than 60 days advance written notice thereof), or (b) the sooner termination of the Franchise Agreement for any reason (so long as Franchisor either provides the Landlord with (x) a copy of Franchisor's notice of termination to you or (y) an agreement regarding the date of termination), Franchisor will have the right (but not the obligation) to cure any defaults within a reasonable period of time and at Franchisor's election, either to assume the obligations of and replace you as the lessee under the Lease, or to have another franchisee, licensee, joint venture partner or other designee of Franchisor assume the obligations of and replace you as the lessee under the Lease. If Franchisor assumes the obligations of and replace you as the lessee under the Lease and then subsequently reassigns the Lease to another franchisee, licensee, joint venture partner or other designee of Franchisor, upon any such reassignment, Franchisor shall be released from all prospective obligations of the lessee.
2. Simultaneous with giving notice to you of any default, the Landlord will furnish to Franchisor written notice specifying such default and the method of curing the default; allow Franchisor 30 days after receipt of the notice to cure the defaults (except that (i) if the default is the non-payment of rent, Franchisor will have only 15 days from receipt of notice to cure the default, and (ii) if the default is of such a nature that it cannot, with the exercise of reasonable diligence, be cured within 30 days, the time for cure shall be extended to be the same as that set forth in the Lease); and, allow Franchisor to exercise its option for Franchisor or another franchisee, licensee, joint venture partner or other designee of Franchisor to succeed to your interest in the Lease under the same conditions as set forth in par. '1', above.
3. The Landlord will accept Franchisor or another franchisee designated by Franchisor as a substitute tenant under the Lease upon notice from Franchisor that it is exercising its option for Franchisor or another franchisee, licensee, joint venture partner or other designee of Franchisor to succeed to your interest in the Lease and/or to reassign the Lease to another franchisee following its assumption of obligations under the Lease, under the same conditions as set forth in par.'1', above.
4. The required provisions in '1', '2', and '3', above, are rights but not obligations for Franchisor to assume your rights and responsibilities under the Lease.
5. The Landlord acknowledges that you alone are responsible for all debts, payments and performances under the Lease before Franchisor or another franchisee, licensee, joint venture partner or other designee of Franchisor takes actual possession of the premises.
6. The Lease may not be modified or amended without Franchisor's advance written consent, which Franchisor may not unreasonably withhold. The Landlord will provide Franchisor with copies of all proposed modifications or amendments at least 30 days prior to their execution and true and correct copies of the executed modifications and amendments.
7. The Landlord agrees to furnish Franchisor with copies of all letters and notices sent to you pertaining to the Lease and the premises, at the same time and in the same manner

that these letters and notices are sent to you. Notices to Franchisor shall be sent to Honest Hospitality Group LLC, 111 Town Square Place, Suite #1203, Jersey City, NJ 07310 with copy to honesthospitalitygroup@gmail.com.

8. It is understood that Franchisor shall be entitled to the benefits of the terms of herein, but is not a party to, obligated under or entitled to the benefits of any other part of the Lease, except as may be expressly set forth therein.
9. Lessor consents to the Collateral Lease Assignment annexed hereto and agrees that if Franchisor takes possession of the premises and confirms to Lessor that it has assumed the Lease as tenant (which Franchisor is under no obligation to do), Lessor will recognize Franchisor as tenant under the Lease, provided that Franchisor cures within the period noted in section (1) or (2) above, respectively, Franchisee's defaults under the Lease.
10. Following the termination or expiration of the Lease or Franchisee's Franchise Agreement with Franchisor, as the case may be, Franchisor shall have the right to enter the leased premises for purpose of inspecting the premises to assure Franchisee's compliance with its de-identification obligations (i.e., removing signage bearing the Franchisor's trademarks, logos, and other indicia of the franchise system) and, if not sufficiently de-identified, to complete such tasks on Franchisee's behalf. If Franchisor does, it shall complete such tasks as a representative of Franchisee and Lessor shall look only to Franchisee for liability or indemnification in connection with same.

LESSOR: _____

BY: _____

TITLE: _____

DATED: _____

FRANCHISEE: _____

BY: _____

TITLE: _____

DATED: _____

CONSENT TO COLLATERAL LEASE ASSIGNMENT AND AGREEMENT OF LESSOR

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

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

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

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

ASSIGNEE:
HONEST HOSPITALITY GROUP LLC

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

ASSIGNOR: _____

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

EXHIBIT D
SOFTWARE LICENSE AGREEMENT

TABLE OF CONTENTS

1. GRANT OF LICENSE.....	2
2. TERM	3
3. RESTRICTIONS ON LICENSEE.....	3
4. PROTECTION AND SECURITY	4
5. UNAUTHORIZED ACTS	4
6. INSPECTION	5
7. ASSIGNMENT OF LICENSE RIGHTS.....	5
8. INJUNCTION.....	5
9. DEFAULT AND TERMINATION.....	6
10. BINDING EFFECT.....	6
11. SECURITY INTEREST	6
12. WAIVER OR DELAY; INTEGRATION; AMENDMENT.....	7
13. DISCLAIMER	7
14. LIMITATION OF LIABILITY	8
15. SEVERABILITY	8
16. GOVERNING LAW; VENUE	8
17. COSTS OF ENFORCEMENT; ATTORNEYS' FEES.....	9
18. SUBMISSION OF AGREEMENT	9

SOFTWARE LICENSE AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, ___, between HONEST HOSPITALITY GROUP LLC, a Texas limited liability company with its principal office at 111 Town Square Place, Suite #1203, Jersey City, NJ 07310 ("Licensor") and _____ whose principal address is _____ ("Licensee").

1. GRANT OF LICENSE

1.01 Grant of License

Licensor grants to Licensee a nontransferable, nonexclusive single-site license for the use of those computer programs, system documentation manuals and other materials (hereinafter collectively referred to as the "Software") supplied by Licensor to Licensee during the term of this Agreement.

1.02 Revisions, Additions and Deletions

Licensor may, from time to time, revise the Software or any part of the Software. In doing so, Licensor incurs no obligation to furnish these revisions to Licensee. Licensor reserves the right to add and/or delete, at its sole option, computer programs and/or features to the Software. If Licensor furnishes Licensee with revisions or additions to the Software, Licensor specifically reserves the right to charge Licensee for them at the prices and on the terms that Licensor determines at its sole option, including, without limitation, any costs associated with installation of computer hardware, equipment, connections, data systems, software, etc. Any updates, replacements, revisions, enhancements, additions or conversions to the Software furnished by Licensor to Licensee will become part of the "Software" under this Agreement and subject to this Agreement.

1.03 Rights of Licensor

Licensee recognizes that Licensor is supplying the Software and all additional materials and information, including but not limited to all processes, ideas, data and printed material, to Licensee subject to Licensor's proprietary rights. Licensee agrees with Licensor that the Software and all information and/or data supplied by Licensor in any form, including but not limited to machine-readable and/or printed form, are trade secrets of Licensor embodying substantial creative efforts and confidential information, ideas, and expressions, are protected by civil and criminal law, and by the law of copyright, are very valuable to Licensor, and that their use and disclosure must be carefully and continuously controlled. Accordingly, Licensee agrees to treat (and take precautions to ensure that its employees treat) the Software as confidential in accordance with the confidentiality requirements and conditions set forth in this Agreement. Licensor is not obligated to provide and Licensee acquires no right of any kind under this Agreement with respect to any source code for the Software.

1.04 Title

Licensor retains title to the Software, the system documentation manuals, any additional materials and information furnished by Licensor in any form (including but not limited to object, machine-readable and/or printed form). Licensee agrees to keep every item to which Licensor retains title free and clear of all claims, liens and encumbrances except those of Licensor. Any act of Licensee, voluntary or involuntary, purporting to create a claim, lien or encumbrance on such an item will be void.

1.05 No Other Rights Granted

Apart from the license rights specifically enumerated in this Agreement, this Agreement does not include a grant to Licensee of any ownership right, title or interest, nor any security interest or other interest, in any Intellectual Property Rights (as defined in the following sentence) relating to the Software or any part of the Software. "Intellectual Property Rights" means any and all rights to exclude under patent law, copyright law, oral rights law, trade-secret law, semiconductor chip protection law, trademark law, unfair competition law or other similar rights.

2. TERM

2.01 Term

This License Agreement is effective from the date of execution by Lessor and will remain in full force so long as Licensee remains a Franchisee in good standing under to the Honest Franchise Agreement entered into between Honest Hospitality Group LLC and Licensee, dated _____ (the "Franchise Agreement"). The Franchise Agreement is incorporated in this Agreement as though set forth in full.

3. RESTRICTIONS ON LICENSEE

3.01 Single-Site Use

The Software and other materials provided under this Agreement may be used only on a single central processing unit (referred to as the "CPU") and its associated networked peripheral units at the same site. "Use" of a program will consist either of copying any portion of the program from storage of units or media into the CPU, or the processing of data with the program, or both. Licensee agrees to keep all programs, documentation and materials in any form (including but not limited to object, machine-readable and/or printed form) supplied under this license in a secure place, under access and use restrictions satisfactory to Lessor, and not less strict than those applied to Licensee's most valuable and sensitive programs. In the event that the CPU becomes inoperable, Licensee shall have the right to temporarily move the Software to a back-up system at the same site, for a reasonable period of time, while the CPU is inoperable. Licensee shall provide Lessor with written notice within five (5) days of any such movement.

Licensee shall be exclusively responsible for the supervision, management and control of its use of the Software and the operating environment, including, but not limited to: (i) assuring proper audit controls and operating methods; (ii) establishing adequate back-up plans in the event of a Software or hardware malfunction, including restart and recovery procedures; (iii) implementing sufficient procedures and checkpoints to satisfy its requirements for security and accuracy of input and output; and (iv) maintaining the proper operating environment for the Software.

3.02 Copies

Licensee agrees that while this license is in effect, or while Licensee has custody or possession of any property of Lessor, and except as provided in the following paragraph, Licensee will not (a) copy or duplicate, or permit anyone else to copy or duplicate, any physical or magnetic version of the Software or other information furnished by Lessor in any form (including but not limited to object, machine-readable and/or printed form), or (b) create or attempt to create, or permit others to create or attempt to create, by reverse engineering or otherwise, the source programs or any part of them from the object program or from any other information made available under this license or otherwise (whether oral, written, tangible or intangible).

Notwithstanding the foregoing, any Software or additional material which is provided by Lessor in any form (including but not limited to object, machine-readable and/or printed form) may be copied, in whole or in part, solely for the use of Licensee at Licensee's address stated above, for archive or emergency restart purposes, to replace a worn copy, or to understand the contents of such machine-readable material, provided, however, that no more than three printed copies and three object or machine-readable copies will be in existence under this license at any one time without prior written consent from Lessor. The original, and any copies, in whole or in part, of Software and/or additional materials supplied to Licensee by Lessor, which are made under this Agreement, will be the property of Lessor for all purposes.

Licensee agrees to maintain appropriate records of the number and location of all copies of the Software and make such records available upon Lessor's request. Licensee further agrees to reproduce all copyright and other proprietary notices on all copies of the Software in the same form and manner that such copyright and other proprietary notices are originally included on the Software.

Licensee agrees to keep any copies and the original at Licensee's address stated above, except that the Licensee may transport or transmit a copy or the original of any licensed program to another location for back-up use when required by CPU malfunction, provided that, when the malfunction is corrected, the copy or the original is destroyed or returned to Licensee's above address.

Licensee agrees to respect and not to remove, obliterate, or cancel from view any copyright, trademark, confidentiality or other proprietary notice, mark, or legend appearing on any of the Software or output generated by the Software, and to reproduce and include same on each copy of the Software.

3.03 No Reverse Engineering or Modification

Licensee agrees that while this license is in effect, or while Licensor has custody or possession of any property of Licensor, Licensee will not modify, translate, enhance, merge, reverse engineer, reverse assemble, disassemble, or decompile the Software or any portion of the Software, derive the source code or the underlying ideas, algorithms, structure or organization form of the Software or any portion thereof or otherwise reduce the Software or any portion of the Software to human-readable form. Licensee may not, and may not attempt to, defeat, avoid, by-pass, remove, deactivate or otherwise circumvent any software protection mechanisms in the Software including, without limitation, any such mechanism used to restrict or control the functionality of the Software.

3.04 Transfer of Software

If Licensee transfers possession of any copy, modification, translation or merged portion of the Software to another party, the attempt at transfer is void and this license is automatically terminated.

4. PROTECTION AND SECURITY

4.01 Non-Disclosure

Licensee agrees not to disclose, publish, display, translate, release, transfer or otherwise make available the Software, any part of the Software or any other materials furnished by Licensor in any form (or any copy of any of the foregoing) to any person, without the written consent of Licensor, which may be withheld with or without cause. Licensee agrees that it will take all necessary action including, but not necessarily limited to, instructing and entering into agreements with all of Licensee's employees, agents, representatives, affiliates, subsidiaries, and/or other third persons/entities associated with Licensee to protect the copyright and trade secrets of Licensor in and to those materials licensed under this Agreement and to assure Licensee's compliance with its obligations under this Agreement. Licensee shall use its best efforts to assist Licensor in identifying and preventing any unauthorized use, copying or disclosure of the Software or any portions thereof. Without limitation of the foregoing, Licensee shall advise Licensor immediately in the event Licensee learns or has reason to believe that any person who Licensee has given access to the Software, or any portion thereof, has violated or intends to violate the terms of this Agreement. The provisions of this Section 4.01 will survive the termination of this Agreement. Licensee shall not rent, lease, loan, distribute, sell, sublicense or encumber the Software.

Licensee shall not create any derivative works from the Software. Licensee agrees that any derivative works created by Licensee from the Software, including, but not limited to, software or other electronic works, are considered derivative works under U.S. law and that use of the derivative work is subject to the terms and conditions of this License Agreement. Derivative works may not be sublicensed, sold, leased, rented, lent, or given away without written permission from Licensor. Licensor will not be responsible for unauthorized, modified and/or regenerated software or derivative works.

Licensee understands and agrees that Licensor may from time to time adopt whatever mechanical or other electronic methods that Licensor deems necessary (in its sole and exclusive judgment) to prevent the unauthorized use and/or distribution of the Software.

4.02 Off-Site Communications Lines

Licensee may not permit the computer programs licensed under this Agreement to be transmitted over any off-site communications lines for any purpose.

5. UNAUTHORIZED ACTS

5.01 Unauthorized Acts

Licensee agrees to notify Licensor immediately of the unauthorized possession, use or knowledge of any item supplied through this license and of other information made available, to Licensee under this Agreement, by

any person or organization not authorized by this Agreement to have such possession, use or knowledge. Licensee agrees to promptly furnish full details of the possession, use or knowledge to Licensor, to assist in preventing the recurrence of the possession, use or knowledge, and to cooperate with Licensor in any litigation against third parties deemed necessary by Licensor to protect its proprietary rights. Licensee's compliance with this paragraph will not be construed in any way as a waiver of Licensor's rights to recover damages or obtain other relief against Licensee for its negligent or intentional harm to Licensor's proprietary rights, or for breach of Licensor's contractual rights.

5.02 Export Law Assurances.

Licensee may not use or otherwise export or reexport the Software except as authorized by United States law and the laws of the jurisdiction in which the Software was obtained. In particular, but without limitation, the Software may not be exported or reexported: (i) into, or to a national or resident of, any U.S. embargoed country, or (ii) to anyone on the U.S. Treasury Department's list of Specially Designated Nationals, the U.S. Department of Commerce's Table of Denial Orders or to whom export or reexport is prohibited by the United States Department of Treasury Office of Foreign Assets Control ("OFAC") or any other United States or foreign agency or authority. Licensee represents and warrants that Licensee is not located in, under control of, or a national or resident of any such country or on any such list.

6. INSPECTION

6.01 Inspection

To assist Licensor in the protection of its proprietary rights, Licensee agrees to permit representatives of Licensor to inspect, at all reasonable times, any location at which items supplied under this Agreement are being used or kept.

7. ASSIGNMENT OF LICENSE RIGHTS

7.01 Assignment by Licensor

Licensor will have the right to assign this Agreement, and all of its rights and privileges under this Agreement, to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Licensor under this Agreement: (i) the assignee must, at the time of the assignment, be financially responsible and economically capable of performing the obligations of Licensor under this Agreement, and (ii) the assignee must expressly assume and agree to perform these obligations.

7.02 Assignment by Licensee

With respect to Licensee's obligations under this Agreement, this License Agreement is personal, being entered into in reliance upon and in consideration of the singular personal skill and qualifications of Licensee, and the trust and confidentiality reposed in Licensee by Licensor. Therefore, neither Licensee's interest in this Agreement nor any of Licensee's rights or privileges under this Agreement, may be assigned, sold, transferred, shared, redeemed, sublicensed or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner, without the prior written consent of Licensor. Any actual or attempted assignment, transfer or sale of this Agreement, or any interest in this Agreement, or of the franchised business, made or accomplished in violation of the terms of this Article will be null and void and will constitute an incurable breach of this Agreement by Licensee, and, if this occurs, this Agreement will automatically terminate without further notice.

8. INJUNCTION

8.01 Injunction

Licensee acknowledges that the unauthorized use, modification, transfer or disclosure of the Software or copies thereof will (i) substantially diminish the value to Licensor of the trade secrets and other proprietary interests that are the subject of this Agreement; (ii) render Licensor's remedy at law for such unauthorized use, disclosure or transfer inadequate; and (iii) cause irreparable injury in a short period of time. If Licensee breaches

any of its obligations with respect to the use or confidentiality of the Software or if Licensee attempts to use, copy, modify, license, or convey the items supplied by Licensor under this Agreement, in a manner contrary to the terms of this Agreement, in competition with Licensor or in derogation of Licensor's proprietary rights (whether these rights are explicitly stated in this Agreement, determined by law or otherwise), then Licensor shall be entitled to equitable relief to protect its interests therein, including, but not limited to, preliminary and permanent injunctive relief, without having to post bond or other security.

9. DEFAULT AND TERMINATION

9.01 Termination

If the Franchise Agreement is terminated by either party for any reason or expires, then upon the effective date of the termination or expiration of the Franchise Agreement, this Agreement will automatically terminate without notice to Licensee.

Licensor reserves the right to immediately terminate this License Agreement, at Licensor's sole and exclusive option, if Licensee breached any term of this Agreement or of the Franchise Agreement. This termination will be without prejudice to any right or claims Licensor may have and all rights granted under this Agreement will immediately revert to Licensor. If Licensor terminates this Agreement, Licensee agrees to return to Licensor all property of and/or materials supplied by Licensor immediately after the termination.

The termination or expiration of this Agreement or of the Franchise Agreement for any reason whatsoever will not relieve Licensee of its obligations of confidentiality, protection and security under this Agreement, or of the restriction on copying and use as provided in this Agreement, with respect to the Software.

Upon termination or expiration of this Agreement or of the Franchise Agreement for any reason, Licensee agrees to immediately return to Licensor the Software, including, without limitation, all computer software, disks, tapes and other magnetic storage media (and any future technological substitutions for any of them) in good condition, allowing for normal wear and tear.

9.02 Cross-Default

Any default or breach by Licensee (or any of its affiliates) of any other agreement between Licensor, or its parent or the subsidiary, affiliate or designee of either entity (collectively, Licensor's "Affiliates") and Licensee (or any of its affiliates) will be deemed a default under this Agreement, and any default or breach of this Agreement by Licensee (or any of its affiliates) will be deemed a default or breach under any and all other agreements between Licensor (or any of its Affiliates) and Licensee (or any of its affiliates). If the nature of such default under any other agreement would have permitted Licensor to terminate this Agreement if default had occurred under this Agreement, then Licensor (or its Affiliates) will have the right to terminate all the other agreements between Licensor (or its Affiliates) and Licensee (or any of its affiliates) in the same manner provided for in this Agreement for termination of this Agreement.

10. BINDING EFFECT

10.01 Binding Effect

Licensee agrees that this Agreement binds the named Licensee and each of its employees, agents, representatives and persons associated with it. This Agreement further binds each affiliated and subsidiary firm, corporation, or other organization and any person, firm, corporation or other organization with which the Licensee may enter a joint venture or other cooperative enterprise.

11. SECURITY INTEREST

11.01 Security Interest

Licensee hereby gives to Licensor a security interest in and to the Software and other materials furnished under this Agreement as security for Licensee's performance of all its obligations under this Agreement, together with the right, without liability, to repossess the Software and other materials licensed under this Agreement, with or without notice, in the event of default in any of Licensee's obligations under this Agreement.

12. WAIVER OR DELAY; INTEGRATION; AMENDMENT

12.01 Waiver or Delay

No waiver or delay in either party's enforcement of any breach of any term, covenant or condition of this Agreement shall be construed as a waiver by such party of any preceding or succeeding breach, or any other term, covenant or condition of this Agreement; and, without limitation upon any of the foregoing, the acceptance of any payment specified to be paid by Licensee under this Agreement shall not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement.

12.02 Integration

This Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements; provided, however, that, and that this Agreement is not to limit any rights that Licensor may have under trade secret, copyright, patent, or other laws that may be available to it. Licensee acknowledges that that the Agreement does not include any other prior or contemporaneous promises, representations, or descriptions regarding the Software, or that if any such promises, representations, or descriptions were made, Licensee is not relying on them. Notwithstanding the foregoing however, nothing in this Section is intended to disclaim the representations Licensor made in the Franchise Disclosure Document that it provided to Licensee.

12.03 Amendment

This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties hereto.

13. DISCLAIMER

13.01 DISCLAIMER

LICENSOR WARRANTS AND REPRESENTS THAT IT HAS THE AUTHORITY TO EXTEND THE RIGHTS GRANTED TO LICENSEE IN THIS AGREEMENT. THIS EXPRESS WARRANTY IS EXCLUSIVE AND IN LIEU OF, AND LICENSOR HEREBY DISCLAIMS, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, OF FITNESS OR ADEQUACY FOR ANY PARTICULAR PURPOSE OR USE (WHETHER OR NOT LICENSOR KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE); WARRANTIES OF QUALITY OR PRODUCTIVENESS, CAPACITY, ACCURACY OR SYSTEM INTEGRATION; IMPLIED WARRANTIES AGAINST INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY; AND, WARRANTIES AGAINST INTERFERENCE WITH LICENSEE'S ENJOYMENT OF THE LICENSED INFORMATION OR LICENSED INFORMATIONAL RIGHTS. IT IS SPECIFICALLY UNDERSTOOD AND AGREED THAT THE LICENSED SOFTWARE AND OTHER INFORMATION MADE AVAILABLE HEREUNDER BY LICENSOR ARE MADE AVAILABLE ON AN "AS-IS" BASIS AND THAT THE ENTIRE RISK AS TO SATISFACTORY QUALITY, PERFORMANCE, ACCURACY AND EFFORT IS WITH LICENSEE. LICENSOR WILL NOT BE LIABLE (WHETHER IN CONTRACT, WARRANTY, TORT, OR OTHERWISE) TO LICENSEE, THIRD PARTIES, OR ANY OTHER PERSON CLAIMING THROUGH OR UNDER LICENSEE, FOR ANY DAMAGES OR EXPENSES, INCLUDING BUT NOT LIMITED TO, ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES, LOST DATA, DOWNTIME COSTS, LOST PROFITS AND/OR LOST BUSINESS, ARISING OUT OF OR IN CONNECTION WITH ANY USE, OR INABILITY TO USE, ANY OF THE LICENSED SOFTWARE, MATERIALS OR INFORMATION FURNISHED, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF GOODWILL, WORK STOPPAGE, COMPUTER FAILURE OR MALFUNCTION, BUSINESS INTERRUPTION OR ANY AND ALL OTHER COMMERCIAL DAMAGES OR LOSSES, WHETHER CAUSED BY DEFECT, NEGLIGENCE, BREACH OF WARRANTY, DELAY IN DELIVERY OR OTHERWISE, REGARDLESS OF THE THEORY OF LIABILITY (WHETHER TORT, CONTRACT, STRICT LIABILITY, OR OTHERWISE), EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR EXPENSES. FURTHER, NO OBLIGATION OR LIABILITY

WILL ARISE OR FLOW OUT OF LICENSOR'S RENDERING OF TECHNICAL OR OTHER ADVICE IN CONNECTION WITH THE SOFTWARE OR ANY EQUIPMENT USED WITH THE SOFTWARE. LICENSOR DOES NOT REPRESENT OR WARRANT THAT THE OPERATION OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR-FREE OR MEET ANY SPECIFIC REQUIREMENTS, THAT THE SOFTWARE WILL BE FREE OF VIRUSES, WORMS, OTHER HARMFUL COMPONENTS OR OTHER PROGRAM LIMITATIONS OR THAT ANY DEFECTS OR ERRORS IN THE SOFTWARE WILL BE CORRECTED. THIS DISCLAIMER OF WARRANTY CONSTITUTES AN ESSENTIAL PART OF THIS AGREEMENT. NO AGENT OF LICENSOR IS AUTHORIZED TO ALTER OR EXCEED THE WARRANTY OBLIGATIONS OF LICENSOR AS SET FORTH HEREIN. NO USE OF THE PRODUCT IS AUTHORIZED HEREUNDER EXCEPT UNDER THIS DISCLAIMER; PROVIDED, HOWEVER, THAT SOME STATES OR JURISDICTIONS DO NOT ALLOW EXCLUSIONS OF AN IMPLIED WARRANTY AND SOME STATES OR JURISDICTIONS DO NOT ALLOW THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, SO THAT THIS DISCLAIMER MAY NOT APPLY TO LICENSEE. TO THE EXTENT THAT LICENSOR MAY NOT, AS A MATTER OF APPLICABLE LAW, DISCLAIM ANY WARRANTY, THE SCOPE AND DURATION OF SUCH WARRANTY SHALL BE THE MINIMUM PERMITTED UNDER APPLICABLE LAW.

14. LIMITATION OF LIABILITY

14.01 LIMITATION OF LIABILITY

LICENSOR'S LIABILITY FOR DAMAGES UNDER THIS AGREEMENT, REGARDLESS OF THE FORM OF ACTION AND REGARDLESS OF THE LEGAL THEORY, WILL NOT EXCEED THE COST OF REPLACEMENT OF THE SOFTWARE LICENSED UNDER THIS AGREEMENT. THIS WILL BE LICENSEE'S SOLE AND EXCLUSIVE REMEDY. NO ACTION, REGARDLESS OF FORM, ARISING OUT OF ANY PARTY'S OBLIGATIONS UNDER THIS AGREEMENT MAY BE BROUGHT BY EITHER PARTY MORE THAN ONE YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED, EXCEPT THAT AN ACTION FOR NONPAYMENT MAY BE BROUGHT WITHIN ONE YEAR OF THE DATE OF LAST PAYMENT.

15. SEVERABILITY

15.01 Severability

Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation required to be made applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable, and the parties agree to be bound by and perform this Agreement as so modified.

16. GOVERNING LAW; VENUE

16.01 Governing Law

This Agreement; all relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of New York, and if the franchised business is located outside of New York and the provision would be enforceable under the laws of the state in which the franchised business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Section intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition,

unfair or deceptive trade practice, fiduciary or any other doctrine of law of the State of New York or any other state, which would not otherwise apply.

16.02 Venue

Any litigation arising out of or related to this Agreement; any breach of this Agreement; the relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in New York, New York. Licensee agrees that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in New York, New York. Licensee hereby waives and covenants never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*).

17. COSTS OF ENFORCEMENT; ATTORNEYS' FEES

17.01 Costs of Enforcement

Licensor will be entitled to recover from Licensee reasonable attorneys' fees, experts' fees, court costs and all other expenses of litigation, if Licensor prevails in any action instituted against Licensee in order to secure or protect those rights inuring to Licensor under this Agreement, or to enforce the terms of this Agreement.

17.02 Attorneys' Fees

If Licensor becomes a party to any litigation or other proceeding concerning this Agreement by reason of any act or omission of Licensee or Licensee's authorized representatives and not by any act or omission of Licensor or any act or omission of Licensor's authorized representatives, or if Licensor becomes a party to any litigation or any insolvency proceedings pursuant to the bankruptcy code or any adversary proceeding in conjunction with an insolvency proceeding, Licensee will be liable to Licensor for reasonable attorneys' fees, experts' fees and court costs incurred by Licensor in the litigation or other proceeding regardless of whether the litigation or other proceeding or action proceeds to judgment. In addition, Licensor will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to its proof of claim in any insolvency proceedings filed by Licensee.

18. SUBMISSION OF AGREEMENT

18.01 Submission of Agreement

The submission of this Agreement does not constitute an offer and this Agreement will become effective only upon execution of this Agreement by both Licensor and Licensee. Licensor's date of execution will be considered the date of execution of this Agreement.

THIS AGREEMENT WILL NOT BE BINDING ON LICENSOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF LICENSOR. LICENSEE HAS READ ALL OF THE FOREGOING AGREEMENT AND HEREBY ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS THEREOF.

Dated: _____

LICENSEE:

Attest:

If a corporation or other entity:

Witness/Date

(Name of Corporation or Other Entity)

By: _____

Its _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated: _____

LICENSOR:

HONEST HOSPITALITY GROUP LLC

Attest:

By: _____

Witness/Date

EXHIBIT E
CONFIDENTIALITY/NON-COMPETITION AGREEMENT

CONFIDENTIALITY/NON-COMPETITION AGREEMENT

NAME: _____

FRANCHISEE: _____

HOME ADDRESS: _____

HOME TELEPHONE: _____

CLASSIFICATION: (Owner, Shareholder, Officer, Director, Attorney, Employee, Etc.)

_____ ("Franchisee") is a franchisee of Honest Hospitality Group LLC ("Franchisor") pursuant to a Franchise Agreement entered into by Franchisee and Franchisor dated _____ (the "Franchise Agreement"). I agree that, unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the Franchise Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to Franchisee, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices of Franchisee and/or Franchisor which may be communicated to me ("Confidential Information"), and I will not divert any business to competitors of Franchisee and/or Franchisor.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication is in violation of a similar confidentiality agreement), but in no event through any act of mine.

I specifically understand that, without limitation, the following constitute Confidential Information of Franchisor: all products, services, equipment, technologies and procedures relating to ; all systems of operation, services, programs, products, procedures, policies, standards, techniques, specifications and criteria which now comprise or in the future may comprise a part of the System; Franchisor's Confidential Operating Manual (as same may be amended from time to time); Supplements and/or amendments to the Manual; records pertaining to customers or billings; methods of advertising and promotion; customers; instructional materials; staff composition and organization systems; quality assurance programs; supervision systems; recommended services; recordkeeping systems and materials; bookkeeping systems and materials; business forms; product and service order forms; general operations materials; revenue reports; standards of interior and exterior design and decor; activity schedules; job descriptions; advertising, promotional and public relations materials/campaigns/guidelines/philosophy; specifications, systems, standards, techniques, philosophies and materials, guidelines, policies and procedures concerning the System; additions to, deletions from, and modifications and variations of the components constituting the System or the systems and methods of operations which are now, or may in the future, be employed by Franchisor, including all standards and specifications relating thereto and the means and manner of offering and selling same; and, all other components, specifications, standards, requirements and duties imposed by Franchisor or its Affiliates.

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or data base, nor otherwise make the them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree to return to Franchisor or Franchisee, as

the case may be, all Confidential Information or material containing it (in whole or in part) in my possession utilized during my employment, association, service or ownership participation.

I further agree that during the term of my employment/service/association/ownership participation, and under the circumstances set forth in the following paragraph, for a period of two years immediately following its expiration or termination for any reason, I will not, directly or indirectly, engage or participate in any other business which engages in any of the activities which the Franchise Agreement contemplates will be engaged in by Franchisee; or, which offers or sells any other service, product or component which now or in the future is part of the System, or any confusingly similar product or service. I agree that I am prohibited from engaging in any competitive business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant.

For a period of two years immediately following the expiration or termination of my employment/service/association/ownership participation, I am prohibited from engaging in any competitive business, if the other business is located within Franchisee's Territory, within ten miles of the boundaries of Franchisee's Territory, or within ten miles of (or within) any other Honest Business Territory (whether Company-owned, franchised or otherwise established and operated).

It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for competitive businesses, service as an independent contractor for competitive businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing herein will prevent me from owning for investment purposes up to an aggregate of 5% of the capital stock of any competitive business, so long as the competitive business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and so long as I or Franchisee do not control the company in question.

It is the intention of these provisions that any person or entity having any legal or beneficial interest in or traceable to, down or through me to be bound by the provisions of this covenant, including (without limitation) my spouse, brother, brother-in-law, sister, sister-in-law, parent, parent-in-law, child, son-in-law or daughter-in-law; any direct or indirect beneficiary; any partner (general or limited) or proprietor of mine; and, any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and me. I further agree that upon the expiration or termination of my term of employment/service/association, I will immediately refrain from any and all contacts with customers, for any purpose whatsoever.

I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor and Franchisee for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Franchisor or Franchisee (or both) prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of confidential information set forth in this agreement. I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of Franchisor's Confidential Information. Further, I expressly agree that any claims I may have against Franchisor will not constitute a defense to Franchisor's enforcement of the covenants not to compete set forth in this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Franchisor in connection with the enforcement of those covenants not to compete set forth in this Agreement.

If all or any portion of this covenant not to use confidential information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Franchisee and/or Franchisor is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Franchisee or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of New York, and if the franchised Honest Business is located outside of New York and the provision would be enforceable under the laws of the state in which the franchised Honest Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement; any breach of this Agreement; and, all relations and any and all disputes between myself on the one hand, and Franchisee or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in New York, New York. I agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in New York, New York.

I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*).

Witnessed By:

(Print Name)

Witness/Date

(Signature)

(Date)

EXHIBIT F
PRINCIPAL OWNERS STATEMENT

PRINCIPAL OWNERS STATEMENT

This form must be completed by you if you have multiple owners or if you, or your franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). We are relying on the truth and accuracy of this form in awarding the Franchise Agreement to you.

1. **Form of Owner.** Franchisee is a (check one):

- (a) General Partnership
- (b) Corporation
- (c) Limited Partnership
- (d) Limited Liability Company
- (e) Other

Specify: _____

Franchisee was formed under the laws of _____.
(state)

2. **Business Entity.** Franchisee was incorporated or formed on _____, 20____, under the laws of the State of _____. Franchisee has not conducted business under any name other than your corporate, limited liability company or partnership name and _____. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person

Position(s) Held

3. **Owners.** The following list includes the full name and mailing address of each person who is one of your direct or indirect owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Owner's Name and Address

Description of Interest

4. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Principal Owners Statement is current and complete as of _____, 20____

OWNER

INDIVIDUALS:

[Signature]

[Print Name]

[Signature]

[Print Name]

**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP:**

[Name]

By:_____

Title:_____

EXHIBIT G
SAMPLE BY-LAWS OF HONEST HOSPITALITY GROUP LLC
REGIONAL ADVERTISING COOPERATIVE

SAMPLE BY-LAWS OF HONEST HOSPITALITY GROUP LLC REGIONAL ADVERTISING COOPERATIVE

1. PURPOSES

1.01 Purposes

The purposes of _____ (the "Corporation"), as set forth in its Certificate of Incorporation, are to provide for and establish cooperative marketing, promotion and advertising programs for the Honest Businesses within the _____ Area of Dominant Influence (the "ADI"), as defined by The Arbitron Company; to serve as the official voice of the members; and, to pay the administrative expenses incidental thereto.

2. OFFICES

2.01 Registered Office

The Corporation shall establish and maintain a registered office and a registered agent in the State of _____, as required by law, and shall be qualified to conduct business in the State(s) of _____. The Corporation may also establish and maintain offices elsewhere in furtherance of its not-for-profit activities as the Board of Directors (the "Board") of the Corporation may deem appropriate.

3. SEAL

3.01 Seal

The seal of the Corporation shall be in such form as the Board of Directors shall prescribe.

4. MEMBERSHIP

4.01 Qualifications

The Corporation shall have one class of membership. Any Honest franchisee who operates an Honest Business located within the ADI under license granted by Honest Hospitality Group LLC ("Honest Hospitality") for such purpose or representative of any company-owned Honest Business shall be eligible for membership in the Corporation, providing that such license granted by Honest Hospitality is in good standing. "Good standing", for the purpose of the preceding sentence, shall mean that the license granted by Honest Hospitality to operate an Honest Business in the ADI has not been terminated and has not expired.

4.02 Admission of Members

Any person, partnership, corporation or other entity eligible for membership shall become a member immediately upon his or its execution of a membership pledge agreement, the form and terms of which shall be established by the Board.

Each new member shall be bound by, observe, participate in and when applicable, contribute to all programs, campaigns, policies and determinations of the Corporation which, by virtue of prior corporate action, are in effect on the date of membership admission.

4.03 Voting Rights of Members

Each member in good standing shall be entitled to one vote for each Honest Business operated by such member in the ADI under license from Honest Hospitality. Notwithstanding anything to the contrary set forth in these By-Laws, if an Honest Business is operated by two or more co-venturers, such co-venturers collectively, and not individually, shall be entitled to exercise the voting rights which may arise by virtue thereof; and, for the purpose of determining voting rights hereunder, no individual co-venturer shall be deemed to so operate any such business.

4.04 Transfer of Membership

Membership in the Corporation shall not be transferable or assignable.

4.05 Member's Sale of Unit

In the event that a member sells or otherwise transfers his or its Honest Business and, by virtue thereof, no longer is eligible for membership in the Corporation, such member shall not be liable for any contributions which accrue during the balance of the Corporation's fiscal year from the date that such sale or transfer becomes effective. Upon the purchase of the Honest Business, the purchaser shall immediately apply for membership in the Corporation and the purchaser's liability for all such contributions shall commence as of the date of purchase.

4.06 Other Associations

Nothing contained herein shall be construed as restricting any member from membership in any other association of Honest licensees or franchisees.

4.07 Suspension; Expulsion

A member may be suspended for a period, or expelled, for cause, such as for a violation of any of the By-Laws or rules of the Corporation or failure promptly to pay when due duly authorized dues and/or assessments of the Corporation (as provided for in Section 12.01 of these By-Laws) or for conduct prejudicial to the best interests of the Corporation. Suspension or expulsion shall require the affirmative vote of two-thirds of the directors present and voting at a meeting of the Board. Except as set forth below, any suspension or expulsion of any member shall be referred by the Board to the membership for a vote on expulsion and any expulsion shall require the affirmative vote equal to or greater than 75% of the votes cast (in person or by proxy) at the membership meeting convened *inter alia* to consider such actions. No suspension shall be effective unless a statement of the charges shall have been mailed by registered mail to the member proposed to be suspended or expelled at his or her last known address at least fifteen days before the meeting of membership at which final action on the suspension or expulsion is to be taken. Such notice shall state the time and place where the meeting of the membership is to take place, and shall specify the grounds upon which such suspension or expulsion is sought. The member shall be given an opportunity at the meeting to present any information relevant to the question of suspension or expulsion. A member who is suspended or expelled shall have no recourse or claim against the Corporation or any director, officer, employee, agent or member of the Corporation by reason of such suspension or expulsion and shall remain liable for all contributions due and owing prior to the date on which the membership votes to suspend or expel the member. Notwithstanding anything to the contrary set forth above, if a member no longer has a license in good standing to operate an Honest Business in the ADI (as defined by Section 4.01 of these By-Laws), expulsion of such member shall be automatic and shall not require a meeting or vote of the Board or of the membership.

4.08 Reinstatement

A. Any former member may, by written request delivered to and filed with the Secretary of the Corporation, make application to the Board of Directors for reinstatement as a member of the Corporation.

B. The Board of Directors, by a vote of two-thirds of the entire membership of the Board, may reinstate such former member to membership at any time upon such terms as the Board of Directors, in its discretion, deems appropriate, subject to the conditions precedent in sub-section C, below.

C. As conditions precedent to the restoration of membership: (i) the former member must be eligible for membership as provided in Section 4.03 of these By-Laws, and (ii) the Board of Directors may provide for the payment of contributions which accrued during the intervening period between resignation, suspension or expulsion and reinstatement.

5. MEETINGS OF MEMBERS

5.01 Place of Meeting

Meetings of the membership of the Corporation shall be held at such place(s) within the ADI as may be fixed by the Board as the place(s) of meeting for any quarterly, special, or annual meeting.

5.02 Quarterly Meetings

Meetings of the membership of the Corporation shall be held on the third Tuesday of each of the following months; September, December, March and June, at such times and places as shall be designated by the Board. If the scheduled date of any such meeting is a legal holiday, the meeting shall be held on the next succeeding business day not a legal holiday.

5.03 Annual Meeting

The annual meeting of the membership, for the election of directors and the transaction of any other business which may be lawfully brought before the meeting, shall be held at nine o'clock A.M. on the third Tuesday in September of each year, if not a legal holiday, and if a legal holiday, then on the next succeeding business day not a legal holiday, unless the Board shall designate some other hour or date therefor. If for any reason such meeting is not held at the time fixed therefor, such election may be held at a subsequent meeting called for that purpose.

5.04 Special Meetings

Special meetings of the membership may be called by a majority of the Board of Directors or by written demand of not less than one-fourth of the membership of the Corporation entitled to vote at such meeting.

5.05 Notice of Meetings; Waiver of Notice

Written notice of each meeting of the membership of the Corporation shall be given to each member by the Secretary. Each notice of meeting shall be given, personally or by mail, not less than five nor more than thirty days before the meeting, and shall state the time and place of the meeting, and, unless it is the annual meeting or a quarterly meeting, shall state at whose direction the meeting is called and the purpose(s) for which it is called. If mailed, notice shall be considered given when mailed to a member at his or its last known address on the Corporation's records. Notice need not be given to any member who submits a signed waiver of notice before or after the meeting, or who attends the meeting without protesting before the end of the meeting the lack of notice to him or it.

5.06 Organization

At every meeting of the membership, the Chairman of the Board, or in his absence a Vice President, or in the absence of the Chairman and all of the Vice Presidents, a chairman chosen by the members, shall act as chairman; and the Secretary, or in his absence, a person appointed by the chairman, shall act as secretary.

5.07 Quorum

The presence, in person or by written proxy, of members entitled to cast at least a majority of the votes which all members are entitled to cast shall constitute a quorum. A quorum once having been constituted for a meeting, whether monthly, annual, special, shall be deemed to continue until such meeting is adjourned. In the absence of a quorum, any officer entitled to preside at or to act as secretary of the meeting may adjourn the meeting until a quorum is present. At any adjourned meeting at which a quorum is present, any action may be taken which might have been taken at the meeting as originally called.

5.08 Voting

A. All matters voted upon by membership shall be decided by the vote of 75% of the votes cast by those members voting in person or by written proxy, except as otherwise provided by law, by the Certificate of Incorporation, or by these By-Laws. Any member may request that a roll call vote be taken with respect to the vote on any issue.

B. When electing directors, each member shall be entitled to cast the number of votes as shall equal the number of votes he or it is allocated under Section 5.03 of these By-Laws multiplied by the number of directors to be elected (for which such member's votes are eligible), and each member may cast all such votes for a single director or may distribute them among some or all of the number of directors to be elected, as said member sees fit.

C. The chairman at any meeting of the membership may, in his discretion, appoint one or more persons to act as inspectors or tellers, to receive, canvass and report the votes cast by the membership at such meeting provided, however, that no candidate for the office of director shall be appointed an inspector or teller at any meeting for the election of directors. The use of written ballots shall not be required for valid action to be taken at any meeting of the members.

D. At any meeting of the members (except those held pursuant to Section 5.05 of these By-Laws), any member may vote by written proxy. All proxies must be submitted to the Secretary of the Corporation, or, in his absence, any person appointed to act as secretary, at or before the meeting for which said proxies are given.

5.09 Participation in Meetings

One or more members may participate in a meeting of the membership by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other. The membership may designate one member to act as Sergeant of Arms at any meeting of members, and the individual so designated shall have the right to expel disorderly members and refuse admittance to non-members.

5.10 Action by Members Without Formal Meeting

Any action required to be taken at a meeting of the members of the Corporation (except for the election of Directors), or any other action which may or might be taken at a meeting of members, may be taken without a meeting if a written consent setting forth, with specificity, the action to be taken is signed by members who, in the aggregate, possess 75% percent of total membership votes, as calculated in Section 5.08 above.

5.11 Discussion by Members

At any meeting, no member shall speak longer than five minutes at any one time, except with the approval of a majority vote of the members present.

5.12 Order of Honest Business

The order of business at meetings of members shall be as follows:

1. Attendance Record.
2. Proof of Notice of Meeting or Waiver of Notice.
3. Reading of Minutes of Preceding Meeting.
4. Report of Board.
5. Election of Board (where appropriate).
6. Old Honest Business.
7. New Honest Business.
8. Adjournment.

6. BOARD OF DIRECTORS

6.01 General Powers

The property and affairs of the Corporation shall be managed by the Board of Directors subject, however, to the understanding that all major issues, questions and policy determinations shall, if feasible or appropriate, first be submitted to and voted upon by members at any quarterly, annual, or special meeting. The powers of the Board shall include, but shall not be limited to:

- (a) appointment of subordinate officers and employees of the Corporation;
- (b) development, with the assistance of such committees as the Board shall deem advisable, of policies and programs designed to promote the purposes for which the Corporation was formed;
- (c) establishment and preparation of budgets, including an annual budget, to be proposed to and voted upon by the membership to effectuate those programs, activities and functions of the Corporation;

(d) expenditure of up to Ten Thousand Dollars (\$10,000.00), without membership approval, where action to the advantage of the Corporation must be undertaken expeditiously and, in the given circumstances, time is of the essence and procuring membership approval is not feasible; and,

(e) establishment of the Corporation's office and preparation of its administrative budget.

6.02 Number, Qualification, Election and Term of Directors

The Board shall consist of nine directors, each of whom shall be at least 21 years old. Each such director shall himself be a member, and shall be elected by members. At the initial election of directors, the term of three directors shall be for one year; the term of three directors shall be for two years; and the term of three directors shall be for three years. At each succeeding annual election, the members shall elect one director to succeed to the offices of each director whose term has expired. Subsequent to the initial terms of directors provided for herein, directors shall hold office for a term of three years and until the election of their respective successors.

6.03 Quorum and Manner of Acting

A majority of the entire Board shall constitute a quorum for the transaction of business at any meeting. A quorum once having been constituted for a meeting shall be deemed to continue until such meeting is adjourned. Action by the Board shall be authorized by the affirmative vote of at least two-thirds of the directors present entitled to vote, even if such vote constitutes less than a majority of the votes which all directors would be entitled to cast. In the absence of a quorum, a majority of the directors present may adjourn any meeting from time to time until a quorum is present.

6.04 Place of Meetings

Meetings of the Board shall be held within the ADI.

6.05 Annual and Quarterly Meetings

Annual meetings of the Board shall be held either: (a) without notice immediately after the annual meeting of the membership, and at the same place, or (b) as soon as practicable after the annual meeting of the membership, on notice as provided above in Section 6.07 of these By-Laws. Quarterly meetings of the Board shall be held without formal notice immediately after the quarterly meeting of members, and at the same place, or at such times and places as the Board determines by prior written notice. If the day fixed for a regular meeting is a legal holiday, the meeting shall be held on the next succeeding business day not a legal holiday.

6.06 Special Meetings

Special meetings of the Board may be called by the Chairman of the Board or by any two (2) of the directors. Only business related to the purposes set forth in the notice of the meeting may be transacted at such a special meeting.

6.07 Notice of Meetings; Waiver of Notice

Notice of the time and place of each special meeting of the Board, and of each annual or quarterly meeting not held immediately after the respective meetings of the membership and at the same place, shall be given to each director at least 10 days before the meeting or, with regard to special meetings only, by delivering or telephoning or telegraphing notice to him at least two (2) hours before the meeting. Notice need not be given to any director who submits a signed waiver of notice before or after the meeting, or who attends the meeting without protesting before the end of the meeting the lack of notice to him.

6.08 Action Without a Meeting.

Unless specifically prohibited by statute, the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a written consent to such action is signed by all members of the Board. Such written consent or consents shall be filed with the minutes or proceedings of the Board or committee.

6.09 Telephone Meeting.

Any or all of the Directors may participate in a meeting of the Board by means of a telephone conference or any other means of communication by which all persons participating in the meeting are able to hear and speak with each other.

6.10 Resignation and Removal of Directors

Any director may resign at any time. Any or all of the directors may be removed at any time by a vote of two-thirds of all of the members of that director's geographic region; provided, however, in the event that the membership of a director has been terminated, has expired or does not otherwise subsist, such director shall, for all purposes be deemed removed from the Board effective simultaneously with the effective date of expulsion or suspension of such director's membership.

6.11 Vacancies

Any vacancy in the Board, including one created by an increase in the number of directors, may be filled for the unexpired term by a majority vote of the members present and voting at a meeting of members.

6.12 Annual Report of Directors

The Board of Directors shall present at each annual meeting of members its report, which shall set forth the statements and shall be verified or certified in the manner prescribed by Section 519 of the Not-for-Profit-Corporation Law of the State of New York. Such report shall be filed with the records of the corporation and either a copy or an abstract of such annual report shall be distributed or available for distribution at each annual meeting of members.

7. COMMITTEES

7.01 Committees

The Board, by resolution adopted by a majority of the entire Board, may designate such committees composed of directors, members who are not directors, or a combination of both, to serve at the Board's pleasure, with such powers and duties and for such purposes as the Board determines.

8. OFFICERS

8.01 Number

The officers of the Corporation shall be the President, one or more Vice Presidents, a Secretary, and a Treasurer. Not more than one (1) office may be held by the same person or entity. A director may serve as an officer of the Corporation.

8.02 Appointment; Term of Office

The officers of the Corporation shall be appointed annually by the Board and shall hold office for one (1) year and until the next annual meeting of the membership and the appointment and qualification of his or her successor. Immediately after election of the Board, the directors shall appoint a Chairman of the Board, who shall thereafter be appointed by the Board to serve as President of the Corporation throughout his or her term. Immediately thereafter all other officers shall also be appointed by the Board of Directors.

8.03 Resignation and Removal of Officers

Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary of the Corporation. Any officer appointed by the Board may be removed either with or without cause by a vote of two-thirds of the members of the Board present and voting at any meeting of the Board.

8.04 Vacancies

A vacancy in any office may be filled for the unexpired term in the manner prescribed in these By-Laws for appointment to that office.

8.05 The President

The president, who shall be a director, shall be the chief executive officer of the Corporation and shall preside at all meetings of the Board and of the membership. Subject to the control of the Board, he shall have general supervision over the business of the Corporation and shall have such other powers and duties as presidents of corporations usually have or as the Board assigns to him.

8.06 Vice President

Each Vice President shall have such powers and duties as the Board or the President assigns to him.

8.07 The Treasurer

The Treasurer shall be the chief financial officer of the Corporation and shall be in charge of the Corporation's books and accounts. Subject to the control of the Board, he shall have such other powers and duties as the Board or the President assigns to him or her.

8.08 The Secretary

The Secretary shall be the secretary of, and keep the minutes of, all meetings of the Board and of the members; shall be responsible for giving notice of all meetings of the membership and of the Board; and, shall keep the Corporation's seal and, when authorized by the Board, shall apply it to any instrument requiring it. Subject to the control of the Board, he or she shall have such other powers and duties as the Board or the President assigns to him or her. The Board may, in its discretion, appoint an Assistant Secretary who shall possess and discharge such powers and duties as the Board may prescribe. In the absence of the Secretary from any meeting, the minutes shall be kept by the person appointed for that purpose by the chairman of the Board.

9. CORPORATE FUNDS

9.01 General Use of Funds

Funds in any Regional Advertising cooperative shall be expended for any and all or a combination of the following purposes: (i) development of advertising ideas and concepts; (ii) development of market research and merchandising programs; (iii) preparation of advertising campaigns; (iv) development of promotional ideas and strategies; (v) preparation of collateral creative materials; (vi) preparation of advertisements (including writing, filming, editing, etc.); (vii) planning, negotiation, contracting and trafficking all media programs; (viii) technical and professional advice in connection with the above; (ix) other public relations; and, (x) administration of the Cooperative, including legal and accounting services.

It shall be required that all, or as great a percentage as practicable, of the funds received in any given fiscal year by the Corporation from its members be expended for the above purposes during that fiscal year.

9.02 Contracts

The Board of Directors, after having first secured the approval of the membership (when feasible and appropriate) may, from time to time, authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these By-Laws, and singly or jointly or in any other manner, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

9.03 Checks, Drafts, Etc.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents, of the Corporation and in such manner as shall, from time to time, be determined by resolution of the Board of Directors.

9.04 Deposits

All funds of the Corporation shall be promptly deposited, from time to time, to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

9.05 Gifts

The Board may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation.

10. MEMBERSHIP CERTIFICATES

10.01 Membership Certificates

The Board may provide for the issuance of membership certificates evidencing status as a member in the Corporation, which certificates shall be in such form as determined by the Board; shall be non-transferable; and, shall bear on the face thereof, a conspicuous notation that the Corporation is a not-for-profit corporation and that the membership certificate is non-transferable. Such certificates shall be signed by the President or a Vice-President and by the Secretary or any Assistant Secretary and shall be sealed with the seal of the Corporation. The name, address and location of the Honest Business of each member and the date of issuance of the certificate shall be entered on the records of the Corporation. If any certificate shall become lost, mutilated or destroyed, a new certificate may be issued therefor, upon such terms and conditions as the Board may determine.

11. BOOKS AND RECORDS

11.01 Books and Records

The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its membership, its Board of Directors and any committees having any of the authority of the board, and shall also keep a record bearing the names and addresses of Corporation members. All books and records of the Corporation shall be kept at the registered office or principal office of the Corporation and shall not be removed from such place except as necessary for purposes of auditing such books and records. All books and records of the Corporation may be inspected by any member or anyone authorized by law or contract for any proper purpose at any reasonable time, upon the giving of prior written notice to the President, Treasurer or Secretary or such other officer or person as the Board may determine.

11.02 Audits

Immediately following the close of each fiscal year, the Corporation shall authorize an audit of its books and records to be made either by an Audit Committee or by an outside auditor chosen by the Board; provided, however, that no officer or director of the Corporation, acting as such during the audited period, shall be chosen as a member of the Audit Committee. Such reports of audits shall be presented to the Board as soon as practicable, which will, in turn, present such reports to the members of the Corporation at the next regular meeting, or at a special meeting if deemed necessary by the Board.

12. PAYMENTS BY MEMBERS

12.01 Amount and Payment of Dues and Assessments

Each member shall pay to the Corporation annual dues of One Hundred (\$100) Dollars per Honest Business operated by such member, payable simultaneously with delivery of such member's membership pledge agreement; provided, however, the amount of the annual dues shall be subject to modification by the Board from time-to-time as the Board, in its sole discretion, deems appropriate. In addition, each member shall be required to pay a monthly assessment which shall be computed based on a percentage of the prior month's "Gross Revenues", as such term is defined in the Franchise Agreement. Such percentage shall be not less than one (1%) percent and shall not exceed two (2%) percent unless authorized by a vote of at least seventy-five (75%) percent of the members. Unless otherwise prescribed by the Board, all monthly assessments shall be due and payable the fifteenth (15th) day of each month for the preceding month.

12.02 Fines and Penalties

The Board shall have the power to impose such fines and/or penalties upon any member, as the Board, in its sole discretion, deems appropriate as a result of a member's violation of any of the By-Laws or rules of the Corporation or failure promptly to pay when due duly authorized dues and/or special assessments of the

Corporation, or for conduct prejudicial to the Corporation. Any such fines and/or penalties shall be due and payable on such terms as are fixed by the Board.

12.03 Default and Termination of Membership

When any member shall be in default in the payment of any fees, dues, assessments, fines or penalties for a period of sixty (60) days from the beginning of the period for which such amounts become payable, his or its membership may thereupon be terminated in the manner provided in Section 4.07 of these By-Laws. In addition, such default may result in termination of the member's rights under his/its Franchise Agreement.

12.04 Payments Non-Refundable

Except upon the affirmative vote of seventy-five (75%) percent of the members present and voting (in person or by proxy) at any meeting of members, no member shall be entitled to a refund of any part of the dues, assessments, fines and/or penalties paid by such member to the Corporation.

13. INDEMNIFICATION OF DIRECTORS, OFFICERS, AND COMMITTEE MEMBERS

13.01 Right to Indemnification

The Corporation shall indemnify any person who is or was a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director, officer, or member of a committee of the Corporation as follows:

A. If the action, suit or proceeding is not by or in the right of the Corporation:

- (1) against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith to the extent that he has been successful on the merits or otherwise in defense of such action, suit or proceeding, or of any claim, issue or matter therein, and
- (2) against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection therewith if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

B. If the action, suit or proceeding is by or in the right of the Corporation:

- (1) against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith to the extent that he has been successful on the merits or otherwise in defense of such action, suit or proceeding, of any claim, issue or matter therein, and
- (2) against expenses (including attorneys' fees), judgments and amounts paid in settlement actually and reasonably incurred by him in connection with the defense or settlement thereof if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have adjudged to be liable to the Corporation for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that a court of record of the county in which the registered office of the Corporation is located or the court in which such action, suit, or proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity.

13.02 Procedure to be Followed

Any indemnification under paragraph (a)(2) or (b)(2) of Section 13.01 above (unless ordered by a court or made pursuant to a determination by a court as hereinafter provided) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, committee member or any other person who qualifies for indemnification under this Article 13 is proper under the circumstances because he has satisfied the requirements for indemnification as set forth in paragraphs A.(2) or B.(2) of Section 13.01 of these By-Laws, as the case may be. This determination shall be made (a) by independent legal counsel not in the employ of the Corporation in a written opinion, or (b) by the membership. In the absence of a determination that indemnification is proper as aforesaid, the director, officer, committee member, or other qualifying person may make application to a court of the county in which the registered office of the Corporation is located or the court in which the action, suit or proceeding was brought, which shall determine whether the trustee, officer, committee member or other qualifying person has met the applicable requirements for indemnification. If the court shall determine that indemnification is proper, indemnification shall be made under such paragraphs A.(2) or B.(2) of Section 13.01 of these By-Laws, as the case may be.

13.03 Payment of Expenses in Advance

Expenses incurred in defending an action, suit or proceeding referred to in Section 13.01 of these By-Laws may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the membership or by a court, in the manner provided in Section 13.02 of these By-Laws, upon receipt of an undertaking by or on behalf of the director, officer, committee member or other qualifying person (regardless of his financial responsibility) to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article 13.

13.04 Other Rights

The indemnification provided by these By-Laws shall not be deemed exclusive of any other rights to which a person seeking indemnification may be entitled under any agreement, vote of members, or otherwise both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer or committee member and shall inure to the benefit of the heirs, executors and administrators of such a person.

13.05 Insurance

The Corporation shall have the power to purchase and maintain on behalf of any person who is or was a director, officer, committee member, employee or agent of the Corporation insurance against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of these By-Laws.

14. NOTICE

14.01 Notice

Any notice required to be given to any member, director, or officer under the provisions of these By-Laws, or otherwise, shall be in writing and shall (subject to the provisions of law, these By-Laws, and the Certificate of Incorporation of the Corporation) be deemed to be sufficiently given if such notice is delivered to such member, director or officer in person (and receipted on a copy of such notice) or mailed, faxed or telegraphed to such member, director or officer at his or its address, as the same appears on the books of the Corporation.

14.02 Waiver of Notice

Any notice required to be given under the provisions of these By-Laws, or otherwise, may (subject to the provisions of law and the Certificate of Incorporation of this Corporation), be waived by the member, director, or officer to whom such notice is required to be given.

15. AMENDMENT OF BY-LAWS

15.01 Amendment

Any or all of the provisions of these By-Laws, whether contractual in nature or merely regulatory of the internal affairs of the Corporation, may be amended or repealed by vote of the members entitled to cast at least seventy-five (75%) percent of the votes which all members are entitled to cast thereon, at any regular or special meeting duly convened after notice of such purpose to the members.

EXHIBIT H
GUARANTEE OF
HONEST HOSPITALITY GROUP LLC FRANCHISE AGREEMENT

**GUARANTEE OF
HONEST HOSPITALITY GROUP FRANCHISE AGREEMENT**

In consideration of the execution by Franchisor of the Franchise Agreement (the "Franchise Agreement") dated the _____ day of _____, _____, between Honest Hospitality Group LLC ("Franchisor") and _____ ("Franchisee") and for other good and valuable consideration, each of the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

If more than one person has executed this Guarantee, the term "the undersigned", as used herein, shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by each and every covenant, term, condition, agreement and undertaking contained and set forth in said Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor, and agree that this Guarantee shall be construed as though the undersigned and each of them executed agreement(s) containing the identical terms and conditions of the Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

The undersigned hereby agree, furthermore, that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (a) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Agreement as so amended, compromised, released or altered; (b) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (c) any right or remedy under the Agreement, this Guarantee or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (d) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

Should Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Franchise Agreement or any others of the undersigned. The undersigned agree to bear any and all Franchisor's costs of collection hereunder, including all court costs and expenses, attorneys' fees, costs of or resulting from delays; travel, food, lodging and other living expenses necessitated by the need or desire to appear before courts or tribunals (including arbitration tribunals), and all other costs of collection.

Notice to or demand upon Franchisee or any of the undersigned shall be deemed notice to or demand upon Franchisee and all of the undersigned, and no notice or demand need be made to or upon any or all of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned shall not relieve any other Guarantors from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, shall in no way modify or amend this Guarantee, which shall be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee shall inure to the benefit of the Franchisor, its successors and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

This Guarantee is to be exclusively construed in accordance with and/or governed by the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If,

however, any provision of this Guarantee would not be enforceable under the laws of New York, and if the business franchised under the Franchise Agreement is located outside of New York and the provision would be enforceable under the laws of the state in which the franchised business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Guarantee is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Guarantee will be instituted exclusively in a court of competent jurisdiction in New York, New York. The undersigned agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in New York, New York. The undersigned hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*).

Should any one or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Franchise Agreement.

Attest:

By: _____

Signature

Printed Name

Address

Attest:

By: _____

Signature

Printed Name

Address

Attest:

By: _____

Signature

Printed Name

Address

EXHIBIT I

GENERAL RELEASE – REFUND UPON TERMINATION

GENERAL RELEASE

To all to whom these Presents shall come or may Concern, Know That _____ [a corporation organized under the laws of the State of _____][an individual domiciled in the State of _____] as RELEASOR, in consideration of the partial refund to RELEASOR by HONEST HOSPITALITY GROUP LLC of the Initial Franchise Fee previously paid by RELEASOR in connection with the termination of the franchise between RELEASOR and HONEST HOSPITALITY GROUP LLC (the "Franchise Agreement"), and other good and valuable consideration, hereby releases and discharges HONEST HOSPITALITY GROUP LLC as RELEASEE; RELEASEE'S corporate parents, subsidiaries or affiliates; and, the respective officers, directors, shareholders, agents, attorneys, contractors and employees of each of the foregoing (in their corporate and individual capacities), along with RELEASEE'S heirs, executors, administrators, successors and assigns, from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against the RELEASEE, the RELEASOR, RELEASOR'S heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE arising out of or related to the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that nothing contained in this release is intended to disclaim or require RELEASOR to waive reliance on any representation that RELEASEE made in the Franchise Disclosure Document that RELEASEE provided to RELEASOR; and provided further that all liabilities arising under Indiana Code Sec. 23-2-2.7 and/or the Maryland Franchise Registration and Disclosure Law are excluded from this release, and that all rights enjoyed by RELEASOR under said Franchise Agreement and any causes of action arising in his, her or its 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; it being the intent of this proviso that the non-waiver provisions of General Business Law, Section 687.4 and 687.5 be satisfied. If RELEASOR is domiciled or has his or her principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR (if an individual) *has executed this RELEASE*, and (if a corporation) *has caused this RELEASE to be executed by a duly authorized officer and its corporate seal to be hereunto affixed on _____, _____.*

RELEASOR

[SEAL]

By _____

ACKNOWLEDGMENT FOR CORPORATE RELEASOR

STATE OF _____

ss.:

COUNTY OF _____

On _____, before me _____, personally came _____, to me known, who, by me duly sworn, did depose and say that deponent resides at _____, that deponent is the _____ of _____, the corporation described in the foregoing RELEASE, and which executed said RELEASE, that deponent knows the seal of the corporation, that the seal affixed to the RELEASE is the corporate seal, that it was affixed by order of the board of directors of the corporation; and that deponent signed deponent's name by like order.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

My Commission expires: _____

(NOTARIAL SEAL)

ACKNOWLEDGMENT FOR INDIVIDUAL RELEASOR

STATE OF _____

ss.:

COUNTY OF _____

On this ___ day of _____, _____, before me _____, the undersigned
(Name of Notary)
officer, personally appeared _____, to me personally known, and known to me to be the same person
whose name is signed to the foregoing RELEASE, and acknowledged the execution thereof for the uses and purposes
therein set forth.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

My Commission expires: _____

(NOTARIAL SEAL)

EXHIBIT J
GENERAL RELEASE - RENEWAL

GENERAL RELEASE

To all to whom these Presents shall come or may Concern, Know That _____ [a corporation organized under the laws of the State of _____][an individual domiciled in the State of _____] as RELEASOR, in consideration of the execution by HONEST HOSPITALITY GROUP LLC of a Renewal Agreement renewing the franchise between RELEASOR and HONEST HOSPITALITY GROUP LLC (the "Franchise Agreement"), and other good and valuable consideration, hereby releases and discharges HONEST HOSPITALITY GROUP LLC as RELEASEE; RELEASEE'S corporate parents, subsidiaries or affiliates; and, the respective officers, directors, shareholders, agents, attorneys, contractors and employees of each of the foregoing (in their corporate and individual capacities), along with RELEASEE'S heirs, executors, administrators, successors and assigns, from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against the RELEASEE, the RELEASOR, RELEASOR'S heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE arising out of or related to the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that nothing contained in this release is intended to disclaim or require RELEASOR to waive reliance on any representation that RELEASEE made in the Franchise Disclosure Document that RELEASEE provided to RELEASOR; and provided further that all liabilities arising under Indiana Code Sec. 23-2-2.7 and/or the Maryland Franchise Registration and Disclosure Law are excluded from this release, and that all rights enjoyed by RELEASOR under said Franchise Agreement and any causes of action arising in his, her or its 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; it being the intent of this proviso that the non-waiver provisions of General Business Law, Section 687.4 and 687.5 be satisfied. If RELEASOR is domiciled or has his or her principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR (if an individual) *has executed this RELEASE*, and (if a corporation) *has caused this RELEASE to be executed by a duly authorized officer and its corporate seal to be hereunto affixed on _____, _____.*

RELEASOR

[SEAL]

By _____

ACKNOWLEDGMENT FOR CORPORATE RELEASOR

STATE OF _____

ss.:

COUNTY OF _____

On _____, before me _____, personally came _____, to me known, who, by me duly sworn, did depose and say that deponent resides at _____, that deponent is the _____ of _____, the corporation described in the foregoing RELEASE, and which executed said RELEASE, that deponent knows the seal of the corporation, that the seal affixed to the RELEASE is the corporate seal, that it was affixed by order of the board of directors of the corporation; and that deponent signed deponent's name by like order.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

My Commission expires: _____

(NOTARIAL SEAL)

ACKNOWLEDGMENT FOR INDIVIDUAL RELEASOR

STATE OF _____

ss.:

COUNTY OF _____

On this ___ day of _____, _____, before me _____, the undersigned
(Name of Notary)
officer, personally appeared _____, to me personally known, and known to me to be the same person
whose name is signed to the foregoing RELEASE, and acknowledged the execution thereof for the uses and purposes
therein set forth.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

My Commission expires: _____

(NOTARIAL SEAL)

EXHIBIT K

GENERAL RELEASE - ASSIGNMENT

GENERAL RELEASE

To all to whom these Presents shall come or may Concern, Know That _____ [a corporation organized under the laws of the State of _____][an individual domiciled in the State of _____] as RELEASOR, in consideration of the consent of HONEST HOSPITALITY GROUP LLC to the Assignment of the Franchise Agreement between RELEASOR and HONEST HOSPITALITY GROUP LLC (the "Franchise Agreement") to _____, and other good and valuable consideration, hereby releases and discharges HONEST HOSPITALITY GROUP LLC as RELEASEE, RELEASEE'S corporate parents, subsidiaries or affiliates and the respective officers, directors, shareholders, agents, attorneys, contractors and employees of each of the foregoing entities (in their corporate and individual capacities), and RELEASEE'S heirs, executors, administrators, successors and assigns, from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against the RELEASEE, the RELEASOR, RELEASOR'S heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that nothing contained in this release is intended to disclaim or require RELEASOR to waive reliance on any representation that RELEASEE made in the Franchise Disclosure Document that RELEASEE provided to RELEASOR; provided further that all liabilities arising under Indiana Code Sec. 23-2-2.7 and/or the Maryland Franchise Registration and Disclosure Law are excluded from this release, and that all rights enjoyed by RELEASOR under said Franchise Agreement and any causes of action arising in his, her or its 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; it being the intent of this proviso that the non-waiver provisions of General Business Law, Section 687.4 and 687.5 be satisfied. If RELEASOR is domiciled or has his or her principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR (if an individual) *has executed this RELEASE*, and (if a corporation) *has caused this RELEASE to be executed by a duly authorized officer and its corporate seal to be hereunto affixed on _____, _____.*

RELEASOR

[SEAL]

By _____

ACKNOWLEDGMENT FOR CORPORATE RELEASOR

STATE OF _____

ss.:

COUNTY OF _____

On _____, before me _____, personally came _____, to me known, who, by me duly sworn, did depose and say that deponent resides at _____, that deponent is the _____ of _____, the corporation described in the foregoing RELEASE, and which executed said RELEASE, that deponent knows the seal of the corporation, that the seal affixed to the RELEASE is the corporate seal, that it was affixed by order of the board of directors of the corporation; and that deponent signed deponent's name by like order.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

My Commission expires: _____

(NOTARIAL SEAL)

ACKNOWLEDGMENT FOR INDIVIDUAL RELEASOR

STATE OF _____

ss.:

COUNTY OF _____

On this ___ day of _____, _____, before me _____, the undersigned
(Name of Notary)
officer, personally appeared _____, to me personally known, and known to me to be the same person
whose name is signed to the foregoing RELEASE, and acknowledged the execution thereof for the uses and purposes
therein set forth.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

My Commission expires: _____

(NOTARIAL SEAL)

EXHIBIT "L"

ACKNOWLEDGMENT ADDENDUM

NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN THE STATE OF CALIFORNIA: DO NOT COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE. Do not sign this Acknowledgment Addendum if you are a resident of Maryland or the business is to be operated in Maryland.

As you know, you and we intend to enter into a Franchise Agreement for the operation of an Honest franchise. This Acknowledgment Addendum must be completed prior to the final execution of a Franchise Agreement. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and the operation of an Honest franchise. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations.

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing this Acknowledgment Addendum and Franchise Agreement? Check one: Yes or No. If no, please comment: _____

2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? Check one: Yes or No. If no, please comment: _____

3. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one: Yes or No. If no, please comment: _____

4. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Disclosure Document or Franchise Agreement? Check one: Yes or No. If yes, please state in detail the oral, written or visual claim or representation: _____

5. Did any employee or other person speaking on behalf of Honest Hospitality Group LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any Honest Restaurant Location or business, or the likelihood of success at your franchised business? Check one: Yes or No. If yes, please state in detail the oral, written or visual claim or representation: _____

6. Did any employee or other person speaking on behalf of Honest Hospitality Group LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document. Check one: Yes or No. If yes, please comment: _____

7. Do you understand that that the franchise granted is for the right to develop and operate an Honest Restaurant from the Restaurant Location, as stated in Franchise Agreement Section 3.01, and that, according to Franchise Agreement Section 3.04, we and our affiliates have the right, regardless of the proximity to your Honest Restaurant, to: (i) engage in any business activity and deploy any business concept whatsoever and use our Proprietary Marks or any other names or marks owned or developed by us or our affiliates in connection with such other concepts and business activities; (ii) offer and sell under the Proprietary Marks, any and all programs, products or services and/or their components or ingredients (including those used or sold by your franchised Business), whether or not a part of the Honest System, through any alternative method of distribution; (iii) offer and sell (directly, or through other franchisees or licensees) Honest System programs, products and services at any and all nontraditional locations; and that, (iv) we and/or our affiliates alone have the right to sell Honest System programs, products and services to national, regional and institutional accounts. Check one: Yes or No. If no, please comment: _____

8. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Honest Restaurant, meaning that any prior oral or written statements not set out in the Disclosure Document or Franchise Agreement will not be binding? Check one: Yes or No. If no, please comment: _____

9. Do you understand that the success or failure of your Honest Restaurant will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the "Honest" trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Honest Restaurant may change? Check one Yes No. If no, please comment: _____

10. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Franchise Agreement Sections 12.02 and 18.01(9) and that an injunction is an appropriate remedy to protect the interests of the Honest System if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly in Franchise Agreement Sections 12.02 and 18.01(9), such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one Yes or No. If no, please comment: _____

11. On the receipt page of the Disclosure Document you identified _____ as the franchise seller involved in this franchise sales process. Is the franchise seller identified above the only franchise seller involved with this transaction? Check one Yes or No. If no, please identify any additional franchise sellers involved with this transaction: _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: _____

Print Name: _____

Date: _____

APPROVED ON BEHALF OF
HONEST HOSPITALITY GROUP LLC

By: _____

Title: _____

Date: _____

*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law. This addendum does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereon.

EXHIBIT B
FINANCIAL STATEMENTS

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

HONEST HOSPITALITY GROUP LLC

Balance Sheet

As of May 31, 2023

May 31, 23

ASSETS	
Current Assets	
Checking/Savings	
1100 - Cash In Bank- Chase 5627	258,341.02
Total Checking/Savings	258,341.02
Other Current Assets	
1430 - Prepaid Taxes	453,332.95
Total Other Current Assets	453,332.95
Total Current Assets	711,673.97
Fixed Assets	
1535 - Sign Fixture	41,290.58
1750 - Accumulated Depreciation	-19,540.58
Total Fixed Assets	21,750.00
Other Assets	
1850 - Security Deposits	1,990.00
1810 - Trademark	15,000.00
1805 - Accum. Amortization Trademark	-15,000.00
1820 - Organization Expense	30,785.00
1821 - Less Amortization Org Exp	-30,785.00
Total Other Assets	1,990.00
TOTAL ASSETS	735,413.97
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
Credit Card at Chase Web Downl	976.11
Total Credit Cards	976.11
Total Current Liabilities	976.11
Total Liabilities	976.11
Equity	
2800 - Patners Capital Contribution	
2805 - Abhishek	91,067.91
2806 - Contribution	-183,242.26
2807 - Draw	
Total 2805 - Abhishek	-92,174.35
2810 - Dushyant	92,902.58
2811 - Contribution	-623,049.13
2812 - Draw	
Total 2810 - Dushyant	-530,146.55
2815 - Harin Gupta	
2817 - Draw	1.00
Total 2815 - Harin Gupta	1.00
2820 - Raj Mittal	35,032.56
2821 - Contribution	-443,212.30
2822 - Draw	
Total 2820 - Raj Mittal	-408,179.74
2825 - Vijaybhai Gupta	410,891.80
2826 - Contribution	-1,553,701.84
2827 - Draw	

8:57 AM

06/22/23

Accrual Basis

HONEST HOSPITALITY GROUP LLC

Balance Sheet

As of May 31, 2023

	May 31, 23
2825 · Vijaybhai Gupta - Other	2,469.76
Total 2825 · Vijaybhai Gupta	-1,140,340.28
2800 · Patners Capital Contribution - Other	-131,074.08
Total 2800 · Patners Capital Contribution	-2,301,914.00
2900 · Retained Earnings	2,916,252.36
2920 · Shareholder Distributions	-214,940.10
30300 · Member 1 Draws	97.29
Net Income	334,942.31
Total Equity	734,437.86
TOTAL LIABILITIES & EQUITY	<u>735,413.97</u>

HONEST HOSPITALITY GROUP LLC

Profit & Loss

January through May 2023

	Jan - May 23	% of Income
Ordinary Income/Expense		
Income		
3000 · Royalties Income		
3001 · Canada	45,415.73	4.1%
3002 · Australia	-13,030.73	-1.2%
3003 · USA	1,022,383.81	92.5%
Total 3000 · Royalties Income	1,054,768.81	95.5%
3025 · Franchise Income	50,000.00	4.5%
Total Income	1,104,768.81	100.0%
Gross Profit	1,104,768.81	100.0%
Expense		
6100 · Advertising and Promotion	12,021.95	1.1%
6150 · Auto Expenses	150.93	0.0%
6151 · Parking/Tolls	65.44	0.0%
6160 · Auto Rental	3,530.09	0.3%
6170 · Computer and Internet Expenses	19.99	0.0%
6250 · Bank Service Charges	400.75	0.0%
6350 · Contributions	500.00	0.0%
6351 · Contribution - Employee 401K	3,227.87	0.3%
6375 · Dues & Subscription	95.00	0.0%
6400 · Merchant Account Fees	49.75	0.0%
6750 · Franchise Fees - Master	10,000.00	0.9%
6575 · Guaranteed Payments		
6578 · Vijay Gupta	96,666.68	8.7%
6576 · Abhishek Gupta	120,151.53	10.9%
6577 · Raj Mittal	84,659.08	7.7%
Total 6575 · Guaranteed Payments	301,477.29	27.3%
6600 · Meals and Entertainment	2,676.38	0.2%
6601 · Payroll Expenses	403.79	0.0%
6800 · Insurance Expense		
6801 · Insurance - Health	15,646.10	1.4%
6803 · Business Liability	1,641.25	0.1%
6800 · Insurance Expense - Other	1,229.88	0.1%
Total 6800 · Insurance Expense	18,517.23	1.7%
7051 · Management Fees	50,000.00	4.5%
7100 · Office Expense	2,115.96	0.2%
7110 · Office Supplies	16.21	0.0%
7151 · Professional Fees		
7152 · Audit Fees	10,000.00	0.9%
7153 · Legal Fees	32,391.38	2.9%
7154 · Accounting & Tax Fees	3,750.00	0.3%
7151 · Professional Fees - Other	403.83	0.0%
Total 7151 · Professional Fees	46,545.21	4.2%
7200 · Postage Expense	128.30	0.0%
7201 · Plan Administration Exp 401K	668.00	0.1%
7225 · Recruitment Expense	159.88	0.0%
7250 · Rent Expense	5,522.16	0.5%
7400 · Salaries - Employees	189,885.14	17.2%
7450 · Supplies	71.86	0.0%
7460 · State Income Tax	21,862.24	2.0%
7500 · Taxes - FICA	14,344.87	1.3%
7510 · Taxes - FUTA	172.98	0.0%
7520 · Taxes - SUTA	965.48	0.1%
7650 · Telephone Expense	353.75	0.0%
7670 · Travel Expenses	83,878.00	7.6%
Total Expense	769,826.50	69.7%

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Accrual Basis

HONEST HOSPITALITY GROUP LLC

Profit & Loss

January through May 2023

	Jan - May 23	% of Income
Net Ordinary Income	334,942.31	30.3%
Net Income	334,942.31	30.3%

Honest Hospitality Group, LLC

Financial Statements

For the Years Ended

December 31, 2022 and 2021

Honest Hospitality Group, LLC

Index

Independent Auditor's Report	1-2
Balance sheets	3
Statement of Operations and Members' Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-10

Prakash Chavda, CPA P.C. Certified Public Accountant

Independent Auditor's Report

The Board of Directors

Honest Hospitality Group LLC

Opinion

We have audited the accompanying financial statements of Honest Hospitality Group LLC (a Texas corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Honest Hospitality Group LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Prakash Chavda, CPA P.C.

Certified Public Accountant

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Honest Hospitality Group LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Honest Hospitality Group LLC's ability to continue as a going concern for a reasonable period of time.

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

Prakash Chavda, CPA PC

Prakash Chavda, CPA, P.C.

Floral Park, NY, USA

June 05, 2023

Honest Hospitality Group Inc
Balance sheets
December 31, 2022 and 2021

	2022	2021
<u>Assets</u>		
Current assets:		
Cash	\$ 406,426	\$ 1,179,440
Accounts receivable	129,286	76,311
Prepaid expenses	-	-
 Total current assets	 535,712	 1,255,751
 Property & equipment, net	 16,520	 24,778
 Other assets:		
Security deposit	1,990	1,990
Intangibles, net	10,976	13,962
Other Assets	1,000	-
 Total assets	 \$ 566,198	 \$ 1,296,481
 <u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Accounts payable, accrued expenses	\$ 6,999	\$ 913
Advance from customer	-	179,393
 Total Current Liabilities	 6,999	 180,306
 Long term liabilities:		
Loan payable	-	-
 Total Long Term Liability	 -	 -
 Total Liabilities	 6,999	 180,306
 Commitments and contingencies	 -	 -
 Members' equity:		
 Total liabilities and shareholders' equity	 \$ 566,198	 \$ 1,296,481

See accompanying notes and independent auditor's report.

Honest Hospitality Group Inc
Statement of operations and members' equity
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue:		
Royalty fees	\$ 2,632,928	\$ 1,932,967
Franchise fees	244,363	72,101
Other income	2,100	4,633
Rebate	(2,427)	0
Contingent Refund	(20,000)	0
Total revenue	<u>2,856,964</u>	<u>2,009,701</u>
Operating expenses:		
Advertising	22,190	5,236
Royalty Expense	10,000	-
Automobile expense	12,838	8,595
Bank charges	1,037	982
Depreciation and amortization	11,244	11,244
Dues and subscription	95	95
Donation	9,006	15,000
Insurance	23,605	21,045
Licenses, fees and taxes	780	3,249
Management fees	2,500	11,000
Office expense	5,644	3,106
Payroll processing fees	-	-
Professional fees	227,591	288,427
Rent	10,365	7,633
Salary and employee benefits	1,191,826	625,403
Telephone	918	1,082
Travel, meals and entertainment	192,068	148,610
Computer & Internet Expenses	144	-
Miscellaneous	19	-
Parking/Tolls	111	-
Relief expense	-	7,932
Support fees	-	10,000
Total operating expenses	<u>1,721,981</u>	<u>1,168,639</u>
Income from operations	<u>1,134,983</u>	<u>841,062</u>
Other (expenses)		
Interest expense	-	-
PPP loan forgiveness	-	104,927
Income tax	(51,604)	(3,271)
Foreign currency translation adjustment	-	-
Other expenses	<u>(51,604)</u>	<u>101,656</u>
Net Income	<u>1,083,378</u>	<u>942,718</u>
Members' equity - Beginning of the year	1,116,175	245,809
Contributions	146,869	173,282
Distributions	(1,787,223)	(245,634)
Members' equity - End of the year	<u>\$ 559,199</u>	<u>\$ 1,116,175</u>

See accompanying notes and independent auditor's report

Honest Hospitality Group Inc

Statement of cash flows

December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Net income	\$ 1,083,378	\$ 942,718
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,244	\$ 11,244
Forgiveness of PPP loan	-	\$ (55,425)
Changes in assets and liabilities:		
Accounts receivable	(52,975)	\$ (31,684)
Advance from customer	(179,393)	\$ 179,393
Security deposit	-	\$ -
Prepaid expenses and other current assets	(1,000)	\$ 2,921
Accounts payable and accrued expenses	6,086	\$ (1,241)
Net cash provided by operating activities	<u>867,340</u>	<u>\$1,047,926</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	-
Net cash used in investing activities	-	-
Cash flows from financing activities:		
Proceeds from PPP Loan	-	-
Proceeds from loan	-	-
Repayment of loan	-	-
Contribution from members	146,869	173,282
Distributions to members	<u>(1,787,223)</u>	<u>(245,634)</u>
Net cash used in financing activities	<u>(1,640,354)</u>	<u>(72,352)</u>
Net increase (decrease) in cash	(773,014)	975,574
Cash and cash equivalents:		
Beginning of year	<u>1,179,440</u>	<u>203,866</u>
End of year	<u>\$ 406,426</u>	<u>\$1,179,440</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	<u>\$ 51,604</u>	<u>\$ 3,271</u>

See accompanying notes and independent auditor's report

HONEST HOSPITALITY GROUP LLC

NOTES TO FINANCIAL STATEMENTS

For the year ending December 31, 2021 and 2020

1. Organization and Description of the Company

Honest Hospitality Group LLC ("HONEST" or "the Company") was formed in the state of Texas on January 19, 2016. The Company's principal business is the development, franchising, and operation of quick-serve restaurants under the name "Honest" throughout the world with majority of its locations in United States of America, Canada, Australia.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial data has been prepared in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP").

Management's Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates and judgments on historical experience and on various other assumptions that it believes are reasonable under the circumstances. The amount of assets and liabilities reported on the Company's balance sheet and the amounts of revenue and expenses reported for each of its period presented are affected by estimates and assumptions, which are used for, but not limited to, the accounting for revenue recognition, income taxes and determining impairment of long-lived assets. Actual results could differ from those estimates.

Revenue Recognition

Revenue is derived primarily from fees from franchised restaurants operated by franchisees. Revenues from franchised restaurants include royalties based on a percent of sales and initial fees. Royalties are recognized in the period earned. Initial fees are recognized upon opening of a restaurant or granting of a new franchise term, which is when the Company has performed substantially all initial services required by the franchise arrangement.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2014-09, Revenue from Contracts with Customers, Accounting Standards Codification ("ASU") 606 to supersede nearly all existing revenue recognition guidance under US GAAP. Nonpublic Companies and Organizations should apply the guidance in FASB ASU 2014-09 to annual reporting periods beginning after December 15, 2018. The ASU provides that an entity should recognize revenue to depict the transfer of promised goods or services to Customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

HONEST HOSPITALITY GROUP LLC

NOTES TO FINANCIAL STATEMENTS

For the year ending December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

An entity should apply the following five - steps process to recognize revenue:

- Step 1: Identify the contract with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligations.

The Company adopted this guidance in 2020. As the Company provides services to customers are recognized and then the five-step process is completed.

Cash and Cash Equivalents

Cash and cash equivalents consist of operating cash, cash invested in short-term certificates of deposit, and money market accounts with an initial maturity date of three months or less.

Concentration of Credit Risk

The Company is subject to concentrations of credit risk, which consist of cash and cash equivalents and accounts receivable. Cash balances are held at financial institutions, and the balances did not exceed the limit of the Federal Deposit Insurance Corporation insurance limit. The Company has not experienced any losses on its cash and cash equivalents.

Royalties and Franchise Fees Receivable

Royalty and franchise fees are recognized as income when earned. For past due amounts, an allowance for bad debt is established based on management's evaluation of market conditions and actual royalties collected in prior years. Each franchise has a separate agreement on royalty and franchise payments due.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Investments are reported at their fair values in the balance sheet, and changes in fair value are reported as Investment return in the statements of income.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of income in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

HONEST HOSPITALITY GROUP LLC

NOTES TO FINANCIAL STATEMENTS

For the year ending December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Franchisor Rights

Franchisor rights represent rights over future Honest Restaurant's chain franchisees. The rights have been capitalized and amortized using the straight-line method over 15 years.

Property and Equipment and Intangible Assets

Property and equipment additions, including major renewals and betterments, in excess of \$1,000 are capitalized in the accounts at cost. Ordinary maintenance and repairs are charged to expense as incurred. Upon sale or disposition, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. The cost of all equipment is depreciated using the straight-line method over estimated useful lives of five years. Intangible assets are capitalized over the years between 5 to 15 years. Depreciation expenses for the years ended December 31, 2022 and 2021, were \$8,258 and \$8,258, respectively. Amortization expenses for the years ended December 31, 2022 and 2021, were \$2,986 and \$2,986, respectively.

Advertising Costs

Advertising costs are charged to operations when incurred. The advertising cost was \$22,190 and \$5,236 for the years ended December 31, 2022 and 2021, respectively.

Members' Equity

There is only one class of membership, and no member has any rights or preferences in addition to or different from those possessed by any other member. Members' liability is limited to their respective equity.

Provision for Income Taxes

The Company has elected to be taxed under the Partnership provisions of the Internal Revenue Code. As a result of the election, earnings of the Company are passed through and taxable to the individual members. Therefore, no provision has been made for federal income taxes. The Company has made a similar election under the Partnership provisions of the Texas Department of Revenue Taxation Code. The Company does not pay state income taxes.

The Company's Form 1065, U.S. Return of Partnership Income, for the years ending 2019, 2020, and 2021 are subject to examination by the IRS, generally for three years after they are filed.

HONEST HOSPITALITY GROUP LLC

NOTES TO FINANCIAL STATEMENTS

For the year ending December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

3. Property and Equipment and Intangible Assets

The following is a summary of property and equipment, less accumulated depreciation, at December 31,

	<u>Life</u>	<u>2022</u>	<u>2021</u>
Sinage	5	\$ 41,291	\$ 41,291
Less: Accumulated depreciation		<u>(24,771)</u>	<u>(16,513)</u>
Total		<u>\$ 16,520</u>	<u>\$ 24,778</u>
Trademarks	15	\$ 15,000	\$ 15,000
Organization costs	15	<u>29,785</u>	<u>29,785</u>
		44,785	44,785
Less: Accumulated amortization		<u>(33,809)</u>	<u>(30,823)</u>
Total		<u>\$ 10,976</u>	<u>\$ 13,962</u>

Depreciation expenses for the years ended December 31, 2022 and 2021, were \$8,258 and \$8,258, respectively. Amortization expenses for the years ended December 31, 2022 and 2021, were \$2,986 and \$2,986, respectively.

4. Lease Commitment

The Company leases a space in a shared office environment and pays a monthly rent of \$1,059 plus office expenses. This lease expired in January 2020. The Company signed a new one-year lease agreement that started in February 2020 and pays \$995 monthly. The Company paid \$10,365 and \$7,633 in rent expenses during 2022 and 2021, respectively.

HONEST HOSPITALITY GROUP LLC

NOTES TO FINANCIAL STATEMENTS

For the year ending December 31, 2021 and 2020

5. Retirement Plan

The Company sponsored a 401K retirement plan in 2020. The Company matches up to 4% of the eligible employee's deferral. The Company paid \$9,246 and \$5,905 in matching deferral for the year ended December 31, 2022 and 2021, respectively.

6. Concentration

Accounting principles generally accepted in the United States of America requires disclosure of information about current vulnerabilities due to certain concentrations. As of December 31, 2022, the Company does not believe that it held cash in excess of federally insured limits.

7. Long-Term Debt

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In May 2020, the Company obtained a PPP loan for \$55,425, which is included in the Company's loan payable balance at December 31, 2020. The note matured in May 2022 and bored interest at a fixed annual rate of 1%, with the first six months of interest deferred. The Company used all the proceeds from the note for qualifying expenses and the loan has been forgiven. Company recognized a gain on forgiveness of the loan in 2021.

8. COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. He COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economics, and financial markets. While the effects of COVID-19 are not reflected in the Company's financial statements, there is substantial uncertainty in the nature and degree of its effects over time. The extent to which the COVID-19 pandemic impacts the Company going forward will depend on numerous evolving factors which cannot be reliably predicated, including the duration and scope of the pandemic; governmental, business, and individual's actions in response to the pandemic; and the impact on economic activity including the possibility of recession or further financial market instability.

9. Subsequent Events

In preparing the accompanying financial statements, the Company has reviewed events that have occurred after December 31, 2022, through the date of issuance of these financial statements on June 05, 2023.

Honest Hospitality Group, LLC

Financial Statements

For the Years Ended

December 31, 2021 and 2020

Honest Hospitality Group, LLC

Index

Independent Auditor's Report	1-2
Balance sheets	3
Statement of Operations and Members' Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-10

Prakash Chavda, CPA PC

Independent Auditor's Report

The Board of Directors

Honest Hospitality Group LLC

Opinion

We have audited the accompanying financial statements of Honest Hospitality Group LLC (a Texas corporation), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Honest Hospitality Group LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

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

Responsibilities of Management for the Financial Statements

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

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

256-06 Hillside Ave 1st Floor • Floral Park, NY 11004

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Prakash Chavda, CPA PC

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Honest Hospitality Group LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Honest Hospitality Group LLC's ability to continue as a going concern for a reasonable period of time.

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

Prakash Chavda, CPA PC

Prakash Chavda, CPA, P.C.

Floral Park, NY, USA

May 05, 2022

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Honest Hospitality Group Inc
Balance sheets
December 31, 2021 and 2020

	2021	2020
<u>Assets</u>		
Current assets:		
Cash	\$ 1,179,440	\$ 203,866
Accounts receivable	76,311	44,627
Prepaid expenses	-	2,921
	<hr/>	<hr/>
Total current assets	1,255,751	251,414
Property & equipment, net	<hr/>	<hr/>
	24,778	33,036
Other assets:		
Security deposit	1,990	1,990
Intangibles, net	13,962	16,948
	<hr/>	<hr/>
Total assets	\$ 1,296,481	\$ 303,388
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Accounts payable, accrued expenses	\$ 913	\$ 2,154
Advance from customer	179,393	-
	<hr/>	<hr/>
Total Current Liabilities	180,306	2,154
Long term liabilities:		
Loan payable	-	55,425
	<hr/>	<hr/>
Total Long Term Liability	-	55,425
	<hr/>	<hr/>
Total Liabilities	180,306	57,579
Commitments and contingencies	-	-
Members' equity:		
	<hr/>	<hr/>
Total liabilities and shareholders' equity	\$ 1,296,481	\$ 303,388
	<hr/>	<hr/>

See accompanying notes and independent auditor's report

Honest Hospitality Group Inc
Statement of operations and members' equity
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenue:		
Royalty fees	\$ 1,932,967	\$ 841,072
Franchise fees	72,101	279,991
Other income	4,633	36,938
Total revenue	<u>2,009,701</u>	<u>1,158,001</u>
Operating expenses:		
Advertising	5,236	4,500
Automobile expense	8,595	7,570
Bank charges	982	1,094
Depreciation and amortization	11,244	9,740
Dues and subscription	95	135
Donation	15,000	501
Insurance	21,045	11,268
Licenses, fees and taxes	3,249	10,000
Management fees	11,000	44,500
Office expense	3,106	2,895
Payroll processing fees	-	553
Professional fees	288,427	136,502
Rent	7,633	11,324
Salary and employee benefits	625,403	348,989
Telephone	1,082	755
Travel, meals and entertainment	148,610	101,510
Relief expense	7,932	-
Support fees	<u>10,000</u>	<u>-</u>
Total operating expenses	<u>1,168,639</u>	<u>691,836</u>
Income from operations	<u>841,062</u>	<u>466,165</u>
Other (expenses)		
Interest expense	-	(93)
PPP loan forgiveness	104,927	-
Income tax	(3,271)	-
Foreign currency translation adjustment	<u>-</u>	<u>(19,928)</u>
Other expenses	<u>101,656</u>	<u>(20,021)</u>
Net Income	<u>942,718</u>	<u>446,144</u>
Members' equity - Beginning of the year	245,809	319,682
Contributions	173,282	33,419
Distributions	(245,634)	(553,436)
Members' equity - End of the year	<u>\$ 1,116,175</u>	<u>\$ 245,809</u>

See accompanying notes and independent auditor's report

Honest Hospitality Group Inc

Statement of cash flows

December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Net income	\$ 942,718	\$ 446,144
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,244	9,740
Forgiveness of PPP loan	(55,425)	
Changes in assets and liabilities:		
Accounts receivable	(31,684)	(29,915)
Advance from customer	179,393	(120,000)
Security deposit	-	(1,990)
Prepaid expenses and other current assets	2,921	57,745
Accounts payable and accrued expenses	<u>(1,241)</u>	<u>(15,112)</u>
Net cash provided by operating activities	<u>1,047,926</u>	<u>346,612</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(18,041)
Net cash used in investing activities	-	(18,041)
Cash flows from financing activities:		
Proceeds from PPP Loan	-	55,425
Proceeds from loan	-	100,000
Repayment of loan	-	(100,000)
Contribution from members	173,282	33,419
Distributions to members	<u>(245,634)</u>	<u>(553,436)</u>
Net cash used in financing activities	<u>(72,352)</u>	<u>(464,592)</u>
Net increase (decrease) in cash	975,574	(136,021)
Cash and cash equivalents:		
Beginning of year	<u>203,866</u>	<u>339,887</u>
End of year	<u>\$ 1,179,440</u>	<u>\$ 203,866</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ 3,271</u>	<u>\$ -</u>

See accompanying notes and independent auditor's report

HONEST HOSPITALITY GROUP LLC

NOTES TO FINANCIAL STATEMENTS

For the year ending December 31, 2021 and 2020

1. Organization and Description of the Company

Honest Hospitality Group LLC ("HONEST" or "the Company") was formed in the state of Texas on January 19, 2016. The Company's principal business is the development, franchising, and operation of quick-serve restaurants under the name "Honest" throughout the world with majority of its locations in United States of America, Canada, Australia.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial data has been prepared in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP").

Management's Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates and judgments on historical experience and on various other assumptions that it believes are reasonable under the circumstances. The amount of assets and liabilities reported on the Company's balance sheet and the amounts of revenue and expenses reported for each of its period presented are affected by estimates and assumptions, which are used for, but not limited to, the accounting for revenue recognition, income taxes and determining impairment of long-lived assets. Actual results could differ from those estimates.

Revenue Recognition

Revenue is derived primarily from fees from franchised restaurants operated by franchisees. Revenues from franchised restaurants include royalties based on a percent of sales and initial fees. Royalties are recognized in the period earned. Initial fees are recognized upon opening of a restaurant or granting of a new franchise term, which is when the Company has performed substantially all initial services required by the franchise arrangement.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2014-09, Revenue from Contracts with Customers, Accounting Standards Codification ("ASU") 606 to supersede nearly all existing revenue recognition guidance under US GAAP. Nonpublic Companies and Organizations should apply the guidance in FASB ASU 2014-09 to annual reporting periods beginning after December 15, 2018. The ASU provides that an entity should recognize revenue to depict the transfer of promised goods or services to Customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

HONEST HOSPITALITY GROUP LLC

NOTES TO FINANCIAL STATEMENTS

For the year ending December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

An entity should apply the following five - steps process to recognize revenue:

- Step 1: Identify the contract with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligations.

The Company adopted this guidance in 2020. As the Company provides services to customers are recognized and then the five-step process is completed.

Cash and Cash Equivalents

Cash and cash equivalents consist of operating cash, cash invested in short-term certificates of deposit, and money market accounts with an initial maturity date of three months or less.

Concentration of Credit Risk

The Company is subject to concentrations of credit risk, which consist of cash and cash equivalents and accounts receivable. Cash balances are held at financial institution, and the balances did not exceed the limit of the Federal Deposit Insurance Corporation insurance limit. The Company has not experienced any losses on its cash and cash equivalents.

Royalties and Franchise Fees Receivable

Royalty and franchise fees are recognized as income when earned. For past due amounts, an allowance for bad debt is established based on management's evaluation of market conditions and actual royalties collected in prior years. Each franchise has a separate agreement on royalty and franchise payments due.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Investments are reported at their fair values in the balance sheet, and changes in fair value are reported as Investment return in the statements of income.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of income

HONEST HOSPITALITY GROUP LLC

NOTES TO FINANCIAL STATEMENTS

For the year ending December 31, 2021 and 2020

in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

2. Summary of Significant Accounting Policies (Continued)

Franchisor Rights

Franchisor rights represent rights over future Honest Restaurant's chain franchisees. The rights have been capitalized and amortized using the straight-line method over 15 years.

Property and Equipment and Intangible Assets

Property and equipment additions, including major renewals and betterments, in excess of \$1,000 are capitalized in the accounts at cost. Ordinary maintenance and repairs are charged to expense as incurred. Upon sale or disposition, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. The cost of all equipment is depreciated using the straight-line method over estimated useful lives of five years. Intangible assets are capitalized over the years between 5 to 15 years. Depreciation expense for the years ended December 31, 2021 and 2020, were \$8,258 and \$6,755, respectively. Amortization expense for the years ended December 31, 2021 and 2020, were \$2,986 and \$2,985, respectively.

Advertising Costs

Advertising costs are charged to operations when incurred. The advertising cost was \$5,236 and \$4,500 for the years ended December 31, 2021 and 2020, respectively.

Members' Equity

There is only one class of membership and no member has any rights or preferences in addition to or different from those possessed by any other member. Members' liability is limited to their respective equity.

Provision for Income Taxes

The Company has elected to be taxed under the Partnership provisions of the Internal Revenue Code. As a result of the election, earnings of the Company are passed through and taxable to the individual members. Therefore, no provision has been made for federal income taxes. The Company has made a similar election under the Partnership provisions of the Texas Department of Revenue Taxation Code. The Company does not pay state income taxes.

HONEST HOSPITALITY GROUP LLC

NOTES TO FINANCIAL STATEMENTS

For the year ending December 31, 2021 and 2020

The Company's Form 1065, U.S. Return of Partnership Income, for the years ending 2018, 2019, and 2020 are subject to examination by the IRS, generally for three years after they are filed.

2. Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

3. Property and Equipment and Intangible Assets

The following is a summary of property and equipment, less accumulated depreciation, at December 31,

	Life	2021	2020
Sinage	5	\$ 41,291	\$ 41,291
Less: Accumulated depreciation		(16,513)	(8,255)
Total		\$ 24,778	\$ 33,036
Trademarks	15	\$ 15,000	\$ 15,000
Organization costs	15	29,785	29,785
		44,785	44,785
Less: Accumulated amortization		(30,823)	(27,837)
Total		\$ 13,962	\$ 16,948

Depreciation expense for the years ended December 31, 2021 and 2020, were \$8,258 and \$6,755, respectively. Amortization expense for the years ended December 31, 2021 and 2020, were \$2,986 and \$2,985, respectively.

4. Lease Commitment

The Company leases a space in a shared office environment and pays a monthly rent of \$1,059 plus office expenses. This lease expired in January 2020. The Company signed a

HONEST HOSPITALITY GROUP LLC

NOTES TO FINANCIAL STATEMENTS

For the year ending December 31, 2021 and 2020

new one-year lease agreement that started in February 2020 and pays \$995 monthly. The Company paid \$7,633 and \$11,324 in rent expense during 2021 and 2020, respectively.

5. Retirement Plan

The Company sponsored a 401K retirement plan in 2020. The Company matches up to 4% of the eligible employee's deferral. The Company paid \$5,905 and \$5,400 in matching deferral for the year ended December 31, 2021 and 2020, respectively.

6. Concentration

Accounting principles generally accepted in the United States of America requires disclosure of information about current vulnerabilities due to certain concentrations. As of December 31, 2021, the Company does not believe that it held cash in excess of federally insured limits.

7. Long-Term Debt

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In May 2020, the Company obtained a PPP loan for \$55,425, which is included in the Company's loan payable balance at December 31, 2020. The note matured in May 2022 and bore interest at a fixed annual rate of 1%, with the first six months of interest deferred. The Company used all of the proceeds from the note for qualifying expenses and loan has been forgiven. Company recognized a gain on forgiveness of the loan in 2021.

8. COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economics, and financial markets. While the effects of COVID-19 are not reflected in the Company's financial statements, there is substantial uncertainty in the nature and degree of its effects over time. The extent to which the COVID-19 pandemic impacts the Company going forward will depend on numerous evolving factors which cannot be reliably predicated, including the duration and scope of the pandemic; governmental, business, and individual's actions in response to the pandemic; and the impact on economic activity including the possibility of recession or further financial market instability.

9. Subsequent Events

In preparing the accompanying financial statements, Company has reviewed events that have occurred after December 31, 2021, through the date of issuance of these financial statements on March 23, 2022.

EXHIBIT C
STATE FRANCHISE ADMINISTRATORS

EXHIBIT C
STATE FRANCHISE ADMINISTRATORS

CALIFORNIA

California Commissioner of the
Department of Financial
Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(866) 275-2677

CONNECTICUT

The Banking Commissioner
The Department of Banking, Securities, and
Business Investment Division
260 Constitution Plaza
Hartford, Connecticut 06103-1800
(860) 240-8299

HAWAII

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs,
Business Registration Division,
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Chief – Franchise Bureau
Office of Attorney General
State of Illinois
500 South Second Street
Springfield, Illinois 62706

INDIANA

Franchise Section
Indiana Securities Commission
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 Williams Building
525 W. Ottawa Street
Lansing, Michigan 48913

MINNESOTA

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

NEW YORK

Office of the Attorney General
Investment Protection Bureau
28 Liberty Street – 21st Fl.
New York, New York 10005

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard, Fifth Floor
Bismarck, North Dakota 58505

RHODE ISLAND

Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804-371-9051)

WASHINGTON

Securities Division
Department of Financial Institutions
150 Israel Rd. SW
Tumwater, WA 98501
360-902-8760

WISCONSIN

Securities and Franchise Registration
Wisconsin Securities Commission
201 W. Washington Avenue
Madison, Wisconsin 53703

EXHIBIT D

AGENTS FOR SERVICE OF PROCESS

EXHIBIT D
AGENTS FOR SERVICE OF PROCESS

If a state is not listed below, Honest Hospitality Group LLC has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which Honest Hospitality Group LLC has appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed below.

CALIFORNIA

California Commissioner of the
Department of Financial
Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

CONNECTICUT

The Banking Commissioner
The Department of Banking, Securities, and
Business Investment Division
260 Constitution Plaza
Hartford, Connecticut 06103-1800

HAWAII

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs,
Business Registration Division,
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Attorney General of the State of Illinois
500 South Second Street
Springfield, Illinois 62706

INDIANA

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Commerce
Corporations and Securities Bureau
6586 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

NEW YORK

Secretary of State of the State of New York
99 Washington Avenue
Albany, New York 12231

NORTH DAKOTA

Securities Commissioner, State of North Dakota
600 East Boulevard, Fifth Floor
Bismarck, North Dakota 58505

RHODE ISLAND

Director of Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Dept. of Labor and Regulation
Division of Insurance
Securities Regulation
124 S Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

Clerk, Virginia State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804-371-9733)

WASHINGTON

Director of Financial Institutions
Department of Financial Institutions
150 Israel Rd. SW
Tumwater, WA 98501

WISCONSIN

Administrator, Division of Securities
Department of Financial Institutions
201 W. Washington Avenue
Madison, Wisconsin 53703

EXHIBIT E
LIST OF FRANCHISEES

Exhibit E-1¹

The following is a list of franchisees that, as of December 31, 2022, were operating an Honest Restaurant under a franchise agreement with us:

California:

Shree Ganesha Inc
18600 Pioneer Blvd
Artesia, CA 90701
(562) 202-4488

Florida:

MRP Services LLC
2238 N University Dr
Coral Springs, FL 33071
(954) 688-9422

Annapurna Orlando LLC
1700 Sand Lake Road #C-104
Orlando, FL
(407) 250-4016

Georgia:

VIR Group of Business LLC
1707 Church St Suite C-5
Decatur, GA 30033
(404) 296-2965

Illinois:

Shreenathji Naperville Inc.
1568 W. Ogden Ave.
Naperville, IL 60540
847-594-4199

Shreenathji Niles Inc.
8351 W Golf Rd
Niles, IL 60714

Shreenathji Inc.
835 West Higgins Road
Schaumburg, IL
847-594-4145

Maryland:

MD Annapurna LLC
6600 Baltimore National Pike Store H
Catonsville, MD 21228
(443) 343-8196

¹ As of our last fiscal year end, December 31, 2022, and as the issuance date of this Disclosure Document, we did not have any current or former area developers.

Massachusetts:

Wood Street Restaurant LLC
Middlesex Plaza, 21 Wood St
Lowell, MA 01851
(978) 656-1272

Norwood Restaurant LLC
1381 Providence Hwy.,
Norwood, MA 02062
(781) 269-2881

Michigan:

Randal Troy LLC
5029 Rochester Road
Troy, MI 48085
(248) 315-0234

New Jersey:

Food Junction LLC
60 Main Ave
Clifton NJ 07014
(973) 685-7650

Samp Investment 2 LLC
9 Princeton Hightstown Rd
East Windsor, NJ 08520
(609)-222-4481

Shakti NB LLC
1681 Oak Tree Rd
Edison NJ 08820
(732) 243-9213

Pias Restaurant LLC
811 Newark Avenue,
Jersey City, NJ 07306
201-360-2646

Prayosha NB LLC
1515 Finnegans Lane
North Brunswick, NJ 08902
(732) 769-5800

Shakti Food Parsippany LLC
794 RT 46 West
Parsippany, NJ 07054
(973) 396-8070

PM Hospitality Group LLC
1506 Shelton Rd.
Piscataway, NJ 08854

(732) 317-9544

Amalak Partnership LLC
97 US - 206
Somerville, NJ 08876
(908) 989-3366

New York:

Saish Food LLC
258-03 Hillside Ave.
Floral Park, NY 11040
(718) 675-4500

NYC Street Food Chaat LLC
176 Bleeker St.
New York, New York 10012

Ohio:

Randal Ohio LLC
12095 Lebanon Rd
Sharonville, OH, 45241
(513) 554-0444

Pennsylvania:

Ziocare Food Inc.
2356 Street Road
Bensalem, PA 19020
(215) 645-1505

Savi Foods LLC
6499 Carlisle Pike
Mechanicsburg, PA 17050
(717) 883-3900

Tennessee:

Taste at Best Inc.
55 E Thompson Ln, Suite #105
Nashville, TN 37211
(615) 477-4780

Texas:

United Group of Restaurants LLC
5901 Hillcroft St, STE B-1
Houston, TX 77036
(832) 767-5843

Randal Irving Texas LLC
8170 Walton Blvd
Irving, TX 75063
(972) 707-0000

Shreenathji McKinney LLC
8910 SH 121, Ste. 220
McKinney, TX 75070
(469) 634-4900

Randal Austin Texas LLC
2601 S I-35 Frontage Rd Suite B100,
Round Rock, TX 78664(512) 401-3510

Virginia:
ANZ RI Restaurant LLC
8900 W. Broad St, Suite A
Richmond, VA 23294
(804) 477-3704

Washington:
Tava LLC
2241 148th Ave NE
Bellevue, WA 98007
(425) 449-8810

The following is a list of franchisees that have signed a franchise agreement for an Honest Restaurant as of December 31, 2022, but had not yet opened an outlet as of December 31, 2022:

Delaware:
MSM Foods LLC
3100 Naamans Rd, Unit #5
Wilmington, DE 19810
(302) 524-4470

Georgia:
Arshi Ayaan Group Of Restaurants LLC
2646 George Busbee Pkwy NW
Kennesaw, GA 30144
Telephone Number: to be determined

Universal Restaurants Management LLC
3230 Caliber St
Suwanee, GA 30024
(678) 771-5747

Missouri:
Maahir Enterprise LLC
200 Mid Rivers Center
St. Peters, MO 63376
Telephone Number: to be determined

North Carolina:
RTP Food Junction LLC
3607 Davis Dr. #111

Morrisville, NC 27560
(919) 246-7717

Ohio:

Ashkar Cleveland Restaurant LLC
6400 York Road
Parma Heights, OH 44130
(440) 307-2070

The following is a list of franchisees that began operating an Honest Restaurant under a franchise agreement with us between January 1, 2023 and the issuance date of this Disclosure Document:

Delaware:

MSM Foods LLC
3100 Naamans Rd, Unit #5
Wilmington, DE 19810
Telephone Number: to be determined

Georgia:

Universal Restaurants Management LLC
3230 Caliber St
Suwanee, GA 30024
(678) 771-5747

Maryland:

Frederick Hnst LLC
5732 Buckeyestown Pike, Unit 1
Frederick, MD 21704
(301) 378-2286

North Carolina:

RTP Food Junction LLC
3607 Davis Dr., #111
Morrisville, NC 27560
(919) 246-7717

Ohio:

Ashkar Cleveland Restaurant LLC
6400 York Road
Parma Heights, OH 44130
(440) 307-2070

Exhibit E-2

The below is a list of all franchisees who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document:

Kentucky:

Yogi Fast Food LLC
9008 Taylorsville Rd
Louisville, KY 40299
(502) 690-8355

Texas:

Shrenathji Frisco LLC
5207 Middleton Dr.,
Allen, TX 75002
(469) 634-4901

The below is a list of all franchisees who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Agreement between January 1, 2023 and the issuance date of this Disclosure Document:

New Jersey:

PM Hospitality Group LLC
1506 Shelton Rd.
Piscataway, NJ 08854
(732) 317-9544

Tennessee:

Taste at Best Inc.
103 Read Tavern Rd.
Hendersonville, TN 37075
(615) 477-4780

EXHIBIT F
STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

OUR WEBSITES HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfp.ca.gov.

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. California Business and Professions Code sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement contains a provision requiring application of the laws of New York. This provision may not be enforceable under California law.
4. The Franchise Agreement requires venue to be limited to New York. This provision may not be enforceable under California law.
5. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
6. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
7. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your franchise agreement.
8. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
9. Neither the franchisor nor any person or franchise broker disclosed in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.
10. Prospective franchisees are encouraged to consult private legal counsel to determine the

applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

11. 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.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Illinois:

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. Notice Required By Law

Your rights upon termination and non-renewal of a franchise are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

2. Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

3. Section 41 of the Illinois Franchise Disclosure Act provides that 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.**

4. Section 35.02 (“Your Acknowledgments”) is deleted from all Illinois Franchise Agreements.

5. 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.

ITEM 7 ESTIMATED INITIAL INVESTMENT

For information about obtaining a liquor license in Illinois, see the website for the Illinois Liquor Control Commission, located at: <https://www.illinois.gov/ilcc/Pages/Applications.aspx>

INDIANA ADDENDUM TO DISCLOSURE DOCUMENT

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.
2. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).
3. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 31 of the Franchise Agreement.
4. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.
5. 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.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

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

ITEM 12 TERRITORY

The following sentence is added at the end of the paragraph in Item 12 concerning our reservation of territorial rights which begins "Under the terms of the Franchise Agreement, you waive and release any claims, demands or damages arising from or related to any of the activities described above":

"These waivers and releases are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. A franchisee 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 three years after the grant of the Franchise.
3. 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.).

The disclosure document, franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of New York:

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. 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 PROSPECTUS.

THE FRANCHISOR REPRESENTS THAT THE PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

ITEM 2. BUSINESS EXPERIENCE

Item 2 of the Disclosure Document lists the directors, principal officers and other executives who will have management responsibility in connection with the operation of the Franchisor's business relating to the franchises offered by this disclosure document, with a statement for each regarding his principal occupations over the past five years.

ITEM 3. LITIGATION

Neither the Franchisor, its affiliates nor any person named in Item 2 above has pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither the Franchisor, its affiliates nor any person named in Item 2 above has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding, if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither the Franchisor, its affiliates, nor any person named in Item 2 above is subject to any currently effective injunctive or restrictive order or decree relating to franchises in general or the franchise offered or under any federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency.

ITEM 4. BANKRUPTCY

Neither the Franchisor nor any predecessor, affiliate, officer or general partner of the Franchisor has, during the ten year period immediately preceding the date of this disclosure document, (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within

1 year after the officer or general partner of the Franchisor held this position in the company or partnership.

ITEM 5 INITIAL FEES

We use the proceeds from Initial Franchise Fees to defray a portion of our expenses in connection with the sale and establishment of franchises, such as: (1) costs related to developing and improving our services; (2) expenses of preparing and registering this disclosure document; (3) legal fees; (4) accounting fees; (5) costs of obtaining and screening franchisees; and, (6) general administrative expenses.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. You may utilize whatever legal rights you may possess to suspend or discontinue operations due to a breach by the Franchisor and you may terminate the Agreement on any grounds available by law.
2. Sections 6.01, 7.02, 13.01(I) and 14.04(K) of the Franchise Agreement are each amended to include the following language immediately following the requirement that Franchisee execute a General Release:

"Provided, however, that all rights enjoyed by Franchisee and any causes of action arising in its 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; it being the intent of this proviso that the non-waiver provisions of GBL, Section 687.4 and 687.5 be satisfied."

3. The requirements of Section 12.04 and Section 25.01 of the Franchise Agreement that you consent to the entry of an injunction are modified in the State of New York to provide only that you consent to the seeking of such an injunction.
4. The following sentence is added at the end of each of the sections entitled "Modification of the agreement" in Item 17 of the Disclosure Document:

"However, any new or different requirement set forth will not unreasonably increase your obligations or place an excessive economic burden on your operations."

5. The following language is added to Item 17(w) ("Choice of law"):

"The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the state of New York."

6. 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.

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

“A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

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.

VIRGINIA ADDENDUM TO THE DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17. h

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement 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.

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.

WASHINGTON ADDENDUM TO THE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions will supersede and apply to all franchises offered and sold in the State of Washington:

1. If any of the provisions in the franchise disclosure document or franchise are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act (the "Act"), the provisions of the Act will prevail over the inconsistent provisions of the franchise disclosure document and franchise agreement with regard to any franchise sold in Washington.
2. 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.
3. 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. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, and rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
4. The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.
5. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
6. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.
7. 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.

8. Franchisor covenants to offer and sell goods and services to franchisees at prices that are fair and reasonable.
9. 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.
10. 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

**STATE ADDENDUM TO DISCLOSURE DOCUMENT FOR
MICHIGAN, AND WISCONSIN**

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT G
STATE EFFECTIVE DATES PAGE

State Effective Dates

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

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

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	June 30, 2023
Maryland	
Michigan	June 5, 2023
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	[Pending]
Wisconsin	

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

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 Honest Hospitality Group LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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

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.

If Honest Hospitality Group LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit C.

The franchisor is Honest Hospitality Group LLC, located at 111 Town Square Place, Suite #1203, Jersey City, NJ 07310. Its telephone number is (551) 216-1382.

Issuance date: June 5, 2023, as amended September 5, 2023

The name, principal business address and telephone number of each franchise seller offering the franchise: Abhishek Gupta, 111 Town Square Place, Suite #1203, Jersey City, NJ 07310, (551) 216-1382; Raj Mittal, 111 Town Square Place, Suite #1203, Jersey City, NJ 07310, (551) 216-1382; _____

Honest Hospitality Group LLC authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I received a disclosure document dated June 5, 2023, as amended September 5, 2023, that included the following Exhibits: Exhibit A: Franchise Agreement and Related Materials (including State Addenda to Franchise Agreement); Exhibit B: Financial Statements; Exhibit C: State Administrators; Exhibit D: Agents for Service of Process; Exhibit E: List of Franchisees; Exhibit F: State Addenda to Franchise Disclosure Document; Exhibit G: State Effective Dates Page; Exhibit H: Receipts.

Dated: _____

PROSPECTIVE FRANCHISEE:

If a corporation or other business entity

If an individual:

(Name of Entity)

(Signature)

By: _____

(Print Name)

Its _____

(Title)

(Signature)

(Print Name)

(Print Name)

You may return the signed receipt either by signing, dating, and mailing it to Honest Hospitality Group LLC, located at 111 Town Square Place, Suite #1203, Jersey City, NJ 07310, or by e-mailing a copy of the signed and dated receipt to Honest Hospitality Group LLC.

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.

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Dated: _____

PROSPECTIVE FRANCHISEE:

If a corporation or other business entity

If an individual:

(Name of Entity)

(Signature)

By: _____

(Print Name)

Its _____

(Signature)

(Title)

(Print Name)

(Print Name)

(Print Name)

PLEASE KEEP THIS COPY FOR YOUR RECORDS.