

FRANCHISE DISCLOSURE DOCUMENT



Butcher Shoppe Franchising, LLC.
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The franchisee will operate a store selling gourmet foods including meats, wines, and specialty grocery products and services to the general public.

The total investment necessary to begin operation of a The New York Butcher Shoppe franchised business is estimated at \$458,900 to \$589,700 for a Traditional Shoppe, \$587,700 to \$744,200 for a Shoppe with Wine Bar, and \$623,100 to \$793,900 for a Full-Service Shoppe (Shoppe prototypes are described in Item 1). This includes \$35,000 to \$41,000 that must be paid to the franchisor or its affiliates.

We may offer you the right to enter into a Multi-Unit Development Agreement. You must pay the Initial Franchise Fee for your first Shoppe and a \$10,000 non-refundable deposit for each additional Shoppe you will open under the Multi-Unit Development Agreement. If you sign a Multi-Unit Development Agreement for three sites and your first Shoppe and additional Shoppes are Traditional Shoppes, you will pay the franchisor a total of \$55,000.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Joseph Giordano at 2131 Woodruff Road, Suite 2100 #128, Greenville, South Carolina 29607, (864) 252-4963. The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A-1 and A-2 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 New York Butcher Shoppe business in my area?	Item 12 and the "territory" provisions in the franchise agreement and multi-unit development 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 franchisee of the New York Butcher Shoppe?	Item 20 or Exhibit H list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*.

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

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

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

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

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

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

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

Some States Require Registration

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

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 Addendum. See the Table of Contents for the location of the State Specific Addendum.

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 us by mediation, arbitration, or litigation only in South Carolina. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with us in South Carolina than in your own state.
2. **Out-of-State Governing Law.** South Carolina law governs the Franchise Agreement and may not provide the same protections and benefits as local law. You may want to compare these laws.
3. **Minimum Gross Revenue Requirement.** You must maintain a minimum level of gross revenue per month, or we may terminate the Franchise Agreement.

Certain states may require other risks to be highlighted. If so, check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

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

To simplify the language, this disclosure document uses “we” or “us” to mean Butcher Shoppe Franchising, LLC., the franchisor. “You” means the individual, corporation, or other entity that buys a Butcher Shoppe Franchising, LLC. franchise.

Franchisor, Parents, Predecessors and Affiliates

The franchisor is Butcher Shoppe Franchising, LLC., a South Carolina limited liability company established on April 1, 2006 (“BSI”). Our principal business address is 2131 Woodruff Road, Suite 2100, #128, Greenville, South Carolina 29607. Our agents for service of process are disclosed in Exhibit G. As provided in greater detail below, BSI has several affiliates including affiliates that own various The New York Butcher Shoppe units (“Affiliate” if singular and “Affiliates” if plural).

James (Jim) Tindal and Robert Todd (Todd) Prochaska formed our Affiliate, Upstate DB Enterprises, LLC, and became a franchisee of The New York Butcher Shoppe in June of 2004. Jim and Robert Todd (Todd) Prochaska opened a second Shoppe in November of 2004. Both of these Shoppes are in Greenville, SC. On April 1, 2006, Butcher Shoppe Franchising, LLC. was formed and purchased the franchisor of The New York Butcher Shoppe.

Affiliates of ours, Upstate DB Enterprises, LLC and BSI of Georgia, LLC, now operate nine Shoppes in South Carolina, North Carolina, and Georgia. In addition, we have partial ownership and act as manager of one additional Shoppe in South Carolina. There are currently twenty franchise stores located in Alabama, Arizona, Florida, Georgia, North Carolina, South Carolina, and Tennessee.

We never offered franchises in any other line of business. We have no parent corporation.

Prior Experience

We sell franchises for the operation of The New York Butcher Shoppe franchised business (the “Franchised Business”), which offers gourmet foods including hand-cut fresh meat, wines, and specialty grocery items, prepared foods and services, including catering services, to the general public in retail outlets (the “Shoppe” if singular and the “Shoppes” if plural). As further provided below, we offer three different Franchised Business models: traditional location (the “Traditional Shoppe”), traditional location with wine bar (the “Shoppe with Wine Bar”) and traditional location with wine bar and full-service dining (the “Full-Service Shoppe”).

The Franchised Business is characterized by a unique system which includes standards, specifications, and procedures for operations, training and assistance, and advertising and promotional programs, all of which we may improve, amend, and further develop from time to time (the “System”). You must operate your Franchised Business in accordance with our confidential operations manual, which consists of the following five separate documents, all of which may be updated from time to time: “Employee Health and Personal Hygiene: HACCP Plan and ROP Documentation”, “Store Opening Guide”, “Standards of Operation”, “The New York

Butcher Shoppe Recipe Book”, and “Employee Master Handbook: Employee Benefits and Personnel Policies” (collectively, the “Operations Manual”). All product offerings, including fresh prepared, frozen prepared, grocery items, wine and beer are found in the Operations Manual. The System is identified by certain trade names, service marks, trademarks, copyrights, slogans, and emblems and logos, including, but not limited to, the registered trademark ark “The New York Butcher Shoppe[®]”, and other such trade names, service marks, trademarks, copyrights, slogans, logos, trade dress, and emblems as we have designated or may designate for use in connection with the System from time to time (the “Marks”).

The Business We Offer

You must sign a franchise agreement (the “Franchise Agreement”) to receive the right to own and operate a Franchised Business at a site we approve, offering the products and services we approve of using the System.

We may offer you a Multi-Unit Development Agreement to receive the right to develop and own multiple (typically 3 or 5) Franchised Businesses (the “Multi-Unit Development Agreement”) in a designated geographic area we approve. You will sign your first Franchise Agreement at the same time as the Multi-Unit Development Agreement and sign the then-current Franchise Agreement for each subsequent Shoppe you open under your Multi-Unit Development Agreement.

While most Franchised Businesses are Traditional Shoppes, the information contained in this disclosure document refers generally to all three types of Shoppes, unless specific reference is made to either Shoppe with Wine Bar or Full-Service Shoppe.

Competition

The Franchised Business offers premium products and services to consumers that demand higher end food. You will compete with other gourmet food stores, butcher shops, delicatessens, specialty grocery stores and wine stores offering similar products. These include national and regional chains, as well as local and online retail outlets through various e-commerce channels. The competition of market providers of gourmet food sales and services are developing in most areas.

We may establish other Shoppes or franchised businesses in your area (if permitted under the Franchise Agreement) and/or sell or license others to sell products in your area either under the Marks or other brand(s) that we or an Affiliate may develop in the future. Also, we may sell products through various e-commerce channels, the internet, toll-free telephone numbers, catalogs, retail outlets or other similar means of distribution to customers at any location, which may be located in your area.

Applicable Regulations

You must comply with all local, state and federal business, retail sales, zoning, health and sanitation and similar regulations, laws and licensing requirements, and any applicable environment-related laws and/or regulations including those that (a) regulate matters affecting the health, safety and welfare of consumers, such as general health and sanitation requirements for the

Shoppe, product labelling, and disclosure of nutritional information, if applicable; (b) apply to employee practices concerning the meat cutting, storage, handling, cooking and preparation of food and standards pertaining to employee health and safety; (c) require compliance with the Americans with Disabilities (“ADA”) regulations and establish standards and requirements for fire safety and general emergency preparedness; (d) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials; (e) relate to the sale of alcoholic beverages; and (f) comply with privacy laws relating to any collection, storage, transfer or destruction of personally identifiable information (“PII”) or sensitive PII .

Many of the laws, rules, and regulations that apply to business generally, such as the Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to the Shoppes. The U.S. Food and Drug Administration (“FDA”) and the U.S. Department of Agriculture includes laws that may apply to Shoppes around Hazard Analysis and Critical Control Point (“HACCP”), packaging, nutrition and allergen labelling, product sourcing and place of origin labelling, product recalls/withdrawals, environment regulations regarding solid waste, waste water management, recycling, refrigeration, and air emissions, and additionally state and local health departments administer and enforce laws and regulations that govern food preparation and service and sanitary conditions.

The Nutrition Labeling and Education Act (“NLEA”) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in Shoppes. The FDA’s *Nutritional Labeling Guide for Restaurants and Other Retail Establishments* provides answers to commonly asked questions regarding the application of NLEA.

You should investigate whether there are additional regulations and all legal requirements that may apply in the geographic area in which you are interested in locating your Shoppe, consult with your attorney and local, state, and federal government agencies and should consider both their effect and cost of compliance.

ITEM 2

BUSINESS EXPERIENCE

James (Jim) H. Tindal Jr. - CEO

Jim has been Chief Executive Officer since April 2009.

Robert Todd (Todd) Prochaska - COO

Todd has been Chief Operating Officer since April 2009.

Joseph Giordano – Vice President of Corporate and Franchise Development

Joseph has been Vice President of Corporate and Franchise Development since June 2020. He was Senior Director Franchise and Corporate Development at Denny’s from January 2012 to May 2020.

Mark Nicholas – Vice President of Corporate Operations

Mark has been Vice President of Corporate Operations since October 2017.

Greg Peters – Vice President of Training and People Development

Greg have been Vice President of Training and People Development since January 2020.

ITEM 3 **LITIGATION**

No litigation is required to be disclosed in this Item.

ITEM 4 **BANKRUPTCY**

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

ITEM 5 **INITIAL FEES**

Initial Franchise Fee

The “Initial Franchise Fee” for the Traditional Shoppe and Shoppe with Wine Bar is \$35,000 and for the Full-Service Shoppe is \$40,000. You must pay us this non-refundable fee when the Franchise Agreement is signed. We may cancel the Franchise Agreement and refund the Initial Franchise Fee, less our actual out-of-pocket expenses (including any franchise broker referral fees), if we determine that you cannot successfully complete initial training program described in Item 11.

Development Fee

If you sign a Multi-Unit Development Agreement, you will pay the applicable Initial Franchise Fee for your first Shoppe and a \$10,000 non-refundable deposit for each additional Shoppe you will open under the Multi-Unit Development Agreement (“Development Fee”). For example, if you sign a Multi-Unit Development Agreement for three sites and your first Shoppe and additional Shoppes are Traditional Shoppes, you will pay a total of \$55,000.

The Initial Franchise Fee may not be the same for all franchisees of ours and may depend on several factors, including but not limited to previous experience, prior relationship with us, the number of Franchise Agreements granted, local market conditions, and other factors that we in our sole discretion may determine.

Extension Fee

You will have 240 days following the date of the Franchise Agreement to identify a site acceptable to us. If you are unable to identify a site that meets our requirements within the 240-day period, you can request an extension for a \$1,000 fee. We will determine the length of the

extension (which will not exceed 6 months) on a case-by-case basis. Any extension fees paid are non-refundable.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	First 6 months of operation: 0% of Gross Revenues	Payable weekly on Tuesday for week ending on preceding Sunday. Fees are paid through electronic funds transfer (“EFT”).	See definition of Gross Revenues in Note 1 below.
	Next 6 months of operation: 2% of Gross Revenues		
	After 12 months of operation: 4% of Gross Revenues		
Advertising	\$9,000 (\$3,000 for each of the first three months of operations) then 1.5% of Gross Revenues (“Advertising Fee”) beginning in the 4 th full month of operation.		See Note 2 below.
Corporate Assistance	Reimbursement of incurred costs, including compensation and travel, plus \$200 per day per corporate staff member sent to manage the Shoppe for a minimum of 14 days and maximum of 28 days.		See Note 3 below.
Additional Assistance	\$500 per day plus additional incurred costs including travel and lodging for our corporate staff members.	Payable prior to our on-site visit to your Shoppe.	See Note 4 below.
Transfer	The then-current Initial Franchise Fee.	Payable prior to transfer.	Franchisor’s prior written consent is required prior to transfer.

Type of Fee	Amount	Due Date	Remarks
Audit	Costs of audit and expenses incurred in conducting said audit.	Payable upon demand.	Franchisee will only be responsible for audit costs if an audit discloses an underreporting of 5% or more of the Gross Revenues. See Note 5.
Renewal Fee	50% of the then-current Initial Franchise Fee ("Renewal Fee").	Payable upon renewal.	Must meet requirements, including not being in default of any terms of expiring Franchise Agreement, signing release, and executing the then-current Franchise Agreement.
Interest	10% per annum, or the highest rate permitted under applicable state law, whichever is lower.	On demand	Interest may be charged on any overdue payments not received within 10 days of its due date. Interest will begin to accrue on the day after the due date until all overdue payments are received by us.
Liquidated Damages	Onetime payment equaling 12 months of Royalty Fees.	Lump sum 15 days after the effective date of termination or abandonment.	The total Royalty Fees you paid or should have paid during the 12-months of operation immediately preceding the effective date of termination or abandonment.
Alternative Supplier or Product Fee	Reasonable costs connected with review and evaluation of alternative supplier or product	Pre-pay estimate of reasonable costs at time of request and any additional costs after our evaluation.	

Type of Fee	Amount	Due Date	Remarks
Costs and Attorneys' Fees	Will vary under circumstances	When incurred	We may recover costs and reasonable attorneys' fees if you lose in a dispute with us.
Insurance	Cost of insurance	Upon demand	If you fail to obtain or maintain insurance at any point during the term of your Agreement, we obtain such insurance on your behalf, and you must reimburse us.
Non-Compete Violation	<p>Under the Franchise Agreement: 2 times the then-current Initial Franchise Fee plus 4% of Competitive Business's Gross Revenues for each violation; or 2 times the then-current Initial Franchise Fee plus \$100,000 if we cannot verify the Competitive Business's Gross Revenues.</p> <p>Under the Multi-Unit Development Agreement: \$200,000 per violation</p>	Upon violation	<p>Damages are per violation/Competitive Business and are a good faith estimate of our damages.</p> <p>"Competitive Business" refers to any business that sells gourmet foods including meats (either pre-packaged or freshly sliced), wines, specialty grocery products, or pre-packaged food similar or substantially similar to the Products (as defined in Item 8).</p>
Non-Disclosure Violation	<p>Under the Franchise Agreement: 2 times the then-current Initial Franchise Fee</p> <p>Under the Multi-Unit Development Agreement: 2 times your Development Fee</p>	Upon violation	Damages are per violation and are a reasonable estimate of our damages.

Notes:

Note 1: All fees are imposed, collected by and payable to us. As of the date of the issuance of this disclosure document, Royalties and other fees are paid by direct debit or EFT credited to our account. All fees are nonrefundable. You must participate in our EFT program, which authorizes us to use a pre-authorized bank draft system, as well as the electronic reporting system. You must maintain sufficient funds in your authorized accounts to meet your payment obligations under the Franchise Agreement. An insufficient account balance and/or any non-payment or late payment of the actual amount due is a breach of the Franchise Agreement. We have the right to apply any payments owed by you to any debt of yours that we choose (except for Marketing Fund payments), set off any amounts owed to you against any amount owed by you to us/specified third parties and retain amounts received on your account for debts owed (Franchise Agreement Article 10). We may elect to waive and/or credit, reduce or defer payment of any and all fees and charges of any kind in connection with the franchise on a case-by-case basis as we, in our sole discretion, consider appropriate or as permitted by law. All sales, whether collected or not, will be included in Gross Revenues, with no deduction for delivery, credit card or other charges; sales tax, value added, and similar taxes collected and paid to appropriate taxing authorities or customer refunds, adjustments and credits will not be included in Gross Revenues.

Gross Revenues includes all charges and/or revenues which are, or could be, received or earned by you (and/or any Affiliate):

- A. by, at or in connection with your Shoppe;
- B. relating to the kinds of goods or services available now or in the future through a Shoppe and/or distributed in association with the Marks or the System;
- C. relating to the operation of any similar business;
- D. as to any tenants and/or subtenants of yours on the leased premises (including rent and other lease payments);
- E. any other source of revenue whether or not approved or supported by BSI;
- F. service charges in lieu of gratuity; or
- G. as to any co-branding activities.

Note 2: During the first three months of the Shoppe operations, a minimum of \$3,000 per month for a total of \$9,000 must be paid to us or directly spent by you, as we in our sole discretion determine, on the Shoppe's opening campaign. Any amounts that we collect for the Shoppe's opening campaign will be spent on your behalf in connection with the Shoppe opening campaign or reimbursed to you for approved advertising and marketing activities, at our option. In certain metropolitan areas, we may require that you spend a greater amount on the opening campaign. These amounts are not refundable. Beginning with the 4th full month of operation, you must spend or pay to us, as we in our sole discretion determine, 1.5% of your Gross Revenues on local marketing activities in your market area. If we permit you to directly spend 1.5% of your Gross Revenues on marketing activities, you must provide us with appropriate substantiation of your

local marketing activities. If we establish a fund to support advertising and marketing activities for franchisees, you will be required to participate and to pay the Advertising Fee to us directly or to our designee. Details regarding advertising and marketing are found in Item 11.

Note 3: Corporate Assistance may be provided if the Shoppe is no longer following the System outlined in the Operations Manual (“Corporate Assistance”). We reserve the option but not the obligation to provide extended on-site support to correct operational defaults. If we deliver a notice of default to you that you fail to cure within the required period, in addition to all of our other rights and remedies, we have the right to appoint a company representative to act as manager and operate your Shoppe until the defaults are cured and you demonstrate that you will operate the Shoppe in compliance with the System standards. We will keep all funds from the operation of the Shoppe during the period we manage it in a separate fund and all expenses of the Shoppe, including compensation, other costs and travel and living expenses of our appointed manager, will be charged to and paid out of the fund. You must pay for any fund deficiency. We also may choose to manage your business in the event of your death or disability and pay ourselves a reasonable amount for management services and in our sole discretion, may cease such management services at any time.

Note 4: Additional assistance may be provided if you request on-site corporate visits in excess of five visits per 12-month period. (“Additional Assistance”). Regular visits by our staff less than five visits per year are provided at no charge.

Note 5: Generally, our audit of your Shoppe is at our expense. However, if you fail to provide the necessary records or if underreporting of the Gross Revenue is greater than 5% for any period or is intentional for any period in any amount, then in addition to paying us the Royalty fees and other sums owed, we will require you to reimburse us for all costs related to the audit and may exercise any other remedies under the Franchise Agreement, up to and including termination.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

In the chart below, abbreviations are used to reference the following Shoppe prototypes:

- “TS” refers to a Traditional Shoppe.
- “WB” refers to a Shoppe with Wine Bar.
- “FS” refers to a Full-Service Shoppe.

Type of Expenditure		Amount (Note 1)		Method of Payment	When Due	To Whom Payment is to be Made
		LOW	HIGH			
Initial Franchise Fee (Note 2)	TS	\$35,000	\$35,000	Lump sum	At signing of Franchise Agreement	Us
	WB	\$35,000	\$35,000			
	FS	\$40,000	\$40,000			
Travel and living expenses while training		\$4,000	\$6,500	As incurred	During Training	Airlines, hotels, restaurants, and incidentals
Real estate and improvements (Notes 3, 4, 5)	TS	\$200,000	\$232,000	Per Lease	Per Lease	Landlord or contractor
	WB	\$312,500	\$362,500			
	FS	\$312,500	\$362,500			
Equipment (Note 6)	TS	\$154,700	\$218,000	As incurred	Prior to opening	Vendors
	WB	\$171,000	\$242,000			
	FS	\$201,400	\$286,700			
Signs (Note 7)		\$4,500	\$14,500	As incurred	When purchased	Sign vendor
Miscellaneous opening costs (Notes 8, 9)		\$5,000	\$8,500	As incurred	As needed	Various
Opening inventory (Note 6)		\$33,000	\$40,000	As incurred	Prior to opening	Vendors
Grand Opening Fee		\$4,500	\$6,000	Monthly for the first three months of operation	During the first three months of operation	Vendors
POS System		\$3,200	\$4,200	As incurred	Prior to opening	Vendors
Working Capital Funds – 3 months (Note 9)		\$15,000	\$25,000	As incurred	As needed	Various
TOTAL	TS	\$458,900	\$589,700			
	WB	\$587,700	\$744,200			
	FS	\$623,100	\$793,900			

Notes:

Note 1: Unless otherwise stated in Items 5, these payments are non-refundable. We are unable to calculate your exact initial investment due to the many factors that influence the total project costs, such as location, amount of space leased, amount of remodeling needed, the extent of the landlord's

contribution to the fit-out, and other costs. Your initial investment will also vary considerably depending on the method and amount of financing, if any, that you use. The equipment and other items are shown in full, although you may be able to finance or lease some of the equipment. The total estimate provided above is for the first 3 months of operation. We do not provide any financing for the initial investment or otherwise.

The range of estimated costs in this column represent the range in costs among all three types of Shoppes. Below is an additional breakdown of the high and low ranges of each type of Shoppe. The categories that will vary the most among the different types of Shoppes is the real estate and improvements and equipment. However, other categories, such as opening inventory and miscellaneous costs, may also vary significantly.

A. Traditional Shoppe.

With sites averaging from 1,400 to 2,500 square feet and offering fresh and frozen prepared foods as well as specialty grocery items, and wine and beer, the total start-up cost ranges from \$458,900 to \$589,700.

B. Shoppe with Wine Bar

With sites averaging from 2,500 to 3,000 square feet and offering fresh and frozen prepared foods as well as specialty grocery items, and mandatory minimum wine beer on tap, the total start-up cost ranges from \$587,700 to \$744,200.

C. Full-Service Shoppe

Full-Service Shoppes average from 2,500 to 3,000 square feet with a wine bar offering a mandatory number of wines and beers on tap, and full-service dining, the total start-up cost ranges from \$623,100 to \$793,900.

D. Multi-Unit Development Agreement

If you execute a Multi-Unit Development Agreement and you are opening your first Shoppe under the Multi-Unit Development Agreement, your initial costs will increase by \$10,000 per Shoppe you commit to develop under the Multi-Unit Development Agreement due to the Initial Franchise Fee (see Note 2). If you are opening a subsequent Shoppe under your Multi-Unit Development Agreement, your costs may decrease by \$10,000 due to the Initial Franchise Fee less the deposit previously made (see Note 2).

Note 2: As described in Item 5, the total Initial Franchise Fee that you will pay us for your first franchise is \$35,000 to \$40,000 depending on the type of Shoppe. This fee is payable in full on execution of the Franchise Agreement and is non-refundable.

A. Traditional Shoppe

The Initial Franchise Fee is \$35,000.

B. Shoppe with Wine Bar

The Initial Franchise Fee is \$35,000.

C. Full-Service Shoppe

The Initial Franchise Fee is \$40,000.

D. Multi-Unit Development Agreement

If you execute a Multi-Unit Development Agreement, your Initial Franchise Fee will consist of the applicable Initial Franchise Fee for your first Shoppe (i.e., \$35,000 if your first Shoppe is a Traditional Shoppe or a Shoppe with Wine Bar, or \$40,000 if your first Shoppe is a Full-Service Shoppe) plus a non-refundable deposit of \$10,000 for each additional Shoppe you commit to develop under the Multi-Unit Development Agreement. If you are opening a subsequent Shoppe under your Multi-Unit Development Agreement, your Initial Franchise Fee will consist of the applicable Initial Franchise Fee, less the \$10,000 deposit paid when you executed the Multi-Unit Development Agreement your Franchise Agreement for your first Shoppe.

Note 3: We cannot accurately estimate any rental or real estate acquisition costs. You should investigate these costs in your area. The estimate provided does not factor in any special deposits or other costs of acquisition.

Note 4: The exact amount and variety of equipment and inventory that you must purchase will vary considerably depending upon many factors, such as space, type of Shoppe, and projected market demand.

Note 5: You must comply with the design standards and specifications that we give to you, unless otherwise agreed upon. You must employ a licensed contractor, as well as those architectural, engineering, and other professional services as you may require complying with our specifications and local requirements. We make no representations regarding the costs to you to develop and build out the site and cannot accurately estimate these and related costs due to wide variation among markets in labor, construction, professional services materials, permitting and other associated costs. You should research all these costs locally.

Note 6: The above figures are estimates based on our over 15-year experience as a franchisor and our Affiliates' experience operating Shoppes.

Note 7: As described in Item 8, a designer we approve will furnish to you one set of drawings and specifications for your Shoppe, including requirements and recommendations for interior and exterior materials, décor, fixtures, equipment, furniture, and signs at the cost to be negotiated between you and the designer. You must purchase maximum signage allowed by code, furnishings and fixtures for your Shoppe that meet our specifications and are approved by us.

Note 8: These miscellaneous costs are comprised of the following categories: uniforms, permits, licenses and insurance, scale programming, training product and wares, and legal and accounting expenses.

Note 9: We estimated certain funds needed to cover your business (not personal) expenses during the first 3 months of the operation of your business. You may need additional funds beyond the first 3 months of initial operation. In addition to the Additional Funds estimated, you should have sufficient personal savings or income to draw funds for at least 3 months after beginning operations.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to maintain the highest standards of quality and uniformity of the System, you must comply with our quality, standards, and procedures set forth in the Operations Manuals.

Required Purchases

Products and Services

You are required to offer only those products, including but not limited to specialty grocer products, quality meats, pre-packaged foods, branded merchandise, wine and beer that have been expressly approved by us for your Shoppe and that meet our requirements and specifications (the “Products”). The Operations Manual contains detailed descriptions of the Products to be offered at your Shoppe.

We may add new or additional Products in the future and you may be required to offer the new Products in your Shoppe. While you will not be required to offer every Product in your Shoppe, you will devote your best efforts to develop the business of your Shoppe to its fullest potential, and you will be required to offer certain Products and maintain a minimum ongoing inventory of Products, as we may specify from time to time in the Operations Manual. You will also be required to purchase an initial inventory for your Shoppe.

You may be required to purchase existing or new Products or your initial inventory from us or an approved or sole supplier.

Equipment, Fixtures, and Shoppe Design

You are required to purchase equipment, including but not limited to meat display cases, grocery display and shelving units, refrigeration and freezer systems, and other fixtures (the “Equipment”) for your Shoppe that meets our requirements and specifications described in the Operations Manual. We may add new or additional Equipment in the future for any reason, including efficiency and safety, and you may be required to purchase the new Equipment and, if applicable, replace your existing Equipment. Additionally, you may be required to purchase any new Equipment from an approved or sole supplier.

You are required to design your Shoppe according to our requirements and specifications set forth in the Operations Manual. You are required to use an approved designer to assist in the design of your Shoppe, including the interior and exterior materials, décor, fixtures, equipment, furniture and signs at the cost to be negotiated between you and the designer. Additionally, you

are required to purchase signage that complies with specifications set forth in the Operations Manual from a supplier that meets our specifications.

Computer Hardware and Software

We have established specifications on computer hardware and software you are required to purchase and use in your Shoppe. We estimate the cost of the computer hardware and software that meets our specifications will range from \$2,500 to \$6,000. We intend to develop a proprietary office management and reporting system (the “Reporting System”) which you will be required to use in your Shoppe. We will periodically revise and update the Reporting System and you may be required to upgrade your computer system, hardware, and software from time to time to continue to use the Reporting System.

Insurance Requirements

You must maintain in force policies of insurance issued by carriers we approve that cover various risks. We may specify the minimum types and amounts of coverage required under these policies and over time, require different or additional kinds of insurance in our sole discretion, based upon our business experience. Each insurance policy must name us and, should we require it, our Affiliates as additional named insureds, must contain a waiver of all subrogation rights against us, our Affiliates, and any successors and assigns, and must provide for 30 days written notice to us of any material modifications, cancellation, or expiration of the insurance policies.

Our current insurance requirements are:

Commercial General Liability with the following limits:

\$2,000,000 general aggregate;

\$1,000,000 products aggregate;

\$1,000,000 each occurrence;

\$1,000,000 personal injury/advertising injury; and

\$1,000 medical payments

All Risk Property and Casualty must cover the replacement value of the Shoppe and all associated items (e.g., inventory, signs, equipment, etc.)

You are required to carry workers’ compensation in the amount and type as required by your state’s law. Additionally, you are required to carry \$1,000,000 employer’s liability. If you use any vehicles in connection with any delivery or catering services, \$1,000,000 Automobile Liability is required for all owned and non-owned vehicles used.

Designated and Approved Suppliers

There is currently only one designated supplier for the purchase of a certain percentage of Products, subject to the purchasing agreement described below. You are only required to meet the purchase requirements from this designated supplier if you enter into a vendor-franchisee agreement with this supplier.

You are required to purchase all or some of your Products, Equipment, technology, or other services from our designated or approved suppliers. Our approval of any designated or Approved Supplier is not a representation or warranty as to their quality or performance.

Advertising

In connection with your Grand Opening Campaign and any ongoing advertising or promotions, you must submit your advertising plan and proposed media vendor to us for approval. In the future, we may require you to use a designated media plan or media vendor in connection with advertising your Shoppe locally.

Standard for Approved Suppliers and Products

We formulate and modify our specifications based on our experience in the business. Factors that we consider include quality and uniformity of Products and services. Except as described above with respect to the approval of Products or Suppliers, we are not required to issue our specifications to our franchisees. We may issue our specifications, changes to our specifications and lists of approved Products and suppliers to you through our memos or bulletins or in our Operations Manual. We reserve the right to change the designated Suppliers for Products and Equipment recommended or required for the Shoppes in the future. In the event that we determine, in the future, to designate new or additional Suppliers for Products or Equipment, we will approve only those Suppliers that satisfy our criteria and meet our specifications as an integral part of our quality assurance program (see below for our approval criteria). We reserve the right to require all Suppliers to meet or exceed our vendor approval process then in effect, including confirming their financial ability to perform their contractual obligations. Additionally, we may conduct reviews and audits of approved Suppliers, examining their compliance with product specifications and safety requirements, and adherence to standards associated with the production, manufacture, and distribution of Products.

Approval of Alternative Suppliers and Products

We may approve alternative suppliers of products or equipment that meet the standards and specifications described in the Operations Manual. If you would like to purchase any products, equipment, or services from any supplier not previously approved by us, you must, prior to making any purchases, request permission from us in writing and prepay our estimated reasonable costs connected with our review and evaluation of any alternative suppliers or products. If our costs to review and evaluate the alternative supplier or product is more than the estimate, you may be required to pay the difference. We will apply the following minimum review criteria in evaluating the proposed supplier, products, or equipment:

1. Review all aspects of quality assurance necessary to confirm that the proposed supply will be consistent with our image and not damage our goodwill.
2. Review product safety, including, if applicable, food safety.
3. Assess the ability of supplier to produce the products or equipment to meet our standards and specifications for quality and uniformity.
4. Assess the ability of supplier to produce and deliver to timely meet supply commitments.
5. Review financial records of supplier.
6. Ensure, to our sole satisfaction, protection of our intellectual property.
7. Assess any potential risk or liability to you or us that might result from using the alternative product, equipment, or supplier.

We reserve the right to alter, modify or enhance the supplier requirements in our sole discretion. We will notify you of our approval or disapproval of any proposed alternative product, equipment, supplier within 120 days of our receipt of all requested information. We may revoke the approval of an alternative supplier or product in the event it fails to meet our criteria at any time. We will notify you in writing of any revocation of an alternative supplier or product.

Revenue from Franchise Purchases

We, our officers, or our Affiliates do not have an ownership interest in any designated or approved supplier. As of the date of this Disclosure Document, neither our officers, our Affiliates, nor we have derived any revenue from the sale of any goods or services to franchisees.

The only current designated supplier will pay us a rebate of .05% or 2% of franchisee purchases in accordance with its purchasing agreement with us, as further described below. We may receive an additional annual rebate of 2% on franchisee purchases that exceed each franchisee's previous year's purchases. Additionally, we may receive other benefits in connection with this purchasing agreement, including allowances towards our Annual Franchisee Dinner and charitable events in which we may participate. As of December 29, 2024, we have not received any rebates or any other material benefit from this or any other supplier.

Negotiated Prices

We negotiated a purchasing agreement, including price terms, with Sysco Corporation for the benefit of the System, but not for any individual franchisee. In the future, we may negotiate additional purchase agreements with other suppliers for the benefit of franchisees or the System on a national, regional, or local level. We cannot quantify or guarantee any benefits to individual franchisees as a result of any supplier contributions paid on franchisee purchases from that supplier. Furthermore, any allocation of supplier contributions may not benefit individual franchisees in proportion to the amounts vendors contributed as a result of any individual franchisee's purchases from the supplier.

Cooperatives

We have not established any purchasing or distribution cooperatives. In the future, we may form one or more of these cooperatives on a regional or national level. If such cooperatives are formed, you may be required to join the relevant cooperatives.

Material Benefits

We do not provide any material benefits to you, such as renewals or granting of additional franchises, based on your purchases of particular Products or from particular Suppliers. However, you may receive rebates from third-party Suppliers on Products you purchase from them.

Estimated Percentages

We estimate that the purchase of Products, Equipment, signage, design costs, and other items which you are required to purchase pursuant to our standards and specifications set forth in the Operations Manual will be approximately 50% of your costs in establishing your Shoppe and approximately 60% of your costs in operating your Shoppe.

ITEM 9 **FRANCHISEE'S OBLIGATIONS**

This table lists your principal obligations under the Franchise Agreement, its Attachments, and other agreements you may sign. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

In the chart below, abbreviations are used to reference the following documents:

- “FA” refers to the Franchise Agreement.
- “Att.” refers to an Attachment to the Franchise Agreement or Multi-Unit Development Agreement.

Obligation	Article or Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	FA Sections 2.2, 5.2 and FA Att. 1	Items 6 & 11
b. Pre-opening purchase/lease	N/A	Item 8
c. Site development and other pre-opening requirements	FA Sections 5.2 and 5.3	Items 6, 7 & 11
d. Initial and ongoing training	FA Article 6	Item 11
e. Opening	FA Article 5	Item 11
f. Fees	FA Article 4	Items 5 & 6
g. Compliance with standards and policies/operating manual	FA Section 5.1	Item 11

Obligation	Article or Section in Agreement	Disclosure Document Item
h. Trademarks and proprietary information	FA Article 7	Items 13 & 14
i. Restrictions on products/services offered	FA Section 5.6 and 5.7	Item 16
j. Warranty and customer service requirements	N/A	Item 11
k. Territorial development and sales quotas	FA Sections 2.2, 5.2.3, and 5.12	Item 5 & 12
l. Ongoing product/service purchases	N/A	Item 8
m. Maintenance, appearance, and remodeling requirements	FA Section 5.4	Item 11
n. Insurance	FA Section 5.13	Items 6 & 8
o. Advertising	FA Section 4.4 and Article 8	Items 6 & 11
p. Indemnification	FA Article 12	Item 6
q. Owner's participation/management/staffing	FA Sections 6.2 and 13.3	Items 11 & 15
r. Records and reports	FA Sections 9.2 and 9.3	Item 6
s. Inspections and audits	FA Article 9	Item 17
t. Transfer	FA Article 11	Item 17
u. Renewal	FA Sections 3.2 and 4.5	Item 17
v. Post-termination obligations	FA Article 15	Item 17
w. Non-competition covenants (Note 1)	FA Section 13.4 and Exhibit D	Item 17
x. Dispute resolution	FA Sections 16.6 and 16.15	Item 17
y. Performance Guaranty (Note 1)	Exhibit D	Exhibit A-2
z. Minimum Sales Requirement (Note 2)	FA Section 5.12	Item 12

Notes:

Note 1: If you sign the Franchise Agreement or Multi-Unit Development Agreement as a corporation, each Principal Owner of the corporation must sign a Personal Guarantee and Non-Disclosure and Non-Competition Agreement in the same or a substantially similar form as the Exhibit D assuming and guaranteeing all of the obligations of the Franchise Agreement or Multi-Unit Development Agreement (including maintaining the confidentiality obligations discussed in Item 14), as the case may be, and agreeing to discharge all obligations of the Franchisee or Developer under the applicable Agreement.

Note 2: Your Minimum Gross Revenue Requirement:

	Months 0-6	Months 7-12	Months 13-24	Months 24+
Minimum monthly average for each Gross Revenue period	\$30,000.00	\$40,000.00	\$50,000.00	\$60,000.00 on average for each 6-month period.

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 Assistance

Before you open your Shoppe, we will provide you with the following:

1. Designation of a non-exclusive, geographic area for the site and marketing of your Shoppe (the “Territory”). (Franchise Agreement, Section 2.2; see also Item 12).
2. Advisory services for site selection of your Shoppe. Our representative will visit the market and assist with analysis of potential sites within the Territory. We will provide specifications, and recommended vendors for the construction and equipment purchase and installation in your Shoppe. (Franchise Agreement, Sections 5.4, 5.6, 5.7; see “Site Selection and Shoppe Layout” below).
3. Approval of the site and final layout and design of your Shoppe. (Franchise Agreement, Sections 5.2, 5.4; see “Site Selection and Shoppe Layout” below).
4. Access to the Operations Manual and other materials for your use in operating your Shoppe during the term of the Franchise Agreement (the “Term”). (Franchise Agreement, Sections 5.1.1, 6.1).
5. In-Store Training. (Franchise Agreement, Section 6.2; see “Training Program” below).
6. 2 weeks of on-site assistance and support from the Opening Team. The Opening Team will consist of at least one representative from the corporate office. This on-site assistance will take place for one week prior to the Shoppe’s opening and during the Shoppe’s first week of operation. The Opening Team may determine that additional on-site training is necessary, at their sole discretion. You will not pay for the Opening Team;

unless additional training is required. Then, you will be responsible for paying the travel, lodging and per diem expenses for each member of the Opening Team. Accommodation and per diem expenses will not exceed \$200 per day for each member. (Franchise Agreement, Sections 6.3, 6.4).

Site Selection and Shoppe Layout

While we may assist you with your efforts, you are solely responsible for all matters involved in selecting, obtaining, and developing the site of your Shoppe.

We or a designated third party will provide advisory services in connection with selecting a site for your Shoppe. Your site selection is subject to our acceptance, which we will not unreasonably withhold if the site meets our standards. We consider a variety of factors in evaluating a proposed site. Some of the factors are site location, area demographics, makeup of other co-tenants, traffic density, the proximity of traffic generators, offices, parking and ingress/egress. We will approve or disapprove of your proposed site within a reasonable time. We have the right to disapprove any site we deem unsatisfactory for your Shoppe. If you are a Multi-Unit Developer, we may apply our then-current factors, standards, or specifications when approving your future Shoppe sites.

The site selection process typically takes 3 to 6 months. However, if you are unable to locate a site acceptable to us within 240 days and do not seek our approval and pay an Extension Fee, we may terminate the Franchise Agreement. You should not make any commitment to a site or open your Shoppe, unless we approved the site. If you are leasing the premises for your Shoppe, you are responsible for negotiating the lease of the premises.

We or a designated third party will provide advisory services to you on the layout and set-up of your Shoppe, including a sample Shoppe layout. Your final Shoppe layout and design is subject to our approval to ensure that it is compliant with our standards and specifications, including paint colors, floor tiles, and counter finishes. You are responsible for hiring vendors that comply with our standards and specifications, including a licensed architect. You and your hired vendors are responsible for ensuring that all construction is properly permitted, insured and in compliance with all applicable local ordinances and state and federal laws and regulations.

We may but are not obligated to communicate directly with your architect, contractor, materials suppliers and/or other persons you hire to confirm and facilitate the approved layouts and designs. Any changes to an approved layout or plan must be submitted to us for our consent.

Timing of Shoppe Opening

The typical length of time between signing a Franchise Agreement and opening your Shoppe ranges from 6 to 18 months. Factors affecting this length of time usually include obtaining a satisfactory site (typically 3 to 6 months); remodeling, decorating, and leasehold improvements; delivery and installation of furniture, equipment, and telephones; completion of your training; and the hiring and training of employees. If you have not identified a site acceptable to us 240 days after executing the Franchise Agreement, you may pay a fee and request an extension (See Item 5). If you fail to open your Shoppe within 18 months of the date of the execution of the Franchise Agreement, we may terminate the Franchise Agreement, and if you have a Multi-Unit

Development Agreement, you may lose any development rights you have to the Territory or lose the deposit you paid.

Post-Opening Assistance

During the operation of your Shoppe, we will provide you with the following:

1. Updated materials on new sales, marketing developments, and new customer service techniques and programs when, and if, such materials are available. (Franchise Agreement, Section 6.5).
2. Additional training on new and improved techniques as such techniques are developed by us (the “Additional Training”). We may require you to attend this Additional Training. We will not charge you, or any of your employees, for attendance at any Additional Training, but you will be responsible for all expenses (and salaries) incurred by you and your employees while attending the Additional Training. The Additional Training may be held at our headquarters in Greenville, South Carolina, or at other locations that we may designate. (Franchise Agreement, Section 6.2.4).
3. Additional Assistance to address operating, marketing, promotional, or financial problems or concerns. We may provide general consultation on these matters or analysis of your sales, marketing, or financial data (“Ongoing Advisory Services”). Communications may occur via onsite visits, telephone, facsimile, email, or regular mail. At your request, we provide Ongoing Advisory Services at your Shoppe, at mutually agreeable times and dates (“On-Site Services”). There is no charge for and no limit as to how many times you may utilize the Ongoing Advisory Services, except that you will incur fees (See Item 6) if you request more than 5 visits per year of On-Site Services in a 12-month period. (Franchise Agreement, Section 6.4.2).
4. Optional follow-up training for Principal Owner(s), the Operation Manager, Key Personnel, and any of your employees, at our Affiliate’s Shoppe in Greenville to improve upon any operational deficiencies or deviations, identified by you or us, from System standards (“Follow-Up Training”). We highly recommend that Principal Owner(s) return to Greenville for follow-up training within 6 months of opening your Shoppe. Individuals who did not complete the Training Program (defined below), may receive Follow-Up Training. We will not charge you, or any of your employees, for attendance at any Follow-Up Training, but you will be responsible for all expenses (and salaries) incurred by you and your employees while attending the Follow-Up Training. The duration of any Follow-Up Training will depend on your and your employees’ particular issues and needs. (Franchise Agreement, Section 6.2.3).
5. As part of the Follow-Up Training, a corporate representative will visit and inspect your Shoppe and work with you and your employees on operational deficiencies or deviations from System standards. A copy of the inspection checklist is available in the Operations Manual. During these corporate visits, the corporate representative may require Principal Owner(s) and your Butcher or other relevant employees to

demonstrate proficiency, required skill and requisite knowledge by performing cutting tests to our representative satisfaction. (Franchise Agreement, Section 6.2.3).

6. Shoppe inspections, when and if we deem advisable. During a Shoppe inspection, we may review your operations and evaluate your methods and staff. There is no charge to you for periodic visits and we are under no obligation to make any such visits. Corporate Assistance may be provided if the Shoppe is no longer following the System outlined in the Operations Manual. In addition to our other rights under the Franchise Agreement, including but not limited to termination, we reserve the option but not the obligation to provide extended on-site support to correct operational defaults. If we deem Corporate Assistance is required, you will be charged \$200 for a minimum of 14 days and maximum of 28 days. This rate is charged per day per corporate staff member providing Corporate Assistance (Franchise Agreement, Sections 6.4.1 and 9.1; See Item 6).

Advertising

Local Advertising

You must conduct a local marketing campaign during the first 3 months of your Shoppe being open and spend at least \$3,000 per month on advertising and promotions to establish your Shoppe.

Beginning with the fourth month of operation of your Shoppe, you must pay to us or spend directly, as we in our sole discretion determine, 1.5% of your Gross Revenues (the “Advertising Fee”) on local advertising and promotion (the “Local Marketing Expenditures”). If we choose to allow you to spend this Advertising Fee directly until a Marketing Fund (defined below) is established, we will monitor this required expenditure, and you must send us, upon our request and in a form, we prescribe, verification of your Local Marketing Expenditures, including tear sheets of all print ads, within 30 days of our request. When an advertising fund is established, you will be required to pay the Advertising Fee to us directly as a contribution to the Marketing Fund.

Examples of required local advertising include weekly newspaper advertising, actual or pro-rata costs of your classified telephone directory listings and advertisements, radio and television advertising, billboards or other such permanent advertising and advertisements placed on local or regional Internet sites.

You must submit all local advertising materials to us for our approval prior to their use. All local advertising and promotional materials must contain our Mark and reference our website address. All promotional materials (including magazine articles you may author) must indicate that your Shoppe is part of the System. All advertising and promotional materials must include the following wording: “Locally and Independently Owned and Operated.” We have the right to require you to include certain language in your local marketing, such as “Franchises Available” and our website address and phone number.

We are not required to spend any amount of money on advertising, but we will, from time to time, create advertising materials suitable for your use in your local advertising. Additionally, we are currently assisting franchisees with the following advertising and promotions:

Loyalty Program: You are required to participate in a program designed to engage our customers and encourage them to frequent our Shoppes (“Loyalty Program”). We currently cover the costs and equipment associated with the Loyalty Program, except the product earned by consumers through their participation in the Loyalty Program. We may cease covering these costs at any time in the future and you will be responsible for these costs. You are responsible for the cost of food and products redeemed by customers. We estimate your annual costs associated with the Loyalty Program to be 3% to 5% of your Gross Revenues. We may cease, alter, or improve the Loyalty Program, in our sole discretion, and utilize a web-based or app-based Loyalty Program that you will be required to participate in.

Digital Marketing Services: We currently provide digital marketing services, including social media marketing, email Marketing, Search Engine Optimization (SEO), and marketing via our corporate website.

Advertising Council

As of the date of issuance of this Disclosure Document, there is no advertising council comprised of franchisees that advise us on advertising policies.

Marketing Fund

We currently pay for all costs associated with regional and national advertising so that you may focus on your local marketing. We have no obligation to continue to do this and may alter, modify or terminate this practice at any time and for any reason, in our sole discretion. We currently do not have an advertising, publicity, and marketing fund, but we intend to implement one in the future for advertising, advertising-related, marketing, or public relations programs, services or materials as deemed necessary or appropriate to promote the New York Butcher Shoppe brand and Shoppes (the “Marketing Fund”). The Marketing Fund may place advertising in any medium for media. We anticipate the coverage initially will be primarily regional in scope, although we have the right to choose to participate in national advertising as well. We or our Affiliates may prepare advertising, and we may employ outside advertising agencies. The Marketing Fund may be used for (among other things) product development; signage; creation, production and distribution of marketing, advertising, public relations, and other materials in any medium, including the internet; administration expenses; brand/image campaigns; media; national, regional, and other marketing programs; activities to promote current and future Shoppes and the System; agency and consulting services; research; and any expenses approved by us. Statements regarding the availability of the New York Butcher Shoppe franchises may be included in advertising and other items produced using the Marketing Fund. However, no funds will be spent by the Marketing Fund primarily for franchisee solicitations.

When the Marketing Fund is established, you will be required to pay the Advertising Fee to us directly as your contribution to the Marketing Fund. All Shoppes, including corporate Shoppes owned by us or our Affiliates, will be required to contribute the Advertising Fee to Marketing Fund. You remain responsible for maintaining customer awareness of your Shoppe through local advertising. Contributions to the Marketing Fund made by any supplier or other third party, whether or not related to purchases made by you, will not count toward your required Advertising Fee. We are not required to ensure that expenditures by the Marketing Fund are

proportionate to contributions to the Marketing Fund by Shoppes operating in any geographic area, or that any Shoppe will benefit directly, indirectly, or in proportion to its contribution to the Marketing Fund.

We will be responsible for administering the Marketing Fund and will have sole discretion over all matters relating to the Marketing Fund. However, we reserve the right to, on a temporary or permanent basis, delegate administrative responsibilities to an Affiliate or third-party, including an entity specifically formed for the purpose of administering the Marketing Fund such as an advertising cooperative (“Marketing Cooperative”). We, our Affiliates, or delegated third parties may be reimbursed and compensated from the Marketing Fund for any goods and services provided to the Marketing Fund. We will account for the Marketing Fund separately from other funds. All taxes of any kind, whether incurred by us, an Affiliate, or a delegated third-party in connection with the Marketing Fund, are payable by the Marketing Fund. We will prepare or require our Affiliate or delegated third party to prepare financial statements for the Marketing Fund annually, which will be furnished to you on written request. We can choose to have statements audited at the Marketing Fund’s expense. If all monies in the Marketing Fund are not spent in the fiscal year, they will be carried over for use in the next fiscal year.

Before its termination, the Marketing Fund must expend any funds, including any interest, collected. No profit, gain or other benefit will directly accrue to us from the Marketing Fund.

In operating the Marketing Fund, we, our affiliate or delegated third party will:

1. be compensated for all administrative costs, overhead, and other expenses;
2. charge the Marketing Fund for attorney’s fees and other costs related in any way to claims relating to the Marketing Fund;
3. spend in any fiscal year an amount greater or less than the aggregate contributions to the Marketing Fund in that year, and the Marketing Fund may borrow from us or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus;
4. defer, waive, or compromise claims for current or future contributions to, or claims against or as to, the Marketing Fund and fund the same with the Marketing Fund;
5. merge the Marketing Fund with any marketing fund, including a Marketing Cooperative, established for Shoppes;
6. maintain Marketing Fund accounts, including “trust accounts”, but doing so will not create any “trust,” “fiduciary relationship” or similar special arrangement between you and us;
7. incorporate a separate entity, and assign all our rights and duties relating to the Marketing Fund to it;
8. take other actions in connection with the Marketing Fund as we consider to be appropriate and consistent with the Franchise Agreement.

We will not be liable for any act or omission in connection with the Marketing Fund that is consistent with the Franchise Agreement. None of the relationships with you in connection with the Marketing Fund will be in the nature of a “trust,” “fiduciary”, or similar special arrangement.

Marketing Cooperatives

There are currently no Marketing Cooperatives. If a Marketing Cooperative is formed in the region in which your Shoppe is located, you may be required to join, contribute to, and follow the bylaws or rules of the cooperative. The Marketing Cooperative will determine the amount you contribute on a per Shoppe basis. All Shoppes, including the corporate Shoppes owned by us or our Affiliates, will be required to contribute to the Marketing Cooperative at the same rate. The Marketing Cooperative will be required to adopt governing documents, subject to our approval. Such governing documents must be made available to franchisees upon request. Members of the Marketing Cooperative, including any elected officials, will be required to administer the Marketing Cooperative. We advise Marketing Cooperatives to prepare annual or periodic financial statements, but do not require it. If the Marketing Cooperative prepares financial statements, they must be provided to franchisees upon request. We have the authority to require the Marketing Cooperative to be formed, changed, dissolved, or merged. If we submit a matter to the Marketing Cooperative for approval (even if not required to do so), an approval by the Marketing Cooperative will be binding on you.

Computer Requirements

You are required to use a point-of-sale and reporting system (“POS System”) comprised of hardware and software as we in our sole discretion may require in your Shoppe. Your POS System must include, at a minimum, an electronic cash register and credit card transaction processing system, with a touch-screen monitor, thermal printer, scanner, keyboard, mouse, and dial-up modem. An appropriate computer firewall, providing Internet security, and an appropriate back-up power source (providing limited battery power in case of a power outage, may be included. As of the issuance date of this Disclosure Document, you may purchase your POS System from one of our approved suppliers or from an alternative vendor that provides a comparable POS System meeting our minimum standards. We estimate the cost to purchase your POS System to be \$3,200 to \$4,520. We estimate the approximate annual cost to maintain, update and support our POS System to be between \$1,000 - \$2,000 depending on the options selected.

In the future, we may update the requirements for your POS System, require that you purchase and use particular hardware and software on your POS System, or require that you purchase a POS System from us or a designated supplier. You will be required to update your POS System accordingly at your own cost. There are no contractual limitations on the frequency and cost of upgrades and/or updates to the systems or programs.

In the future, we may implement an Internet/Intranet system to enhance communications by and among us and franchisees and to permit the efficient, economic delivery of a variety of information, such as updates to the Operations Manual, System bulletins, marketing materials, financial data, reporting information, or technical instructions. You will participate in any Intranet/Internet activities and maintain the necessary hardware, software, high-speed Internet service, and other items necessary to enable you to do so on an ongoing basis at your expense.

Data, Data Protection, and Privacy

You shall abide by all applicable laws pertaining to PII collected or maintained regarding customers or other individuals and shall comply with our standards and policies pertaining to PII. To the extent you obtain any customer or consumer data as part of an advertising and marketing initiative, or other obligations or services under this Agreement, you will access, maintain, use, transfer, secure and destroy such data in accordance with all applicable local, state, and federal laws and regulations, including all privacy and data protection laws and regulations. If there is a conflict between our standards and policies pertaining to PII and applicable law, you shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel as we may request to assist us in our determination regarding the most effective way, if any, to meet our standards and policies pertaining to PII within the bounds of applicable law.

As of the date of the issuance of this Disclosure Document, we do not independently access the operational and financial data collected by your POS System, but you are required to grant us access to your data during an inspection or provide us with data upon our request. There are no contractual limitations on our right to access the information and in the future, we may require independent access to your data.

Operations Manual

After you sign your Franchise Agreement, we will give you access to the Operations Manual in either electronic form or as a hard copy. At our own discretion, we may update the Operations Manual from time to time. We will provide you with notice of any changes to or relevant updated sections of the Operations Manual when any updates are made. The Operations Manual contains confidential, proprietary information.

Currently, the Table of Contents of the Operations Manual is: Section of Operations Manual	Number of Pages
Employee Health and Personal Hygiene: HAACP Plan and ROP Documentation	61
Store Opening Guide	84
Standards of Operation	81
The New York Butcher Shoppe Recipe Book	119
Employee Master Handbook: Employee Benefits and Personnel Policies	44
TOTAL	389

Training Program

You are responsible for all aspects of the employment relationship, including hiring your own employees. Except as provided for in the Training Program, you are responsible for training your employees and ensuring that they remain in compliance with the standards set forth in the Operations Manual.

Our mandatory training program consists of three phases: pre-training, In-Store Training, and Follow-Up Training (the “Training Program”).

We will provide the Training Program to up to 6 trainees for no charge. You are responsible for all travel, lodging, and per diem expenses for you and your employees associated with the In-Store Training. You are also responsible for the applicable insurance for you and your employees during the In-Store Training (e.g., worker’s compensation insurance).

The following owners or hired personnel fulfilling the following roles are required to participate in the Training Program: the lead butcher, lead deli clerk, lead kitchen clerk, and any other designated personnel (collectively, “Key Personnel”) and at least one Principal Owner (defined in Item 15 as an individual with an ownership interest of 20% or more of the corporation of the Shoppe) who will act as the day-to-day manager (“Operations Manager”). You are required to have at least 2 Operations Managers. If you replace any Key Personnel, the replacement must take the Training Program prior to taking over the Key Personnel position. If we implement any training fees in the future, you may be responsible for the then-current training fee for your replacement trainees.

Pre-Training

Prior to the In-Store Training, trainees are required to carefully read the Operations Manual and research the products you will be selling. The Operations Manual lists resources available to you to conduct this research.

In-Store Training

The In-Store Training will take place in Greenville, South Carolina at one of our corporate Shoppe locations during the Shoppe’s hours of operation (typically 5 days a week, including at least one Saturday, 10:00 am to 7:30 pm) and will last approximately 3 – 4 weeks. Trainees must attend the In-Store Training prior to opening your Shoppe. We recommend attending the In-Store Training during the development and construction phases of your Shoppe. You are responsible for scheduling In-Store Training in a timely manner so that the Operations Managers and Key Personnel must complete the training to our satisfaction approximately 60 days before the opening of the Shoppe.

All In-Store Training is hands-on, using our innovative “Observe, Learn, Practice” method. First, trainees will spend 2 to 3 days observing all skills and procedures. Next, trainees will focus on their relevant specialties, spending the remainder of the In-Store Training learning and gradually practicing their skills. By the end of In-Store Training, trainees will be expected to be self-sufficient in their respective areas and will need to demonstrate this through trial-runs at the site of training.

There will be minimal classroom training. However, we will issue quizzes throughout your In-Store Training.

The In-Store Training consists of the following:

Training will be performed at a Certified Training Store currently located at the Augusta Rd SC or the Mount Pleasant SC store.

Training takes approximately 7 - 8 weeks to complete. All Owner Operators and General Managers must be comfortable with all Modules in the Training Manual before Opening.

A minimum of 4 weeks must be completed in a Certified Training Store. Additional training weeks may be approved at other locations, with proper notice.

All Full-Service locations must spend a minimum of 3 weeks training in the Charlotte Market in addition to the 4 weeks training in a Certified Training Store.

TRAINING PROGRAM – Key Positions

Position (Note 1)	Weeks of Training	Hours of Classroom Training	Hours of Training On-The-Job	Location
Owner Operator / GM	7 – 8 Weeks	8	272 - 312	Certified Training Store
Butcher / Meat Cutting	2 Weeks	0	80	Certified Training Store
Prepared Meals Associate	2 Weeks	0	80	Certified Training Store
Front of House Customer Service / Cashier	1 Week	0	40	Certified Training Store
Retail Wine/Beer Sales Associate	3 Days	0	24	Certified Training Store
Owner Operator / GM for Full-Service Wine Bar	3 of the 8 weeks in Charlotte locations	8	120	Charlotte, NC

Note 1: Operations Managers and Key Personnel are only required to complete to our satisfaction the subjects relevant to their position. The Operations Managers may be required to participate in additional training, but not necessarily to completion, in order to have a working knowledge of the subject. The below chart identifies the typical corresponding subjects and Trainees. However, this may differ for your Shoppe. We reserve the right to determine which Trainees will have to complete training for each Subject on a case-by-case basis.

Subject	Trainees
Meat Cutting	Lead Butcher, Operations Managers
Marketing Wine	Designated Key Personnel, Operations Managers (working knowledge)
Other Food Products	Lead Butcher, Lead Deli Clerk, Lead Kitchen Clerk, Operations Managers (working knowledge)
General Merchandising	Lead Butcher, Lead Deli Clerk, Lead Kitchen Clerk, Operations Managers (working knowledge)
Deli Operations	Lead Deli Clerk, Operations Managers (working knowledge)
Business Operations	Operations Managers
Kitchen Operations	Lead Kitchen Clerk, Operations Managers

The Training Program will require the use of the Operations Manual, Wine Distributor Publications, and detailed proprietary checklists.

All our trainers are experienced butchers, Operations Managers, or employees with experience in shoppe operations. Our Vice President of Training and People Development is in charge of the Training Program.

ITEM 12 **TERRITORY**

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

Designated Territory

If you execute a single Shoppe Franchise Agreement, Attachment 1 of your Franchise Agreement specifies a territory as well as a detailed explanation of your territory rights, if any, the limits and conditions on those rights, and the rights reserved to us (“Designated Territory”). Territories and fees for reserving additional territories may vary, depending on area demographics, population density, market conditions and other factors.

If you execute a single Shoppe Franchise Agreement, you may establish and operate one retail Shoppe at an approved site located in or adjacent to a strip center, in a freestanding building, or a shopping center accessible to the public for the sale of approved Products and services, including delivery and catering. No sales may be conducted from any location except the approved site and delivery and catering must only occur within the Designated Territory. The Franchise Agreement does not grant you any rights as to other businesses, nor the sale of Products, or services, whether related or not, in which we or any Affiliates may be involved, now or in the future.

Special Accounts

Except for Special Accounts (defined below), our current policy does not limit from whom you accept orders, but we reserve the right to change this policy at any time. We may award national, regional, or local licenses to third parties to sell Products under the Marks at other facilities, including foodservice facilities or restaurants primarily identified by the third party's trademark, or sell Products and services through other channels of distribution, including the internet, wholesale, mail order and catalog ("Special Accounts"). You must not deal with Special Accounts (which will be communicated by us to you), except as authorized. We can service or administer Special Accounts and request related assistance from franchisees, according to processes and procedures we establish. If you agree to service Special Accounts, you must agree to terms negotiated for that Special Account. Without our written permission, you will not use the Internet, World Wide Web, other electronic means of marketing and/or mail order market or sell or distribute the Product or services.

Minimum Gross Revenue Requirement

In addition to other rights and remedies we may have under the Franchise Agreement, your Designated Territory may be reduced before your Franchise Agreement expires or is terminated if you fail to achieve the Minimum Gross Revenue Requirement volume, as defined in Item 9 or fail to comply with terms of the Franchise Agreement, for which you have been sent a default notice stating the areas of non-compliance and you fail to cure the default.

Relocation

If your lease expires or terminates; your site is damaged and cannot be repaired within 60 days or is condemned or otherwise rendered unusable; or if, in our judgment, there is a change in the character of the site sufficiently detrimental to your business potential to warrant relocation, then you may seek our approval in writing to relocate your Shoppe to a site acceptable to us. In addition to our approval of a new site, in order to relocate your Shoppe, you must: (1) sign an addendum to the Franchise Agreement, (2) be in compliance with System standards, (3) not be in default of your Franchise Agreement or any other Agreements with us; and (4) provide proof that you have paid your landlord in full, including a release from the landlord. You must have a written site acceptance from us before you commit to a different site or relocate to any site. Any relocation will be at your sole expense, and you and each affiliate of yours will sign a General Release when and if we grant our consent. (Franchise Agreement, Section 2.2.3)

Franchisee Options; Additional Franchises

You will not have any options, rights of first refusal or similar rights to acquire additional franchises within any specified territory or any contiguous territories. We may allow you to acquire additional franchises if you meet our qualifications in place at that time for acquiring a franchise and ownership of multiple Shoppes. These qualifications will change based upon our business experience and may include standards of character, business experience, financial strength, credit standing, health, reputation, business ability, experience, availability of management personnel, among other factors that we, in our sole discretion, may require.

Our Rights Expressly Reserved

Any rights not expressly granted to you in your Franchise Agreement are expressly reserved by us and our Affiliates. We are expressly permitted, to:

1. own and/or operate ourselves, and/or authorize others to own and/or operate:
 - a. any kind of internet or mail order business selling to customers located anywhere, including within the territory, whether or not using the Marks and the System; and
 - b. any kind of business outside of the Designated Territory selling to customers located anywhere, including within the Designated Territory, whether or not using the Marks and the System.
2. develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using the System or the Marks, and award franchises under these other concepts for locations anywhere, or operate units or channels of distribution owned by us or any Affiliate under these other concepts for locations anywhere, selling to customers located anywhere;
3. acquire, be acquired by, merge, combine with or engage in any transaction with other businesses (whether franchised or not; competitive or not), located anywhere and selling to customers located anywhere. These transactions may include arrangements involving competing outlets and brand conversions (to or from the Marks and the System). These transactions are expressly permitted, and you must participate at your expense in any conversion.
4. market and sell the New York Butcher Shoppe branded or any other branded products and services, whether or not competitive, to customers located anywhere, including within the Designated Territory, using any channel of distribution located anywhere, subject only to any applicable rights of first refusal.

If we have the right to terminate your rights under the Franchise Agreement, we may, as an alternative remedy, reduce, eliminate, or otherwise modify your Designated Territory and similar rights, including any rights of first refusal (See Franchise Agreement, Article 14)

We may from time to time agree with a franchisee to adjust the Designated Territory awarded a franchisee under circumstances which we believe warrant it.

We are not required to pay you any consideration if we exercise any right specified above.

Multi-Unit Development

If you sign the Multi-Unit Development Agreement and meet the requirements therein, you will receive a territory for the placement of multiple Shoppes within the Designated Territory (“Development Area”). However, besides the specific rights granted to you in the Multi-Unit Development Agreement, our rights, as expressly reserved in this Item, apply. As stated above,

you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If you meet our requirements, we may grant you the right to develop and operate the number of Shoppes in the Development Area that is specified in the Multi-Unit Development Agreement. The Development Area is typically described in terms of municipal or county boundaries but may be defined as a specified trade area in a municipality. The actual size of the Development Area will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, the number of Shoppes you commit to develop, population, and market conditions among other factors. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for Shoppes in the Development Area for you to meet the requirements of the Multi-Unit Development Agreement. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to accept sites that do not meet our current criteria, or then-current criteria for future Shoppes, for you to meet the schedule in the Multi-Unit Development Agreement.

Except as described below, during the Term of the Multi-Unit Development Agreement, we and our Affiliates will not operate or grant a franchise for the operation of Shoppes to be located within the Development Area. However, we have the right to terminate this exclusivity if you are not in full compliance with all of the terms and conditions of the Multi-Unit Development Agreement.

After the final Shoppe under the Multi-Unit Development Agreement has opened, if we believe that it is desirable to establish additional Shoppes within the Development Area, and if you complied with the terms of the Multi-Unit Development Agreement and are in compliance with your Franchise Agreements, we may offer you the right to develop additional Shoppes under our then-current franchise agreement and under terms and conditions that we may reasonably establish. If this option is provided to you, you must exercise this option, in full, within 60 days after our notice to you. If you do not exercise or you decline this right of first refusal, we then have the right to franchise or develop the Shoppes ourselves.

To maintain your rights under the Multi-Unit Development Agreement you must have open and in operation the cumulative number of Shoppes by the dates agreed upon. Failure to do so will be grounds for the loss of territorial exclusivity and termination of the Multi-Unit Development Agreement.

Unless sooner terminated, when the last Shoppe to be developed within the Development Area opens for business, your exclusive rights under the Multi-Unit Development Agreement with respect to the Development Area will have expired and we and our Affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate Shoppes within the Development Area. This right will be subject only to the territorial rights under your Franchise Agreements for Shoppes in the Development Area and the right of first refusal to develop additional Shoppes, if any, described above. The Development Area may not be altered unless we and you mutually agree to do so and doing so will not affect your Gross Revenue volume. You are not granted any other option, right of first refusal or similar right to acquire additional Shoppes in your Development Area under the Multi Unit Development Agreement,

unless a new Multi-Unit Development Agreement with a new schedule for development of additional Shoppes is executed and appropriate fees, including Initial Franchise Fees and additional fees for the development rights are paid.


ITEM 13 **TRADEMARKS**

The Franchise Agreement grants you a limited, non-exclusive license to use certain trademarks, trade names, service marks, symbols, emblems, logos, and indicia of origin designated by us. These Marks may be used only in the manner we authorize and only for the operation of your Shoppe.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability.

In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Marks.

The following lists only the Principal Marks you are licensed to use. These Marks are owned by Butcher Shoppe International, LLC.. We have filed all required renewal registrations for these Marks.

Principal Trademarks	U.S. Registration or Serial Number	Registration or Application Date	Classes	Principal/Supplemental Register
THE NEW YORK BUTCHER SHOPPE	78232030	October 5, 2004	35	Principal
 MARIO	78232091	November 9, 2004	35	Principal

We have the right to periodically change the list of the Marks. We may also modify or discontinue the use of a certain Mark. If that happens, you will be responsible for modifying and discontinuing the use of any such Mark(s) at your own expense.

Your use of the Marks and any goodwill is to our exclusive benefit, and you retain no rights in the Marks. You also retain no rights in the Marks when the Franchise Agreement expires or

terminates. You are not permitted to make any changes or substitutions respecting the Marks unless we direct in writing. You may not use any Mark or portion of any Mark or any modified form in the sale of any unauthorized product or service, or in any unauthorized manner. You may not use any Mark or portion of any Mark on any website without our prior written approval.

There are currently no effective material determinations by the U.S. Patent and Trademark Office (“USPTO”), the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Principal Marks that are relevant to your use in any state. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Principal Marks in any manner material to the franchise.

You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks and we have absolute discretion to take any action we deem appropriate. We are unaware of any infringing uses or superior rights that could materially affect your use of the Principal Marks.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. You and your Principal Owner(s) are not permitted to communicate with any person other than us, or any designated Affiliate, our counsel and your counsel involving any infringement, challenge, or claim. We can take action and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge or claim, or otherwise relating to any of the Marks. You must sign any and all documents and do what may, in our counsel’s opinion, be necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain our interests and the interests of any other person or entity (including any Affiliate) having an interest in the Marks. We reserve the right to control any litigation relating to the Marks and we will have the sole right to decide to pursue or settle any infringement actions relating to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware.

We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that the conduct of you and your Principal Owner(s) in the proceeding and use of the Marks is in full compliance with the terms of the Franchise Agreement.

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

If we determine that a trademark infringement action requires changes or substitutions to the Marks, you will make these changes or substitutions at your own expense and discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems, and indicia of origin if we determine that an addition or substitution will benefit the System.

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

1. To grant other licenses for the use of the Marks in addition to those licenses already granted or to be granted to franchisees;
2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and
3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not have an ownership interest in any pending or registered patents or copyrights that are material to the franchise. We may register the Operations Manual with the United States Registrar of Copyrights. We consider these materials proprietary and confidential, and you may use them only as provided in the Franchise Agreement.

Confidential Information

We own proprietary information relating to the ownership and operation of our Shoppes, including the information in our Operations Manual, which contains our techniques, procedures, systems, items and suppliers used, recipes, and knowledge regarding the development and franchising of the New York Butcher Shoppe; the Training Program; and any and all statistical or financial information regarding our franchise system or customers (collectively and individually, “Confidential Information”). We disclose to you Confidential Information needed for the operation of a franchise and you may learn additional Confidential Information during the Term of your Franchise Agreement. The Confidential Information also includes the manner in which we conduct our business.

You must agree that you will maintain the confidentiality of all Confidential Information during and after the Term of the Franchise Agreement and that you will not use, in whole or in part, any of the Confidential Information in any other business or in any manner unless we specifically authorize it in writing. You, your Principal Owner(s), Key Personnel, Operations Managers, and any other employees to whom Confidential information is disclosed may be required to execute non-disclosure agreements that we may reasonably require under the Franchise Agreement. If you violate the non-disclosure covenants of your Franchise Agreement you shall pay us 2 times the then-current Franchise Fee as a good faith estimate of our damages. When your Franchise Agreement expires or terminates, you must destroy or return to us all Confidential

Information. You must notify us immediately if you learn of an unauthorized use of the Confidential Information, including trade secrets. We are not obligated to take any action and we will have the sole right to decide the appropriate response to any unauthorized use of the Confidential Information. You and each of your Principal Owner(s) may disclose this Confidential Information only to your employees who must have access to it to operate the Franchised Business. Neither you nor your Principal Owner(s) are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. If any Confidential Information is made available to an unauthorized person, you must notify us within 24 hours and assist us in our efforts to maintain the proprietary nature of the confidential information.

You also agree to disclose and give us all necessary information relating to all ideas, techniques, and other similar information, including but not limited to the development of any new concept, process or improvement in the operation or promotion of the Franchised Business, that are conceived or developed by you and/or your employees fully and promptly. We will have an ongoing right to use, and to authorize others, including franchisees, to use, such ideas, without compensation or other obligation.

From and after the date of the Franchise Agreement, we own the relationship with all customers you service, as well as all customer lists and all transactional and other information relating to customers, including addresses and telephone numbers. We also own and control all domain names and URLs (“Uniform Resource Locator”) relating to any New York Butcher Shoppe. We can use the lists and information in any way we wish.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you sign the Franchise Agreement as a corporation, the “Principal Owner”, defined as an individual with an ownership interest of 20% or more of the corporation of the Shoppe, must participate in the operation of the Shoppe. If there are more than one Principal Owner, a minimum of one Principal Owner is required to successfully complete our Training Program and act as one of the Operations Managers at the Shoppe. Unless otherwise agreed to in writing, the Operations Managers shall be responsible to supervise and manage the Shoppe’s personnel and required to work a minimum of 40 hours per week on the premises of the Shoppe.

If you wish to designate a new or additional Operations Manager, we require that you notify us, in writing, of the identity and qualifications of the proposed replacement Operations Manager no less than 30 days prior to the start of that individual’s employment. All Operations Managers and other Key Personnel are required to successfully complete our Training Program prior to working in the Shoppe. You are responsible to bear all costs incurred by the Operations Manager or Key Personnel in attending the Training Program.

If you own multiple Shoppes, one or both of the Operations Managers may manage and supervise more than one Shoppe as long as at least one of the Principal Owners remains involved in each Shoppe and continues to meet the required 40 hour minimum per week.

All Key Personnel must execute confidentiality and non-disclosure agreements that we may reasonably require under the Franchise Agreement. Key Personnel will not be required to have an equity interest in the Shoppe.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell in your Shoppe all menu items, food and grocery items, and other services and Products we require in the manner and style that we require, as can be found in the Operations Manual. You must always maintain an inventory of approved Products and other items in such quantities and variety that we direct. We have the right to add or modify the services or Products you must offer at or use in your Shoppe. Our right to alter the approved list of Products and services to be offered at a Shoppe is not limited. You must not deviate from our standards and specifications in any regard without first obtaining our written consent to do so.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Franchise Agreement

- “FA” stands for Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	FA Section 3.1	10-year Term.
b. Renewal or extension	FA Section 3.2	If you meet the criteria, additional ten-year Terms
c. Requirement for the franchisee to renew or extend	FA Section 3.2	You give proper notice of intent to renew, you are in full compliance with the Franchise Agreement, your Shoppe meets our current specifications and guidelines, you sign the then-current release and new Franchise Agreement, and you pay the Renewal Fee. The terms of the new franchise agreement may be materially different from the

Provision	Section in Franchise Agreement	Summary
		terms and conditions of the current Franchise Agreement.
d. Termination by franchisee	FA Section 14.5	Subject to state law, you may terminate the Agreement if we violate any material obligation to you and fail to cure it within 60 days after our receipt of your written notice.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	FA Sections 14.1 and 14.2	We can only terminate you if you default under the Franchise Agreement.
g. "Cause" defined – curable defaults	FA Section 14.2	You have 30 days to cure non-payment of fees; failure to submit required reports; failure to observe our standards; failure to open in specified time; failure to obtain our prior written consent where required; failure to permit inspection or cooperate with audit; your marketing of a confusingly similar Product; your hiring of an unapproved Operations Manager or failure to train your Operations Managers in a timely fashion; repeated defaults; deriving or attempting to derive Gross Revenues outside your Designated Territory; failure to close and de-identify sites outside your Designated Territory; failure to indemnify us or our Affiliates.
h. "Cause" defined – non-curable defaults	FA Section 14.1	Insolvency; your bankruptcy; receivership or custodianship of your assets; proceedings for composition with

Provision	Section in Franchise Agreement	Summary
		creditors; a final judgment against you remains unsatisfied for 30 days; your dissolution; foreclosure against your site or equipment; you lose possession of the site where Shoppe is located; property of the Shoppe sold after a levy; failure to operate the Shoppe for 7 consecutive days; failure to meet the Minimum Gross Revenues Requirement; failure to provide Reports for audits; underreporting of more than 5% or any intentional underreporting; misleading information on application to purchase the franchise; conviction of felony or other crime or act that damages our goodwill; unauthorized transfer of your business; disclosure of our confidential proprietary information; issuance of health or safety violation; failure to comply with applicable laws; failure to comply with restrictive covenants; you commit an act that affects the Marks or our goodwill; you use our Marks in an unauthorized manner.
i. Franchisee's obligation on termination/non-renewal	FA Article 15	Cease use of our System, Marks, and all Confidential Information; complete de-identification and remove all signage; pay all sums due and owing; return the Operations Manual and materials; pay all damages, costs, and expenses; assign or cancel telephone number and URL; cancel

Provision	Section in Franchise Agreement	Summary
		applicable registrations; and comply with all post-termination covenants
j. Assignment of contract by franchisor	FA Section 11.1	No restriction on our right to assign.
k. “Transfer” by franchisee – defined	FA Sections 11.2, 11.3, and 11.5	Includes transfer of interest, this Agreement, or any Controlling Interest (proposed transfer of fifty percent (50%) or more of the common (voting) stock of a corporation or of the ownership interest in a limited liability company or partnership); transfer on death or disability; and assignment by an individual to an entity of which you own 50% or more.
l. Franchisor approval of transfer by franchisee	FA Section 11.2 and 11.3	We must give prior written consent; such consent cannot be unreasonably withheld.
m. Conditions for franchisor approval of transfer	FA Section 11.2	You are current in all obligations and in good standing; transferee is qualified and approved by us; the Transfer Fee is paid; new agreements are executed; Training Program successfully completed; lessor consents to the assignment of the lease (if applicable); and you and all Principal Owners sign a general release and an agreement regarding post-termination covenants.
n. Franchisor’s right of first refusal to acquire franchisee’s business	FA Section 11.4	You give us, in writing, your proposal to sell your Shoppe. We have 30 days to accept your proposal.

Provision	Section in Franchise Agreement	Summary
o. Franchisor's option to purchase franchisee's business	FA Section 15.1	You give us a purchase proposal from a third party. We have 30 days to meet the terms of the offer.
p. Death or disability of franchisee	FA Section 11.5	Your estate has 30 days to apply for consent to transfer your interest and 180 days from the date of our approval to complete the transfer.
q. Non-competition covenants during the term of the franchise	FA Section 13.4 and Exhibit D	No direct or indirect involvement in a Competitive Business within 15 miles any BSI Shoppe and no disclosure of our Confidential Information. If you violate the non-competition covenants, you will pay to us 2 times the then-current Initial Franchise Fee plus 4% of Competitive Business's Gross Revenues for each violation. For each Competitive Business for which we are unable to verify Gross Revenues in a timely manner, you will pay us 2 times the then-current Initial Franchise Fee plus \$100,000, as a good faith estimate of our damages. If you violate the non-disclosure covenants, you will pay to us, 2 times the then-current Initial Franchise Fee.
r. Non-competition covenants after the franchise is terminated or expires	FA Section 17.1 and Exhibit D	No direct or indirect involvement in a Competitive Business within 15 miles of any BSI Shoppe and no disclosure of our Confidential Information for 2 years after any transfer, expiration or termination. If you violate the

Provision	Section in Franchise Agreement	Summary
		non-competition covenants, you will pay to us 2 times the then-current Initial Franchise Fee plus 4% of Competitive Business's Gross Revenues for each violation, and the 2-year period will commence when you cease the violation. For each Competitive Business for which we are unable to verify Gross Revenues in a timely manner, you will pay us 2 times the then-current Initial Franchise Fee plus \$100,000, as a good faith estimate of our damages. If you violate the non-disclosure covenants, you will pay to us, 2 times the then-current Initial Franchise Fee.
s. Modification of agreement	FA Section 16.3	Modification is only upon written agreement agreed to by the both of us.
t. Integration/merger clause	FA Section 16.2	Only the terms of the Franchise Agreement and its Attachments are binding (subject to state law). Except for the statements contained in this disclosure document, any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	FA Section 16.6	Except for certain claims subject to injunctive relief, all disputes are subject to binding arbitration in the county where our corporate headquarters is located, subject to applicable state law.
v. Choice of forum	FA Section 16.15	Subject to applicable state law, litigation must be in state or federal court in the state where our corporate headquarters is located.

Provision	Section in Franchise Agreement	Summary
w. Choice of law	FA Section 16.15	Subject to applicable state law, South Carolina law applies.

Multi-Unit Development Agreement

- “MUDA” stands for Multi-Unit Development Agreement

Provision	Section in MUDA	Summary
a. Length of the term	MUDA Section 3.1	Effective date of the MUDA until your last Shoppe under the MUDA is opened.
b. Renewal or extension	MUDA Section 3.2	No renewal or extension.
c. Requirement for the developer to renew or extend	Not Applicable	
d. Termination by developer	MUDA 11.5	Subject to state law, you may terminate the Agreement if we violate any material obligation to you and fail to cure it within 60 days after our receipt of your written notice.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	MUDA 11.3	We can only terminate you if you default under the MUDA.
g. “Cause” defined – curable defaults	MUDA Section 11.2	You have 30 days to cure any of the following: failure to indemnify us or our Affiliates; non-payment of fees; you begin developing a Shoppe without the required approval; failure to obtain our prior written consent where required; default of any Franchise Agreements; opening a Shoppe without executing Franchise Agreement; you develop or attempt to develop outside of your Development Area.
h. “Cause” defined – non-curable defaults	MUDA Section 11.1	Failure to satisfy your development schedule; unauthorized transfer of your business; misleading

Provision	Section in MUDA	Summary
		information on application for MUDA or Franchise Agreement; default under any of your Franchise Agreements; failure to comply with applicable law; ; conviction of felony or other crime or act that damages our goodwill; insolvency; your bankruptcy; receivership or custodianship of your assets; proceedings for composition with creditors; a final judgment against you remains unsatisfied for 30 days; your dissolution; foreclosure against your site or equipment; property of your business sold after a levy; closure of or failure to operate all Shoppes under the MUDA; disclosure of our confidential proprietary information; issuance of health or safety violation; failure to comply with restrictive covenants; you commit an act that affects the Marks or our goodwill; you use our Marks in an unauthorized manner.
i. Developer's obligation on termination	MUDA Section 12.2	Cease use of our System, Marks, and all Confidential Information; complete de-identification and remove all signage; pay all sums due and owing; return the Operations Manual and materials; pay all damages, costs, and expenses; assign or cancel telephone number and URL; cancel applicable registrations; and comply with all post-termination covenants.
j. Assignment of contract by franchisor	MUDA 2.1	No restriction on our right to assign.
k. "Transfer" by developer – defined	MUDA Section 7.1	Includes transfer of interest, this Agreement, or any Controlling Interest (proposed transfer of fifty

Provision	Section in MUDA	Summary
		percent (50%) or more of the common (voting) stock of a corporation or of the ownership interest in a limited liability company or partnership); transfer on death or disability; and assignment by an individual to an entity of which you own 50% or more.
l. Franchisor approval of transfer by developer	MUDA Section 7.2	No transfer unless we give prior written consent.
m. Conditions for franchisor approval of transfer	Not Applicable	
n. Franchisor's right of first refusal to acquire developer's business	Not Applicable	
o. Franchisor's option to purchase developer's business	Not Applicable	
p. Death or disability of developer	MUDA Section 7.3	Your estate has 30 days to apply for consent to transfer your interest and 180 days from the date of our approval to complete the transfer.
q. Non-competition covenants during the term of the MUDA	MUDA Sections 6.2, 10.2 and Exhibit D	No direct or indirect involvement in a Competitive Business within 15 miles any BSI Shoppe and no disclosure of our Confidential Information. If you violate the non-competition covenants you will pay us \$200,000 for each violation. If you violate the non-disclosure covenants, you will pay to us, 2 times your Development Fee.
r. Non-competition covenants after the MUDA is terminated or expires	MUDA Sections 6.2, 10.2 and Exhibit D	No direct or indirect involvement in a Competitive Business within 15 miles any BSI Shoppe and no disclosure of our Confidential Information for 2 years after any transfer, expiration or termination. If you violate the non-competition covenants you will pay us

Provision	Section in MUDA	Summary
		\$200,000 for each violation, and the 2-year period will commence when you cease the violation. If you violate the non-disclosure covenants, you will pay to us, 2 times your Development Fee.
s. Modification of agreement	MUDA Section 13.3	Modification is only upon written agreement agreed to by the both of us.
t. Integration/merger clause	MUDA Section 13.2	Only the terms of the MUDA and its Attachments are binding (subject to state law). Except for the statements contained in this disclosure document, any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	MUDA Section 13.6 and 13.7	Except for certain claims subject to injunctive relief, all disputes are subject to binding arbitration in the county where our corporate headquarters is located, subject to applicable state law.
v. Choice of forum	MUDA Section 13.16	Subject to applicable state law, Litigation must be in state or federal court in the state where our corporate headquarters is located.
w. Choice of law	MUDA Section 13.16	Subject to applicable state law, South Carolina law applies.

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATION

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 Franchise Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering

buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance at a particular site or under particular circumstances.

The table below is the Gross Revenues of 20 Franchised Shoppes open during the twelve-month period beginning January 1, 2024 and ending December 29, 2024. We have not excluded any Franchised Shoppes that were open for that period. The Gross Revenues were reported to us by the Shoppes for royalty reporting and we have not audited this information.

Month	2024 Average Monthly Gross Revenues	# and % At or Above 2024 Average Monthly Gross Revenues	2024 Median Monthly Gross Revenues	2024 Highest Monthly Gross Revenues	2024 Lowest Monthly Gross Revenues
January (4 Weeks)	\$92,381	9 / 43%	\$83,276	\$214,166	\$31,241
February (4 Weeks)	\$115,310	9 / 43%	\$97,467	\$307,797	\$37,095
March (5 Weeks)	\$135,456	9 / 43%	\$117,948	\$296,664	\$54,724
April (4 Weeks)	\$108,301	9 / 43%	\$84,701	\$235,150	\$42,167
May (4 Weeks)	\$118,583	9 / 43%	\$102,229	\$267,193	\$47,799
June (5 Weeks)	\$138,650	9 / 43%	\$115,943	\$320,519	\$57,198
July (4 Weeks)	\$110,281	9 / 43%	\$89,982	\$248,109	\$46,672
August (4 Weeks)	\$109,152	9 / 43%	\$85,833	\$255,304	\$47,384
September (5 Weeks)	\$134,859	9 / 43%	\$115,720	\$295,248	\$54,605
October (4 Weeks)	\$111,812	9 / 43%	\$100,215	\$245,415	\$43,614
November (4 Weeks)	\$120,688	9 / 43%	\$109,763	\$259,174	\$40,978
December (5 Weeks)	\$242,023	8 / 38%	\$224,298	\$484,358	\$83,123

Gross Revenues includes all charges and/or revenues which are, or could be, received or earned by you (and/or any Affiliate): by, at or in connection with your Shoppe; relating to the kinds of goods or services available now or in the future through a Shoppe and/or distributed in association with the Marks or the System; relating to the operation of any similar business; as to any tenants and/or subtenants of yours on the leased premises (including rent and other lease payments); any other source of revenue whether or not approved or supported by BSI; service charges in lieu of gratuity; or as to any co-branding activities.

These Shoppes offer the same services and products as you will in your Shoppe.

Some outlets have earned these amounts. Your individual results may differ. There is no assurance you will earn as much.

We encourage you to review this material with your attorney or accountant. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial representation, we do not make any other financial performance representations. 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 Shoppe, 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 Joseph Giordano at 2131 Woodruff Road, Suite 2100 #128, Greenville, South Carolina, 29607 and by email at joseph@nybutcher.net, as well as the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

**System-Wide Outlet Summary
For Fiscal Years 2022 to 2024**

Outlet Type	Year	Units at Start of Year	Units at End of Year	Net Change
Franchised (Note 1)	2022	10	15	+5
	2023	15	20	+5
	2024	20	25	+5
Company Owned	2022	7	9	+2
	2023	9	9	0
	2024	9	9	0
Total Outlets	2022	17	24	+7
	2023	24	29	+5
	2024	29	34	+5

Note 1: One of the franchised shoppes was operated as a joint venture by us and the franchisee; it is included in Table No. 3. On 1/24/22, the Ponte Vedra, FL joint venture Shoppe was sold to the franchisee.

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor) for
fiscal years 2022-2024**

State	Year	Number of Transfers
Florida	2022	1
	2023	0
	2024	0
All States	2022	1
	2023	0
	2024	0

Table No. 3

Status of Franchise Outlets for years 2022-2024

State	Year	Outlets at start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased operations – Other Reasons	Outlets at End of Year
Alabama	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Arizona	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Georgia	2022	1	1	0	0	0	0	2
	2023	2	2	0	0	0	0	4
	2024	4	1	0	0	0	0	5
North Carolina	2022	2	1	0	0	1	0	2
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3
South Carolina	2022	4	3	0	0	0	0	7
	2023	7	1	0	0	0	0	8
	2024	8	2	0	0	0	0	10

Tennessee	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Texas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Total	2022	10	6	0	0	1	0	15
	2023	15	5	0	0	0	0	20
	2024	20	5	0	0	0	0	25

Table No. 4

Status of Company-Owned Outlets for years 2022-2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Georgia	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
North Carolina	2022	0	0	1	0	0	1
	2023	1	1	0	0	1	1
	2024	1	0	0	0	0	1
South Carolina	2022	6	1	0	0	0	7
	2023	7	0	0	0	0	7
	2024	7	1	0	0	1	7
Total	2022	7	1	1	0	0	9
	2023	9	1	0	0	1	9
	2024	9	1	0	0	1	9

Table No. 5

Projected Openings As of December 29, 2024 (for Fiscal Year 2025)

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Florida	0	1	0
Georgia	1	1	0
Kansas	1	1	0

Missouri	1	1	0
North Carolina	3	3	0
Ohio	1	1	0
South Carolina	0	0	0
Tennessee	1	2	0
Texas	2	3	0
Total	10	13	0

A list of the names, addresses, and telephone numbers of our current franchisees is attached as Exhibit H.

A list of the names, 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 the issuance date of this Disclosure Document is also contained in Exhibit H. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

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

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

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit A-1 are the audited, fiscal year end financials for 2022 for our affiliate, BSI of Georgia, LLC (containing information as of December 31, 2023, January 1, 2023, and December 26, 2021 and for the years then ended), and the audited, fiscal year end financials for Butcher Shoppe Franchising, LLC (containing information as of December 29, 2024 and December 31, 2023 and for the years then ended). Should we fail to fulfill our duties and obligations to our franchisees under their franchise agreements, BSI of Georgia, LLC absolutely and unconditionally guarantees to assume those duties and obligations. A copy of BSI of Georgia, LLC's Guarantee of Performance is included in this disclosure document as Exhibit A-2.

ITEM 22

CONTRACTS

The following agreements and their attachments are attached to this Disclosure Document as the following Exhibits:

1. Franchise Agreement - Exhibit B
 - a. Attachment 1: Designated Territory and Shoppe Site
 - b. Attachment 2: Statement of Ownership Interests in Franchise/Entity
 - c. Attachment 3: Electronic Funds Transfer Authorization
 - d. Attachment 4: Franchisee Acknowledgment Statement
2. Multi-Unit Development Agreement - Exhibit C
 - a. Attachment 1: Minimum Performance Schedule
 - b. Attachment 2: Development Area
 - c. Attachment 3: Multi-Unit Developer Acknowledgment Statement

ITEM 23
RECEIPTS

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

EXHIBIT A-1 to the Butcher Shoppe Franchising, LLC Franchise Disclosure Document

FINANCIAL STATEMENTS

Butcher Shoppe Franchising, LLC

Financial Statements

*As of December 29, 2024 and December 31, 2023
and for the years then ended*

Butcher Shoppe Franchising, LLC

Financial Statements

As of December 29, 2024 and December 31, 2023
and for the years then ended

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Independent Auditor's Report

To the Member
Butcher Shoppe Franchising, LLC
Greenville, South Carolina

Report on the Financial Statements

Opinion

We have audited the financial statements of Butcher Shoppe Franchising, LLC, which comprise the balance sheets as of December 29, 2024 and December 31, 2023, and the related statements of operations, changes in member's deficit and cash flows for the years then ended, and related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Butcher Shoppe Franchising, LLC, which comprise the balance sheets as of December 29, 2024 and December 31, 2023, and the results of its operations, changes in member's deficit and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Butcher Shoppe Franchising, 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 Butcher Shoppe Franchising, LLC's ability to continue as a going concern within one year from the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness Butcher Shoppe Franchising, 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 Butcher Shoppe Franchising, 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.

A+G LLP

Dallas, Texas
February 19, 2025

Balance Sheets

As of	December 29, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 76,468	\$ 75,380
Accounts receivable, net	100,132	32,999
Prepaid expenses	1,500	-
Deferred cost	596	-
Total current assets	178,696	108,379
Deferred cost, net	3,710	-
Total assets	\$ 182,406	\$ 108,379
Liabilities and Member's Deficit		
Current liabilities		
Accounts payable and accrued expenses	\$ 49,100	\$ 25,529
Due to affiliate	2,219	-
Deferred revenue	80,600	127,809
Total current liabilities	131,919	153,338
Long-term liabilities:		
Deferred revenue, net	875,253	567,389
Member's deficit	(824,766)	(612,348)
Total liabilities and member's deficit	\$ 182,406	\$ 108,379

Statements of Operations

	December 29, 2024	December 31, 2023
For the years ended		
Revenues:		
Franchise fee revenue	\$ 134,245	\$ 145,096
Royalty revenue	829,944	525,353
Total revenues	964,189	670,449
General and administrative expenses:		
Advertising and marketing	264,570	218,447
Personnel costs	390,360	342,566
Professional fees	11,375	10,315
Commissions	1,694	-
Other general and administrative expenses	115,507	153,907
Total general and administrative expenses	783,506	725,235
Income (loss) from operations	180,683	(54,786)
Other income:		
Other income	69	14
Total other income	69	14
Net income (loss)	\$ 180,752	\$ (54,772)

Statements of Changes in Member's Deficit

For the years ended	December 29, 2024	December 31, 2023
Balance at beginning of year	\$ (612,348)	\$ (623,781)
Net income (loss)	180,752	(54,772)
Contributions from member	-	66,205
Distributions to member	(393,170)	-
Balance at end of year	\$ (824,766)	\$ (612,348)

Statements of Cash Flows

For the years ended	December 29, 2024	December 31, 2023
Operating Activities		
Net income (loss)	\$ 180,752	\$ (54,772)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Provision for credit losses	-	12,445
Changes in operating assets and liabilities:		
Accounts receivable	(67,133)	(12,915)
Prepaid expenses	(1,500)	4,375
Deferred cost	(4,306)	-
Accounts payable and accrued expenses	23,571	18,538
Due to affiliate	2,219	-
Deferred revenue	260,655	29,904
Net cash provided (used) by operating activities	394,258	(2,425)
Investing Activities		
Net cash provided by investing activities	-	-
Financing Activities		
Contributions from member	-	77,805
Distributions to member	(393,170)	-
Net cash provided (used) by financing activities	(393,170)	77,805
Net increase in cash and cash equivalents	1,088	75,380
Cash and cash equivalents, beginning	75,380	-
Cash and cash equivalents, ending	\$ 76,468	\$ 75,380

Supplemental Disclosure of Cash Flow Information**Non-cash operating and financing activities**

Distributions to member	\$ -	\$ 11,600
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NOTES TO FINANCIAL STATEMENTS

1. Organization and Operations**Description of Business**

Butcher Shoppe Franchising, LLC was formed in the State of South Carolina on December 16, 2021. References in these financial statement footnotes to the “Company”, “we”, “us”, and “our” refer to the business of Butcher Shoppe Franchising, LLC. We are a wholly owned subsidiary of Butcher Shoppe International, LLC (“Member” or “Parent”).

The Company was formed for the purpose of granting franchisees the right to operate a THE NEW YORK BUTCHER SHOPPE store (“Franchised Business”) selling gourmet foods including meats, wines, and specialty grocery products and services to the general public. Franchisees operate the Franchised Business using our unique system (our “System”), which includes standards, specifications, and procedures for operations, training and assistance, and advertising and promotional programs.

The Company is a limited liability company, and therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

Our parent, owns the trademarks and other intellectual property related to the THE NEW YORK BUTCHER SHOPPE franchise system, and has licensed the trademarks and other intellectual property to the Company under a perpetual license agreement (the “License”). The License grants the Company the right to use these trademarks and other intellectual property to sublicense them to franchisees of the Company.

The table below reflects the status and changes in franchised outlets and affiliate owned outlets for the years ended December 29, 2024, December 31, 2023 and January 1, 2023.

Franchised Outlets				
<u>Year</u>	<u>Start of Year</u>	<u>Opened</u>	Closed or Ceased Operations – <u>Other reasons</u>	<u>End of Year</u>
2023	15	6	(1)	20
2024	20	5	0	25

Affiliate-owned Outlets				
<u>Year</u>	<u>Start of Year</u>	<u>Opened</u>	Closed or Ceased Operations – <u>Other reasons</u>	<u>End of Year</u>
2023	8	2	(1)	9
2024	9	1	(1)	9

Going Concern

Management has evaluated our ability to continue as a going concern as of December 29, 2024. Due to the positive earnings and positive cash flows from operations for the year ended December 29, 2024, we have concluded that there is not significant doubt about our ability to continue as a going concern.

2. Significant Accounting Policies**Basis of Accounting**

The Company uses the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States (“U.S. GAAP”). Under this method, revenue is recognized when earned and expenses are recognized as incurred.

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (continued)

Accounting Period

The Company maintains its records on a 52/53 week accounting cycle which ends on the last Sunday in December. The fiscal years ended December 29, 2024 ("fiscal 2024") and December 31, 2023 ("fiscal 2023") were comprised of 52 weeks.

Use of Estimates

The preparation of the financial statements and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Estimates are used for the following, among others: revenue recognition and allowance for credit losses. Actual results could differ from those estimates.

Comparative Financial Statements

Certain prior period amounts have been reclassified to conform to current year presentation.

Fair Value Measurements

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, prepaid expenses, deferred cost, accounts payable and accrued expenses and deferred revenue. The carrying values of cash and cash equivalents, accounts receivable, prepaid expenses, deferred cost, accounts payable and accrued expenses and deferred revenue are considered to be representative of their respective fair values due to the short-term nature of these instruments.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of initial franchise fees, royalties and other fees due from franchisees and are stated at the amount the Company expects to collect. The Company maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer credit worthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Past due balance over 90 days and other higher risk amounts are reviewed individually for collectability. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to an allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses.

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (continued)**Revenue Recognition****Franchise fee revenue**

The Company recognizes revenue in accordance with Financial Accounting Standard Board ("FASB") ASC 606-10-25, *Revenue from Contracts with Customers*. In January 2021, the FASB issued ASU 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient." ASU 2021-02 provides a practical expedient that simplifies the application of ASC 606 about identifying performance obligations and permits franchisors that are not public entities to account for pre-opening services listed within the guidance as distinct from the franchise license. The Company has adopted ASU 2021-02 and implemented the guidance on its revenue recognition policy.

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), continuing royalty and other fees on a weekly basis based upon a percentage of franchisees gross sales. A franchise agreement establishes a Franchised Business developed in one or multiple defined geographic areas and provides for a 10-year initial term with the option to renew for one additional 10-year term. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by the current owner which then terminates that franchise agreement. A franchise agreement is signed with the new franchisee with no franchise fee required.

Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as site selection and training, and ongoing services. The Company considers certain pre-opening activities and the franchise rights and related ongoing services to represent two separate performance obligations. The franchise fee revenue has been allocated to the two separate performance obligations using a residual approach. The Company has estimated the value of performance obligations related to certain pre-opening activities deemed to be distinct based on cost plus an applicable margin, and assigned the remaining amount of the initial franchise fee to the franchise rights and ongoing services. Revenue allocated to preopening activities is recognized when (or as) these services are performed, no later than opening date. Revenue allocated to franchise rights and ongoing services is recognized on a straight line basis over the contractual term of the franchise agreement as this ensures that revenue recognition aligns with the customer's access to the franchise right. Renewal fees are recognized over the renewal term of the respective franchise from the start of the renewal period. Transfer fees are recognized over the contractual term of the transfer agreement.

Royalty revenue

Royalty revenue from Franchised Businesses is based on a percentage of the gross sales of the Franchised Businesses per week, 0 percent for the first 6 months of gross sales, 2 percent for the next 6 months of gross sales and 4 percent after 12 months of gross sales. Royalty revenue is recognized during the respective franchise agreement as earned.

Advertising and marketing

All costs associated with advertising and marketing are expensed in the period incurred.

Income Taxes

The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income tax. As a single-member limited liability company, and therefore a disregarded entity for income tax purposes, the Company's assets, liabilities, and items of income, deduction and credit are combined with and included in the income tax return of the Member. Accordingly, the accompanying financial statements do not include a provision or liability for federal income taxes. The Company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (continued)**Income Taxes (continued)**

The Company's member, Butcher Shoppe International, LLC, files income tax returns in the U.S. federal jurisdiction and the states in which it operates. The Company is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Company believes it is subject to income tax examinations for all periods from inception.

In accordance with FASB ASC 740-10, Income Taxes, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 29, 2024 and December 31, 2023.

Recent Accounting Pronouncements

We reviewed other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

Subsequent Events

In accordance with FASB ASC 855, Subsequent Events, the Company has evaluated subsequent events through February 19, 2025, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

3. Certain Significant Risks and Uncertainties

The Company maintains its cash in a bank deposit account that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents. The Company maintains its deposits in one financial institution.

4. Revenue and Related Contract Balances**Disaggregation of Revenue**

The following table disaggregates revenue by source for the years ended:

	December 29, 2024	December 31, 2023
Point in time:		
Franchise fee revenue	\$ 85,000	\$ 102,000
Royalty revenue	829,944	525,353
Total point in time	\$ 914,944	\$ 627,353
Over time:		
Franchise fee revenue	49,245	43,096
Total revenues	\$ 964,189	\$ 670,449

NOTES TO FINANCIAL STATEMENTS

4. Revenue and Related Contract Balances (continued)**Contract Costs**

Contract costs consist of deferred costs resulting from commissions incurred when the franchise rights are sold to franchisees. The Company classifies these contract assets as deferred costs on the balance sheets. The following table reflects the change in contract assets for the years ended:

	December 29, 2024	December 31, 2023
Deferred costs – beginning of year	\$ -	\$ -
Expense recognized during the year	(1,694)	-
New deferrals	6,000	-
Deferred costs – end of year	<u>\$ 4,306</u>	<u>\$ -</u>

The following table illustrates estimated expenses expected to be recognized in the future as of December 29, 2024:

Fiscal 2025	\$ 596
Fiscal 2026	596
Fiscal 2027	596
Fiscal 2028	608
Fiscal 2029	596
Thereafter	1,314
Total	<u>\$ 4,306</u>

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from initial franchise fees paid by franchisees, which are recognized on a straight-line basis over the term of the franchise agreements. The Company classifies these contract liabilities as deferred revenue on the balance sheets. The following table reflects the change in contract liabilities for the years ended:

	December 29, 2024	December 31, 2023
Deferred revenue – beginning of year	\$ 695,198	\$ 665,294
Revenue recognized during the year	(134,245)	(145,096)
New deferrals	394,900	175,000
Deferred revenue – end of year	<u>\$ 955,853</u>	<u>\$ 695,198</u>

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 29, 2024:

Fiscal 2025	\$ 80,600
Fiscal 2026	52,749
Fiscal 2027	52,749
Fiscal 2028	52,526
Fiscal 2029	48,029
Thereafter	669,200
Total	<u>\$ 955,853</u>

NOTES TO FINANCIAL STATEMENTS

5. Accounts Receivable

Accounts receivable consisted of the following at December 29 and December 31:

	2024	2023
Accounts receivable	\$ 100,132	\$ 32,999
Less: allowance for credit losses	-	-
Accounts receivable, net	<u>\$ 100,132</u>	<u>\$ 32,999</u>

For the years ended December 29, 2024 and December 31, 2023, the Company recognized \$0 and \$12,445 credit loss expense related to accounts receivable, respectively.

The allowance for credit losses activity was as follows:

	2024	2023
Balance at beginning of year	\$ -	\$ -
Provision for credit losses	-	12,445
Write-offs, net of recoveries	-	(12,445)
Balance at end of year	<u>\$ -</u>	<u>\$ -</u>

6. Related Party Transactions**Transactions with Affiliate**

The Company and its affiliate, BSI of Georgia, LLC, frequently advance funds and pay expenses on behalf of one another for payment of general and administrative expenses. As of December 29, 2024 and December 31, 2023, the Company had a balance due from its affiliate in the amount of \$2,219 and \$0, respectively.

Transactions with Related Parties

At December 29, 2024 and December 31, 2023, accounts receivable included \$3,323 and \$1,193, respectively in receivables due from entities owned by affiliate of the Company.

7. Credit Risk and Customer Concentrations**Credit risk**

Receivables consists primarily of amounts due from franchisees. The financial condition of these franchisees is largely dependent upon the underlying business trends of the Company's brand. This concentration of credit risk is mitigated, in part, by the short-term nature of the receivables.

Customer Concentrations

The following table summarizes concentrations of accounts receivable in excess of 10% of receivables as of:

Franchisee	December 29, 2024	December 31, 2023
A	**	30%
C	**	24%
D	**	12%
E	41%	**

** Less than 10% of receivables

NOTES TO FINANCIAL STATEMENTS

7. Credit Risk and Customer Concentrations (continued)**Customer Concentrations (continued)**

The following table summarizes concentrations of franchisees' revenue in excess of 10% of total revenues for the fiscal years ended:

Franchisee	December 29, 2024	December 31, 2023
A	12%	18%
C	13%	19%
E	**	12%

** Less than 10% of total revenue

8. Commitments and Contingencies**Litigation**

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of the management, all matters are of such nature, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

BSI of Georgia, LLC

Financial Statements

*As of December 31, 2023, January 1, 2023
and December 26, 2021 and for the years then ended*

BSI of Georgia, LLC

Financial Statements

As of December 31, 2023, January 1, 2023 and December 26, 2021
and for the years then ended

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Independent Auditor's Report

To the Member
BSI of Georgia, LLC
Duluth, Georgia

Report on the Financial Statements

Opinion

We have audited the financial statements of BSI of Georgia, LLC, which comprise the balance sheets as of December 31, 2023, January 1, 2023 and December 26, 2021, and the related statements of operations, changes in member's equity and cash flows for the years then ended, and related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BSI of Georgia, LLC as of December 31, 2023, January 1, 2023 and December 26, 2021, and the results of its operations, changes in member's equity and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BSI of Georgia, 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 BSI of Georgia, LLC's ability to continue as a going concern within one year from the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness BSI of Georgia, 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 BSI of Georgia, 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.

A+G LLP

A&G, LLP
Dallas, Texas
February 19, 2024

Balance Sheets

As of	December 31, 2023	January 1, 2023	December 26, 2021
Assets			
Current assets:			
Cash and cash equivalents	\$ 188,650	\$ 198,833	\$ 547
Inventory	73,902	63,951	71,484
Prepaid expenses	-	-	71,106
Total current assets	262,552	262,784	143,137
Property and equipment, net	459,472	523,272	41,080
Operating lease right-of-use assets	668,707	752,357	-
Goodwill, net	2,500	3,750	5,000
Due from member	-	-	200,000
Other assets	4,615	4,615	4,615
Total assets	\$ 1,397,846	\$ 1,546,778	\$ 393,832
Liabilities and Member's Equity			
Current liabilities:			
Accounts payable and accrued expenses	\$ 165,190	\$ 167,438	\$ 206,735
Gift card liabilities	2,172	934	1,122
Due to member	123,262	324,736	-
Due to affiliate	-	11,600	-
Operating lease liability	78,478	74,741	-
Total current liabilities	369,102	579,449	207,857
Operating lease liability, net of current portion	610,544	689,022	-
Total liabilities	979,646	1,268,471	207,857
Member's equity	418,200	278,307	185,975
Total liabilities and member's equity	\$ 1,397,846	\$ 1,546,778	\$ 393,832

Statements of Operations

For the years ended	December 31, 2023	January 1, 2023	December 26, 2021
Sales revenue, net	\$ 1,951,549	\$ 2,103,798	\$ 2,161,376
Cost of goods sold	<u>1,175,231</u>	<u>1,349,103</u>	<u>1,464,267</u>
Gross profit	776,318	754,695	697,109
General and administrative expenses:			
Depreciation and amortization	65,050	54,159	7,711
Advertising and marketing	756	2,136	-
Operating lease costs	105,021	104,119	81,937
Personnel costs	362,096	382,101	369,803
Other general and administrative expenses	<u>102,810</u>	<u>119,212</u>	<u>88,506</u>
Total general and administrative expenses	635,733	661,727	547,957
Income from operations	140,585	92,968	149,152
Other income (expense):			
Other income (expense)	<u>(692)</u>	<u>(636)</u>	<u>1,442</u>
Total other income (expense)	(692)	(636)	1,442
Net income	\$ 139,893	\$ 92,332	\$ 150,594

Statements of Changes in Member's Equity

For the years ended	December 31, 2023	January 1, 2023	December 26, 2021
Balance at beginning of year	\$ 278,307	\$ 185,975	\$ 144,631
Net income	139,893	92,332	150,594
Distributions to member	-	-	(109,250)
Balance at end of year	\$ 418,200	\$ 278,307	\$ 185,975

Statements of Cash Flows

For the years ended	December 31, 2023	January 1, 2023	December 26, 2021
Operating Activities			
Net income	\$ 139,893	\$ 92,332	\$ 150,594
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	65,050	54,159	7,711
Non-cash operating lease costs	8,909	11,406	-
Changes in operating assets and liabilities:			
Inventory	(9,951)	7,533	(7,571)
Prepaid expenses and other current assets	-	71,106	(71,106)
Accounts payable and accrued expenses	(2,248)	(39,297)	65,794
Gift card liabilities	1,238	(188)	(8,496)
Other assets	-	-	(4,615)
Net cash provided by operating activities	202,891	197,051	132,311
Investing Activities			
Purchases of property and equipment	-	(535,101)	(22,914)
Net cash used by investing activities	-	(535,101)	(22,914)
Financing Activities			
Net advances from member	(201,474)	524,736	-
Net advances from affiliate	(11,600)	11,600	-
Distributions to member	-	-	(109,250)
Net cash provided (used) by financing activities	(213,074)	536,336	(109,250)
Net increase in cash and cash equivalents	(10,183)	198,286	147
Cash and cash equivalents, beginning	198,833	547	400
Cash and cash equivalents, ending	\$ 188,650	\$ 198,833	\$ 547

NOTES TO FINANCIAL STATEMENTS

1. Organization and Operations

Description of Business

BSI of Georgia, LLC, a Georgia Limited Liability Company, was formed on December 7, 2011 and is located in Duluth, Georgia. References in these financial statement footnotes to "Company", "we", us and "our" refer to the business of BSI of Georgia, LLC. The Company is a wholly owned subsidiary of Butcher Shoppe International, LLC ("Member" or "Parent").

The Company operates a retail store under the trade name, The New York Butcher Shoppe®, selling gourmet foods including meats, wines, and specialty grocery products and services to the general public.

The Company is a limited liability company, and therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

Going Concern

Management has evaluated our ability to continue as a going concern as of December 31, 2023. Due to the positive earnings and positive cash flows from our operations, we have concluded that there is not significant doubt about our ability to continue as a going concern.

2. Significant Accounting Policies

Basis of Accounting

The Company uses the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States ("U.S. GAAP"). Under this method, revenue is recognized when earned and expenses are recognized as incurred.

For the fiscal year 2021, cash and cash equivalents consisted of cash in the register drawer at the end of fiscal year. All other cash transactions related to the Company occurred in bank accounts legally owned by the Member. For the fiscal year 2021, to the extent that an asset, liability, revenue or expense was directly associated with the Company, it was reflected in the accompanying financial statements. The financial statements include specific identification of sales revenues and specific identification and allocations of certain corporate expenses on the basis of direct time, head count or other relevant measures. Management believes the assumptions underlying such financial statements are reasonable. However, the financial statements may not include all of the expenses that would have been incurred had the Company been a stand-alone company during the period presented and may not reflect the results of operations, financial position and cash flows had the Company been a stand-alone company during the period presented.

Accounting Period

The Company maintains its records on a 52/53 week accounting cycle which ends on the last Sunday in December. The fiscal years ended December 31, 2023 ("fiscal 2023"), January 1, 2023 ("fiscal 2022") and December 26, 2021 ("fiscal 2021") were comprised of 52, 53 and 52 weeks, respectively.

Use of Estimates

The preparation of the financial statements and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Estimates are used for the following, among others: revenue recognition and useful lives for depreciation and amortization of long-lived assets. Actual results could differ from those estimates.

Comparative Financial Statements

Certain prior period amounts have been reclassified to conform to current year presentation.

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (continued)**Fair Value of Financial Instruments**

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents, accounts payable and accrued expenses, for which the carrying values are considered to be representative of their respective fair values due to the short-term nature of these instruments.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Non-recurring fair value measurements include the assessment of property and equipment for impairment. As there is no corroborating market activity to support the assumptions used, the Company has designated these estimates as Level 3.

Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

Inventories

Inventories are recorded at lower at cost or net realizable value. The Company accounts for inventory using first-in, first-out method.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective asset:

	<u>Estimated Useful Life</u>
Furniture and fixtures and equipment	5 Years
Leasehold improvements	15 Years

Maintenance and repair costs are expensed in the period incurred. Expenditures for purchases and improvements that extend the useful lives of property and equipment are capitalized.

Impairment of Long-Lived Assets

The Company assesses potential impairment of its long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that the Company considers important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the Company's overall business, and significant industry or economic trends. When the Company determines that the carrying value of the long-lived assets may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. If the carrying value is not recoverable, an impairment is recognized in the amount by which the carrying amount exceeds the fair value of the asset. For fiscal years 2023, 2022 and 2021 no impairment charges were recognized related to long-lived assets.

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (continued)**Goodwill**

The Company applies the accounting alternatives provided in ASU 2014-02, Intangibles—Goodwill and Other (Topic 350): Accounting for Goodwill and ASU 2021-03, Intangibles—Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events. Under these alternatives, goodwill is amortized on a straight-line basis over 10 years and performs the goodwill impairment triggering event evaluation as of the end of the reporting period.

In testing goodwill for impairment, the Company has the option first to perform a qualitative assessment to determine whether it is more-likely-than-not that goodwill is impaired or entity can bypass the qualitative assessment and proceed directly to the quantitative test by comparing the carrying amount, including goodwill, of the entity with its fair value. The goodwill impairment loss, if any, is the amount by which the carrying amount of an entity, including goodwill, exceeds its fair value. Subsequent increases in goodwill value are not recognized in the financial statements. There was no impairment of goodwill during the fiscal years 2023, 2022 and 2021.

Gift Card Liability

The Company sells gift cards to the general public. At the time of sale, the Company records a liability for the amount received. Upon redemption by the customer the Company recognizes sales revenue related to the amount of the gift card and reduces the corresponding gift card liability. For fiscal years 2023, 2022 and 2021, the Company didn't recognize any breakage income.

Revenue Recognition

The Company records retail store revenues at the point of sale. Total revenues do not include sales tax because we are a pass-through conduit for collecting and remitting sales taxes. Sales are recognized net of expected returns, which we estimate using historical return patterns and our expectation of future returns. As of December 31, 2023, January 1, 2023 and December 26, 2021, the Company did not accrue a liability for estimated returns due to the immateriality of the amount of the expected returns.

Advertising and marketing

All costs associated with advertising and marketing are expensed in the period incurred.

Leases

The company accounts for leases under ASC 842. Lease arrangements are determined at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "Short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the balance sheet. Operating leases with the terms greater than 12 months are included in operating lease right-of-use ("ROU") asset, operating lease liability and long-term operating lease liability on the balance sheet. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date.

Lease terms include the noncancelable portion of the underlying lease with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Company uses the risk-free rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (continued)**Income Taxes**

The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income tax. As a single-member limited liability company, and therefore a disregarded entity for income tax purposes, the Company's assets, liabilities, and items of income, deduction and credit are combined with and included in the income tax returns of the Parent. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes. The Company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

Recent Accounting Pronouncements

We reviewed other significant newly issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

3. Certain Significant Risks and Uncertainties

The Company maintains its cash in a bank deposit account that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents. The Company maintains its deposits in one financial institution.

4. Property and Equipment

The principal asset classifications of property and equipment, at cost, are as follows at December 31, January 1 and December 26:

	2023	2023	2021
Furniture, fixtures and equipment	\$ 602,601	\$ 602,601	\$ 67,500
Leasehold improvements	3,000	3,000	3,000
Less: accumulated depreciation	(146,129)	(82,329)	(29,420)
Property and equipment, net	<u>\$ 459,472</u>	<u>\$ 523,272</u>	<u>\$ 41,080</u>

For the years ended December 31, 2023, January 1, 2023 and December 26, 2021, depreciation expense was \$63,800, \$52,909, and \$6,461, respectively.

5. Leases

The Company has one operating leases for its retail location. The initial term of the lease expires in June 2026 and contains an option to extend for an additional five years. Management of the Company is reasonably certain the Company will exercise its option to extend the lease. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The component of operating lease costs for the years ended December 31, 2023 and January 1, 2023 was as follows:

	2023	2022
Operating lease costs	<u>\$ 105,021</u>	<u>\$ 104,119</u>

NOTES TO FINANCIAL STATEMENTS

5. Leases (continued)

Supplemental cash flow information related to operating leases for the years ended December 31, 2023 and January 1, 2023:

	<u>2023</u>	<u>2022</u>
<i>Operating cash flow information:</i>		
Cash paid for amounts included in the measurement of lease liabilities	\$ 85,727	\$ 83,230
<i>Non-cash activity:</i>		
Right-of-use asset obtained in exchange for new operating lease liability	\$ -	\$ 834,897

The weighted average lease terms and discount rate information related to operating leases was as follows:

	<u>2023</u>	<u>2022</u>
Weighted average remaining lease term of operating leases	7.5 years	8.5 years
Weighted average discount rate of operating leases	1.52%	1.52%

The future maturities of operating lease liabilities as of December 31, 2023 was as follows:

2023	\$ 88,299
2024	90,948
2025	93,676
2026	96,486
2027	99,381
Thereafter	261,291
Total future minimum lease payments	730,081
Less: imputed interest	(41,059)
Total lease liabilities	<u>\$ 689,022</u>

6. Goodwill

At December 31, 2023, January 1, 2023 and December 26, 2021 goodwill recorded on the balance sheet consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Goodwill	\$ 12,500	\$ 12,500	\$ 12,500
Less: accumulated amortization	(10,000)	(8,750)	(7,500)
Goodwill, net	<u>\$ 2,500</u>	<u>\$ 3,750</u>	<u>\$ 5,000</u>

For the fiscal years 2023, 2022 and 2021, amortization expense was \$1,250, \$1,250, and \$1,250, respectively. Amortization of goodwill is expected to be \$1,250 annually for each of the two succeeding years.

7. Related Party Transactions**Transactions with Member**

As of December 31, 2023 and January 1, 2023, the Company had a balance due to the sole member of the Company in the amount of \$123,262 and \$324,736, respectively. The amount due to member is unsecured, bears no interest, and is due on demand. As of December 26, 2021, the Company had a balance due from the sole member of the Company in the amount of \$200,000.

NOTES TO FINANCIAL STATEMENTS

7. Related Party Transactions (continued)**Transactions with Affiliates**

The Company and its affiliate frequently advance funds and pay expenses on behalf of one another for payment of general and administrative expenses. As of December 31, 2023 and January 1, 2023, the Company had a balance due to its affiliate in the amount of \$0 and \$11,600, respectively. The amount due to affiliate is unsecured, bears no interest, and is due on demand.

8. Income Taxes

The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income tax. As a single-member limited liability company, and therefore a disregarded entity for income tax purposes, the Company's assets, liabilities, and items of income, deduction and credit are combined with and included in the income tax returns of the Parent. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes. The Company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

The Company's parent, Butcher Shoppe International, LLC files income tax returns in the U.S. federal jurisdiction and the states in which it operates and is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Company believes it is no longer subject to income tax examinations for years prior to 2020.

In accordance with FASB ASC 740-10, *Income Taxes*, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2023, January 1, 2023 and December 26, 2021.

9. Commitments and Contingencies**Litigation**

The Company is subject to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of the management, all matters are of such nature, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

10. Subsequent Events

The Company has evaluated subsequent events through February 19, 2024 the date the financial statements were available to be issued.

EXHIBIT A-2 to the Butcher Shoppe Franchising, LLC. Franchise Disclosure Document

GUARANTEE OF PERFORMANCE

GUARANTEE OF PERFORMANCE

For value received, BSI of Georgia, LLC, a Georgia limited liability company (the “**Guarantor**”), located at 2131 Woodruff Road, Suite 2100 #128, Greenville, South Carolina 29607, absolutely and unconditionally guarantees to assume the duties and obligations of Butcher Shoppe Franchising, LLC, located at 2131 Woodruff Road, Suite 2100 #128, Greenville, South Carolina 29607 (the “**Franchisor**”), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its Franchise Disclosure Document issued February 19, 2025, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, which ever occurs first. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor executes this guarantee at SC, GREENVILLE, on the 19th day of February, 2025.

Guarantor: BSI of Georgia, LLC

By: Joseph Giordano

Print Name: Joseph Giordano

Print Title: Vice President of Corporate and
Franchise Development

EXHIBIT B to the Butcher Shoppe Franchising, LLC. Franchise Disclosure Document

FRANCHISE AGREEMENT

BSF Franchise Agreement No: _____

THE NEW YORK BUTCHER SHOPPE ®
FRANCHISE AGREEMENT

Location: _____



Rare Quality. Well Done Service.

NAME:

LLC Name:

DEVELOPER

DATE OF AGREEMENT

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ATTACHMENTS

1. Designated Territory and Shoppe Site
2. Statement of Ownership Interests in Franchise/Entity
3. Electronic Funds Transfer Authorization
4. Franchisee Acknowledgment Statement

THE NEW YORK BUTCHER SHOPPES ®

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is made and entered into this _____ day of _____, 20__ (“Effective Date”), between Butcher Shoppe Franchising, LLC, a South Carolina limited liability company, with a principal place of business at 2131 Woodruff Road, Suite 2100 #128, Greenville, South Carolina 29607 (“we” or “us”), and _____, an LLC corporation formed and operating under the laws of the State of _____, with a principal place of business at _____ (“Developer”, “you”, or “your”).

RECITALS

- A. We, as the result of the expenditure of time, effort, and money, have developed, purchased, and own a unique system (“System”, defined below) relating to the development and operation of stores offering gourmet foods including hand-cut fresh meat, wines, specialty grocery items, prepared foods and services including catering to the general public and individual consumers.
- B. The System includes, without limitation, a confidential Operations Manual (defined below), special marketing and advertising materials, and methods, standards, specifications and procedures for operations, training, and assistance, all of which may be improved, further developed or changed by us from time to time.
- C. We own the New York Butcher Shoppe® trademark, and other trademarks and service marks used in operating the System.
- D. We have granted qualified franchisees, whom we approve, the right to develop, own, and operate a New York Butcher Shoppe® outlet at a specific site and intend to continue granting franchises to qualified and approved franchisees.
- E. The term “Franchisee”, “you” and “your” as used herein is applicable to one or more persons, a corporation, limited liability company or a partnership, as the case may be, and the singular usage includes the plural, and the masculine and neuter usages include the other and the feminine. References to “Franchisee”, “you” and “your” applicable to an individual or individuals shall mean the principal owner or owners of the equity or operating control of the franchise if you are a corporation, limited liability company or partnership, and shall include all such individuals collectively and individually.
- F. You desire the right to develop and operate one New York Butcher Shoppe® outlet using the System at a specific approved site.
- G. You understand and acknowledge the importance of following our System, maintaining high and uniform standards of quality and service, and operating the franchise in conformity with our standards and specifications.
- H. You confirm that you have read this Agreement, and our franchise disclosure document, including this Agreement, and had an adequate opportunity to independently investigate this franchise and to seek and receive legal and accounting advice to clarify any provisions that you did not understand prior to the execution of this Agreement. You accept the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to

maintain our high standards of quality and service and the uniformity of those standards at all Shoppes, and to protect and preserve the goodwill of the brand and Marks.

- I. You applied for the right and obligation to operate a Shoppe and such application's approval by us relied upon all your representations being true, correct, and complete.
- J. You understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the individuals you employ, as well as many factors beyond your control such as weather, competition, demographic patterns, consumer trends, interest rates, economic and market conditions, government policies, local laws, rules and regulations, legal claims, inflation, labor costs, lease terms and other factors which may be difficult to anticipate, identify or assess.
- K. The parties agree that the information in these Recitals is true and correct, and we are relying on it.

AGREEMENT

NOW, THEREFORE, acknowledging and agreeing to the Recitals set forth above, which are incorporated into this Agreement, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, further agree as follows:

ARTICLE 1

DEFINITIONS

- A. "Affiliates" refers to any entity, which directly or indirectly controls or is controlled by another entity that (i) owns, directly or indirectly, at least 50 percent of the capital of the other entity, or (ii) in the absence of such ownership interest, has substantial decision-making power of such company or entity.
- B. "Confidential Information" refers to the methods, techniques, formats, recipes, specifications, marketing and promotional procedures, systems, and Operations Manual, which serve in the operation and franchising of a Shoppe, as the information we communicate and provide to you or is otherwise acquired in the operation of the Shoppe under the System. This does not include information, processes, or techniques which are generally known to the public other than through deliberate or inadvertent disclosure by you.
- C. "Corporate Shoppe(s)" refers to one or more of the Shoppes owned and operated by our Affiliate(s) where in-store training will occur.
- D. "Designated Territory" refers to the area within which a franchisee is authorized to establish and operate a Franchised Business, the scope and size of which is determined by us as the Franchisor.
- E. "Equipment" refers to the approved meat display cases, grocery displays, shelving units, refrigeration and freezer systems, and other fixtures.
- F. "Franchised Business" refers to a licensed New York Butcher Shoppe, granted to you along with the confidential System (defined below) associated with the New York Butcher Shoppe, including training, operations, access to products, and branding.

- G. “Full-Service Shoppe” refers to a New York Butcher Shoppe franchise site that offers all of the amenities of a Traditional Shoppe, including gourmet foods, hand-cut fresh meat, wines, and specialty grocery items, prepared foods and services as well as catering services, with the additions of a fully stocked and serviced wine bar and full-service dining at the site.
- H. “Gross Revenues” refers to the aggregate amount, with no deduction for delivery, credit card or other charges, of all charges and/or revenues, collected or not, which are, or could be, received or earned by you (and/or any Affiliate):
- (i) by, at or in connection with your Shoppe;
 - (ii) relating to the kinds of goods or services available now or in the future through a Shoppe and/or distributed in association with the Marks or the System;
 - (iii) relating to the operation of any similar business;
 - (iv) as to any tenants and/or subtenants of yours on the leased site (including rent and other lease payments);
 - (v) any other source of revenue whether or not approved or supported by BSI; and
 - (vi) service charges in lieu of gratuity; or as to any co-branding activities.
- Gross Revenues does not include sales tax, value added, and similar taxes collected and paid to appropriate taxing authorities or customer refunds, adjustments, and credits.
- I. “Key Personnel” refers to all individuals, other than the Operations Managers (as defined in 5.5.2), who have a supervisory, leadership, or management role within the Shoppe, including the lead butcher, lead deli clerk, lead kitchen clerk, and all other designated employees.
- J. “Marks” refers to the New York Butcher Shoppe® trademark, service mark, and other trademarks, service marks, domain names, logos, slogans, and commercial symbols that we have designated, or may in the future designate, for use in the System.
- K. “Operations Manual” refers to the collection of confidential and proprietary information you will be given which includes information concerning BSI recipes, policies, standards of operation, and other resources regarding the general operations of your Shoppe. We have the right to amend, update or change the materials found within the Operations Manual at our discretion and provide the amended and update Operations Manual to you.
- L. “Principal Owner” refers to any individual that directly or indirectly owns 20% or greater interest in the entity, such as the corporation or limited liability company, that enters into this Agreement or to which this Agreement is assigned.
- M. “Products” refers to gourmet foods including hand-cut fresh meat, wines, specialty grocery items and prepared food and beverage products that we may identify on the authorized product list, as we periodically may modify, or as we otherwise approve for sale in the Shoppe.
- N. “Services” refers to all relevant services you offer in the Shoppe, including food preparation, catering services, delivery services, in-Shoppe food and beverage service, wine offerings, that we may identify in the Operations Manual, which may be periodically modified, or as we otherwise approve you to offer in connection with the Shoppe.
- O. “Shoppe” or “Shoppes”, if plural, refers to one of three types of New York Butcher Shoppe franchise sites; a Traditional Shoppe, Shoppe with Wine Bar, and Full-Service Shoppe that

may be licensed to Franchisees. The type of Shoppes offered and licensed in the future may be changed in our sole discretion as franchisor.

- P. “Shoppe with Wine Bar” refers to a New York Butcher Shoppe franchise site that offers all of the amenities of a Traditional Shoppe, including gourmet foods, hand-cut fresh meat, wines, and specialty grocery items, prepared foods and services as well as catering services, with the addition of a fully stocked and serviced wine bar.
- Q. “System” refers to the New York Butcher Shoppe business system, which includes the Products for the general public and individual consumers under the Marks, using certain distinctive types of retail facilities, equipment, supplies, Confidential Information, business techniques, methods and procedures, advertising, marketing and sales promotion programs, as we periodically may modify, amend, and further improve.
- R. “Traditional Shoppe” refers to a New York Butcher Shoppe franchise site that offers amenities including gourmet foods, hand-cut fresh meat, wines, and specialty grocery items, prepared foods and services as well as catering services to the public in a retail setting.

ARTICLE 2

GRANT OF FRANCHISE AND FRANCHISE SITE

2.1 Grant of Franchise and Authorized Site

2.1.1 Grant of Rights. Subject to the provisions of this Agreement and for the Term (defined below) hereinafter specified, we hereby grant to you, the Franchisee, a nonexclusive right to operate one Franchised Business within your assigned territory (“Designated Territory”) and a nonexclusive license to use the System and Marks solely and exclusively in the operation of your Shoppe.

2.1.2 Catering and Delivery. For any catering or delivery services you wish to provide from your Shoppe, and if we permit you to conduct catering or delivery services from your Shoppe, you understand and acknowledge that such services may only be provided to addresses within your Designated Territory.

2.2 Designated Territory

2.2.1 Designated Territory. Subject to the limitations and restrictions contained in Attachment 1, so long as you are in full compliance with this Agreement and all other Agreements between the you and us and our Affiliates, then we will not operate or authorize anyone except for you to operate a Shoppe in the Designated Territory.

2.2.2 Identify Site. You must identify a site and have that site approved by us as promptly as reasonably possible, but no longer than 240 days after the Effective Date. You may request an extension to identify a site acceptable to us, as provided in Section 5.2.1.

2.2.3 Relocation. You shall not relocate your Shoppe without our prior written consent, and we have the right to reasonably withhold consent for you to relocate your Shoppe. If your lease expires or terminates; your site is damaged and cannot be repaired within 60 days or is condemned or otherwise rendered unusable; you are unable to continue operation

of your Shoppe due to the occurrence of a force majeure event (as described in Section 16.13); or in our judgment, there is a change in the character of the area where the site is located that is sufficiently detrimental to your business potential to warrant relocation, then you may seek our approval in writing to relocate your Shoppe to a site acceptable to us. In addition to our approval of a new site, in order to relocate your Shoppe, you must:

- (i) sign an addendum to the Franchise Agreement;
- (ii) be in compliance with System standards;
- (iii) not be in default of your Franchise Agreement or any other agreements with us; and
- (iv) provide proof that you have paid your landlord in full, including a release from the landlord.

You must have a written site acceptance from us before you commit to a different site or relocate to any site. Any relocation will be at your sole expense, and you and each Affiliate of yours will sign a General Release when and if we grant our consent.

2.2.4 Rights Reserved to Ourselves. We are expressly permitted, to:

- (i) own and/or operate ourselves, and/or authorize others to own and/or operate:
 - (a) any kind of internet or mail order business selling to customers located anywhere, including within the Designated Territory, whether or not using the Marks and the System; and
 - (b) any kind of business outside of the Designated Territory selling to customers located anywhere, including within the Designated Territory, whether or not using the Marks and the System.
- (ii) Establishment of an internet or mail order business selling to customers located anywhere, will be developed in accordance with an agreement between Franchise Community and NYBS Corporate.
- (iii) Develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using the System or the Marks, and grant franchises under these other concepts for sites anywhere or operate units or channels of distribution owned by us or any Affiliate under these other concepts for sites anywhere, selling to customers located anywhere.
- (iv) Acquire, be acquired by, merge, combine with or engage in any transaction with other businesses (whether franchised or not; competitive or not), located anywhere and selling to customers located anywhere. These transactions may include arrangements involving competing outlets and brand conversions (to or from the Marks and the System). These transactions are expressly permitted, and you must participate in the business program put in place.
- (v) Market and sell branded products or services using the New York Butcher Shoppe Mark or other Marks, whether or not competitive, to customers located anywhere, including within the Designated Territory, using any channel of distribution located anywhere, subject only to any applicable rights of first refusal.

ARTICLE 3

TERM OF FRANCHISE AND RENEWAL RIGHTS

3.1 Term

Unless terminated sooner, the Term of this Agreement shall be effective and binding from its Effective Date and shall continue for a period of 10 years thereafter (“Term”).

3.2 Renewal

3.2.1 You will have the right to renew and continue to renew this Agreement for additional 10-year terms provided that you have satisfied all requirements outlined below:

- (i) You complied with this Agreement, lease and all other agreements between you and us or our Affiliates throughout the entirety of their respective Terms.
- (ii) You performed all material obligations under this Agreement with no defaults throughout its entire Term.
- (iii) The facilities, equipment, and inventory used in the operation of your Shoppe and in connection with the Franchised Business meet our current specifications and standards, including at your expense, making reasonable capital expenditures necessary to remodel, modernize and redecorate the Shoppe and to replace and modernize the supplies, fixtures, signs, and equipment used in your Franchised Business so that the Shoppe reflects the then-current physical appearance of new Shoppes.
- (iv) You give us written notice at least 180 days but no more than 365 days before the end of the Term of this Agreement of your intention to renew this Agreement.
- (v) You pay the Renewal Fee (defined in Section 4.5) to us at least 60 days before the end of the Term of this Agreement. You meet our requirements, including you and each Principal Owner signing a general release, in form acceptable to us, of all claims against us and our Affiliates, officers, directors, employees, and agents and executing the then-current Franchise Agreement, which may differ materially from the provisions of this Agreement; provided that you will be required to pay the Renewal Fee in lieu of the Initial Franchise Fee stated in the then-current Franchise Agreement (“Renewal Franchise Documents”).

3.2.2 Your Election Not to Renew. You shall be deemed to have irrevocably elected not to renew the this Agreement (and the option to do so shall terminate) if you fail to execute and return to us any of the Renewal Franchise Documents required by us for a renewal franchise, together with payment of the Renewal Fee at least 60 days prior to the end of the Term, or if you provide written notice to us at least 180 days but no more than 365 days before the end of the Term of this Agreement, indicating that you do not wish to renew this Agreement.

ARTICLE 4

FRANCHISE AND OTHER FEES

4.1 Initial Franchise Fee

You will pay us the fee identified below (“Initial Franchise Fee”) when you sign this Agreement.

- _____ a. Traditional Shoppe: Thirty-five thousand dollars (\$35,000.00)
- _____ b. Shoppe with Wine Bar: Thirty-five thousand dollars (\$35,000.00)
- _____ c. Full-Service Shoppe: Forty thousand dollars (\$40,000.00)

We fully earn the Initial Franchise Fee when we sign this Agreement, and the Initial Franchise Fee is non-refundable.

4.2 Extension Fee

You may request an extension and pay a fee of \$1,000 (“Extension Fee”) to us if you require more than 240 days to locate a site for your Shoppe that is satisfactory to us. See Section 5.2.1.

4.3 Royalty Fee

You will pay us a non-refundable, weekly fee (“Royalty Fee”) in accordance with the following schedule:

<u>Months of Operation</u>	Months 0-6	Months 7-12	Months 13+
<u>Royalty Rate</u>	0% of Gross Revenues	2% of Gross Revenues	4% of Gross Revenues

The Royalty Fee is due and payable on or before the Tuesday of each week for the preceding 7-day period ending on the preceding Sunday, based on the Gross Revenues of that 7-day period.

4.4 Advertising Fee

At your sole discretion, you will manage your local marketing programs. During the first 3 months of operation of your Shoppe, you must spend a minimum of \$3,000 per month and maximum of \$6,000 per month as a Grand Opening Campaign (See Article 8).

Commencing with the first full week of the fourth month of operation of your Shoppe, your monthly local Advertising will be capped at \$6,000 per month. If a National Marketing program is established, you will be required to participate in the program accordingly.

4.5 Renewal Fee

If you choose to renew your Agreement, you must pay to us 50% of the original Franchise Fee (“Renewal Fee”) at least 60 days prior to the expiration of the Term of this Agreement. See Section 3.2.

4.6 Payments to Us

4.6.1 Application of Payments. We may apply amounts due to us or our Affiliates from any amounts received from you or any amount we or our Affiliates owe you.

4.6.2 Electronic Transfer of Funds (“EFT”). All costs and fees payable to us or our Affiliates under this Agreement must be paid through EFT if such a program is available to you. We will require you to sign EFT authorizations and other documents authorizing your bank to transfer funds directly to our account and to charge your account for all amounts you owe to us or our Affiliates. You agree to maintain a sufficient balance to allow us to collect amounts owed when they are due. You will be responsible for any penalties, fines, or similar expenses associated with the EFT process.

4.7 Interest on Late Payments

All Royalty Fees, Advertising Fees, or any other fees, amounts, or obligation due to us or our Affiliates under this Agreement or any other agreement with us or our Affiliates, not received within 10 days of its due date, will bear interest at the lesser of: (1) 10% per annum, or (2) the maximum rate of interest permitted by law in the state where the Shoppe is located. Interest will begin to accrue on the day after the due date until it is received by us or our Affiliate.

4.8 Withholding Payments Unlawful

You agree that you will not withhold payment of any Royalty Fees, Advertising Fees, or any other fees, amounts, or obligations due and owing to us or our Affiliates, and that the alleged non-performance or breach of any of our obligations under the Franchise Agreement or any related agreement does not establish a right at law or in equity to withhold payments due us for Royalty Fees, Advertising Fees, or any other amounts due.

ARTICLE 5

FRANCHISE OPERATIONS; DEVELOPMENT AND OPENING OF THE SHOPPE

5.1 Compliance with System Standards and Applicable Law

5.1.1 Operations Manual. You understand that the success of the System depends on the development and maintenance by you and other franchisees of the public goodwill, resulting from prompt, efficient, uniform, and high-quality service, which customers expect to encounter from each Franchised Business in the System. You agree to operate the Shoppe in compliance with our standards and specifications set forth in the Operations Manual. You further agree to only offer for sale Products and Services approved by us, under the specifications and standards set forth in the Operations Manual. The Operations Manual may be updated or modified from time to time. You are responsible for ensuring that your Shoppe, Products, and Services are compliant with the standards and specifications set forth in the Operations Manual at all times and at your own expense.

5.1.2 Applicable Laws. You agree to obtain and maintain throughout the Term of this Agreement all required, licenses, permits, and certificates relating to the development, opening, and operation of the Shoppe. You further agree to operate your Shoppe in full compliance with all applicable federal, state, and local laws, ordinances, and regulations, including all liquor laws, such as dram shop laws, labor and employment laws, health and safety, nutrition and allergen, environmental and sanitation regulations. You further agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with laws enacted by the US Government, including but not limited to the USA PATRIOT Act or Executive Order 13324. You acknowledge that you and if you are a corporation or limited liability company, your Principal Owner(s), are not now nor have you ever been a suspected terrorist or otherwise associated directly or indirectly with terrorist activity.

5.1.3 Privacy and Data Protection. You must comply with all laws and regulations relating to privacy and data protection that may apply to your Franchised Business, including to your employees or customers or as it relates to information provided to you by us or our Affiliates, as well as any privacy policies or data protection and breach policies we may establish. You must notify us immediately in the event of any data breach or suspected data breach at or in connection with the Shoppe.

5.2 Site Selection and Development of Shoppe

5.2.1 Site Selection. You are responsible for selecting a site for your Shoppe that we must approve. We may provide advisory services in selecting a site for the Shoppe. You must present to us, for our approval, a proposed site for the Shoppe within 240 days of the Effective Date. Our approval will not be unreasonably withheld. We will provide approval or disapproval within a reasonable time. We reserve the right to disapprove any proposed site we deem unsatisfactory for your Shoppe. If you are unable to identify a site that meets our requirements within the 240-day period, you may submit the Extension Fee and a request for an extension. In exchange for the Extension Fee, we will determine the length of the extension, which will not exceed 6 months.

5.2.2 Lease for Shoppe Site. If you sign a lease for the site of your Shoppe, you must provide us with a copy of the lease. You solely are responsible for negotiating and agreeing to the terms of your lease and are solely responsible for all liability and obligations under the lease.

5.2.3 Development of your Shoppe. After you sign your lease or otherwise acquire the site for your Shoppe, you must complete the following within a reasonable amount of time:

- (i) Submit your final Shoppe layout and design for our approval. We or a designated third party will provide advisory services to you on the layout and set-up of your Shoppe, including a sample Shoppe layout. Once the layout and design of the Shoppe has been approved, you must obtain our approval to make any subsequent modifications;
- (ii) Obtain all required permits, licenses, and insurance (see also Section 5.13) for the construction and operation of the Shoppe
- (iii) Build out your Shoppe in accordance with the specifications and standards set forth in the Operations Manual, including contracting qualified, licensed, and adequately insured architects and contractors. You are responsible for ensuring that all construction and improvements to the Shoppe site are in accordance with our standards, specification, and approved layout and design, as well as all applicable local, state, and federal building codes, ordinances, permit requirements and any requirements or restrictions under your lease or deed.
- (iv) Purchase and install only fixtures, equipment, furniture, and signs that meet the standards and specifications set forth in the Operations Manual. If we provide a designated or approved supplier, you must purchase the relevant fixtures, equipment, furniture, or signs from such supplier (“Approved Supplier”). We may, at our sole discretion, approve alternative fixtures, equipment, furniture, and signs (“Alternative Equipment”). If you would like to use Alternative Equipment in your Shoppe, you must follow the process outlined in Operations Manual, as amended from time-to-time and at a minimum, you must request permission from us in writing and prepay our estimated reasonable costs connected with our review and evaluation of the Alternative Equipment. If our costs to review and evaluate the alternative supplier or product exceed our estimate, you may be required to pay the difference. You must provide us with all information we request for our review and evaluation to ensure the Alternative Equipment satisfies our criteria, which may change from time to time. We will notify you of our approval or disapproval of any proposed Alternative Equipment within 120 days of our receipt of all requested information. We may revoke the approval of any Alternative Equipment in the event it fails to meet our criteria at any time. We will notify you in writing of any revocation of any Alternative Equipment.

5.2.4 No Warranty. Our approval of your site, lease, and our assistance with development of your Shoppe, including Shoppe lay-out and design, is not a representation or warranty as to the likelihood of success of the Shoppe. We will have no authority or control over, or responsibility for, the acts or omissions of any architect, contractor, materials supplier, or other persons hired by you and with whom you will have a direct legal and business relationship, even if they are designated or Approved Suppliers. You acknowledge that we advise you to have all matters related to site selection, lease negotiation, and securing and development of your Shoppe reviewed by your own independent attorney, real estate broker, architect, contractors, and other applicable professionals.

5.3 Shoppe Opening

5.3.1 Timing. You must open your Shoppe within 18 months of the Effective Date. If you fail to do so, we may, in our sole discretion, terminate this Agreement upon expiration of the 18 months or any date thereafter until the Shoppe is opened. Our option to not terminate this Agreement immediately upon the expiration of said 18-month period, is not a waiver of our right to terminate this Agreement at a later date.

5.3.2 Pre-Opening Requirements. Prior to opening the Shoppe, you must satisfy all pre-opening requirements set forth in the Operations Manual, including purchasing the initial inventory set forth in the Operations Manual (the “Initial Inventory”).

5.4 Maintenance of Shoppe and Vehicles

5.4.1 Condition and Appearance of Shoppe. Subject to the limitations in Section 5.14 and this Agreement, you agree to, at your own expense, keep the interior and exterior (including any adjacent parking areas and grounds, to the extent permitted under your lease for the Shoppe site) of the Shoppe and all fixtures, equipment, furnishings, and signs, in the highest degree of cleanliness, sanitation, repair, orderliness, and condition. You further agree to, at your own cost, make any additions, alterations, repairs and replacements to the Shoppe so that it is in line with our décor and design standards, including without limitation, periodic repainting, resurfacing, or replacement of obsolete signs, furnishings, equipment (including, but not limited to, point-of-sale or computer hardware and software systems), and décor as we may reasonably direct in order to maintain System-wide integrity and uniformity.

5.4.2 Improvements to the Site. If at any time, in our reasonable judgment, we determine that the Shoppe does not comply with the foregoing standards, we will notify you of the deficiency and any additions, alterations, repairs, and replacements you must complete to remedy such deficiency. If you fail to make such additions, alterations, repairs, and replacements within the timeframe we require in the notice, we reserve the right to enter the Shoppe site and correct the deficiencies on your behalf and at your expense. We may, in our sole discretion, grant you an extension to remedy the deficiency if you demonstrate a good faith effort to complete such additions, alterations, repairs and replacements.

5.4.3 Alterations to the Site. Except as may be expressly provided in the Operations Manual, you agree that you will not make any material alterations, improvements, or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures, or furnishings in the Shoppe without our prior written approval, which shall not be unreasonably withheld. We may, in our sole discretion, correct any unapproved alterations to the Shoppe, at your expense.

5.4.4 Remodel. You are responsible for the reasonable costs to remodel, modernize, or redecorate the Shoppe, including supplies, fixtures, signs, and equipment used in the Shoppe, so that your Shoppe reflects the then-current physical appearance of a new New York Butcher Shoppe. We may require such remodel in the following instances:

- (i) A condition of the transfer of any interest in the Shoppe (see Article 11); or
- (ii) A condition of renewal (see Section 3.2).

5.4.5 Damage to the Shoppe. If the Shoppe is damaged or destroyed by fire or other casualty, you will, within 30 days, commence repairs or reconstruction, and thereafter make good faith efforts to continue and complete such repairs and reconstruction to restore the Shoppe to its condition prior to the casualty. If we determine that the Shoppe can be repaired or reconstructed to be consistent with our then-current décor and design standards and specifications without incurring substantial additional costs, we may require that the repairs or reconstruction be in accordance with the then-current standards.

5.4.6 Restriction of Use of Site. You agree that you will not use the Shoppe or the site of the Shoppe to be used for any purpose other than the operation of a BSI franchise in compliance with this Agreement.

5.4.7 Vehicles. You must keep any vehicles you use in connection with any delivery or catering services for your Shoppe, whether owned by you or any of your employees, in good repair, clean and attractive appearance, and adequately insured pursuant to Section 5.13.1 naming us and our Affiliates as additional named insured as required. We may require you to place temporary signage on each vehicle used for delivery or catering services. All individuals driving vehicles used for delivery or catering services must have a valid driver's license; comply with all relevant laws, regulations, and rules of the road; and use due care and caution operating and maintaining the vehicles.

5.5 Employees and Supervision

5.5.1 Operations Managers. You must have at least two designated individual responsible for the day-to-day operation of the Shoppe, who we approve in writing ("Operations Manager"). At least one Operations Manager must be a Principal Owner unless we permit otherwise, in writing. The Operations Managers must satisfactorily complete the Training Program (See Section 6.2). If you wish to designate a new or additional Operations Manager, you must send us a written request, subject to our approval, of the proposed replacement Operations Manager no less than 30 days prior to the start of that individual's employment and if approved, said approval shall be conditional upon the replacement Operations Manager's timely and satisfactory completion of the Training Program.

5.6 Approved Suppliers

5.6.1 Approved Suppliers. We may designate one or more Approved Suppliers for the purchase of some or all Products, ingredients, suppliers, services, and equipment. We will provide a list of Approved Suppliers, which may change from time to time, in the Operations Manual.

5.6.2 Designated Suppliers. We may negotiate certain Products, ingredients, equipment, or services with third-party vendors and require you to purchase certain Products, ingredients, equipment, or services from such suppliers ("Designated Supplier(s)"). You agree that you will purchase from the Designated Supplier if we require you to do so.

5.6.3 Alternative Suppliers. We may, at our sole discretion, approve alternative suppliers upon your request ("Alternative Suppliers"). If you would like to purchase any Products, ingredients, equipment, or services from an Alternative Supplier, prior to making

any purchases, you must follow the process outlined in Operations Manual, as amended from time-to-time and at a minimum, you must request permission from us in writing and prepay our estimated reasonable costs connected with our review and evaluation of the Alternative Supplier. If our costs to review and evaluate the alternative supplier or product exceed our estimate, you may be required to pay the difference. You must provide us with all information we request for our review and evaluation to ensure the Alternative Supplier satisfies our criteria, which may change from time to time. We will notify you of our approval or disapproval of any proposed Alternative Supplier within 120 days of our receipt of all requested information. We may revoke the approval of an Alternative Supplier in the event it fails to meet our criteria at any time. We will notify you in writing of any revocation of an Alternative Supplier.

5.7 Authorized Products and Services

5.7.1 Authorized Products. You agree to use and sell at your Shoppe, only those Products, ingredients, recipes, formulas, supplies, and equipment that meet the quality and standards outlines in the Operations Manual. You may not substitute any Products, ingredients, receipts, formulas, supplies or equipment in your Shoppe, without our prior written approval.

5.7.2 Proprietary Products. You must prepare all Products in accordance with the recipes, standards, and specifications set forth in the Operations Manual. You must maintain such inventory, including the Initial Inventory and seasonal inventory, of Products as set forth in the Operations Manual.

5.7.3 Alternative Products. We may, at our sole discretion, approve alternative Products, ingredients, recipes, formulas, or equipment upon your request (“Alternative Product(s)”). If you would like to purchase any Alternative Product, prior to making any purchases, you must follow the process outlined in Operations Manual, as amended from time-to-time and at a minimum, you must request permission from us in writing and prepay our estimated reasonable costs connected with our review and evaluation of the Alternative Product. If our costs to review and evaluate the alternative supplier or product exceed our estimate, you may be required to pay the difference. You must provide us with all information we request for our review and evaluation to ensure the Alternative Product satisfies our criteria, which may change from time to time. We will notify you of our approval or disapproval of any proposed Alternative Product within 120 days of our receipt of all requested information. We may revoke the approval of an Alternative Product in the event it fails to meet our criteria at any time. We will notify you in writing of any revocation of an Alternative Product.

5.7.4 Authorized Services. You agree to only offer authorized Services. You shall not offer any alternative services without our prior written approval.

5.8 Pricing

5.8.1 Established Pricing. Unless otherwise stated in the Operations Manual, you are responsible for establishing the pricing of Products and Services in your Shoppe.

5.8.2 Promotions and Discounts. We may require you to participate in certain temporary or on-going promotions or discount offers, including but not limited to, a loyalty program, that may affect your established pricing.

5.9 Reporting System and Point-of-Sale System

5.9.1 Reporting System. You must purchase and use our proprietary office management and reporting system, if applicable, or an office manager and reporting system that meets the specifications prescribed in the Operations Manual or otherwise approved by us (the “Reporting System”) for the tracking and reporting of all business activities, including marketing, purchasing, inventory control, time and resource allocation, sales, billing and collections, and any other business-related function that we may make available to you. If you fail to use the Reporting System, we may terminate this Agreement.

5.9.2 Point-of-Sale System (“POS System”). You must use a POS System in your Shoppe that complies with the standards and specification as prescribed in the Operations Manual and in conjunction with the Reporting System and any other software we require. You agree that you will maintain and upgrade the POS System, when applicable, to comply with our standards, which may be modified from time to time.

5.9.3 Our Access. You agree that we may independently and remotely access your POS System and Reporting System and you may be required to upgrade or purchase a Reporting System or POS System that is capable of allowing us remote access in the future.

5.10 Technological and Business Initiatives

You acknowledge that you may be allowed or required, as we in our sole discretion determine, to participate in certain technological and business initiatives through the Term of this Agreement, including but not limited to participating in tests of new products or services, online ordering, acceptance of additional forms of payment, and new loyalty programs. You are responsible for all costs associated with implementing and updating such initiatives, including purchasing any additional equipment or software needed to maintain the initiative.

5.11 Email Address

You are required to provide us with and maintain a valid business email address to which we can send you communications. You must check this email address daily and notify us immediately if you change your email address.

We may provide you with an email account for communications from us. If we assign you an email account, you are only permitted to use the account in connection with your Franchised Business.

5.12 Minimum Gross Revenue Requirement

5.12.1 Definition. You must maintain a monthly minimum Gross Revenue throughout the Term of this Agreement (the “Minimum Gross Revenue Requirement”). “Monthly Minimum Gross Revenue” refers to the total amount of Gross Revenues for each calendar month of the relevant period (the “Gross Revenue Period”), divided by the number of calendar months in the Gross Revenue Period.

5.12.2 Current Requirements. The current Minimum Gross Revenue Requirement is as follows:

<u>Gross Revenue Period</u>	Months 0-6	Months 7-12	Months 13-24	Months 24+
<u>Minimum monthly average for each Gross Revenue Period</u>	\$30,000.00	\$40,000.00	\$50,000.00	\$60,000.00

We reserve the right to modify the Minimum Gross Revenue Requirement or the Gross Revenue Periods in the Operations Manual.

5.12.3 Failure to Satisfy Minimum Gross Revenue Requirement. If you fail to satisfy the Minimum Gross Revenue Requirement at the end of any Gross Revenue Period, we may, in our sole discretion: (i) require your Operations Manager(s) or other representatives we may identify, to attend Follow-Up Training, (See Article 6 for descriptions, costs, and fees); (ii) provide Corporate Assistance at your Shoppe (See Article 6 for descriptions, costs, and fees); (iii) reduce your Designated Territory; or (iv) terminate your Agreement, subject to Section 14.1. Our decision to not reduce your Designated Territory or terminate your Agreement for your failure to satisfy the Minimum Gross Revenue Requirement is not a waiver of our right to do so at a later date or a waiver of any claims we may have against you. The foregoing remedies are in addition to all of our other remedies and rights under applicable law.

5.13 Insurance

5.13.1 Requirements. Prior to obtaining possession of the site of the Shoppe, you agree to procure and maintain in full force and effect during the Term an insurance policy or policies protecting you and us, our successors and assigns, and Affiliates, as well as any other additional insureds specified in the Operations Manual, against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with your Franchised Business. Such insurance policies must be written by a responsible, duly licensed carrier or carriers reasonably acceptable to us and that have a rating of “A-” or higher with A.M. Best Company. All insurance policies required hereunder, with the exception of workers’ compensation, shall name us, our successors and assigns, and Affiliates, as well as any other additional insureds specified in the Operations Manual, as additional named insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions.

Currently you must maintain the following insurance, which may be modified:

- (i) Commercial General Liability with the following limits:
 - (a) \$2,000,000 general aggregate;
 - (b) \$1,000,000 products aggregate;
 - (c) \$1,000,000 each occurrence;
 - (d) \$1,000,000 personal injury/advertising injury; and
 - (e) \$1,000 medical payments;
- (ii) Workers' Compensation in the amount and type required by your state's law;
- (iii) \$1,000,000 Employer's Liability; Risk Property and Casualty insurance covering 100% of the replacement value of the Shoppe and all associated items (e.g., inventory, signs, equipment, etc.); and
- (iv) If you use any vehicles in connection with any delivery or catering services, \$1,000,000 Automobile Liability for all owned and non-owned vehicles used.

Such policy or policies shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us in the Operations Manual from time to time), in accordance with standards and specifications we set forth in writing, any insurance required under the terms of the lease for the site of the Shoppe and as required by applicable law. All insurance policies shall expressly provide that no less than 30 days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies.

We reserve the right to modify the types of insurance coverages and amounts of coverage that you are required to maintain for the Shoppe, and you agree to comply with any such changes, at your expense.

5.13.2 Proof of Insurance. You are required to provide proof of insurance, in a form satisfactory to us, prior to your In-Store Training. You shall submit proof of insurance, in a form satisfactory to us within 30 days of each renewal, cancellation, or modification of all policies. Upon our request, you shall provide us with copies of any and all policies within 30 days of such request.

5.13.3 Failure to Procure. Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us, we shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges shall be payable by you immediately upon notice together with a 15% administrative fee. The foregoing remedies shall be in addition to any other remedies we may have at law or in equity.

5.14 Modification of the System

In addition to the foregoing Sections, we may otherwise change or modify the System including, but not limited to, the adoption and use of new or modified Marks, Products, or Services. You will be required to comply with such additions or modifications at your expense. There are no limits to our right to modify the System, except that investment to

make such modifications or additions will not exceed \$25,000 per year, unless 5.4.4 applies.

You must not introduce any improvement or any additions or modifications of or to the Franchised Business or Systems into the Shoppe without our prior written consent.

ARTICLE 6

TRAINING AND OPERATING ASSISTANCE

6.1 Operations Manual

We will provide on loan to you a hard copy or electronic copy of the Operations Manual prior to your scheduled In-Store Training. The Operations Manual may be updated or modified from time to time. The Operations Manual is confidential and subject to your obligations set forth in Sections 5.1.1 and 15.7.6. You shall not disclose, copy, duplicate, record or otherwise reproduce, in whole or in part, or otherwise make available to any unauthorized person or source, the contents of the Operations Manual. We may add to, and otherwise modify, the Operations Manual to reflect changes in authorized Products and Services, and specifications, standards, and operating procedures of the Franchised Business. We alone are, and at all times will remain, the sole owner of the copyrights to the Operations Manual and other written materials we may from time-to-time provide to you and you acknowledge that any copies of the Operations Manual or other materials you receive are remain our property at all times. You will promptly return any loaned hard copies upon the expiration or termination of this Agreement.

The master copy of the Operations Manuals that we maintain at our principal office or on our Intranet website, when applicable, will control if there is a dispute involving the contents of the Operations Manual.

You shall not, during the Term of this Agreement or after its termination or expiration, communicate or divulge to any other person, persons, partnership or corporation, or use for the benefit of itself or any other person, persons, partnership, association or corporation, any Confidential Information, knowledge or know-how concerning the methods of operation, promotion, or contracts used in the Franchised Business; nor shall you disclose or divulge or use in whole or in part, any trade secrets, manufacturers or private processes of ours or our Affiliates. You agree to take any and all actions necessary or appropriate to cause all employees to whom Confidential Information is disclosed to comply with this non-disclosure covenant, including having such employees execute a Non-Disclosure Agreement in a form prescribed by us. You further agree to vigorously and vigilantly prosecute to the fullest extent permitted by law breaches of this or any Non-Disclosure Agreement executed by any of the individuals to whom you disclose Confidential

Information. You agree that it is our right, to be exercised in our sole discretion, to enforce on our own behalf, the terms of such executed Non-Disclosure Agreement. If the substantive provisions of the Non-Disclosure Agreement have been breached by an individual employed, engaged, or otherwise serving you or your Shoppe who has not executed a Non-Disclosure Agreement, you agree to nevertheless vigorously and vigilantly prosecute such conduct to the fullest extent permitted by law. If we prosecute any Non-Disclosure Agreement, you shall indemnify and hold us harmless from any and all losses and expenses as provided under this Agreement.

In addition to any other rights or remedies we have under this Agreement, if you violate this Section and use the Confidential Information in any way not explicitly allowed under the terms of this Agreement, you shall be required to pay damages to us equal to 2 times the then-current Franchise Fee in effect at the time of the violation of this Section.

6.2 Training

6.2.1 Training Program. Prior to the opening of your Shoppe, your Operations Managers and Key Personnel must complete the initial training program outlined in the Operations Manual (the “Training Program”) to our satisfaction. You will not pay a fee to us for the Training Program, but you are responsible for all costs and expenses associated with the Training Program, including but not limited to travel, lodging, per diem expenses, employee salaries, and applicable insurance for you and your employees.

6.2.2 In-Store Training. Up to 6 trainees are required to complete in-store training at one of our Corporate Shoppes in Greenville, South Carolina (“In-Store Training”) or any other location, in our sole discretion. Trainees will be required to receive general training, as well as training relevant to their particular positions and skills. Trainees are required to review and have a working knowledge of the Operations Manual, Products, and Services prior to attending In-Store Training. In-Store Training will last approximately 3 weeks. You are responsible for scheduling In-Store Training in a timely manner so that the Operations Managers and Key Personnel must complete the training to our satisfaction approximately 60 days before the opening of the Shoppe.

6.2.3 Follow-Up Training. We may provide optional post-opening training for any of your employees to improve upon any operation deficiencies or deviations from the System Standards and requisite skills and knowledge (“Follow-Up Training”). Follow-Up Training may consist of employee visits to a Corporate Shoppe or corporate representative(s) visits to your Shoppe.

6.2.4 Additional Training. In order to maintain brand standards, we may require you or in your discretion, your employees to attend Additional training on new and improved techniques as such techniques are developed by us (the “Additional Training”). The Additional Training may be held at one of our Corporate Shoppes or at other sites that we may designate.

6.2.5 Replacement Operations Manager and Key Personnel. In the event you replace any Operations Manager or any Key Personnel, the new Operations Manager or Key Personnel are required to complete the Training Program to our satisfaction before

assuming their new position. (See additional requirements for replacing the Operations Manager at Section 5.5.1.) You will be responsible for all costs and expenses associated with each employee's training, as well as the then-current training fee, if any.

6.2.6 Hiring and Training of Employees. You agree that the training we provide is necessary to ensure protection of our intellectual property, including the Marks, and promote uniformity of the brand image and adherence to System standards. You will hire all employees of the Shoppe, including those that participate in any Training Program, and are exclusively responsible for the terms of their employment, compensation, scheduling, benefits, disciplining and all other personnel decisions respecting Shoppe employees without any influence or advice from us. You will implement a training program for Shoppe employees in compliance with our requirements. You will maintain a sufficient number of trained employees, including two on-site Operations Managers, to comply with our standards.

6.3 Opening Assistance

We will provide at least 2 weeks of on-site assistance and support from one or more representatives from the corporate office or Shoppes owned by our Affiliates (the "Opening Team") during the week prior to the Shoppe's opening and during the Shoppe's first week of operation ("Opening Assistance"). The Opening Team, at their sole discretion, may determine that additional on-site training is necessary. There are no fees for the Opening Assistance, except that you will pay the travel, lodging and per diem expenses for each member of the Opening Team. Accommodation and per diem expenses will not exceed \$200 per day for each member of the Opening Team.

6.4 Post-Opening Assistance

6.4.1 Corporate Assistance. We, in our sole discretion, may provide extended on-site support if we determine, after an inspection or your failure to satisfy the Minimum Gross Revenue Requirement, that your Shoppe is not complying with the System contained in the Operations Manual and such non-compliance is causing or could cause damage to our intellectual property, including the Marks, our brand image or our System with the Operations Manual ("Corporate Assistance"). If we provide Corporate Assistance, you will pay \$200 per day, per corporate staff member providing Corporate Assistance. Corporate Assistance will last for a minimum of 14 days and maximum of 28 days. We reserve the option but not the obligation to provide Corporate Assistance to correct operational defaults. You remain solely responsible to correct, to our reasonable satisfaction, any deficiencies noted in any inspection report, regardless of whether or not Corporate Assistance is offered by us or accepted by you.

6.4.2 Additional Assistance. We may provide extended post-opening assistance to address operating, marketing, promotional, or financial problems or concerns at your request ("Additional Assistance"). We may provide general consultation on these matters or analysis of your sales, marketing, or financial data ("Ongoing Advisory Services"). Communications may occur via onsite visits, telephone, facsimile, email, or regular mail.

At your request, we provide Ongoing Advisory Services at your Shoppe site, at mutually agreeable times and dates (“On-Site Services”). There is no charge for and no limit as to how many times you may utilize the Ongoing Advisory Services, except that you will incur fees (currently \$500 per day plus additional incurred costs including travel and lodging for our corporate staff members) if you request more than 5 visits of On-Site Services in a 12-month period.

6.5 Additional Materials

In addition to amending the Operations Manual, we reserve the right to roll-out new initiatives, alter or add new materials relating to operational standards, sales, advertising, marketing, promotions, and new customer service techniques and programs. When such materials are made available to you, you will need to comply with any requirements or standards as we may reasonably set in our sole discretion.

ARTICLE 7

MARKS

7.1 Use of Marks

Neither this Agreement nor the operation of your Shoppe in any way grants you any interest in the Trademarks other than the right to use the Trademarks solely in connection with the Franchised Business, solely in accordance with the terms and conditions of this Agreement, and solely during the Term of this Agreement. You agree to operate and advertise the Shoppe only under the Franchisor’s Marks designated by us in writing. You expressly acknowledge and agree that the license to use the Marks and copyrights is nonexclusive and we retain the unlimited right, among other rights, to grant other licenses to the Marks and copyrights to additional franchisees and others.

7.2 Ownership of Marks

You acknowledge our ownership of all right, title and interest in and to the Marks and copyright materials, the identification schemes, standards, specifications, operating procedures, and other concepts embodied in the System. We may direct to affix the appropriate © or ® or TM symbols on various materials, including literature, signs or advertising and you agree to follow that direction. You agree that any unauthorized or improper use of the System and the Marks and copyrights is and shall be deemed an infringement of our rights; that, except as expressly provided by this Agreement, you acquire no right, title or interest therein; that any and all goodwill associated with the System, the Marks and copyrights shall inure exclusively to our benefit; and that, upon the expiration or termination of this Agreement, no monetary amount shall be assigned as

attributable to any goodwill associated with your use of the System, the Marks and copyrights.

7.3 Limitation on Use of Marks

You may not use the Marks in any manner calculated to represent that you are their owner. You shall operate the Franchised Business under the name “The New York Butcher Shoppe®” without any prefix or suffix except as permitted in writing by us. You agree to display the Marks solely in identification of the Shoppe as allowed under the terms of this Agreement and to identify yourself as the independent franchisee of the Shoppe. You must not use any Mark as part of any corporate or trade name or in any modified form, and you may not use any Mark in selling any unauthorized product or service or in any other manner we do not expressly authorize in writing.

Neither during the Term of this Agreement nor after a transfer or the expiration or termination of this Agreement may you contest the validity or enforceability of these Marks.

7.4 No Registration

You shall not register any trademarks, service marks, logos, or domain names that in any way could infringe on our rights to the Marks, the System, or copyrights. You acknowledge that we do not make any representation or warranty to you that any of the Marks are registered or registerable, that we have the right or exclusive right to use any of the Marks, or that the Marks do not infringe any intellectual property, proprietary or other right of any person.

7.5 Restrictions on Use in the Franchised Business

You acknowledge that each and every detail of our System is important maintaining high standards of quality and service and hence to protect and enhance the reputation and goodwill of the Marks and agree:

- (i) To refrain from using any of the Marks or copyrights in conjunction with any other work or symbol without our prior written consent;
- (ii) To adopt and use the Marks and copyrights licensed hereunder solely in the manner prescribed by us;
- (iii) To execute and convey all documents requested by us that are necessary to obtain protection for the Marks and copyrights or to maintain their continued validity or enforceability, and to take no action that would jeopardize the validity or enforceability thereof; and
- (iv) To forward copies of all proposed advertising materials to us for review as more fully described in Article 8.

We shall have the right to disapprove any use, representation or display of its Marks or copyrights, which in our reasonable judgment may affect our ownership rights in the Marks or copyrights or any goodwill associated with the Marks or copyrights and shall have the right during reasonable hours to inspect your premises to determine the appropriate representation, use and display of such Marks or copyrights.

7.6 Restriction on Use of Signs

The lettering and logo affixed to the exterior of the site or affixed to any materials bearing the Marks (“Signs”) shall, upon termination of this Agreement, automatically become our property. You agree, at your own cost and expense, to purchase and maintain the Signs in good condition and repair during the Term of this Agreement. However, nothing in this Agreement shall be deemed to grant to you any permanent ownership interest in the Signs. We grant you the right to possess and use the name and logo on these Signs during the Term of this Agreement. You shall assign all ownership rights to the Signs to us immediately upon termination or expiration of this Agreement and shall, at our request and your expense, forward the Signs to us. If you fail to remove all Signs within 3 days, we may enter the site and take any step we deem necessary to remove, repair, or resurface the Signs. You give us the right to remove the Signs and later determine the fair market value, which determination shall be limited to the actual then-current value of the Signs without including materials, repair, labor or other expenses you may have incurred when installing or maintaining the Signs. You recognize that the valuation of the Signs shall be offset by any and all reasonable expenses incurred by us in removing, repairing or resurfacing the Signs.

7.7 Restrictions on Internet and Website Use

We retain the sole right to advertise the Franchised Business on the Internet and to create, operate, maintain, and modify, or discontinue the use of, a website using the Marks. You have the right to access our website. Except as we may authorize in writing, however, you will not:

- (i) link or frame our website;
- (ii) conduct any business or offer to sell or advertise any Products or similar products or Services on the Internet (or any other existing or future form of electronic communication) including e-mail marketing or other digital marketing;
- (iii) create or register any Internet domain name in any connection with your Franchised Business;
- (iv) use any e-mail address which we have not authorized for use in operating the Shoppe; or
- (v) conduct any activity on “social media” or related social networking websites other than as we have expressly authorized in writing.

You will not register, as Internet domain names or social media accounts, any of the Marks that we now or hereafter may own or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar.

7.8 Notification of Infringements and Claims

You must notify us immediately in writing of any infringement, challenge, or claim of any rights in any Mark or any similar trade name, trademark, or service mark. You must only communicate with us and our counsel regarding any infringement, challenge, or claim. We have the right but not the obligation to take any action we deem appropriate and exclusively control any legal proceeding arising out of any infringement, challenge, or claim relating to any Mark. You will sign all documents, provide assistance, and take action as we may reasonably request to protect and maintain our interests in any legal proceeding or to otherwise protect and maintain our interests in the Marks.

7.9 Litigation and Legal Proceedings

You will immediately notify us of any claims or complaints made against you respecting the Marks and, at your expense, cooperate in all respects with us in any court or other proceedings involving the Marks. Unless we consent in writing, you shall not defend or enforce any of the Marks in any legal proceedings. We and our legal counsel control and conduct any legal proceeding relating to the Marks. We will pay the cost and expense of all litigation we incur, including attorneys' fees, specifically relating to the Marks.

7.10 Change or Substitution

You shall not change or substitute the Marks unless we so direct you in writing. We reserve the right to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after notice by us.

ARTICLE 8

MARKETING AND PROMOTION

8.1 Local Marketing

8.1.1 Advertisement and Promotion. You are responsible for all local advertising and promotion and must use your best efforts to promote and advertise your Shoppe. Advertisement and promotion include weekly newspaper advertising, actual or pro-rata costs of your classified telephone directory listings and advertisements, radio and television

advertising, billboards or other such permanent advertising and advertisements placed on local or regional Internet sites (“Local Marketing Expenditures”).

8.1.2 Design. All advertising and promotion materials must contain our Mark and reference our website address. All promotional materials (including magazine articles you may author) must indicate that your Shoppe is part of the System. All advertising and promotional materials must include the following wording: “Locally and Independently Owned and Operated.” We have the right to require you to include certain language in your local marketing, such as “Franchises Available” and our website address and phone number. We may provide “Advertising Guidelines” or “Brand Standards” that you will be required to follow.

8.1.3 Approval. You must submit all local advertising materials to us for our approval prior to their use. If you do not receive written disapproval within 15 business days from the date proposed advertising materials are received by us, said advertising materials shall be deemed approved.

Minimum Spending. Until we establish an advertising, publicity, and marketing fund (the “Marketing Fund”), you shall spend an amount capped at \$6,000 per month. If a National Marketing program is established, you will be required to participate in the program accordingly.

8.1.4 equal to or greater than the Advertising Fee on Local Marketing Expenditures. We have the authority to enforce this minimum spending level on local advertising and request verification of your Local Marketing Expenditures. If we request verification of your Local Marketing Expenditures, you must send it in a form we prescribe within 30 days of our request. After the Marketing Fund is established, you may continue Local Marketing Expenditures at the same or similar level as required in this Section in your discretion and we will no longer monitor those Local Marketing Expenditures.

8.2 Grand Opening Marketing

During the first three months of the Shoppe operations, a minimum of \$3,000 per month for a total of \$9,000 must be directly spent by you, as we in our sole discretion determine, on the Shoppe’s Grand Opening Campaign. In certain metropolitan areas, we may require that you spend a greater amount on the Grand Opening Campaign.

8.3 Marketing Fund

When we establish the Marketing Fund, you will pay the Advertising Fee to us directly for deposit into the Marketing Fund. We and our Affiliates will also contribute to the Advertising Fee to the Marketing Fund for each Shoppe we or our Affiliates own and operate in the geographical area relevant to the Marketing Fund, at the same rate per Shoppe as all franchisees. We are not required to ensure that expenditures by the Marketing Fund are proportionate to contributions to the Marketing Fund by Shoppes operating in any geographic area, or that any Shoppe will benefit directly, indirectly, or in proportion to its contribution to the Marketing Fund. We, our Affiliates, or a third party we delegate (the “Administrators”) will administer the Marketing Fund, at our sole discretion. The

Administrators will make reasonable disbursements for the advertising, advertising-related, marketing, or public relations programs, services or materials as deemed necessary or appropriate to promote the New York Butcher Shoppes brand and Shoppes and operate the Marketing Fund. The Marketing Fund may be used for (among other things) product development; signage; creation, production and distribution of marketing, advertising, public relations, and other materials in any medium, including the internet; administration expenses; brand/image campaigns; media; national, regional, and other marketing programs; activities to promote current and future Shoppes and the System; agency and consulting services; research; and any expenses approved by us. The Administrators may be reasonably compensated or reimbursed for goods and services provided to the Marketing Fund. All taxes of any kind, whether incurred by us, an Affiliate, or a delegated third-party in connection with the Marketing Fund, are payable by the Marketing Fund.

If all monies in the Marketing Fund are not spent in the fiscal year, they will be carried over for use in the next fiscal year. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Marketing Fund in that year, and the Marketing Fund may borrow from us or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus.

We will not be liable for any act or omission in connection with the Marketing Fund that is consistent with this Agreement. None of the relationships with you in connection with the Marketing Fund will be in the nature of a “trust,” “fiduciary”, or similar special arrangement.

8.4 Marketing Cooperative

We may establish or disband marketing cooperatives and establish local and regional markets at our sole discretion. If a marketing cooperative is established in your regional or local market, we may require you to participate in, support, contribute to, and comply with any obligations required by the marketing cooperative. We reserve the right to establish and designate advertising councils or other committees to establish bylaws and other rules under which the marketing cooperative will operate and advertise.

8.5 Online Promotion; Websites

8.5.1 Franchisor’s Website. We will provide a public access Internet site that allows visitors to access information about your Shoppe, on a location search basis.

8.5.2 Franchisee’s Obligations. You may advertise your Shoppe on local or regional Internet site. To the extent you utilize the internet for advertisement, you agree to the following with respect to your internet advertising:

- (i) You will not own or operate an Internet site, either hosted by you or by a third party hosting service, providing, for free or for sale, any information regarding your Shoppe or Products similar to those sold in its Shoppe.

- (ii) You will not include any links to our Internet site, without our written consent.
- (iii) You must follow all advertising requirements set forth in this Agreement, the Operations Manual, and any advertising guidelines we may produce.
- (iv) All internet advertising must prominently display, or include in the case of articles and scripts, our Internet site address.
- (v) You shall have the right to create a webpage to be a sub-page to our main webpage. We shall have the right to review and edit this webpage prior to its posting on our website. We will also implement hosting of an email address for external customer access.

8.6 Loyalty Program

You are required to participate in our Loyalty Program. In the future, you may be required to purchase materials, supplies, or computer software that we may require in connection with the Loyalty Program or any improved or replacement Loyalty Program. If we discontinue or modify the Loyalty Program, you shall follow our direction and properly remove materials, provide notice to consumers, or comply with any other instructions we provide to you.

ARTICLE 9

INSPECTION, RECORDS, AND AUDITS

9.1 Our Right to Inspect the Shoppe

We reserve the right to inspect the Shoppe when and if we deem advisable, at any time during the Shoppe's regular business hours, and without prior notice to you. During a Shoppe inspection, we may review and evaluate your operations, methods, staff, Products, Services, supplies, ingredients, and customer complaints on file as well as the list of customers. You will fully cooperate with our representatives, including allowing them to take pictures or videos of the Shoppe and interview employees.

There is no charge to you for our inspection and we are under no obligation to make any such inspections.

If we determine the Products, Services, or anything else we discover during the inspections is below the System standards or not in compliance with the terms of this Agreement, we will notify you of such deficiencies and you must correct the deficiencies within the applicable time period as provided in Sections 14.1 and 14.2.

9.2 Records and Reporting

9.2.1 Records. You agree to maintain complete and accurate books, records, and accounts of all business conducted under this Agreement in accordance with generally accepted accounting principles, including cash reports, cash receipts journal, cash disbursements journal, general ledger, cash register tapes, weekly inventory and sales report sheets, deposit slips, bank statements, canceled checks, sales and purchase records, business and Principal Owner's tax returns, Schedule K-1 forms for Principal Owners, payroll registers, financial statements, records of promotion and loyalty program redemption, and any other similar records and information we may request ("Records"). You will retain all Records in either hard or electronic copy for a minimum of 5 years from the date of their preparation in a format that may be easily accessed or generated, or in a format we may otherwise require in the Operations Manual. If we at any time during the Term of this Agreement require you to use the Reporting System for some or all of the Records, you agree to use that Reporting System after receipt of our notice to you.

9.2.2 Reporting. You agree that you will report your Gross Revenues to us on a weekly basis, in a format we designate, in conjunction with the payment of your weekly Royalty Fee (currently due on Tuesday). If you fail to report your Gross Revenues for any given week on time, we may estimate your Gross Revenues for the preceding 7-day period and charge you based on that estimate. We will adjust the estimated charges after we determine your actual Gross Revenues.

9.3 Our Right to Access and Examine Records

We reserve the right to, either remotely or in person, access, examine, audit, or request copies of the Records at any reasonable time and without prior notice to you. You will make copies of the Records within 5 business days of our request and allow us and our agents, as applicable, full and free access to the Records and Reporting System. You will fully cooperate with any of our agents, representatives or independent accountants hired to conduct and examination or audit.

We will conduct audits at our own expense, except as stated in Section 9.4.

9.4 Audit Results

If our audit discloses any underreporting of your Gross Revenues for any period(s), you will pay to us, within 10 days of the date we notify you of the audit results, any Royalty Fees, Advertising Fees, or any other fees, amounts, or obligations due and owing to us, plus interest (see Section 4.6.3). If we permit you to pay the Advertising Fee directly to third-party vendors, you will provide us with a written plan describing how you will make up the deficiency in contribution to the Advertising Fee.

You will reimburse us for the costs of and expenses incurred in the audit if:

- (i) the audit was conducted because you failed to report the necessary Records when they were due;

- (ii) you failed to provide the Records within the timeframe required in Section 9.3;
- (iii) the audit disclosed unintentional underreporting of Gross Revenues of 5% or more; or
- (iv) intentional underreporting of any amount.

The foregoing remedies are in addition to all of our other remedies and rights under this Agreement.

ARTICLE 10

TAXES

10.1 Taxes

Each payment to be made to us shall be made free and clear and without deduction for any Taxes (defined below). You shall promptly pay all Taxes levied, assessed or incurred by you in the conducting the Franchised Business. You shall be solely liable for the payment of all Taxes and shall indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest, and expenses) arising from or concerning the payment of Taxes. At our request, you shall submit a copy of all tax filings sent to federal, state, and local tax authorities to us within 10 business days after such filing has been made with the appropriate taxing authority.

The term “Taxes” means any present or future taxes, levies, duties or other charges, including any interest or penalties thereon, imposed by any local, state or federal government relating to the operation of the Shoppe, the payment of monies, taxes imposed on the Royalty Fees, Advertising Fees or other fees paid to us, or that arise during the exercise of any rights granted pursuant to this Agreement.

10.2 Tax Indemnification

You will indemnify us and reimburse us for all income, capital, gross receipts, sales, and other taxes that the state in which the Shoppe is located imposes as a result of your operation of the Shoppe or the license of any of our intangible property in the jurisdiction in which the Shoppe located. If more than one franchise is located in such jurisdiction, you and they will share the liability in proportion to your and their Gross Revenues from the Franchised Business, except in the case of sales taxes and gross receipts taxes, which will be divided in proportion to taxable sales attributable to you. If applicable, this payment is in addition to the Royalty Fee payments described above.

10.3 Tax Disputes

If any bona fide dispute as to your tax liability or indebtedness arises during the Term of this Agreement, you may, in your sole cost and discretion, contest the validity or the

amount of the tax or indebtedness but in no event shall you permit a tax sale or seizure against the Franchised Business. A tax sale, seizure, or any similar encumbrance to your ability to operate the Franchised Business shall be a non-curable default, subjecting this Agreement to termination.

ARTICLE 11

TRANSFER OF INTEREST

11.1 Transfer by Us

We may freely transfer or assign our rights and obligations under this Agreement to any person, corporation, or other entity. The transfer or assignment will be binding upon and will inure to the benefit of our successors and assigns. You acknowledge and agree that, following the effective date of any such assignment, you will look solely to the transferee or assignee, and not to us, for the performance of all obligations under this Agreement.

11.2 Transfer or Sale by You

You understand that we have granted the Franchised Business under this Agreement in reliance upon your individual or collective character, aptitude, attitude, business ability, and financial capacity. You (and your Principal Owners) will not transfer (whether voluntary or involuntary), assign, or otherwise dispose of, in one or a series of transactions, your Franchised Business, the Shoppe, substantially all or all of the assets of the Shoppe, this Agreement or any Controlling Interest unless you obtain our prior written consent. "Controlling Interest" refers to a proposed transfer of fifty percent (50%) or more of the common (voting) stock of a corporation or of the ownership interest in a limited liability company or partnership. We will not unreasonably withhold our consent to a transfer of this Agreement, provided you comply with all of the following conditions.

- (i) You have paid all Royalty Fees, Advertising Fees and other fees and complied with all monetary obligations under this Agreement and any other agreement between you and us or you and our Affiliate(s).
- (ii) You are in good standing under this Agreement and any other agreement between you and us or you and our Affiliate(s).
- (iii) The transferee (or the managing Principal Owners, if applicable) is qualified and approved by us and meets, at a minimum, our managerial, financial, and business standards for the Franchised Business, and possesses a good business reputation and credit rating.
- (iv) The transferee executes the then-current Franchise Agreement for a new Term and pays us a transfer fee equal to the then-current Initial Franchise Fee.

- (v) You agree that we may communicate directly, without limitations, with the transferee during the transfer process to respond to inquiries and ensure that the transferee meets our qualifications.
- (vi) The transferee or Operations Managers, as applicable, and its Key Personnel successfully complete the training program we require.
- (vii) If required, the lessor of the site consents to your assignment or sublease of the site to the transferee.
- (viii) You (and each Principal Owner, if applicable) sign a general release, in a form and substance satisfactory to us, of any and all claims against us and our Affiliates, officers, directors, employees and agents, except to the extent limited or prohibited by applicable law.
- (ix) We approve the material provisions of the transfer or sale of assets which assignment or sale cannot permit you to retain a security interest in this Agreement or any other intangible asset.
- (x) You (and each Principal Owners, if applicable) sign an agreement, in form satisfactory to us, in which you and each Principal Owner covenant to observe the post- termination covenant not to compete and all other applicable post-termination obligations.

We may expand upon, and provide more details related to, the conditions for transfer and our consent in the Operations Manual or otherwise in writing.

11.3 Corporation or Limited Liability Company Ownership

If you sign this Agreement as an individual, you will not pay a transfer fee and may assign this Agreement to a corporation or a limited liability company that conducts no business other than the Franchised Business if you meet the following requirements:

- (i) you or the Operations Managers actively manage the Shoppe;
- (ii) you own more than 50% in the corporation or limited liability company;
- (iii) you and all Principal Owners of the corporation or limited liability company sign the Personal Guarantee attached hereto as Attachment 3;
- (iv) you provide us 15 days' written notice before the proposed date of assignment of this Agreement to the corporation or limited liability company; and
- (v) you provide to us a copy of the articles of incorporation, operating agreement, organizational documents, and a list of all shareholders or members having beneficial ownership, reflecting their respective interest in the corporation or limited liability company in a form acceptable to us. Any person or entity that at any time after the date of this Agreement becomes a Principal Owner of yours under the provisions of this Section or otherwise will, as a condition of becoming a Principal Owner, sign the Guarantee Agreement.

11.4 Our First Right of First Refusal to Purchase Shoppe

We have a right of first refusal to purchase the offered interest under the following conditions. If you or your Principal Owners at any time desire to sell or transfer the Franchised Business, the Shoppe, an ownership interest representing (in the aggregate) of

50% or more of the ownership in you or all or substantially all of your assets, you or your Principal Owners must obtain a bona fide, executed written offer from the purchaser and offer to transfer the interest to us at the same price and on the same terms and conditions. Within 30 days after we receive the copy of the written offer and all necessary information from the proposed transferee, we may give you notice of our election to exercise the option to purchase the offered interest on the same terms contained in the written offer, provided that we have the right to substitute cash for any non-cash consideration described in the written offer. If we exercise this option, we must complete the purchase no later than 30 days after our notice to you of our election to purchase. If we do not exercise this option during the 30-day period, then you may, during the following 120 days, transfer the offered interest, and if applicable, assign this Agreement to the third party on the same terms in the written offer, provided that the assignment will be made, without limitation, in compliance with this Section and Section 11.2. If any proposed transfer is not completed within the one hundred 120-day period, or if there is any material change in the terms of the proposed transaction before closing, this will constitute a new offer and will again require compliance with this Section. If we do not exercise the right of first refusal for one offer, it will not affect the right of first refusal for any other subsequent offer. We will have 15 additional days after declining to exercise the right of first refusal and receipt of all necessary information from the proposed transferee to approve or disapprove of the transfer as outlined in Section 11.2.

11.5 Death or Disability

(i) **Ownership.** If you or any Principal Owner with a greater than 50% interest in the corporation or limited liability company dies or becomes permanently disabled, the executor, administrator, other personal representative, or the remaining Principal Owners (if a corporation or limited liability company), must, within 30 days, apply to us, in writing, for consent to transfer the deceased's interest in the Franchised Business. We may choose, in our sole discretion, to manage your business until the transfer is completed. The transfer, including transfers by devise or inheritance, will be subject to the conditions set forth in Section 11.2, except that if you transfer the deceased's interest to the remaining Principal Owners or the deceased's spouse, children, or heirs, there will be no fee to transfer. The transfer must be completed within 180 days from the date of our approval of the transfer. If you fail to dispose of the interest within 180 days, we may terminate this Agreement or the interest may revert to us, in our sole discretion.

(ii) **Operations.** If one of your Operations Managers dies or is permanently disabled, you or your executor, administrator, other personal representative, or the remaining Principal Owners must identify a second Operations Manager, subject to our approval, as soon as reasonably possible after the date of death or permanent disability. The appointed second Operations Manager must complete the Training Program to our satisfaction. If your remaining Operations Manager cannot or is not able to maintain the Shoppe to our standards without a second Operations Manager, we may, but are not required to appoint a second Operations Manager to assist in maintaining the Shoppe's operations, on your behalf and at your expense. Our appointment of a second Operations Manager does not relieve you or the remaining Operations Manager of any obligations; we will not be

responsible for any debts, losses, costs or expenses incurred in connection with operating the Shoppe or to any creditor for any Products, materials, supplies or services purchased by the appointed Operations Manager in connection with the operation of the Shoppe.

(iii) **Management Services.** If we operate the Shoppe under this Section, we may charge a reasonable for management services and may cease such management services at any time.

11.6 No Waiver of Claims

Our consent to a transfer of any interest described herein shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand material and full compliance with any of the terms of this Agreement by the transferee.

ARTICLE 12

INDEMNIFICATION

12.1 Notification of Action or Claim

You shall notify and deliver to us, in writing within 5 business days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect us, our Affiliates, or our intellectual property, including the Marks.

12.2 Indemnification by You

You and each Principal Owner (the “Indemnitors”) agree to indemnify and hold us and our subsidiaries, Affiliates, stockholders, members, directors, officers, and employees, (each an “Indemnatee” or if plural, “Indemnitees”) harmless against, and to reimburse Indemnitees for, any loss, liability or damages arising out of or relating to your ownership or operation of the Shoppe, and all reasonable costs of defending any claim brought against Indemnitees or any action in which any Indemnatee is named as a party (including reasonable attorneys’ fees) unless the loss, liability, damage or cost is solely due to that Indemnatee’s breach of this Agreement, gross negligence or willful misconduct. Indemnitors must pay all losses, liability, or damages Indemnitees incur pursuant to Indemnitors’ obligations of indemnity under this Section regardless of any settlement, actions, or defense Indemnitees undertake or the subsequent success or failure of any settlement, actions, or defense. The obligations in this Section apply to all claims even if they are not covered or exceed the limits of Indemnitors’ insurance coverage.

12.3 We May Settle

We or any other Indemnitee may, at our option, designate counsel, at Indemnitors' expense, to defend or settle such action, proceeding, demand or investigation brought against Indemnitors or the Shoppe. In order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we or any Indemnitee may, at any time and without notice, as we or any Indemnitee in our reasonable judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as we or any Indemnitee deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation.

12.4 Losses and Expenses

All losses and expenses incurred under this Article shall be chargeable to and paid by you or any of the Principal Owners as Indemnitors pursuant to your obligations of indemnity, regardless of any subsequent success or failure of any actions, activity, or defense taken by us or the other Indemnitees. The phrase "losses and expenses" refers to, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

12.5 Survival of Terms

Notwithstanding the expiration or termination of this Agreement for any reason, the indemnities and assumptions of liabilities and obligations to be performed and observed by Indemnitors and Indemnitees continue in full force and effect after the expiration or termination of this Agreement.

ARTICLE 13

RELATIONSHIP OF THE PARTIES; NON-COMPETITION COVENANT

13.1 No Fiduciary Relationship

This Agreement does not create a fiduciary relationship or a relationship of special trust or confidence. You must conspicuously identify yourself in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of the Shoppe under a franchise agreement from us and must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as we require.

13.2 Independent Contractor

We and you are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer, or employee of the other. Neither party will independently obligate the other to any third parties or represent any right to do so.

13.3 Sole Employer of Your Employees

13.1.1 Sole Employer. You affirm, attest, and covenant that your employees are:

- (i) employed exclusively by you and not employed, jointly employed or co-employed by us; and
- (ii) are under your exclusive dominion and control and not under our direct or indirect control.

13.3.2 Employment Decisions. You are solely responsible for:

- (i) hiring each of your employees; setting their schedules; establishing their compensation rates; and paying all salaries, benefits and employment-related liabilities (including but not limited to workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums);
- (ii) disciplining or terminating your employees to the exclusion of us; and
- (iii) staffing the Shoppe with as many employees as you determine is appropriate so long as our minimal staffing levels are achieved

13.3.3 Recommendations Only. You also affirm, attest and covenant that any recommendations you may receive from us regarding employment practices are recommendations only, designed to assist you to efficiently operate your Shoppe, and that you may disregard our recommendations

13.3.4 Employment Claims. You shall not assert that we are the employer, joint employer, or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting,

13.3.5 Defense of Claims. You agree to assist us in defending any such allegations, including (if necessary) appearing at any venue requested by us to testify on our behalf.

13.4 Non-competition Covenant

13.4.1 In Term and Post Term Non-Compete; Damages. You and your Principal Owners shall execute the Personal Guarantee, Non-Disclosure, and Non-Compete Agreement (Attachment 3) and further covenant that during the Term of this Agreement and for a period of 2 years after the earlier of (i) termination of this Agreement for any reason, (ii) expiration of this Agreement, (iii) the date on which you cease to operate the Franchised Business, or (iv) the date of the assignment or transfer of the Franchised Business or a majority of its assets, you and your Principal Owners shall not, either directly or indirectly, for each of you or on behalf of or in conjunction with any other person, persons, partnership, limited liability company or corporation, own, purchase, lend money

to, lease or sublease to, maintain, engage in, sell or agree to sell all or a majority of the assets to, or participate in the operation of any other Competitive Business within 15 miles of your former Shoppe or another Shoppe in existence during the Term or at the time of such termination or non-renewal. A “Competitive Business” is any business that sells gourmet foods including meats (either pre-packaged or freshly sliced), wines, specialty grocery products, or pre-packaged food similar or substantially similar to the Products.

In addition to any other rights or remedies we have under this Agreement, if you violate this Section, for each Competitive Business, you shall be required to pay damages to us equal to 2 times the then-current Franchise Fee in effect at the time of the violation of this Section plus 4% of the Competitive Business’s gross sales as a reasonable pre-estimate of the damages we will suffer. For each Competitive Business for which we are unable to verify gross sales in a timely manner, you will pay us 2 times the then-current Initial Franchise Fee plus \$100,000, as a good faith estimate of our damages.

You also acknowledge and agree that if you or any of your Principal Owners violate the foregoing Non-competition Covenant following expiration or termination of this Agreement, then the prohibition period shall be extended until 2 years from the date you or the offending Principal Owner ceases all activities that violate this Non-competition Covenant.

13.4.2 Non-solicitation. You and your Principal Owners covenant that during the term of this Agreement or any extensions or renewal thereof, and for a period of 1 year thereafter, regardless of the cause of termination, you and they shall not:

- (i) divert, or attempt to divert, any business or any customers serviced by us or customers of yours to any other establishment, by direct or indirect inducement or otherwise; or
- (ii) employ or seek to employ any person employed by us, or otherwise directly or indirectly induce such persons to leave their employment without our prior written consent.

13.5 You are Not Authorized

You understand and agree that nothing in this Agreement authorizes you or any Principal Owner to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name or the Marks, and that we shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of the Principal Owners or any claim or judgment arising therefrom.

ARTICLE 14

TERMINATION

14.1 Automatic Termination – No Right to Cure

The following grounds provide us with the right, at our discretion, to terminate this Agreement without prior notice to you. You will be in default of this Agreement, and the Agreement will terminate without warning or the ability to cure if any of the following occurs.

- (i) You become insolvent or make a general assignment for the benefit of creditors.
- (ii) You file a petition of bankruptcy, or a petition is filed against you, and you do not oppose it.
- (iii) You are adjudicated bankrupt or insolvent.
- (iv) A receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction.
- (v) Proceedings for a composition with creditors under the applicable law of any jurisdiction is instituted by or against you.
- (vi) A final judgment remains unsatisfied or of record for thirty days or longer (unless demonstrable steps are taken to effectively stay the enforcement of such judgment in the relevant jurisdiction).
- (vii) You (if a corporate entity) are dissolved.
- (viii) An action to foreclose any lien or mortgage against the site or equipment of any Shoppe is brought and not dismissed within thirty days.
- (ix) You lose possession of the site where the Shoppe is located. The real or tangible property of the Shoppe is sold after levy by a sheriff, marshal, constable, or equivalent governmental authority.
- (x) You fail to operate the Shoppe for at least 7 consecutive days without obtaining prior written approval from us.
- (xi) You fail to meet your obligations under the Minimum Gross Revenues Requirement.
- (xii) You fail to provide the necessary Records we require in order to perform an audit, or you underreported Gross Revenue by greater than 5% for any period, or you intentionally underreported Gross Revenue for any period in any amount.
- (xiii) You or any Principal Owner provides misleading information on application to purchase the franchise.
- (xiv) Prior to signing this Agreement or during its Term, you or any Principal Owner were/are convicted of a felony or other crime that damages our goodwill.
- (xv) You assign, transfer, or attempt to assign or transfer your Franchised Business or more than 50% of the ownership interest without our approval and consent to unapproved party.
- (xvi) You disclose our Confidential Information.

- (xvii) A government agency issues a notice and thereafter determines that you have violated any health and safety or food safety law or regulations, you will have 30 days to cure this violation
- (xviii) You fail to comply or assist us to in our efforts to comply, with any law enacted by the US Government, including but not limited to the USA PATRIOT Act or Executive Order 13324.
- (xix) You fail to comply with restrictive covenants, including the Non-competition and Non-solicitation covenants.
- (xx) You commit any act which materially impairs the goodwill associated with our trademark, trade name, service marks, logos, or other commercial symbols.
- (xxi) You use our Marks in any unauthorized manner, including registering or attempting to register another trademark, service mark or domain name that is similar to our Marks.

14.2 Notice of Default – 30 Days to Cure

We may also terminate for any default of your obligations listed below that you fail to cure within the specified period of time. Except for the defaults listed in 14.1, which cannot be cured and results in immediate termination of this Agreement, we shall terminate this Agreement by giving written notice of default 30 days prior to the effective date of the termination (“Notice of Termination”).

- (i) You fail to make payment of any fees to us, our Affiliates, suppliers, or others associated with your Franchised Business as they come due and in no event shall an undisputed invoice be unpaid for more than 30 days.
- (ii) You fail to submit required Reports to us on a timely basis.
- (iii) You fail to observe our System standards and fail to correct post-inspection deficiencies by the prescribed deadline.
- (iv) You fail to open the Shoppe within a specified time.
- (v) You fail to obtain our prior written consent where required.
- (vi) You fail to permit inspection or cooperate with audit.
- (vii) You market a confusingly similar Product.
- (viii) You hire an unapproved Operations Manager or fail to have an approved Operations Manager trained within the required period of time.
- (ix) You repeatedly commit acts of defaults (including without limitation three notices of post-inspection deficiencies within any 12-month period), whether or not cured, after notice.
- (x) You operate and derive or attempt to derive Gross Revenue from outside your Designated Territory, including utilizing unapproved advertising in another franchisee’s Designated Territory.
- (xi) You fail to close and de-identify any sites established outside your Designated Territory.
- (xii) You fail to indemnify us or our Affiliates, as required by this Agreement.

If any such default is not cured after notice, this Agreement shall terminate without further notice to you, effective immediately upon the expiration of the 30-day period contained in the Notice of Termination or such longer period as applicable law may require.

14.3 Our Right to Discontinue Services to You

If we deliver to you a Notice of Termination and you fail to cure the default prior to said effective date contained in the Notice of Termination, we have the right to discontinue our performance of any obligations under this Agreement, including providing you with the use of our System until you have, to our reasonable satisfaction, cured the default.

14.4 Rights Cumulative

Termination of the Agreement is in addition to all of our other remedies and rights under applicable law or as otherwise provided in this Agreement.

14.5 Your Termination Rights

You may terminate this Agreement if we violate any material obligation, you provide written notice identifying the violation and demand that it be cured within 60 days after our receipt of written notice from you and we fail to do so; provided, however, that you are in substantial compliance with the Agreement at the time of such notice.

ARTICLE 15

POST-TERMINATION

15.1 Our Right to Purchase

15.1.1 Our Option to Purchase Shoppe. Upon the expiration or termination of this Agreement, except in the event of a transfer, we shall have the right, but not the obligation, to purchase from you, upon 30 days' written notice, the assets relating to the Shoppe ("Assets") and take by an assignment or sublease the Shoppe site and any other tangible leased assets used in operating the Shoppe. We may assign this option to an Affiliate or a third party.

The purchase price for the Shoppe Assets will be the fair market value of the Assets; provided that: (i) we may exclude from the Assets any products or other items that were not acquired in compliance with this Agreement; and (ii) we may exclude from fair market value any provision for goodwill or similar value attributable to intangible property (such

as the Marks and Confidential Information). If the parties cannot agree on fair market value within a reasonable time, we will designate an independent appraiser to determine the fair market value of the Assets. The determination of such appraiser will be binding on each of us, and the costs of such appraisal will be divided equally between you and us. The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur within a reasonable time, not to exceed 60 days, after the fair market value is determined. At the closing, you will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to us or our designee and such other documents we may reasonably request to permit us to operate the Shoppe without interruption. We may set off against and reduce the purchase price by all amounts you owe to us or any of our Affiliates. If we exercise our option to purchase the Shoppe, we may, pending the closing, appoint an Operations Manager to maintain Shoppe operations.

If we assume the lease for the Shoppe under this Section, you will pay, remove or satisfy any liens or other encumbrances on your leasehold interest and will pay in full all amounts due the lessor under the lease existing at or prior to our assumption of the lease. We are not liable for any obligation you incur before the date we assume the lease.

15.1.2 Purchase of Inventory. If we, in our sole discretion, waive our rights under 15.1.1, we may nevertheless purchase any portions of the inventory located at the Shoppe or otherwise held by you for the purposes of sale or distribution at the Shoppe, and/or any fixtures, equipment, furniture, or other assets located in or at the Shoppe or used in connection with the Shoppe.

15.2 Your Obligation to Cease Use of the Marks.

15.1.1 Cease use of the Marks. Upon expiration or termination of this Franchise Agreement for any reason, your right to use the name “New York Butcher Shoppe®”, the other Marks, and the System will immediately terminate, and you (and the Principal Owners) will not in any way hold yourself out as associated with us, the Marks, or the System. Your obligations upon expiration or termination include all of the requirements contained in this Article.

15.1.2 Our Right to Enter Shoppe. Immediately upon our request (in order that we may protect our Marks and franchisees), you shall permit us or our representatives to enter the Shoppe, and at our option, cure any default by you, operate the Shoppe or secure your compliance with any post-termination obligations set forth in this Agreement, including the removal of the Signs as set forth in 7.3 and 15.1.3.

15.1.3 Removal of Signs. You shall assign all ownership rights to the Signs to us immediately upon termination or expiration of this Agreement and shall, at our request and your expense, forward the Signs to us.

15.3 Your Obligation to Cease Use of the System

You shall cease operation of the Shoppe, use of the System and use of the Marks or any confusingly similar trademarks or service marks, and trade dress, or any other designations or marks associating you with the us or the System, including displaying signs, stationary, letterhead, packaging, forms, containers, and using the Operations Manual, bulletins, instructions, promotions, marketing and advertising materials connected with or similar to the System.

15.4 No Use of Similar Marks

You shall not operate or do business under any name or in any manner that may give others, including the general public, the impression that you are associated with the Franchised Business or the System or that you are operating a business similar to ours or that you previously conducted business under our Marks or System.

15.5 Liquidated Damages, Payment of Sums Owed, Damages, Expenses

Except for proper termination by you under 14.6, if this Agreement is terminated prior to its expiration, you agree to pay us a onetime lump sum payment equaling 12 months of Royalty Fees within 15 days after the effective date of termination. This payment is calculated based upon the total Royalty Fees you paid or should have paid during the 12-months of operation immediately preceding the effective date of termination. You acknowledge that this liquidated damage provision is a fair estimate of our damages and does not constitute a penalty. Within 15 days after termination, you will pay all amounts due and owed to us or our Affiliates, including all Royalty Fees, Advertising Fees, other fees and any accrued interest, late fees, and our costs and expenses, including reasonable attorneys' fees, incurred before or after termination or expiration of this Agreement or by seeking injunctive or other relief to enforce the terms of the Agreement, including this Article.

15.6 Security Interest

To the greatest extent allowed by law, you agree that we hold a security interest under the Uniform Commercial Code or similar applicable law, in any and all documents supplied by us to you and any and all merchandise and materials, including inventory and the proceeds of the inventory and equipment now owned and after acquired, that may be used to secure prompt payment of any obligations that are owed by you to the us. You agree to execute any and all documents necessary to carry out this obligation under of the Agreement.

15.7 Proprietary Materials

15.7.1 Discontinue Use. You must immediately discontinue using and return to us (or, at our option, destroy or if electronic, permanently delete) any copies of, the Operations Manual and any other manuals, advertising materials, and all other printed materials relating to the operation of the Franchised Business.

15.7.2 Assign or Discontinue Use. You shall assign to us or, at our discretion, disconnect the telephone number and any domain name or URL associated with the Shoppe.

15.7.3 Remove Signage. You shall remove and shall provide to us at no cost any signs, posters, fixtures, decals, wall coverings and other materials that are distinctive of a Shoppe or bear the name “New York Butcher Shoppe®” or other Marks. If you fail to remove and provide to us all Signs and other materials bearing the Marks within 3 days, may enter the site, and take any step we deem necessary to remove, repair, or resurface the Signs at your expense.

15.7.4 Discontinue Software. You must comply with all post-termination obligations under any software license agreement, including returning all materials relating to any Reporting System software, if requested to do so.

15.7.5 Cancel Registrations. You shall take such action as shall be necessary to cancel any assumed name or equivalent registration which contains our Marks and shall furnish evidence satisfactory to us of your compliance with this obligation within 30 days after said termination.

15.7.6 Cease Use of Confidential Information. You must immediately cease using Confidential Information and return to us (or, at our option, destroy or if electronic, permanently delete) all documents containing Confidential Information.

15.7.7 De-identify Site. If you retain possession of the site, you shall promptly, and at your expense, make such modifications to the interior and/or exterior décor of the site to remove all identification as a “New York Butcher Shoppe®”.

15.8 Customer Information and Outstanding Orders

15.8.1 Customer Information. Within 48 hours of the termination or expiration of this Agreement, you must deliver to us all customer files, customer testimonials of any kind and any media format, and a complete mailing list of all current customers, past customers, and all prospective customers.

15.8.2 Customer Outstanding Orders. If at the time of termination or expiration of this Agreement, you have any customers who have outstanding orders, we have the right, but not the obligation, to provide Services and Products to the customer to complete their outstanding order(s). If any customers with outstanding order paid for such order ahead of time, you will remit to us the unearned portion of the customer’s payment to us, without offset for any purpose or of any kind, within 48 hours of the termination or expiration of this Agreement.

15.9 Additional Requirements

You must comply with all other applicable provisions of this Agreement, including the non-compete provisions in Exhibit D.

ARTICLE 16

GENERAL CONDITIONS AND PROVISIONS

16.1 Title for Convenience

Titles and headings used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

16.2 Entire Agreement

This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between us and you and Principal Owners, if any, and supersedes all prior related agreements between us and you and the Principal Owners; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Franchise Disclosure Document that was furnished to you by us.

16.3 Amendment in Writing

Except for those permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their duly authorized officers or agents in writing.

16.4 Exercise of Reasonable Business Judgment

In all instances where we reserve discretion or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations under this Agreement whenever we exercise “reasonable business judgment.” Our actions or decisions will be deemed the result of reasonable business judgment if the decision or action is intended to promote or benefit the System generally, regardless of whether there are other reasonable or even arguably preferable alternatives available, or that we may benefit from the said decision or action. Neither you nor any third-party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

16.5 Governing Law

This Agreement will be governed by and construed in accordance with the substantive laws of the State of South Carolina, without reference to its conflicts of law. Any franchise law or business opportunity law of the state of South Carolina now in effect or adopted or amended after the date of this Agreement will not apply to franchises located outside of South Carolina.

16.6 Arbitration

Except to the extent we elect to enforce the provisions of this Agreement by injunction as provided in Section 16.7, any dispute or controversy not resolved through informal discussion shall be resolved by binding arbitration under the then-current Commercial Arbitration Rules (including the expedited procedures and optional rules for emergency measures of protection thereunder) of the American Arbitration Association or its successor (“AAA”). The arbitration will be before a single arbitrator who is jointly selected and mutually approved by you and us. If we and you are unable to or fail to agree on the selection of the arbitrator within 15 days of the demand for arbitration being served, the arbitrator will be appointed by the AAA in accordance with its rules and this Section. The arbitrator shall serve as a neutral, independent, and impartial arbitrator. Any such arbitration shall be conducted in the county where our headquarters is located (or the nearest county where an AAA arbitration can be conducted). Judgment upon any award may be entered in any court of competent jurisdiction. The decision of the arbitrator shall be binding and conclusive upon the parties. The costs of the arbitration will be shared equally by the parties, except as otherwise provided in this Agreement.

The parties also agree that neither party will pursue “class action” claims. The parties further agree not to consolidate the arbitration with any other proceedings, except for arbitrations in which you and we are the sole parties.

The parties will honor validly served subpoenas, warrants and court orders. The parties further agree that only depositions for the sole purpose of preserving testimony may be conducted and that any documents exchanged between the parties as part of the discovery process must be returned or destroyed (with proof of destruction) within 30 days of final judgment or dismissal of the arbitration.

Any disputes concerning the enforceability or scope of this arbitration clause will be resolved by the arbitrator pursuant to the Federal Arbitration Act, 9 U.S.C. §1, et seq. (“FAA”), and the parties agree that the FAA preempts any state law restrictions (including the site of the arbitration) on the arbitrability of any cause of action or enforcement of the arbitration clause in this Agreement. The parties agree to waive any right to disclaim or contest this pre-dispute arbitration agreement.

16.7 Injunctive Relief

Notwithstanding Section 16.6, we will be entitled to injunctive relief or other equitable remedies in any court of competent jurisdiction to protect the Marks, the System, Confidential Information or other intellectual property rights, or to assert our rights under the non-compete provisions in this Agreement without posting bond or other security and without showing any actual damage. We will also be entitled to recovery of reasonable attorneys' fees and other expenses and costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrators.

16.8 Attorneys' Fees

You agree to reimburse us for all costs, fees and expenses we reasonably incur (including attorneys' fees) to enforce the terms of this Agreement or any obligation owed to us by you or in the defense of any claim you assert against us on which we substantially prevail in court, arbitration, or other formal legal proceedings.

16.9 General Waivers.

No waiver by us or you of any provision of this Agreement will be binding unless it is in writing and signed by the party purporting to grant the waiver. No failure by either us or you, at any time, or from time to time, to enforce the strict keeping and performance of any term or condition of this Agreement, nor any action or course of dealing or performance by either party not consistent with the terms and conditions of this Agreement, will constitute a waiver of any such term or condition, or any other term or condition, at any future time, and will not prevent such party from insisting on the strict keeping and performance of such terms and conditions, and all other terms and conditions, at the same and all later times.

16.10 Waiver of Certain Types of Damages

WE AND YOU AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE, SPECIAL, CONSEQUENTIAL OR EXEMPLARARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN YOU AND US, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH PARTY WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES WE OR YOU SUSTAINED.

16.11 WAIVER OF JURY TRIAL

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US AGAINST THE OTHER. ANY AND ALL

CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF YOU AND US, OR YOUR OPERATION OF THE FRANCHISED BUSINESS, BROUGHT BY EITHER PARTY HERETO AGAINST THE OTHER, WHETHER IN ARBITRATION, OR A LEGAL ACTION, SHALL BE COMMENCED WITHIN 1 YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE BARRED.

Initials: _____

Initials: _____

The above Section must be initialed by all Principal Owners signing this Agreement

16.12 Notices

All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be delivered by hand, sent by a recognized overnight delivery service or by registered U.S. Mail, or by other means which provides the sender with evidence of delivery, or of rejected delivery, and addressed to the party to be notified at the address stated herein or at such other address as may have been designated in writing to the other party. Any notice by a means which provides the sender with evidence of delivery, or rejected delivery, will be deemed to have been given at the date and time of receipt or rejected delivery.

16.13 Force Majeure

If you fail to perform any obligation under this Agreement due to a Force Majeure event (acts of God, strikes, lockouts or other industrial disturbances, war, riot, pandemics, epidemics, acts of terrorism, fire or other catastrophe or other forces beyond your control; provided, however, that Force Majeure shall not include your lack of financing), such failure will not be deemed a breach of this Agreement, provided such party uses reasonable best efforts to perform such obligations as soon as possible under the circumstances and, when applicable, the Indemnitees continue to be indemnified and held harmless by you, pursuant to Article 12.

16.14 Warranty Disclaimer

We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party in connection with this Agreement.

16.15 Choice of Law and Forum

With respect to any claims, controversies or disputes which are not finally resolved through informal discussion or arbitration, or as otherwise provided above, you and the Principal Owners hereby irrevocably submit yourselves to the jurisdiction of the state courts and the Federal District Court nearest to our headquarters. You and the Principal Owners hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and the Principal Owners hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by South Carolina or federal law. You and the Principal Owners further agree that venue for any proceeding relating to or arising out of this Agreement shall be the county and state where we maintain our headquarters; provided, however, with respect to any action for monies owed, injunctive or other extraordinary relief or involving possession or disposition of, or other relief relating to, real property, we may bring such action in any state or federal court which has jurisdiction.

Except as provided elsewhere in this Agreement and except to the extent governed by the United States Trademark Act and other federal laws, the parties agree that this Agreement (including any claims, counterclaims, or otherwise by you) and all other matters concerning the parties will be governed by, and construed and enforced in accordance with, the laws of the state where we maintain our headquarters.

You, the Principal Owners, and we acknowledge that our agreement regarding applicable state law and forum provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. You, the Principal Owners, and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

16.16 Severability

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

term or provision as similar as possible to that which was severed, which shall be valid and not contrary to or in conflict with any law or regulation.

16.17 Survival

Any obligation of you that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of you or the Principal Owners therein, including but not limited to those obligations set forth in Sections 4.3, 4.4, 4.6, 4.7, and 4.8; Article 7; Section 9.4; Article 10; Sections 11.2 and 11.4; Articles 12 and 13; Section 14.3 and 14.4; and Articles 15,16, and 17 shall be deemed to survive such termination, expiration, or transfer.

16.18 Binding Effect

This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs, and legal representatives of the parties hereto. Except as other provided for in this Agreement, this Agreement is not intended and will not be deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

ARTICLE 17

YOUR REPRESENTATIONS AND ACKNOWLEDGEMENTS

17.1 Your Representations

You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement all of the following representation are true and accurate.

- (i) If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then 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 are in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Shoppe.
- (ii) If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver, consummate, and perform this Agreement, and it will be binding upon you and your successors and assigns when executed.
- (iii) 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 have furnished to us before the execution of this Agreement.
- (iv) 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 or principals (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.

(v) Neither you nor any of your Principal Owners are a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

(vi) 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.

17.2 Your Acknowledgements

You acknowledge the truthfulness of the statements contained in Attachment 5 hereto. Your acknowledgments are an inducement for us to enter into this Agreement. You shall immediately notify us, prior to acknowledgment, if any statement in Attachment 5 is incomplete or incorrect.

Each of the Parties hereto has caused this Agreement to be executed by its duly authorized representative as of the Effective Date.

[Signature page to follow]

FRANCHISEE:

FRANCHISOR:

PRINCIPAL OWNERS

BUTCHER SHOPPE FRANCHISING,
LLC.

By:
Name: _____
Title: **Franchisee & Owner Operator**

By:
Name: **James Tindal**
Title: **CEO**

Attachment 1 to The New York Butcher Shoppe® Franchise Agreement

DESIGNATED TERRITORY AND SHOPPE SITE

DESIGNATED TERRITORY

Pursuant to Subsection 2.2.1 of the Franchise Agreement, the Designated Territory which Developer may locate New York Butcher Shoppes shall be:

SHOPPE SITE

Pursuant to Subsection 5.2.1 of the Franchise Agreement, the Shoppe shall be located at the following site:

Location: _____

*If Shoppe's site is not approved at the time of execution of this Agreement, then parties agree to write in the site on the line above when the Shoppe's site is approved. At such time, each party will initial below and retain a copy of the new Attachment 1 which shall replace the original Attachment 1.

Franchisee Initials: _____

Franchisor Initials: _____

AMERICANS WITH DISABILITIES ACT CERTIFICATION

In accordance with Subsection 5.1.2 of the Franchise Agreement, Franchisee certifies to Franchisor that, to the best of Franchisee's knowledge, the Shoppe and its adjacent areas comply with all applicable federal, state, and local accessibility laws, statutes, codes, rules, regulations and standards, including, but not limited to, the Americans with Disabilities Act ("ADA") and similar any state or local ordinances. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisee does not constitute ownership, control, leasing, or operation of the Restaurant by Franchisor. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee acknowledges its obligation under the Franchise Agreement to indemnify Franchisor and its Affiliates, officers, directors, and employees in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the Indemnatee(s) as a result of any matters associated with Franchisee's compliance with the ADA or any other similar state or local ordinance, as well as the costs, including attorneys' fees, related to the same.

[Signature page to follow]

FRANCHISEE:

PRINCIPAL OWNERS

By:
Name: _____
Title: **Franchisee & Owner Operator**

FRANCHISOR:

BUTCHER SHOPPE FRANCHISING,
LLC.

By:
Name: **James Tindal**
Title: **CEO**

Attachment 2 to The New York Butcher Shoppe® Franchise Agreement

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISE/ENTITY

Name

Percentage of Ownership

% Amount

Attachment 3 to The New York Butcher Shoppe® Franchise Agreement

ELECTRONIC FUNDS TRANSFER OF FUNDS

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO NEW YORK BUTCHER SHOPPES INC. (“COMPANY”)

I/we hereby authorize Butcher Shoppe Franchising, LLC (the “Company”), to initiate debit and credit entries to my/our (check one)

- ☐ Checking Account
- ☐ Savings Account

at the depository financial institution identified below, drawn by and payable to the order of Company by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

I/ we agrees that the Depository’s rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by me/us. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

The Company will draw Royalty and Advertising Fees on or about Tuesday of each week for the Fees due from the previous week, per the schedule in the Franchise Agreement. The Company may also draw occasional fees, reimbursements, or other costs due to the Company under the Franchise Agreement.

Account Information

Bank / Depository Name _____

Bank / Depository Address _____

Routing Number _____

Account Number _____

Names on the Account _____

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

This authority is to remain in full force and effect until Company receives written notification from me (or either of us) of its termination in such time and in such manner to afford Company and Depository a responsible opportunity to act on such request.

NAME (S) Please Print

SIGNATURE_____ DATE_____

SIGNATURE_____ DATE_____

Phone Number _____

Attachment 4 to The New York Butcher Shoppe® Franchise Agreement

FRANCHISEE ACKNOWLEDGMENT STATEMENT

You hereby acknowledge the following:

You have conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Shoppe. You further acknowledge that, except as may be set forth in our Franchise Disclosure Document, no representations of performance (financial or otherwise) for the Shoppe provided for in this Agreement has been made to you by us and you and any and all Principal Owners hereby waive any claim against us for any business failure you may experience as a franchisee under this Agreement.

Initial

You have conducted an independent investigation of the business contemplated by this Agreement and understand and acknowledge that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of you and your efforts as an independent business operation.

Initial

You agree that no claims of success or failure have been made to you prior to signing the Franchise Agreement and that you understand all the terms and conditions of the Franchise Agreement. You further acknowledge that the Franchise Agreement contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

You have no knowledge of any representations by us or our officers, directors, shareholders, employees, sales representatives, or agents about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement, the documents incorporated herein, or our Franchise Disclosure Document. You acknowledge that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. You represent, as an inducement to our entry into this Agreement, that you have made no misrepresentations in obtaining the Franchise Agreement.

Initial

You expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

You acknowledge that our approval or acceptance of your Shoppe's location does not constitute a warranty, recommendation, or endorsement of the location for the Shoppe, nor any assurance by us that the operation of the Shoppe at the premises will be successful or profitable.

Initial

You acknowledge that you have received the Butcher Shoppe Franchising, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. You further acknowledge that you have read such Franchise Disclosure Document and understand its contents.

Initial

You acknowledge that you have had ample opportunity to consult with your own attorneys, accountants, and other advisors and that the attorneys for us have not advised or represented you with respect to the Franchise Disclosure Document, Franchise Agreement, or the relationship thereby created.

Initial

You, together with your advisers, have sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

You are aware of the fact that other present or future franchisees of ours may operate under different forms of agreement(s), and consequently that our obligations and rights with respect to our various franchisees may differ materially in certain circumstances.

Initial

It is recognized by the parties that we are also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that we do not warrant that such products will not be sold within your Designated Territory by others who may have purchased such products from us.

Initial

You acknowledge that you are required to resolve disputes with us by arbitration and/or litigation only in South Carolina. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in South Carolina than in your own state.

Initial

WAIVER OF JURY TRIAL: YOU ACKNOWLEDGE THAT BY SIGNING THE FRANCHISE AGREEMENT YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US AGAINST THE OTHER.

Initial

BY EXECUTING THE FRANCHISE AGREEMENT, YOU AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF YOUR AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE BUTCHER SHOPPE FRANCHISING, LLC AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS, OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

Initial

Acknowledged this day of _____.

By:

Name:

Title: **Franchisee & Owner Operator**

EXHIBIT C to the Butcher Shoppe Franchising, LLC. Franchise Disclosure Document

MULTI-UNIT DEVELOPMENT AGREEMENT

BSF LLC. Multi-Unit Development Agreement No.: _____

THE NEW YORK BUTCHER SHOPPE ®
MULTI-UNIT DEVELOPMENT AGREEMENT

DEVELOPER

DATE OF AGREEMENT

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ATTACHMENTS

1. Minimum Performance Schedule
2. Development Area
3. Developer Acknowledgment Statement

THE NEW YORK BUTCHER SHOPPE®
MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (“Agreement”) is made and entered into this _____ day of _____, 20____ (“Effective Date”), by and between Butcher Shoppe Franchising, LLC., a South Carolina limited liability company, with its principal address at 2131 Woodruff Road, Suite 2100 #128, Greenville, South Carolina 29607 (“Franchisor”, “we”, “us”, or “our”) and _____, a corporation formed and operating under the laws of the State of _____, or _____, an individual, with a principal place of business at _____ (“Developer”, “you”, or “your”).

RECITALS

- A. We, as the result of the expenditure of time, effort, and money, have developed, purchased, and own a unique system (hereinafter “System”) relating to the development and operation of stores offering gourmet foods including hand-cut fresh meat, wines, specialty grocery items, prepared foods and services including catering to the general public and individual consumers.
- B. The System includes, without limitation, a confidential Operations Manual, special marketing and advertising materials, and methods, standards, specifications and procedures for operations, training, and assistance, all of which may be improved, further developed or changed by us from time to time.
- C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as “Marks”).
- D. We own the New York Butcher Shoppe® trademark, and other trademarks and service marks used in operating the System.
- E. We have granted qualified developers, whom we approve, certain Development Rights (defined below), and intend to continue granting Development Rights to qualified and approved developers.
- F. The term “Developer”, “you” and “your” as used herein is applicable to one or more persons, a corporation, limited liability company or a partnership, as the case may be, and the singular usage includes the plural, and the masculine and neuter usages include the other and the feminine.
- G. You desire to obtain certain Development Rights to open and operate Shoppes operating under the Marks and the System within the Development Area defined and described in this Agreement.
- H. You confirm that you have read this Agreement, and our franchise disclosure document, including the current franchise agreement, and had an adequate opportunity to independently investigate this opportunity to obtain Development Rights and to seek and receive legal and accounting advice to clarify any provisions that you did not understand prior to the execution of this Agreement. You accept the terms, conditions, and covenants

contained in this Agreement as being reasonably necessary to protect and preserve the goodwill of the brand and Marks.

- I. You applied for the right and obligation to obtain certain Development Rights and such application's approval by us relied upon all your representations being true, correct, and complete.
- J. You understand the success or failure of your franchise development will depend in large part upon your skills, abilities and efforts and those of the individuals you employ and other professionals you engage, as well as many factors beyond your control such as weather, competition, demographic patterns, consumer trends, interest rates, economic and market conditions, government policies, local laws, rules and regulations, legal claims, inflation, labor costs, lease terms and other factors which may be difficult to anticipate, identify or assess.
- K. You agree that the information in these Recitals is true and correct, and we are relying on it.

AGREEMENT

NOW, THEREFORE, acknowledging and agreeing to the Recitals set forth above, which are incorporated into this Agreement, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, further agree as follows:

ARTICLE 1 **DEFINITIONS**

- A. "Affiliates" refers to any entity, which directly or indirectly controls or is controlled by another entity that
 - (i) owns, directly or indirectly, at least 50 percent of the capital of the other entity, or
 - (ii) in the absence of such ownership interest, has substantial decision-making power of such company or entity.
- B. "Approved Suppliers" refers to the suppliers identified in our Operations Manual, which may change from time to time, and from which you may be required to purchase of some or all Products, ingredients, suppliers, services, and equipment that you use in the development and operation of your Shoppes.
- C. "Confidential Information" refers to the methods, techniques, formats, recipes, specifications, marketing and promotional procedures, systems, and Operations Manual, which serve in the operation and franchising of a Shoppe as the information we communicate and provide to you or is otherwise acquired in the operation of the Shoppe under the System. This does not include information, processes, or techniques which are generally known to the public other than through deliberate or inadvertent disclosure by you.
- D. "Development Rights" refers to the rights we grant to you under this Agreement to establish and continuously operate franchised Shoppes.

- E. "Development Area" refers to the area, as described in Attachment 2 of this Agreement, where you will develop your Shoppes.
- F. "Franchise Agreement" refers to Franchise Agreement(s) you will execute in connection with each Shoppe developed under this Agreement.
- G. "Initial Franchise Fee" refers to the fee you will pay to us upon execution of each Franchise Agreement for each Shoppe you develop under this Agreement. Currently the Initial Franchise Fees are \$35,000-\$40,000 depending on the type of Shoppe(s) you develop and open.
- H. "Marks" refers to the New York Butcher Shoppe® trademark, service mark, and other trademarks, service marks, domain names, logos, slogans, and commercial symbols that we have designated, or may in the future designate, for use in the System.
- I. "Minimum Performance Schedule" refers to the development schedule set forth in Attachment 1 under which you must abide by.
- J. "Principal Owner" refers to any individual that directly or indirectly owns 20% or greater interest in the entity, such as the corporation or limited liability company, that enters into this Agreement or to which this Agreement is assigned.
- K. "Operations Manual" refers to the collection of confidential and proprietary information you will be given, which includes information concerning BSI recipes, policies, standards of operation, and other resources regarding the general operations of your Shoppes. We have the right to amend, update or change the materials found within the Operations Manual at our discretion and provide the amended and updated Operations Manual to you.
- L. "Products" refers to gourmet foods including hand-cut fresh meat, wines, specialty grocery items and prepared food and beverage products that we may identify on the authorized product list, as we periodically may modify, or as we otherwise approve for sale in the Shoppes.
- M. "Shoppe" or "Shoppes", if plural, refers to the New York Butcher Shoppe franchise sites you will open under this Agreement. The "First Shoppe" refers to the first Shoppe you will open under this Agreement, an "Additional Shoppes" refers to the subsequent Shoppes you will open under this Agreement.
- N. "Site Selection" refers to the process of selecting and obtaining our approval of a site for each of your Shoppes as set forth in their respective Franchise Agreements.
- O. "System" refers to the New York Butcher Shoppe business system, which includes the Products for the general public and individual consumers under the Marks, using certain distinctive types of retail facilities, equipment, supplies, Confidential Information, business techniques, methods and procedures, advertising, marketing and sales promotion programs, as we periodically may modify, amend, and further improve.

ARTICLE 2

GRANT OF DEVELOPMENT RIGHTS AND DEVELOPMENT AREA

2.1 Grant of Development Rights

Subject to the provisions of this Agreement and for the Term (defined below) of this Agreement, we hereby grant to you, the Developer, the Development Rights to establish

and continuously operate each Shoppe by executing separate Franchise Agreements and opening each Shoppe within the Development Area as provided in Attachment 2 and as required by the Minimum Performance Schedule. The Development Area may not be altered unless we and you mutually agree to a written amendment.

Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, any Shoppes in the Development Area during the Term of this Agreement, provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Articles 5 and 6 of this Agreement and the Minimum Performance Schedule, and you are in full compliance with all of your obligations under all Franchise Agreements with us. This Agreement is not a Franchise Agreement and does not grant to you any right to use the Marks or System. This Agreement does not grant to you any right to franchise the Marks or System to others.

The Development Rights are personal to you and cannot be sold, assigned, transferred, or encumbered, in whole or in part. Except as provided in Article 7.

2.2 Franchise Agreements

2.2.1 Individual Franchise Agreements. Each Shoppe shall be established and operated pursuant to an executed Franchise Agreement, to be entered into between you and. In addition to fully executing a Franchise Agreement, you must pay any upfront fee as required under the terms of that Franchise Agreement and pay all amounts owed to us to date under any Franchise Agreement(s) or any other agreements between you and us or you and our Affiliate(s).

You shall execute the Franchise Agreement for the First Shoppe at the same time as you execute this Agreement.

2.2.2 Common Ownership. You must own at least 51% of any entity entering into any Franchise Agreement entered into pursuant to this Agreement. You may use a newly formed entity, such as a limited liability company, corporation, or partnership for the sole purpose of entering into each Franchise Agreement and operating the relevant Shoppe, provided that you shall also personally sign such Franchise Agreement as a Principal Owner.

2.3 Our Services

We may choose to provide, at our expense, the following services:

- (i) Review of your proposed development of the Development Area for conformity to our standards and criteria for subsequent selection and acquisition of Shoppes to be developed; and
- (ii) Such other resources and assistance as may hereafter be developed and offered by us to our other multi-unit developers.

2.4 Our Reserved Rights

You and our respective rights in the Development Area are subject to the terms of this Agreement and your Franchise Agreement(s). Any rights not expressly granted to you in this Agreement or your Franchise Agreement are expressly reserved by us and our Affiliates. We are expressly permitted to, and expressly reserve the right to:

5. enter into Multi-Unit Development Agreements with other developers for areas outside the Development Area, which may contain terms or standards that differ from this Agreement and which we are not required to disclose to you.
6. own and/or operate ourselves, and/or authorize others to own and/or operate:
 - a. any kind of internet or mail order business selling to customers located anywhere, including within the Development Area, whether or not using the Marks and the System; and
 - b. any kind of business outside of the Development Area selling to customers located anywhere, including within the Development Area, whether or not using the Marks and the System.
7. continue to construct and operate other Shoppes and to use the System and the Marks at any location outside the Development Area, and to license others to do so.
8. develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using the System or the Marks, and award franchises and Development Rights under these other concepts for locations anywhere or operate units or channels of distribution owned by us or any Affiliate under these other concepts for locations anywhere, selling to customers located anywhere.
9. develop, use, and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights not designated by us as Marks for use with different franchise systems for the sale of the different products or services not in connection with the System at any location, on such terms and conditions as we may deem advisable and without granting you any rights therein.
10. acquire, be acquired by, merge, combine with or engage in any transaction with other businesses (whether franchised or not; competitive or not), located anywhere and selling to customers located anywhere. These transactions may include arrangements involving competing outlets and brand conversions (to or from the Marks and the System). These transactions are expressly permitted, and you must participate at your expense in any conversion.
11. develop, market, and sell the New York Butcher Shoppe® branded or any other branded products and services, whether or not competitive or proprietary, to the public through alternative distribution channels outside or inside of the Development Area and to use the Marks in connection therewith.

ARTICLE 3
TERM AND RENEWAL

3.1 Term

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall commence on the Effective Date and expire on the date the last Shoppe is opened pursuant to the Minimum Performance Schedule established in Attachment 1 (the “Term”).

3.2 Renewal

This Agreement shall not be subject to renewal. However, if you wish to purchase a new Development Area and continue to develop Shoppes and are not in default of any of the terms of this Agreement within 24 months prior to its expiration, we will, in good faith, negotiate a new Multi-Unit Development Agreement with you.

ARTICLE 4
DEVELOPMENT FEE; INITIAL FRANCHISE FEE

4.1 Development Fee

When you sign this Agreement, you will pay us a development fee (“Development Fee”), in the amount equal to the relevant Initial Franchise Fee for the First Shoppe to be developed hereunder, plus a \$10,000 deposit for each Additional Shoppe to be developed hereunder. The Development Fee shall be fully earned by us upon execution of this Agreement, shall be non-refundable, and shall be for administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the Development Rights granted to you herein.

4.2 Initial Franchise Fees for Additional Shoppes

When you sign the Franchise Agreements for your Additional Shoppes you will pay the then-current Initial Franchise Fee for the type of Shoppe you are developing and opening, less the \$10,000 deposit you paid as part of the Development Fee.

The Development Fee and any other costs that may be payable to us or our Affiliates under this Agreement must be sent to our address set forth above, or such other address we designate in writing. We may require such fees and costs be paid through Electronic Funds Transfer, if such a program is available to you.

ARTICLE 5
SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

5.1 Minimum Performance Schedule

Each Shoppe identified in the Minimum Performance Schedule must be open and operating, at the latest, by the respective date in the Minimum Performance Schedule. Our consent to any site or execution of a Franchise Agreement shall not waive, extend or modify the Development Schedule. We may, in our sole discretion, grant you an extension for the development of one or more Shoppes under your Minimum Performance Schedule.

Unless this Agreement is otherwise terminated pursuant to Article 11, the Minimum Performance Schedule shall be deemed complete, and this Agreement shall expire, upon the opening of the last Shoppe to be developed hereunder or the last date in the Minimum Performance Schedule, whichever is earlier.

5.2 Number of Shoppes

To maintain your Development Rights under this Agreement, you must have open and in operation the cumulative number of Shoppes by the date required in the Minimum Performance Schedule. If one or more Shoppes close during the Term of this Agreement, you must establish and open new Shoppes to replace the closed Shoppes to maintain compliance with the Minimum Performance Schedule as follows:

- (i) You shall locate an alternative site, subject to our approval, within 240 days from the closing of the original Shoppe;
- (ii) The replacement Shoppe must be open and operating within 18 months from the closing of the original Shoppe; and
- (iii) You must otherwise maintain the Minimum Performance Schedule.

Failure to satisfy this Section 5.2 will be grounds for the loss of Development Rights and termination of this Agreement.

5.3 Site Selection for Shoppes

You shall comply with the terms of your Franchise Agreements, assume all responsibility and expense for locating potential sites for the Shoppes, and obtain our approval for the site of each Shoppe in accordance with the Site Selection process in your relevant Franchise Agreement.

5.4 Development of Shoppes

5.4.1 Responsibility for Development of Shoppes. Subject to the terms of each of your Franchise Agreements, you shall assume all responsibility, expense, costs, and liability for developing each of your Shoppes. Subject to any Approved Suppliers set forth in our Operations Manual, you are responsible for hiring all vendors to develop, construct, furnish, and otherwise complete the development of each of your Shoppes, and ensuring that such vendors complete their respective work in a manner that maintains the Minimum Performance Schedule.

5.4.2 Director of Development. You may decide to, or we may require, at our sole discretion, that you designate one individual to lead the operations associated with and the performance of the Development Rights (the “Director of Development”). The Director of Development must be a Principal Owner, unless we agree otherwise, and will serve as our primary contact during the Term of this Agreement.

5.4.3 Assumption of Risk for Changes in Costs. You acknowledge that you will be opening multiple Shoppes over an extended period of time and that the initial investments and operating capital requirements may increase over time and between the development and opening of each Shoppe. You assume all risk associated with the increase in pricing and cost to develop and open each Shoppe and you agree that you shall develop and open each Shoppe in accordance with the Minimum Performance Schedule regardless of the requirement of a greater initial investment, the financial condition or performance of any of your prior Shoppes, or any other circumstances, financial or otherwise.

5.5 Time is of the Essence; Modification of Development Area

Recognizing that time is of the essence, you agree, as a condition of the continuance of the rights granted hereunder, to develop and open Shoppes within the Development Area in accordance with the Minimum Performance Schedule, to operate such Shoppes pursuant to the terms of the Franchise Agreements and to maintain all such Shoppes in operation continuously. To the extent you request any approvals from us, we agree to provide approvals to you and if your failure to meet the Minimum Performance Schedule is solely caused by our failure to timely provide approvals, your Minimum Performance schedule may be extended only for a time period commensurate with that delay.

Failure to develop and open Shoppes in accordance with the Minimum Performance Schedule is a non-curable default under Section 11.1 of this Agreement. In the event you fail to develop and open Shoppes in accordance with the Minimum Performance Schedule, we may, in our sole discretion and as an alternative to termination under Section 11.1, unilaterally decrease the size of or otherwise modify the Development Area. Our modification of the Development Area shall not waive of our right to terminate this Agreement under Section 11.1 or any other rights or remedies available to us, at any future time, and shall not prevent us from insisting on the strict keeping and performance of Minimum Performance Schedule and all later times.

5.6 No Warranty

Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for Shoppes in the Development Area for you to meet the requirements of the Minimum Performance Schedule.

Our approval of the Development Area or a particular site within the Development Area for the Shoppe, is not a representation or warranty as to the likelihood of success of your development or any individual Shoppe. You acknowledge that we have no authority or control over, or responsibility for, the acts or omissions of any architect, contractor, materials supplier, or other persons hired by you and with whom you will have a direct legal and business relationship, even if they are designated or Approved Suppliers. You acknowledge that we advise you to have all matters related to site selection, lease negotiation, and securing and development of your Shoppes reviewed by your own independent attorney, real estate broker, architect, contractors, and other applicable professionals.

ARTICLE 6 **YOUR OBLIGATIONS**

6.1 Sole Responsibility

You have sole responsibility for the performance of all obligations arising out of this Agreement, including, but not limited to, the payment, when due, of any and all taxes levied or assessed by reason of the Development Rights or the operation of any Shoppes.

In all public records, in your relationship with other persons, and in any documents, you shall indicate clearly that the ownership of the operations of under this Agreement and any Shoppes are independent and separate and distinct from our operation as the franchisor.

6.2 Confidential Information

You shall not, during the Term of this Agreement or after its termination or expiration, communicate or divulge to any other person, persons, partnership or corporation, or use for the benefit of itself or any other person, persons, partnership, association or corporation, any Confidential Information, knowledge or know-how concerning the methods of operation, promotion, or contracts used in performing the Development Rights; nor shall you disclose or divulge or use in whole or in part, any trade secrets, manufacturers or private processes of ours or our Affiliates. In addition to any other rights or remedies we have under this Agreement, if you violate this Section 6.2 and use the Confidential Information in any way not explicitly allowed under the terms of this Agreement, you shall be required to pay damages to us equal to 2 times your Development Fee.

6.3 Insurance

You agree that your failure to obtain and maintain insurance policies that name us, our successors and assigns, and Affiliates, as well as any other additional insureds specified in the Operations Manual and provide proof of such policies, as required by your Franchise Agreements, shall be a default under this Agreement. We reserve the right to modify the foregoing provision, including requiring a separate policy or additional coverage in connection with the Development Rights.

6.4 Compliance with Applicable Law

You agree that your failure to obtain and maintain throughout the Term of this Agreement all required, licenses, permits, and certificates relating to the development, opening, and operation of your Shoppes shall be a default under the terms of this Agreement. You further agree that your failure to develop your Shoppes in full compliance with all applicable federal, state, and local laws, ordinances, and regulations, including all labor and employment laws, health and safety, nutrition and allergen, environmental and sanitation regulations, and obtaining all required permits, licenses, and insurance for the construction and operation of your Shoppes shall be a default under the terms of this Agreement. You further agree that your failure to comply, and to assist us to the fullest extent possible in our efforts to comply, with laws enacted by the U.S. Government, including but not limited to the USA PATRIOT Act or Executive Order 13324 shall result in the immediate termination of this Agreement. You acknowledge that you and if you are a corporation or limited liability company, your Principal Owner(s), are not now nor have you ever been a suspected terrorist or otherwise associated directly or indirectly with terrorist activity.

ARTICLE 7 TRANSFER OF INTEREST

7.1 Transfer by Us

We may freely transfer or assign our rights and obligations under this Agreement to any person, corporation, or other entity. The transfer or assignment will be binding upon and will inure to the benefit of our successors and assigns. You acknowledge and agree that, following the effective date of any such assignment, you will look solely to the transferee or assignee, and not to us, for the performance of all obligations under this Agreement.

7.2 Transfer by You

You have represented to us that you are entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder. You understand that we have granted the Development

Rights under this Agreement in reliance upon your individual or collective character, aptitude, attitude, business ability, and financial capacity. Therefore, this Agreement is personal to you (and your Principal Owners) will not transfer (whether voluntary or involuntary), assign, otherwise dispose of—in one or a series of transactions, nor encumber this Agreement, the Development Rights, or any other interest hereunder, nor suffer or permit any such assignment, transfer, or encumbrance to occur directly, indirectly, or contingently by agreement or by operation of law without our prior written consent. You understand that this Agreement may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered.

Consent to transfer your Development Rights under this Agreement will be at our sole discretion and determined on a case-by-case basis.

Except as provided for in this Article, the assignment or transfer of any interest shall be null and void and constitute a material default of this Agreement.

7.3 Your Death or Disability

If you or any Principal Owner with a greater than 50% interest in the corporation or limited liability company dies or becomes permanently disabled, the executor, administrator, other personal representative (if you are individual(s)), or the remaining Principal Owners (if a corporation or limited liability company), must, within 30 days, apply to us, in writing, for consent to transfer the deceased's interest in the Development Rights. We may, but are not required, to manage any pending development until the transfer is completed. The transfer must be completed within 180 days from the date of our approval of the transfer. If the remaining Principal Owners or the executor, administrator, other personal representative, as the case may be, fail to dispose of the interest within 180 days, we may terminate this Agreement or the interest may revert to us, in our sole discretion.

If you have a Director of Development, and the Director of Development dies or is permanently disabled, you or your executor, administrator, other personal representative, or the remaining Principal Owners must identify a new Director of Development, subject to our approval, within 30 days from the date of death or permanent disability. If you do not appoint a new Director of Development suitable to us within 30 days, we may, but are not required to immediately appoint a Director of Development to maintain development of the Shoppe or Shoppes, as applicable, in accordance with the Minimum Performance Schedule, on your behalf and at your expense. Our appointment of a Director of Development does not relieve you, the remaining Principal Owners or the executor, administrator, other personal representative, as the case may be, of the obligations of this Agreement; we will not be responsible for any debts, losses, costs or expenses incurred in connection with performing the Development Rights, or to any creditor of the Developer.

7.4 Corporation or Limited Liability Company Ownership

If you sign this Agreement as an individual, you may assign this Agreement to a corporation or a limited liability company that conducts no business other than obtaining the Development Rights and executing the obligations set forth under this Agreement, if you meet the following requirements:

- (i) you own more than 50% in the corporation or limited liability company;
- (ii) you and all Principal Owners of the corporation or limited liability company sign a Personal Guarantee we provide;
- (iii) you provide us 15 days' written notice before the proposed date of assignment of this Agreement to the corporation or limited liability company; and
- (iv) you provide to us a copy of the articles of incorporation, operating agreement, organizational documents, and a list of all shareholders or members having beneficial ownership, reflecting their respective interest in the corporation or limited liability company in a form acceptable to us. Any person or entity that at any time after the date of this Agreement becomes a Principal Owner of yours under the provisions of this Section or otherwise will, as a condition of becoming a Principal Owner, sign the Guarantee Agreement.

7.5 No Waiver

Our consent to a transfer of any interest or of any of the Development Rights pursuant to this Section 7.5 shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee.

ARTICLE 8 RELATIONSHIP OF THE PARTIES

8.1 Independent Contractors

We and you are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer, or employee of the other. Neither party will independently obligate the other to any third parties or represent any right to do so.

During the Term, you shall hold yourself out to the public as an independent contractor conducting your operations pursuant to the rights granted by us. You agree to take such action as shall be reasonably necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on any construction zone or once complete, any Shoppe as prescribed in your Franchise Agreement. We reserve the right to specify in writing the content and form of such notice.

You agree that you alone are to 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 claim otherwise, that the various restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations associated with your Development Rights and satisfaction of the Minimum Performance Schedule, which you alone control.

8.2 No Fiduciary Relationship

This Agreement does not create a fiduciary relationship or a relationship of special trust or confidence. You must conspicuously identify yourself in all dealings with customers, lessors, contractors, suppliers, public officials, and others as the owner of the Shoppe under a franchise agreement from us and must place other notices of independent ownership on signs, forms, stationery, advertising, and other materials as we require.

8.3 Sole Employer of Your Employees

8.3.1 Sole Employer. To the extent you hire any employees to help satisfy your obligations under this Agreement, you affirm, attest, and covenant that your employees are:

- (i) employed exclusively by you and not employed, jointly employed or co-employed by us; and
- (ii) are under your exclusive dominion and control and not under our direct or indirect control.

8.3.2 Employment Decisions. You are solely responsible for:

- (i) hiring each of your employees; setting their schedules; establishing their compensation rates; and paying all salaries, benefits and employment-related liabilities (including but not limited to workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums);
- (ii) disciplining or terminating your employees to the exclusion of us; and
- (iii) staffing the Shoppe with as many employees as you determine is appropriate as long as our minimal staffing levels are achieved.

8.3.3 Recommendations Only. You also affirm, attest and covenant that any recommendations you may receive from us regarding employment practices are recommendations only, designed to assist you to efficiently develop your Shoppes, and that you may disregard our recommendations

8.3.4 Employment Claims. You shall not assert that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting,

8.3.5 Defense of Claims. You agree to assist us in defending any such allegations, including (if necessary) appearing at any venue requested by us to testify on our behalf.

8.4 You are Not Authorized

You understand and agree that nothing in this Agreement authorizes you or any Principal Owner to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name or the Marks, and that we shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of the Principal Owners or any claim or judgment arising therefrom.

ARTICLE 9 **INDEMNIFICATION**

9.1 Notification of Action or Claim

You shall notify and deliver to us, in writing within 5 business days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect us, our Affiliates, or our intellectual property, including the Marks.

9.2 Indemnification by You

You and each Principal Owner (the “Indemnitors”) agree to indemnify and hold us and our subsidiaries, Affiliates, stockholders, members, directors, officers, and employees, (each an “Indemnatee” or if plural, “Indemnitees”) harmless against, and to reimburse Indemnitees for, any loss, liability or damages arising out of or relating to your development of Shoppes under this Agreement, and all reasonable costs of defending any claim brought against Indemnitees or any action in which any Indemnatee is named as a party (including reasonable attorneys’ fees) unless the loss, liability, damage or cost is solely due to that Indemnatee’s breach of this Agreement, gross negligence or willful misconduct. Indemnitors must pay all losses, liability, or damages Indemnitees incur pursuant to Indemnitors’ obligations of indemnity under this Section 9.2 regardless of any settlement, actions, or defense Indemnitees undertake or the subsequent success or failure of any settlement, actions, or defense. The obligations in this Section 9.2 apply to all claims even if they are not covered or exceed the limits of Indemnitors’ insurance coverage.

9.3 We May Settle

We or any other Indemnatee may, at our option, designate counsel, at Indemnitors’ expense, to defend or settle such action, proceeding, demand or investigation brought against Indemnitors or arising or relating to this Agreement. In order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we or any Indemnatee may, at any time and without notice, as we or any Indemnatee in our reasonable judgment deem appropriate, consent or agree to settlements or take such other remedial or

corrective action as we or any Indemnitee deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation.

9.4 Losses and Expenses

All losses and expenses incurred under this Article shall be chargeable to and paid by you or any of the Principal Owners as Indemnitors, pursuant to your obligations of indemnity, regardless of any subsequent success or failure of any actions, activity, or defense taken by us or the other Indemnitees. The phrase “losses and expenses” refers to, without limitation, all losses, compensatory, exemplary, or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys’ fees, court costs, settlement amounts, and judgments.

9.5 Survival of Terms

Notwithstanding the expiration or termination of this Agreement for any reason, the indemnities and assumptions of liabilities and obligations to be performed and observed by Indemnitors and Indemnitees continue in full force and effect and survive the expiration or termination of this Agreement.

ARTICLE 10 **COVENANTS**

10.1 Scope of Covenants

The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any non-appealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 10.

You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants within this section.

10.2 In-Term and Post-Term Non-Compete

You specifically acknowledge that, pursuant to this Agreement, you will receive valuable confidential information relating to the development of Shoppes in the Development Area. Therefore, you and your Principal Owners shall execute the Personal Guarantee, Non-Disclosure, and Non-Compete Agreement and further covenant that during the Term of this Agreement and for a period of 2 years after the termination or expiration of this Agreement, you and your Principal Owners shall not, either directly or indirectly, for each of you or on behalf of or in conjunction with any other person, persons, partnership, limited liability company or corporation, own, purchase, lend money to, lease or sublease to, maintain, engage in, sell or agree to sell all or a majority of the assets to, or participate in the development or operation of any other Competitive Business within 15 miles of any Shoppe. A "Competitive Business" is any business that sells gourmet foods including meats (either pre-packaged or freshly sliced), wines, specialty grocery products, or pre-packaged food similar or substantially similar to the Products. You shall fully comply with the non-compete provisions in any Franchise Agreement and your default of the non-compete provisions of any Franchise Agreement shall be a material default of this Agreement.

In addition to any other rights or remedies we have under this Agreement or any individual Franchise Agreement, if you violate this Section, you will pay us an additional sum of \$250,000, as a good faith estimate of our damages.

You also acknowledge and agree that if you or any of your Principal Owners violate the foregoing Non-competition Covenant following expiration or termination of this Agreement, then the prohibition period shall be extended until 2 years from the date you or the offending Principal Owner ceases all activities that violate this Non-competition Covenant.

10.3 Non-solicitation

You and your Principal Owners covenant that during the term of this Agreement and for a period of 1 year thereafter, regardless of the cause of termination, you and they shall not:

- (i) divert, or attempt to divert, any business or any customers serviced by us or customers of yours to any other establishment, by direct or indirect inducement or otherwise; or
- (ii) employ or seek to employ any person employed by us, or otherwise directly or indirectly induce such persons to leave their employment without our prior written consent.

ARTICLE 11 **TERMINATION**

11.1 Automatic Termination – No Right to Cure

The following grounds provide us with the right, at our discretion, to terminate this Agreement without prior notice to you. You will be in default of this Agreement, and the Agreement will terminate without notice or the ability to cure if any of the following occurs.

- (i) You, in any respect, fail to meet the Minimum Performance Schedule.
- (ii) You attempt to sell, assign, transfer, or encumber this Agreement at any point during the Term.
- (iii) You make, or have made, any material misrepresentation to us in connection with obtaining this Agreement, or any Franchise Agreement.
- (iv) You default in the performance of any obligation under any Franchise Agreement with us, provided such default results in the termination of the Franchise Agreement.
- (v) You violate any law, ordinance, rule, or regulation of a governmental agency in connection with the Development Rights in this Agreement or operation of any Shoppe and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.
- (vi) Prior to signing this Agreement or during its Term, you or any Principal Owner were/are convicted of a felony or other crime that damages our goodwill.
- (vii) You become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the business shall be sold after levy thereupon by any sheriff, marshal, or constable.
- (viii) If you or any of your Affiliates close or cease to own and operate any of the Shoppes developed pursuant to the terms of this Agreement.
- (ix) You (if a corporate entity) are dissolved.
- (x) You disclose our Confidential Information.
- (xi) You fail to comply with restrictive covenants, including the Non-Competition and Non-Solicitation covenants.
- (xii) You commit any act which materially impairs the goodwill associated with our trademark, trade name, service marks, logos, or other commercial symbols.

- (xiii) You use our Marks in any unauthorized manner, including registering or attempting to register another trademark, service mark or domain name that is similar to our Marks.
- (xiv) You fail to comply or assist us to in our efforts to comply, with any law enacted by the U.S. Government, including but not limited to the USA PATRIOT Act or Executive Order 13324.
- (xv) A government agency issues a notice and thereafter determines that you have violated any health and safety law or regulations.

11.2 Notice of Default – 30 Days to Cure

We may also terminate for any default of your obligations listed below that you fail to cure within the specified period of time. Except for the defaults listed in the foregoing section, which cannot be cured and results in immediate termination of this Agreement, we shall terminate this Agreement by giving written notice of default 30 days prior to the effective date of the termination (“Notice of Termination”).

- (i) You fail to indemnify us or our Affiliates as required by this Agreement or any of your Franchise Agreements.
- (ii) You fail to make payment of any fees due to us, our Affiliates, suppliers, or others associated with the development or operation of any of your Shoppes as they come due under this Agreement or any of your Franchise Agreements.
- (iii) You begin development of any Shoppe at any site without satisfying the Site Selection process.
- (iv) You fail to obtain our prior written approval or consent, where required by this Agreement or your Franchise Agreement.
- (v) You default in the performance of any other obligation under this Agreement or any of your Franchise Agreements.
- (vi) You open any Shoppe for business before a Franchise Agreement for such Shoppe has been fully executed and the initial franchise fee due for such Shoppe has been paid.
- (vii) You develop or attempt to develop any Shoppe outside of your Development Area.

If any such default is not cured after notice, this Agreement shall terminate without further notice to you, effective immediately upon the expiration of the 30-day period contained in the Notice of Termination or such longer period as applicable law may require.

11.3 Our Right to Discontinue Services to You

If we deliver to you a Notice of Termination and you fail to cure the default prior to said effective date contained in the Notice of Termination, we have the right to discontinue our performance of any obligations under this Agreement, including providing you with the use of our System until you have, to our reasonable satisfaction, cured the default.

11.4 Rights Cumulative

Termination of the Agreement is in addition to all of our other remedies and rights under applicable law or as otherwise provided in this Agreement.

11.5 Your Termination Rights

You may terminate this Agreement if we violate any material obligation, you provide written notice identifying the violation and demand that it be cured within 60 days after our receipt of written notice from you and we fail to do so; provided, however, that you are in substantial compliance with the Agreement and your related Franchise Agreements at the time of such notice.

ARTICLE 12 **POST-TERMINATION**

12.1 Your Post Termination Obligations

Except as permitted by any valid Franchise Agreements that remain in effect, upon the termination or expiration of this Agreement, you agree that:

- (i) You will immediately cease to select sites on which to establish Shoppes within the Development Area. All remaining rights granted to you to develop Shoppes under this Agreement will automatically be revoked and will be null and void. You will not be entitled to any refund of any fees. You will have no right to develop or operate any Shoppe for which a Franchise Agreement has not been executed by us.
- (ii) You will not in any way hold yourself out as a multi-unit developer of ours, the Marks, or the System.
- (iii) You will take such action as shall be necessary to cancel any assumed name or equivalent registration that contains our Marks and shall furnish evidence satisfactory to us of your compliance with this obligation within 30 days after said termination.
- (iv) You cease displaying signs, stationary, letterhead, packaging, forms, and containers connected with the rights granted in this Agreement.
- (v) You will cease using Confidential Information and return to us (or, at our option, destroy or if electronic, permanently delete) all documents containing Confidential Information.

12.2 Our Post-Termination Development Rights

Upon the termination or expiration of this Agreement, we shall have the right to develop and operate, and to grant to others development rights and franchises to develop and

operate, Shoppes within the Development Area subject only to the territorial rights granted to you in the respective Franchise Agreements for each Shoppe and subject, further, to the right of first refusal described in the following Section.

No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

12.3 Your Right of First Refusal

Upon completion of the Minimum Performance Schedule, if we determine that it is desirable to operate one or more Shoppe(s) in the Development Area, and provided you have timely complied with the Minimum Performance Schedule and have been in compliance with all terms and conditions of each of your Franchise Agreements for the prior 24 months, you shall have a right of first refusal to obtain the Development Rights to such additional Shoppes upon such reasonable terms and conditions as are then determined by us including, but not limited to, the imposition of a new Development Fee and the payment of the then-current Initial Franchise Fees upon execution of the then-current Franchise Agreements. In such case, we shall advise you in writing of the terms and conditions for the acquisition of the Development Rights for such Additional Shoppes. You must notify us in writing within 60 days of the receipt of such notice whether you wish to acquire the Development Rights to such Additional Shoppes. If you do not exercise this right of first refusal, in whole, we may, following the expiration of the 60-day period, grant the Development Rights to such Shoppes to any other person or persons on the same terms and conditions or we may elect to develop and construct any of such Shoppes.

ARTICLE 13 **GENERAL CONDITIONS AND PROVISIONS**

13.1 Title for Convenience

Titles and headings used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

13.2 Entire Agreement

This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between us and you and Principal Owners, if any, and supersedes any and all prior related agreements between us and you and the Principal Owners; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Franchise Disclosure Document that was furnished to you by us.

13.3 Amendment in Writing

Except for those permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their duly authorized officers or agents in writing.

13.4 Exercise of Reasonable Business Judgment

In all instances where we reserve discretion or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations under this Agreement whenever we exercise “reasonable business judgment.” Our actions or decisions will be deemed the result of reasonable business judgment if the decision or action is intended to promote or benefit the System generally, regardless of whether there are other reasonable or even arguably preferable alternatives available, or that we may benefit from the said decision or action. Neither you nor any third-party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

13.5 Governing Law

This Agreement will be governed by and construed in accordance with the substantive laws of the State of South Carolina, without reference to its conflicts of law. Any franchise law or business opportunity law of the state of South Carolina now in effect or adopted or amended after the date of this Agreement will not apply to franchises located outside of South Carolina.

13.6 Arbitration

Except to the extent we elect to enforce the provisions of this Agreement by injunction or seek equitable relief as provided in this Article, any dispute or controversy not resolved through informal discussion shall be resolved by binding arbitration under the then-current Commercial Arbitration Rules (including the expedited procedures and optional rules for emergency measures of protection thereunder) of the American Arbitration Association or its successor (“AAA”). The arbitration will be held before a single arbitrator who is jointly selected and mutually approved by you and us. If we and you are unable to or fail to agree on the selection of the arbitrator within 15 days of the demand for arbitration being served, the arbitrator will be appointed by the AAA in accordance with its rules and this Section. The arbitrator shall serve as a neutral, independent, and impartial arbitrator. Any such arbitration shall be conducted in the county where our headquarters is located (or the nearest county where an AAA arbitration can be conducted). Judgment upon any award may be entered in any court of competent jurisdiction. The decision of the arbitrator shall be binding and conclusive upon the parties. The costs of the arbitration will be shared equally by the parties, except as otherwise provided in this Agreement.

The parties also agree that neither party will pursue “class action” claims. The parties further agree not to consolidate the arbitration with any other proceedings, except for arbitrations in which you and we are the sole parties.

The parties will honor validly served subpoenas, warrants and court orders. The parties further agree that only depositions for the sole purpose of preserving testimony may be conducted and that any documents exchanged between the parties as part of the discovery process must be returned or destroyed (with proof of destruction) within 30 days of final judgment or dismissal of the arbitration.

Any disputes concerning the enforceability or scope of this arbitration clause will be resolved by the arbitrator pursuant to the Federal Arbitration Act, 9 U.S.C. §1, et seq. (“FAA”), and the parties agree that the FAA preempts any state law restrictions (including the site of the arbitration) on the arbitrability of any cause of action or enforcement of the arbitration clause in this Agreement. The parties agree to waive any right to disclaim or contest this pre-dispute arbitration agreement.

13.7 Injunctive Relief

Notwithstanding the foregoing Section 13.6, we will be entitled to injunctive relief or other equitable remedies in any court of competent jurisdiction to protect the Marks, the System, Confidential Information or other intellectual property rights, or to assert our rights under the non-compete provisions in this Agreement without posting bond or other security and without showing any actual damage. We will also be entitled to recovery of reasonable attorneys’ fees and other expenses and costs incurred in obtaining such injunction or equitable relief, until such time as a final and binding determination is made by the arbitrators.

13.8 Attorneys’ Fees

You agree to reimburse us for all costs, fees and expenses we reasonably incur (including attorneys’ fees) to enforce the terms of this Agreement or any obligation owed to us by you or in the defense of any claim you assert against us on which we substantially prevail in court, arbitration, or other formal legal proceedings.

13.9 General Waivers

No waiver by us or you of any provision of this Agreement will be binding unless it is in writing and signed by the party purporting to grant the waiver. No failure by either us or you, at any time, or from time to time, to enforce the strict keeping and performance of any term or condition of this Agreement, nor any action or course of dealing or performance by either party not consistent with the terms and conditions of this Agreement, will constitute a waiver of any such term or condition, or any other term or condition, at any future time, and will not prevent such party from insisting on the strict keeping and

performance of such terms and conditions, and all other terms and conditions, at the same and all later times.

13.10 WAIVER OF CERTAIN TYPE OF DAMAGES; LIMITATION ON DAMAGES

WE AND YOU AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE, SPECIAL, CONSEQUENTIAL OR EXEMPLARARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN YOU AND US, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH PARTY WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES WE OR YOU SUSTAINED. YOUR RECOVERY OF ACTUAL DAMAGES SHALL NOT EXCEED THE DEVELOPMENT FEE AND ANY INITIAL FRANCHISE FEES YOU PAID UNDER ARTICLE 4 OF THIS AGREEMENT.

13.11 WAIVER OF JURY TRIAL

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US AGAINST THE OTHER. ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE RELATIONSHIP OF YOU AND US BROUGHT BY EITHER PARTY AGAINST THE OTHER, WHETHER IN ARBITRATION, OR A LEGAL ACTION, SHALL BE COMMENCED WITHIN 1 YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE BARRED.

Initials: _____

Initials: _____

This Section must be initialed by all Principal Owners signing this Agreement

13.12 Notices

All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be delivered by hand, sent by a recognized overnight delivery service or by registered U.S. Mail, or by other means which provides the sender with evidence of delivery, or of rejected delivery, and addressed to the party to be notified at the address stated herein or at such other address as may have been designated in writing to the other

party. Any notice by a means which provides the sender with evidence of delivery, or rejected delivery, will be deemed to have been given at the date and time of receipt or rejected delivery.

13.13 Force Majeure

If you fail to perform any obligation under this Agreement due to a Force Majeure event (acts of God, strikes, lockouts or other industrial disturbances, war, riot, pandemics, epidemics, acts of terrorism, fire or other catastrophe or other forces beyond your control provided, however, that Force Majeure shall not include your lack of financing), such failure will not be deemed a breach of this Agreement, provided such party uses reasonable best efforts to perform such obligations as soon as possible under the circumstances and, when applicable, the Indemnitees continue to be indemnified and held harmless by you, pursuant to Article 9.

13.14 Warranty Disclaimer

We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party in connection with this Agreement.

13.15 Choice of Law and Forum

With respect to any claims, controversies or disputes that are not finally resolved through informal discussion or arbitration, or as otherwise provided above, you and the Principal Owners hereby irrevocably submit yourselves to the jurisdiction of the state courts and the Federal District Court nearest to our headquarters. You and the Principal Owners waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and the Principal Owners agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by South Carolina or federal law. You and the Principal Owners further agree that venue for any proceeding relating to or arising out of this Agreement shall be the county and state where we maintain our headquarters; provided, however, with respect to any action for monies owed, injunctive or other extraordinary relief or involving possession or disposition of, or other relief relating to, real property, we may bring such action in any state or federal court that has jurisdiction.

Except as provided elsewhere in this Agreement and except to the extent governed by the United States Trademark Act and other federal laws, the parties agree that this Agreement (including any claims, counterclaims, or otherwise by you) and all other matters concerning

the parties will be governed by, and construed and enforced in accordance with, the laws of the state where we maintain our headquarters.

You, the Principal Owners, and we acknowledge that our agreement regarding applicable state law and forum provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. You, the Principal Owners, and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

13.16 Severability

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

13.17 Survival

Any obligation that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest by you or the Principal Owners, including but not limited to those obligations set forth in Sections 2.4, 4.1, 4.2, 5.6, 6.2, and 6.4; Articles 8, 9, 10, and 12; and Sections 13.1, 13.2, 13.5 through 13.12, 13.15 through 13.18, shall be deemed to survive such termination, expiration, or transfer.

13.18 Binding Effect

This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs, and legal representatives of the parties. Except for the Principal Owners(s) or as otherwise provided for in this Agreement, this Agreement is not intended and will not be deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

ARTICLE 14

YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

14.1 Your Representations

You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement all of the following representations are true and accurate.

- (i) If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then 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 are in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Shoppe.
- (ii) If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver, consummate, and perform this Agreement, and it will be binding upon you and your successors and assigns when executed.
- (iii) 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 have furnished to us before the execution of this Agreement.
- (iv) 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 or principals (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.
- (v) Neither you nor any of your Principal Owners are a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.
- (vi) 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.

14.2 Your Acknowledgement

You acknowledge the truthfulness of the statements contained in Attachment 3 hereto. Your acknowledgments are an inducement for us to enter into this Agreement. You shall immediately notify us, prior to acknowledgment, if any statement in Attachment 3 is incomplete or incorrect.

Each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the Effective Date.

[Signature page to follow]

DEVELOPER:

FRANCHISOR:

BUTCHER SHOPPE FRANCHISING,
LLC.

By:

Name:

Title:

By:

Name:

Title:

PRINCIPAL OWNERS:

Name:

Name:

Attachment 1 to The New York Butcher Shoppe® Multi-Unit Development Agreement

MINIMUM PERFORMANCE SCHEDULE

The Agreement authorizes and obliges Developer to establish and continuously operate _____ (____) New York Butcher Shoppes pursuant to a Franchise Agreement for each Shoppe.

The following is Developer's Minimum Performance Schedule:

<u>Shoppe Number and Type</u>	<u>By this Date</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

The following is the Development Fee: _____

The Minimum Performance Schedule shall be deemed completed, and this Agreement shall expire, upon the opening of the final Shoppe to be developed pursuant to this Agreement.

APPROVED:

DEVELOPER:

FRANCHISOR:

BUTCHER SHOPPE FRANCHISING,
LLC.

By: _____

Name:

Title:

By: _____

Name:

Title:

Attachment 2 to The New York Butcher Shoppe® Multi-Unit Development Agreement

DEVELOPMENT AREA

The following describes the Development Area within which Developer may locate New York Butcher Shoppes under this Agreement:

APPROVED:

DEVELOPER:

FRANCHISOR:

BUTCHER SHOPPE FRANCHISING,
LLC.

By:
Name:
Title:

By:
Name:
Title:

Attachment 3 to The New York Butcher Shoppe® Multi-Unit Development Agreement

DEVELOPER ACKNOWLEDGEMENT STATEMENT

You hereby acknowledge the following:

You have conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of developing the Shoppes contemplated hereunder. You further acknowledge that, except as may be set forth in our Disclosure Document, no representations of performance (financial or otherwise) for the Shoppes to be developed hereunder has been made to you by us and you hereby waive any claim against us for any business failure you may experience as a developer under this Agreement.

Initial

You have conducted an independent investigation of the business contemplated by this Agreement and understand and acknowledge that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of you and your efforts as an independent business operation.

Initial

You agree that no claims of success or failure have been made to you prior to signing this Agreement and that you understand all the terms and conditions of this Agreement. You further acknowledge that this Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally; provided, however, nothing in this Agreement or in any related agreement is intended to disclaim the representations made to you in our Franchise Disclosure Document.

Initial

You have no knowledge of any representations by us or our officers, directors, shareholders, employees, sales representatives, agents, or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement, the documents incorporated herein, or our Franchise Disclosure Document. You acknowledge that no representations or warranties are made or implied, except as specifically set forth herein. You represent, as an inducement

to our entry into this Agreement, that you have made no misrepresentations in obtaining this Agreement.

Initial

We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

Initial

You acknowledge that our approval or acceptance of any Shoppe's location does not constitute a warranty, recommendation, or endorsement of the location for the Shoppe, nor any assurance by us that the operation of the Shoppe at the premises will be successful or profitable.

Initial

You acknowledge that you have received the Butcher Shoppe Franchising, LLC. Franchise Disclosure Document with a complete copy of this Agreement and all related Exhibits and agreements at least fourteen (14) calendar days prior to the date on which this Agreement was executed. You further acknowledge that you have read such Franchise Disclosure Document and understand its contents.

Initial

You acknowledge that you have had ample opportunity to consult with your own attorneys, accountants, and other advisors and that our attorneys have not advised or represented you with respect to our Franchise Disclosure Document, this Agreement, or the relationship thereby created.

Initial

You, together with your advisors, have sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the development rights granted by this Agreement.

Initial

You acknowledge that this Agreement requires you to open Shoppes over an extended period of time and that the estimated expenses and investment requirements set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to increase over time, so that future Shoppes likely will involve greater initial investment and operating capital requirements than those stated in the current Franchise Disclosure Document.

Initial

You are aware of the fact that other present or future franchisees of ours may operate under different forms of agreement(s), and consequently that our obligations and rights with respect to our various franchisees may differ materially in certain circumstances.

Initial

It is recognized by the parties that we are also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that we do not warrant that such products will not be sold within your Development Area by others who may have purchased such products from us.

Initial

You acknowledge that you are required to resolve disputes with us by arbitration and/or litigation only in South Carolina. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in South Carolina than in your own state.

Initial

WAIVER OF JURY TRIAL: YOU ACKNOWLEDGE THAT BY SIGNING THIS AGREEMENT YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US AGAINST THE OTHER.

Initial

BY EXECUTING THIS AGREEMENT, YOU, INDIVIDUALLY AND ON BEHALF OF YOUR HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE BUTCHER SHOPPE FRANCHISING, LLC., ITS PARENTS, AFFILIATES, AND SUBSIDIARIES, AND ALL OF THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

Initial

Acknowledged this day of _____.

Name

EXHIBIT D to the Butcher Shoppe Franchising, LLC. Franchise Disclosure Document

**PERSONAL GUARANTEE, NON-DISCLOSURE, AND
NON-COMPETE AGREEMENT**

THIS GUARANTEE, NON-COMPETITION AND NON-DISCLOSURE AGREEMENT (“Guarantee”) is made and entered into this _____ day of _____, 20_____, between Butcher Shoppe International, LLC, a South Carolina limited liability company, with a principal place of business at 2131 Woodruff Road, Suite 2100 #128, Greenville, South Carolina 29607 (“Guarantee”, “we”, “us”, or “our”), and _____ an individual, with a principal place of business at _____ (“Guarantor”, “you”, or “your”).

RECITALS

- A. We, as the result of the expenditure of time, effort, and money, have developed, purchased, and own a unique system (“System”) relating to the development and operation of stores offering gourmet foods including hand-cut fresh meat, wines, specialty grocery items, prepared foods and services including catering to the general public and individual consumers.
- B. The System includes, without limitation, a confidential Operations Manual, special marketing and advertising materials, and methods, standards, specifications and procedures for operations, training, and assistance, all of which may be improved, further developed or changed by us from time to time.
- C. We own the New York Butcher Shoppe® trademark, and other trademarks and service marks used in operating the System.
- D. We have granted qualified franchisees, whom we approve, the right to develop, own, and operate a New York Butcher Shoppe® outlet at a specific site and intend to continue granting franchises to qualified and approved franchisees.
- E. We also have granted qualified developers, whom we approve, the right to develop and operate multiple Shoppes within a specific development area (“Development Rights”) and intend to continue granting Development Rights to qualified and approved developers.
- F. We entered into a (select all that may be applicable):

_____ franchise agreement with an entity as the franchisee (the “Franchisee”). You are a Principal Owner of that entity that has been granted the right to develop, own, and operate a New York Butcher Shoppe® outlet (the “Agreement”).

_____ multi-unit development agreement with an entity granted rights to develop multiple franchises (the “Developer”). You are a Principal Owner of the entity granted the right to establish and continuously operate a set number of Shoppe’s under their own Franchise Agreement within the Development Area (the “Agreement”).

- G. You acknowledge that you will obtain access to our Confidential Information during the Term of the Agreement.

- H. As a requirement of the Agreement, all Principal Owner's must execute this personal Guarantee, Non-Competition, and Non-Disclosure Agreement.
- I. Capitalized terms in this Guarantee that are defined in the Agreement will have the same meaning given to them in the Agreement.
- J. The parties agree that the information in these Recitals is true and correct, and we are relying on it.

AGREEMENT

NOW, THEREFORE, acknowledging and agreeing to the Recitals set forth above, which are incorporated into this Guarantee, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, further agree as follows:

ARTICLE 1 **PERSONAL GUARANTEE**

1.1 Scope of Guarantee

All Principal Owners of the Franchisee/Developer must personally guarantee the Franchisee/Developer's performance under the Agreement and execute a copy of this Guarantee. In consideration of and as an inducement to Franchisor signing and delivering the Agreement, each Guarantor signing this Guarantee personally and unconditionally each and every one of the following:

- (i) guarantees to Franchisor and its successors and assigns that the Franchisee/Developer will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement;
- (ii) agrees to be personally bound by, and personally liable for the breach of each and every provision in the Agreement;
- (iii) agrees to be personally bound by, and personally liable for, each obligation of the Franchisee/Developer to Franchisor or its Affiliates; and
- (iv) agrees that neither Franchisor or its Affiliates need to bring suit first against Franchisee/Developer or any of the undersigned in order to enforce the provisions of this Guarantee, and Franchisor or its Affiliates may enforce this Guarantee against any or all of the Guarantors as it chooses in its sole and absolute discretion.

1.2 Waivers

Further to the above, each Guarantor signing this Guarantee personally and unconditionally waives any and all of the following:

- (i) acceptance and notice of acceptance by Franchisor of Guarantor's obligations under this Guarantee;

- (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by Guarantor's;
- (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by Guarantor;
- (iv) any right Guarantor may have to require that an action be brought against the Franchisee/Developer or any other person as a condition of Guarantor's liability;
- (v) all rights to payments and claims for reimbursement or subrogation which Guarantor may have against the Franchisee/Developer arising as a result of Guarantor's execution of and performance under this Guarantee; or
- (vi) all other notices and legal or equitable defenses to which Guarantor may be entitled in Guarantor's capacity as Guarantor.

1.3 Consents and Agreements

Further to the above, each Guarantor signing this Guarantee personally and unconditionally consents and agrees that:

- (i) the Guarantors' direct and immediate liability under this Guarantee are joint and several and shall not be relieved or diminished by any release or compromise of any liability of any of the Guarantors or of any party or parties primarily or secondarily liable under the Agreement, this Guarantee, or otherwise;
- (ii) Guarantor must render any payment or performance required under the Agreement upon demand if the Franchisee/Developer fails or refuses punctually to do so;
- (iii) Guarantor's liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against the Franchisee/Developer or any other person;
- (iv) Guarantor's liability will not be diminished, relieved, or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time-to-time grant to Franchisee/Developer or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence shall in any way modify or amend this Guarantee; and
- (v) the liabilities and obligations of the undersigned, whether under this Guarantee or otherwise, will not be diminished or otherwise affected by the termination, rescission, expiration, renewal, or modification of the Agreement.

ARTICLE 2 NON-DISCLOSURE

If you are a Principal Owner of an entity granted rights to be a Franchisee:

Guarantor agrees to comply with the Non-Disclosure provisions set forth in Section 6.1 of the Agreement as if Guarantor was the Franchisee. Guarantor further agrees that he or she will take any and all actions necessary or appropriate to cause Franchisee to comply with the Agreement, including ensuring that Franchisee has all of its employees to whom Confidential Information has been disclosed execute a Non-Disclosure Agreement in a

form prescribed by Franchisor, and will not take any action that would cause Franchisee to be in breach of Section 6.1 of the Agreement.

In addition to any other rights or remedies we have under this Guarantee and the Agreement, Guarantor acknowledges that he or she may be liable for the damages resulting from a breach of Section 6.1 if Guarantor, Franchisee, or any other Guarantors breach the Non-Disclosure covenants of this Article and the Agreement.

If you are a Principal Owner of an entity granted rights to be a Developer:

Guarantor agrees to comply with the Non-Disclosure provisions set forth in Section 6.2 of the Agreement as if Guarantor was the Developer. Guarantor further agrees to take any and all actions necessary or appropriate to cause Developer to comply with the Agreement and will not take any action that would cause Developer to be in breach of Section 6.2 of the Agreement.

In addition to any other rights or remedies we have under this Guarantee and the Agreement, Guarantor acknowledges that he or she may be liable for the damages resulting from a breach of Section 6.2 if Guarantor, Developer, or any other Guarantors breach the Non-Disclosure covenants of this Article and the Agreement.

ARTICLE 3

NON-COMPETITON

If you are a Principal Owner of an entity granted rights as a Franchisee:

Guarantor agrees to comply with the Non-Compete Covenants set forth in Section 13.4 of the Agreement as if Guarantor was the Franchisee and agrees to take any and all actions necessary or appropriate to cause Franchisee to comply with the Agreement and will not take any action that would cause Franchisee to be in breach of the Section 13.4 of the Agreement.

In addition to any other rights or remedies we have under this Guarantee and the Agreement, Guarantor acknowledges that he or she may be liable for the damages resulting from a breach of Section 13.4.1 if Guarantor, Developer, or any other Guarantors breach the Non-Competition covenants of this Article and the Agreement.

If you are a Principal Owner of an entity granted the right as a Developer:

Guarantor agrees to comply with the Non-Compete Covenants set forth in Section 10.2 of the Agreement as if Guarantor was the Developer and agrees that he or she will take any and all actions necessary or appropriate to cause Developer to comply with the Agreement

and will not take any action that would cause Developer to be in breach of the Section 10.2 of the Agreement.

In addition to any other rights or remedies we have under this Guarantee and the Agreement, Guarantor acknowledges that he or she may be liable for the damages resulting from a breach of Section 10.2 if Guarantor, Developer, or any other Guarantors breach the Non-Competition covenants of this Article and the Agreement.

ARTICLE 4 **TERM AND SURVIVAL**

This Guarantee will continue and is irrevocable during the Term of the Agreement and, where required by the Agreement, after its termination or expiration. Guarantor's obligations under this Guarantee are effective on the Effective Date of the Agreement, regardless of the actual date of execution of this Guarantee. Except as expressly provided in this Guarantee and this section, if Guarantor transfers all of his/her interest in the Agreement to a bona fide approved transferee, Guarantor shall be released from this Guarantee. Any obligation of Guarantor that contemplates performance of such obligation after termination or expiration of the Agreement or the transfer of any of Guarantor's interest in Franchisee/Developer (including the transfer of interest resulting in Guarantor no longer being a Principal Owner), shall be deemed to survive such termination, expiration, or transfer.

ARTICLE 5 **ENFORCEMENT**

5.1 Enforcement of Employee Non-Disclosure Agreement

Guarantor agrees to vigorously and vigilantly prosecute to the fullest extent permitted by law breaches of this or any Non-Disclosure Agreement executed by any of the individuals to whom Franchisee/Developer or Guarantor has disclosed Confidential Information. Guarantor acknowledges Franchisor's right, to be exercised as Franchisor alone determines, to enforce for itself the terms of such executed Non-Disclosure Agreement. If the substantive provisions of the Non-Disclosure Agreement have been breached by an individual employed, engaged, or otherwise serving the Franchisee/Developer or any of their Shoppes who has not executed a Non-Disclosure Agreement, Guarantor shall nevertheless vigorously and vigilantly prosecute such conduct to the fullest extent permitted by law. If Franchisor prosecutes such Non-Disclosure Agreement, Guarantor or Franchisee/Developer shall indemnify and hold harmless Franchisor from any and all losses and expenses as provided under this Guarantee and the Agreement.

5.2 Dispute Resolution

If you are a Principal Owner of an entity granted rights as a Franchisee:

Section 16.6 (“**Arbitration**”) and Section 16.15 (“**Choice of Law and Forum**”) of the Agreement are incorporated into this Guarantee and shall apply to any dispute between or among the Franchisor and any of the Guarantors as if Guarantor, or Guarantors as may be applicable, was the Franchisee.

If you are a Principal Owner of an entity granted rights as a Developer:

Section 13.6 (“**Arbitration**”) and Section 13.16 (“**Choice of Law and Forum**”) of the Agreement are incorporated into this Guarantee and shall apply to any dispute between or among the Franchisor and any of the Guarantors as if Guarantor, or Guarantors as may be applicable, was the Developer.

5.3 Injunctive Relief

Notwithstanding the foregoing Section, we will be entitled to injunctive relief or other equitable remedies in any court of competent jurisdiction to protect the Marks, the System, Confidential Information or other intellectual property rights, or to assert our rights under the non-compete provisions in this Guarantee without posting bond or other security and without showing any actual damage. We will also be entitled to recovery of reasonable attorneys’ fees and other expenses and costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrators.

5.4 Attorneys’ Fees

You agree to reimburse us for all costs, fees and expenses we reasonably incur (including attorneys’ fees) to enforce the terms of this Guarantee or any obligation owed to us by you or in the defense of any claim you assert against us on which we substantially prevail in court or other formal legal proceedings.

5.5 Governing Law

This Guarantee will be governed by and construed in accordance with the substantive laws of the state of South Carolina, without reference to its conflicts of law.

5.6 Severability

Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Guarantee shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other

portions, sections, parts, terms or provisions of this Guarantee that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Guarantee; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed, which shall be valid and not contrary to or in conflict with any law or regulation.

ARTICLE 6

YOUR ACKNOWLEDGEMENTS

You have carefully considered the nature and extent of the obligations and restrictions upon Guarantor set forth in this Guarantee (including without limitation, personal liability for the payments under and performance of the Agreement, the covenants not to compete, and confidentiality restrictions) and the rights and remedies conferred upon you and us under this Guarantee. 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 and the System; (c) are fully required to protect our legitimate business interests; and (d) do not confer benefits upon us that are disproportionate to your detriment. The Non-Competition Covenants set forth in this Guarantee are fair and reasonable, and will not impose any undue hardship on Guarantor, since Guarantor has other considerable skills, experience and education which afford Guarantor the opportunity to derive income from other endeavors.

GUARANTOR:

FRANCHISOR:

BUTCHER SHOPPE FRANCHISING,
LLC.

By:

Name:

Title:

By:

Name:

Title:

EXHIBIT E to the Butcher Shoppe International, LLC Franchise Disclosure Document

EMPLOYEE NON-DISCLOSURE AGREEMENT

THIS NON-DISCLOSURE AGREEMENT IS INTENDED FOR OPERATIONS MANAGERS (WHO ARE NOT PRINCIPAL OWNERS), KEY PERSONNEL, AND ANY OTHER INDIVIDUALS TO WHOM CONFIDENTIAL INFORMATION IS DISCLOSED).

THIS NON-DISCLOSURE AGREEMENT (“NDA”) is made and entered into this ____ day of _____, 20____, between _____ (“Franchisee”, “we”, “us”, or “our”), and _____ (“you”, or “your”).

RECITALS

- A. We are a franchisee of Butcher Shoppe Franchising, LLC. (together with any of its affiliates or related entities, “BSI”), which franchises stores offering gourmet foods including hand-cut fresh meat, wines, specialty grocery items, prepared foods and services including catering to the general public and individual consumers under the New York Butcher Shoppe® name.
- B. As a franchisee, BSI granted us a license to use certain trademarks designated by BSI (the “Marks”); certain policies and procedures, including a confidential Operations Manual, special marketing and advertising materials, and methods, standards, specifications and procedures for operations, training, and assistance (the “System”); and other Confidential Information (defined below), for use in our New York Butcher Shoppe (the “Shoppe”).
- C. BSI recognizes that, in order for us to effectively operate our Shoppe, our employees must have access to certain Confidential Information and proprietary information owned by BSI.
- D. We and you acknowledge that disclosure of Confidential Information owned by BSI to unauthorized parties, or its use for any purpose other than the operation of the Shoppe, would harm BSI, other BSI franchisees, and us.
- E. To prevent such harm, BSI requires that we have all Operations Managers, Key Personnel and any other individuals to whom Confidential Information is disclosed sign this NDA.

AGREEMENT

NOW, THEREFORE, acknowledging and agreeing to the Recitals set forth above, which are incorporated into this NDA, you further agree as follows:

- A. **Definition.** “Confidential Information” refers to the methods, techniques, formats, recipes, specifications, marketing and promotional procedures, systems, and Operations Manual, which serve in the operation and franchising of a Shoppe, as the information we communicate and provide to you or is otherwise acquired in the operation of the Shoppe

under the System. This does not include information, processes, or techniques which are generally known to the public other than through deliberate or inadvertent disclosure by you.

- B. **Access and Consideration.** You acknowledge that you will have access to BSI's Confidential Information and proprietary information as a result of your employment or association with us, and that you are signing this NDA in consideration of, and as a condition to, your employment or association with us and the compensation, payments, or other benefits you receive from us.
- C. **Use of Confidential Information.** You will not use or permit anyone to use any Confidential Information for any purpose other than carrying out your or their duties in or for the Shoppe.
- D. **Non-Disclosure of Confidential Information.** You will not disclose, or permit anyone else to disclose, any Confidential Information to anyone not associated with the Shoppe, System, or BSI for any purpose other than carrying out your or their duties in or for the Shoppe.
- E. **No Interest in Confidential Information.** You will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Shoppe during your employment or association with us, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. You further agree that you will not contest BSI's ownership of the Confidential Information.
- F. **Return of Confidential Information.** In the event your employment or association with us ends, you must return all physical copies and destroy all electronic copies of any authorized or unauthorized Confidential Information or other proprietary information in your possession or control. You may not possess any Confidential Information or other proprietary information after your employment or association with us ends.
- G. **Ongoing Obligations.** Your obligations under this NDA apply both during and after your employment or association with us.
- H. **Enforcement of this NDA.** BSI is a third-party beneficiary of this NDA and may enforce it, solely or jointly with us. You acknowledge that your violation of this NDA will cause BSI and us irreparable harm; therefore, you acknowledge and agree that we or BSI may apply for the issuance of an injunction preventing you from violating this NDA, and you agree to pay us and BSI for all the costs it or we incur, including, without limitation, reasonable attorneys' fees and legal costs, if this NDA is enforced against you.
- I. **Governing Law.** This NDA shall be construed under the laws of the state where the Shoppe is located.
- J. **Independent Agreement.** Due to the importance of this NDA to us and BSI, any claim you may have against us or BSI is a separate matter and does not entitle you to violate, or justify any violation of this NDA.
- K. **Not an Employment Agreement.** This is not an employment agreement. Nothing in this NDA creates or should be taken as evidence of an agreement or an understanding by us, express or implied, to continue your association with us for any specified period. You understand that this Agreement is solely between you and us, and nothing in this Agreement gives rise to any relationship between you and BSI.
- L. **Severability.** If any part of this NDA is declared invalid for any reason, the invalidity will not affect the remaining provisions of this NDA. If a court finds any provision of this NDA

VIRGINIA ONLY

BSF LLC. FDD 2025- Employee Non-Disclosure Agreement

to be unreasonable or unenforceable as written, you agree that the court can modify the provision to make it enforceable and that you will abide by the provision as modified.

M. **Modification.** The only way this NDA can be changed is in writing signed by both the you and us.

N. **Your Representation.** You certify that you have read and fully understand this NDA, and that you entered into this NDA voluntarily.

Signature

Name

Address

Title

ACKNOWLEDGED BY FRANCHISEE

By: _____

Name: _____

Title: _____

VIRGINIA ONLY

BSF LLC. FDD 2025- Employee Non-Disclosure Agreement

EXHIBIT F to the Butcher Shoppe Franchising, LLC. Franchise Disclosure Document

GENERAL RELEASE

THIS GENERAL RELEASE ("Release") is executed on this ____ day of _____, 20____, by _____ ("Franchisee") and _____ ("Principal Owner(s)") as a condition of (check the applicable scenario):

_____ **a.** the transfer of Franchise Agreement No. _____ (the "Franchise Agreement") between Butcher Shoppe International, Inc. ("Franchisor") and Franchisee.

_____ **b.** the relocation of the New York Butcher Shoppe opened under Franchise Agreement No. _____ (the "Franchise Agreement") from _____ (current site) to _____ (relocated site).

_____ **c.** the renewal of Franchise Agreement No. _____ (the "Franchise Agreement") between Butcher Shoppe International, Inc. ("Franchisor"), by executing a successor franchise agreement.

- A. **Release.** Franchisee (on behalf of itself; its parents, subsidiaries, and affiliates; and its respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities) and Principal Owner(s) (on behalf of themselves and their respective heirs, representatives, successors, and assigns) (together, the "Releasors"), jointly and severally, hereby release and forever discharge Franchisor; Franchisor's past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities, Franchisor's parents, subsidiaries, and affiliates and each of their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities (together, the "Releasees"), from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of whatever nature whatsoever, whether known or unknown, fixed or contingent, past or present (the "Claim" or collectively, the "Claims"), that any Releasor ever had, now have, or may in the future have against all or any of the Releasees, including, without limitation, Claims arising under federal, state, or local laws and ordinances, Claims arising out of or relating to the Franchise Agreement, any other agreements between any Releasor and Releasee, or Claims arising out of or relating to any act, omission, or event occurring on or before the date of this Release, unless prohibited by applicable law.

By virtue of this Release, all Claims have been fully and finally extinguished, and the Releasors agree to forever indemnify and hold the Releasees harmless from any liability,

claims, demands, damages, losses, costs, expenses or attorneys' fees incurred by any of the Releasees as a result of any person asserting any interest in any of the Claims and/or any voluntary, involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer or otherwise.

- B. **Assumption of Risk.** The Releasors expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by the Releasors, and it is the Releasors intention to forever settle, adjust, and compromise any and all present or future disputes as to all matters from the beginning of time to the date of this document finally and forever and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Releasors are intended to constitute a full, complete, unconditional, and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this Release. The Releasors represent and warrant that they have made this independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this Release as the Releasors, in the Releasors independent judgment, believe necessary or appropriate. The Releasors have not relied on any statement, promise, representation or otherwise, whether of fact, law or otherwise, or lack of disclosure of any fact, law or otherwise, by the Releasees or anyone else, not expressly herein, in executing this Release.
- C. **No Prior Assignment or Transfer of Claims.** Releasors represent and warrant that they are the sole owners of any Claims against Releasees and there has not been, and will not be, any assignment or other transfer of any interest in any Claims that the Releasors may have against any or all of the Releasees. The Releasors agree to forever indemnify and hold the Releasees harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred by any of the Releasees as a result of any person asserting any interest in any of the Claims and/or any voluntary, involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer or otherwise.
- D. **Defense and Injunctive Relief.** Releasors acknowledge that this Release shall be a complete defense to any Claim released in this Release, and consent to injunctive relief to prevent or end the assertion of any such Claim.
- E. **Releasor(s)' Representations.** Each Releasor and individual executing this Release has full and complete power to execute this Release and the execution of this Release will not violate the terms of any contract to which they are a party or any court order. Each Releasor certifies that this Release has been voluntarily and knowingly executed after each of them has had the opportunity to confer with counsel of their choice.

[Signature page to follow]

FRANCHISEE:

FRANCHISOR:

BUTCHER SHOPPE FRANCHISING,
LLC.

By:

Name:

Title:

By:

Name:

Title:

PRINCIPAL OWNERS:

Name:

Name:

EXHIBIT G to the Butcher Shoppe Franchising, LLC. Franchise Disclosure Document

LIST OF STATE ADMINISTRATORS, AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov	NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 (212) 416-8222
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760

MINNESOTA Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139
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AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov	NEW YORK New York Secretary of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231 (518) 473-2492
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Commissioner State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, Virginia 23219 (804) 371-9733

MICHIGAN Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Director of Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT H to the Butcher Shoppe Franchising, LLC. Franchise Disclosure Document

LIST OF FRANCHISES AND FORMER FRANCHISEES

FRANCHISED LOCATIONS AS OF DECEMBER 29, 2024

<u>Name</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>	<u>Phone</u>
Jim Moeller	3158 Heights Village	Birmingham	Alabama	35243	(205) 970-7300
Jim Moeller	6801 Cahaba Valley Road, Suite 112	Birmingham	Alabama	35242	(205) 703-8825
Kardakh Natto and Ninos Lazer	28325 N Tatum Blvd	Cave Creek	Arizona	85333	480-597-6965
Don & Chris Scott*	2050 N Federal Hwy, Bay C	Pompano Beach	Florida	33062	(954) 532-3026
Greg Fowler	880 A1A North Unit 12	Ponte Vedra	Florida	32082	(904) 686-1652
Peter Kaufman & Jen Zielinski	4475 Roswell Rd., #1030	Marietta	Georgia	30062	(770) 575-1607
Jack Deese	465 Highland Avenue	Augusta	Georgia	30909	(708) 303-8286
Jack Deese	4446 Washington Rd, Suite 18	Evans	Georgia	30809	(706) 869-3103
Tony and Kelly Persichetti	11305 Bell RD, Suite 101	Johns Creek	Georgia	30097	(470) 299-5984
Tony and Kelly Persichetti	12635 Crabapple Rd	Milton	Georgia	30004	(678) 691-3789
Megan Bailey & Brian Ahearn	200 Julian Shoals Dr	Arden	North Carolina	28704	(828) 676-0594
Brian Miller & Antonio Tillery*	2452 Park Road	Charlotte	North Carolina	28203	(704) 496-9400
Brian Miller & Antonio Tillery*	20823 North Main Street	Cornelius	North Carolina	28031	(980) 981-1008
Bobby Boyle – Joint Venture	1500 Woodrow Street	Columbia	South Carolina	29205	(803) 888-6081
Devin Kelly & Hunter Bishop*	864 Island Park Drive, Suite 104	Daniel Island	South Carolina	29492	(843) 972-8296
Brian Miller & Antonio Tillery*	1056 Gold Hill Rd.	Fort Mill	South Carolina	29708	(803) 228-0447

<u>Name</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>	<u>Phone</u>
Brian Miller & Antonio Tillery*	2018 Bridgemill Dr	Indian Land	South Carolina	29707	(803) 228-0768
Ian Walls	400 W Main St.	Lexington	South Carolina	29072	(803) 785-2220
David Dukes	6902 N Kings Hwy, Unit H	Mrytle Beach	South Carolina	29572	(843) 231-1778
David Dukes	11382 North Ocean Hwy	Pawleys Island	South Carolina	29585	(843) 314-9071
Conley McEntyre	301 Suite A North Main Street	Simpsonville	South Carolina	29681	(864) 228-7445
Devin Kelly & Hunter Bishop*	502 Nexton Square Drive	Summerville	South Carolina	29486	(854) 300-4888
Devin Kelly & Hunter Bishop*	11300 Savannah Hwy	West Ashley	South Carolina	29407	(803) 408-7156
Matthew Kormylo*	2002 Richard Jones Rd.	Nashville	Tennessee	37215	(615) 953-2146
Ruth Nokes	3855 Glade RD	Colleyville	Texas	75034	(682) 738-3087

*These franchisees have signed multi-unit development agreements.

List of Former Franchisees: None

Franchise Agreements Signed but Units Not Yet Opened as of Last Fiscal Year End: None

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

EXHIBIT I to the Butcher Shoppe Franchising, LLC. Franchise Disclosure Document

STATE SPECIFIC ADDENDA

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR VIRGINIA**

In recognition of the requirements of the Virginia Retail Franchising Act, §§13.1-557 *et seq.* of the Code of Virginia, and Rule21VAC5-110-10 *et seq.* (the “Virginia Retail Franchising Act”), the Franchise Disclosure Document is amended as follows:

- A. Item 17, in the Franchise Agreement and Multi-Unit Development Agreement charts, row “h. ‘Cause’ defined – non-curable defaults” is amended by adding the following to the end:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause”, as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

- B. Item 17 is amended by adding the following note after the charts:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given in the Franchise Agreement. If any provision of the Franchise Agreement or Multi-Unit Development Agreement involved the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to them under the Franchise Agreement or Multi-Unit Development Agreement, that provision may not be enforceable.

- C. Item 22 is amended by the addition of the following:

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

VIRGINIA ONLY

EXHIBIT J to the Butcher Shoppe Franchising, LLC. Franchise Disclosure Document

STATE EFFECTIVE DATES

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

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

State	Effective Date
Virginia	

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

RECEIPT

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 Butcher Shoppe Franchising, LLC. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Butcher Shoppe Franchising, 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, D.C. 20580 and appropriate state agency identified in Exhibit G.

Butcher Shoppe Franchising, LLC.'s sales agent for this offering is Joseph Giordano, 2131 Woodruff Road Suite 2100 #128, Greenville, South Carolina 29607, (864) 252-4963.

Issuance Date: February 19, 2025, as amended March 17, 2025

I received a disclosure document dated February 19, 2025, as amended March 17, 2025, that included the following Exhibits:

Exhibit A-1 – Financial Statements

Exhibit A-2 – Guarantee of Performance

Exhibit B – Franchise Agreement

Exhibit C – Multi-Unit Development Agreement

Exhibit D – Guarantee, Non-Compete, and Non-Disclosure Agreement

Exhibit E – Employee Non-Disclosure Agreement

Exhibit F – General Release

Exhibit G – List of State Administrators, Agents for Service of Process

Exhibit H – List of Franchisees and Former Franchisees

Exhibit I – State Specific Addenda

Exhibit J – State Effective Dates

Dated: _____

(Signature of recipient)

(Printed Name)

KEEP FOR YOUR RECORDS

VIRGINIA ONLY

BSF LLC. FDD 2025- Receipt

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Exhibit I – State Specific Addenda

Exhibit J – State Effective Dates

Dated: _____

(Signature of recipient)

(Printed Name)

PROVIDE TO BUTCHER SHOPPE FRANCHISING, LLC.

VIRGINIA ONLY

BSF LLC. FDD 2025- Receipt