

FRANCHISE DISCLOSURE DOCUMENT

SHUBH®

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The franchise offered is for the establishment and operation of a business that offers eyebrow threading, eyelash extension, facials, henna and partial body waxing services in a location that may be inside an existing Walmart Store or situated in a non-Walmart property (the “Salon”).

The total investment necessary to begin operations of a Shubh® Beauty Salon is \$80,100-\$185,000. This includes \$10,000-\$20,000 that must be paid to the franchisor or its affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Harmil Patel info@shubhbeauty.com or by telephone at (844) SHUBHBEAUTY

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

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

There may also be laws on franchising in your state. Ask your state agencies about them.
Date of Issuance: March 21, 2023

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Illinois. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Illinois than in your own state.
2. **Short Operating History**. The franchisor is at an early stage of development, having conducted its business since March 2019 and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Minimum Royalty Payments**. You must make minimum royalty, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

FOR THE STATE OF MICHIGAN

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This sub Section applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This Section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

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

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EXHIBITS

- Exhibit A. List of State Administrators and Agents for Service of Process
- Exhibit B. Franchise Agreement and Exhibits
- Exhibit C. Operations Manual Table of Contents
- Exhibit D. Financial Statements
- Exhibit E. Franchise Disclosure Document State Addenda and State Addenda for Franchise Agreement
- Exhibit F. Sublease for Walmart Store Premises and Exhibits
- Exhibit G. List of Currently Opened Franchisees
- Exhibit H. State Effective Page
- Exhibit I. Receipts

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

To simplify the language in this Franchise Disclosure Document (“Disclosure Document”), “we,” “us” or “our” means SHUBH FRANCHISE LLC, the franchisor. “You” or “your” means the person who buys the franchise. We are an Illinois Limited Liability Company organized on January 25, 2021. We were organized under the name Shubh Franchise II LLC, and changed our name to Shubh Franchise LLC after we merged with Shubh Franchise Inc. and emerged as the successor entity; then amended our Articles of Organization. The effective date of the merger was March 25, 2021. The effective date of the name change to Shubh Franchise LLC was March 26, 2021. Shubh Franchise Inc. was initially formed as an Illinois corporation on March 20, 2019. Our principal business address is 240 East Lake Street, Suite 210, Addison, IL 60101. We do business as “Shubh® Beauty.” Due to the merger between Shubh Franchise Inc. and Shubh Franchise II LLC, we have one predecessor Shubh Franchise Inc. We have one direct affiliate, Vrajhalie LLC, formerly an Indiana Limited Liability Company, which became an Illinois Limited Liability Company on April 15, 2021, whose principal address is the same as ours. (“Affiliate”). Our Affiliate owns the service mark registration for Shubh® and licenses it to us under a long-term license agreement. Our Affiliate conducted and offered various types of business arrangements and franchises beginning at the time of inception in late 2017 until early 2018, for Shubh® Beauty Salons in Walmart Store locations. Our Affiliate continues to operate one Shubh location that was opened before we began to franchise. Our Affiliate has not and will not enter into any further verbal or written agreements for the operation of a Salon business, but will continue signing leases, based on its master lease with Walmart (the “Master Lease”) for space where our franchisees will be permitted to open and operate Shubh® Beauty Salons.

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

Shubh Franchise Inc. began to offer Shubh® Beauty Salon franchises in Spring 2019. After the merger was completed in March 2021, Shubh Franchise LLC began to offer the franchises that Shubh Franchise Inc. had previously offered. We do not operate businesses of the type being franchised here. We have no other business activities.

This Disclosure Document is for the offer and sale of an individual Shubh® Beauty Salon (“Salon”). A Salon is typically between 300 and 1,000 square feet, and offers services that primarily include eyebrow threading, eyelash extension, facials, henna and partial body waxing. It may either be located in a Walmart store, or in the leased premises of a non-Walmart property. All Walmart store franchisees must execute a sublease with our Affiliate, who has a Master Lease with Walmart. We will not be a sublessor for any Salons located on non-Walmart properties.

You will be required to operate your franchise under the Shubh® Beauty Franchise Agreement, attached here as Exhibit B and the Shubh® Beauty Operations Manual whose Table of Contents is attached as Exhibit C. If your Salon is located in a Walmart store, you will be required to execute and operate under a sublease with our Affiliate, which will be subject to our Affiliate’s Master Lease. The Sublease is attached here as Exhibit F. At all times, your sublease with our Affiliate will be dependent on the Master Lease between Walmart and our Affiliate. Without a Master Lease, our Affiliate would have no basis to enter into subleases.

Neither we, nor our Affiliate have any control or influence over decisions Walmart makes. Walmart could decide to temporarily or permanently close the area where you operate your Salon, or to move the Salon's location. If your Salon is permanently closed, or Walmart closes the store in which you are located, we can terminate your franchise agreement, and you may lose all or part of your investment.

The salon and beauty services concept is a well-developed business concept. Direct competition will come from other similar eyebrow threading franchises, chain service providers, other big box in-line specialty service stores and Mom and Pop operations, as well as other businesses such as hair cutting and nail salons that may perform the same or similar services. In certain states, there are regulations specific to the operation of this type of business. We will require you to have a cosmetologist's license in the state in which you operate, or partner with, or hire a general manager with a cosmetologist's license. You will be required to comply with all local, state and federal health and sanitation laws in the operation of your Salon. No smoking or alcoholic beverages will be permitted in your Salon at any time for any reason. Candles are not permitted to be burned in any part of the premises, regardless of the effect they provide. You will be required to comply with the Americans with Disabilities Act. We urge you to make further inquiries about these laws, and any others that may apply in your locale. If a governmental emergency order applies to you in the state where you operate, you must comply with that order, even if it means closing your business to the public

Neither we, nor our Affiliate have offered franchises in any other line of business, and neither we nor our Affiliate intend to offer franchises in any other line of business.

Item 2: BUSINESS EXPERIENCE

Manager: Harmil Patel

Mr. Patel has been our Manager since the limited liability company Shubh Franchise II LLC was organized; and has remained our Manager since the merger was completed in March 2021. Mr. Patel was our President and Chief Executive Officer since the incorporation of Shubh Franchise Inc. in March 2019 and has been the Managing Member of Vrajhalie LLC since its inception. Mr. Patel was also a Vice President and active in Kokilavani Corporation from 2012 until early 2019, a company that conducted a similar business in the metropolitan Chicago area and suburbs.

Item 3: LITIGATION

Kokilavani Corporation v. Harmil Patel and Vrajhalie LLC
Case No. 2020MR001102 (18th Judicial Circuit Court, DuPage County, IL)
Filed December 28, 2020

Plaintiff is owned by Avani Bhatt (Bhatt). Bhatt and Harmil Patel were business partners in two different business ventures. They became involved in an eyebrow threading business in 2012 when they purchased an ongoing business together. Mr. Patel operated the business, Bhatt managed one store. While the number of units in the business grew, in large part due to Mr. Patel's management, Mr. Patel and Bhatt began to differ as to how to operate the business. Mr. Patel informed Bhatt

that he would like to open an additional similar business in Indiana. Bhatt told him she was not interested. Mr. Patel opened that business. Mr. Patel, Bhatt and one other person established another similar business to that which Kokilavani conducted. Bhatt and Mr. Patel were 30% shareholders, the third party owned 40%. After this business entity was formed, Mr. Patel grew very concerned with Bhatt's business practices. Mr. Patel told Bhatt he would not pursue any further business ventures with her, and that he intended to establish a separate business. Bhatt did not object. In 2019, without notice, Bhatt, a 30% shareholder in the venture she and Mr. Patel entered with a third unrelated party, as above-stated, unilaterally ended the business relationship with Mr. Patel and the third party by sending an email that their service was no longer needed, completely misappropriating the business for herself, in contravention of Illinois corporate law. That dispute has not been resolved.

The Complaint consists of six counts. Count I is for Breach of Fiduciary Duties against Mr. Patel only. Count II is for Tortious Interference against both defendants. Count III is for Constructive Fraud against Mr. Patel only. Count IV is for Unjust Enrichment against both defendants. Count V is for Equitable Accounting against Mr. Patel only. Count VI is for Declaratory Judgment. In March 2021, Defendants filed a motion to dismiss all counts, which was granted without prejudice, and with leave to amend, in May 2021. Plaintiff filed an amended Complaint. Mr. Patel and Vrajhalie answered and included Affirmative Defenses. The case is in the discovery stage, with both sides exchanging interrogatories and requests to produce documents. Interrogatories have been answered and most of the requested documents have been produced. Mr. Patel and Vrajhalie are vigorously defending the claims.

Harmil Patel v. Avani Bhatt

Case No. 2022LA000195 (18th Judicial Circuit Court, DuPage County, IL)

Filed February 18, 2022

Mr. Patel has also filed a separate two count lawsuit against Bhatt for breach of oral contract and in the alternative, unjust enrichment based on the equal ownership they had in Kokilavani Corporation. Mr. Patel seeks in excess of \$250,000 for each count. Defendant filed an answer and affirmative defenses, which Plaintiff moved to strike. Mr. Patel requested and the Court consolidated the Kokilavani lawsuit (Case No. 2020MR001102) and this latest action 2022LA000195 into 2020MR001102. The parties have exchanged discovery, and scheduled a Court monitored settlement conference for March 6, 2023 which had to be rescheduled, and is expected to take place in Spring 2023.

Seva Beauty, LLC v. Vrajhalie LLC and Does 1-20

Case No. 18-cv-04011 Federal District Court of Northern Illinois, Eastern Division

In mid 2018, our Affiliate Vrajhalie LLC was sued for Tortious Interference with Contract, Tortious Interference with Business Relationships, Civil Conspiracy, Trade Dress Infringement, and Unfair Competition under the Lanham Act. Plaintiff alleged damages in excess of \$75,000 per count and requested injunctive relief. Our Affiliate answered the Complaint (because it was required to answer under a Federal Court Pilot Program) but, at the same time, submitted Affirmative Defenses and simultaneously filed a Federal Rule 12(b)(6) Motion to Dismiss all claims for failure to state a claim for which relief can be granted. Before responding, Plaintiff informed the court it would amend its Complaint. The Amended Complaint, was never filed, but was sent to Defendant. It replaced the Trade Dress Infringement, with a claim for Trade Secret

Infringement. Before filing a second answer, affirmative defenses and Motion to Dismiss, the parties settled the matter. Our Affiliate admitted no liability, agreed to acceptable terms and paid Plaintiff nothing.

Other than these actions, no litigation is required to be disclosed in this Item.

Item 4: BANKRUPTCY

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

Item 5: INITIAL FEES

The initial franchise fee, payable in one lump sum is \$10,000, and is not refundable, except as otherwise stated in this Disclosure Document. If you desire to purchase more than one Salon, and sign the franchise agreement and open the additional Salon(s) within a one year period from the date you signed the first franchise agreement, then each additional initial franchise fee will be \$8,000 per franchise. The party that signed the first franchise agreement must own a majority interest in all subsequent business entities that enter into franchise agreements for the discount to apply. We do not request payment for any additional franchises when you make payment for the Initial Franchise fee for your first Salon, but will expect payment of the reduced fee at the time you sign the second or subsequent then current franchise agreement.

If your Salon will be located in a Walmart Store, you will also be required to pay our Affiliate \$10,000 for a refundable security deposit. There are no other initial fees and there are no products we require you to purchase from us or our Affiliate before you open your Salon. The fees will be uniform, and will not vary.

Item 6: OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty	\$1,000 per month	Payable on or before the 10 th day of each month.	The royalty is fixed, and is due regardless of your level of gross receipts and is not refundable.
Marketing Fund	We reserve the right to charge, but currently we do not charge for a Marketing Fund. If one is developed during the term of your franchise, we will require that you contribute up to 2% of total Gross Receipts (1)	Payable on or before the 10 th day of each month.	If we institute a Marketing Fund, we will provide 90 days-notice, and the amount will be the same for each Salon.

Renewal	\$4,000	30 days before date of renewal	This payment is not refundable.
Additional Training	\$ 300 per day	15 days after billing	This payment is not refundable.
Refresher Training	\$ 2,500 per person	15 days after billing	This is the fee for refresher training for a manager (See Item 11). This payment is not refundable.
Transfer	\$5,000	Within 7 calendar days of the date of assignment	Payable when the Franchise Agreement or a controlling interest in you is transferred. This payment is not refundable. No charge if Franchise Agreement transferred to a corporation whose stock, or other interests you control and of which you are the president or chief executive officer, except for the legal fees we incur to review the transfer.
New Product /Service Evaluation	Up to \$1,500	15 days after billing	This is the fee for evaluating a new product or service you want to sell or offer, that has not been approved. It is not refundable.
Audit	Cost of inspection or audit	30 days after billing	Payable only if audit shows an understatement of at least 5% of Gross Revenues in any report, or your records are not in compliance with the terms of the Franchise Agreement. This payment is not refundable.
Interest	Lesser of 1.0% per month or highest contract rate of interest allowed by law	15 days after billing	Payable on all overdue amounts. This payment is not refundable.
Management Fee	Reasonable compensation	As agreed	Payable during period that our appointed manager manages the Salon upon your death or disability. This payment is not refundable.

Costs and Attorney's Fees	Will vary under circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement. These expenses are not refundable.
Indemnification	Will vary under circumstances	As incurred	You have to reimburse us (and Walmart, if your Salon is located in a Walmart store) if we and/or we and Walmart Inc. are held liable for claims arising from your Salon operations. These payments would not be refundable.

(1) Gross Receipts means the aggregate of the actual selling price of all services sold or provided in, on or from your Salon, unless otherwise provided in this Agreement. You will not be selling any products in the Salon. In calculating Gross Receipts, no deductions shall be allowed for uncollected or uncollectible credit accounts and each charge or sale made on installment or credit shall be treated as a sale for the full selling price in the month during which such charge or credit is made, irrespective of the time when you receive payment. Gross Receipts shall not include retail sales tax.

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

Item 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee (1)	\$10,000	Lump Sum through Bank or Cashier's Check or wire transfer	With execution of the Franchise Agreement	Us
(2) Required Furniture, Fixtures, Equipment, POS System and Inventory	\$15,000-\$42,000	Cash, credit card, check or as arranged with third party vendors	As incurred to third party vendors, per payment arrangements	Third party vendors
Rent (First three months) (3)	\$3,600 to \$12,000	Check	Deposits are due before taking possession and rent will generally be payable monthly	Lessor/Affiliate

Non-Walmart Rental Security Deposit (3a)	\$3,000 to \$8,000	Two months base rent as security and paid by check	Before occupancy	Lessor/Affiliate
Walmart Security Deposit (4)	\$0-\$10,000	Check or wired funds	Before service or item received	Affiliate
Non-Walmart Miscellaneous Deposits (4a)	\$500-\$1,000	As agreed	Before opening	Service providers such as utilities
Build-Out (5)	\$15,000-\$50,000	As agreed	Periodically	Service providers and Vendors
Training Expenses (6)	\$1,000-\$3,000	As agreed; Employee(s) Payroll Check	As Incurred	Third Parties
Insurance (7)	\$2,500 - \$5,000	As Agreed	Annually	Third Parties
Business advisors such as lawyers and accountants (8)	\$4,500 - \$9,000	As Agreed	As services are rendered	Third party service providers
Additional Funds - 3 months (9)	\$25,000 - \$35,000	Various	As Incurred	Third Parties
Total	80,100-185,000(10)			

- (1) The initial franchise fee is \$10,000 subject to additional units purchased and opened within one year of signing the franchise agreement for the first Salon, as described above in Item 5. It is not refundable, except as otherwise stated in this Disclosure Document.
- (2) This estimate includes trade fixtures, framed pictures and posters, signage, shelving, cabinetry with or without mirrors, mirrors, large screen menu board, equipment, and supplies. Included in this category are a Point of Sale System, two Tablets, a printer, charge card processor, copier and fax machine. You will also need inventory to begin the Salon, such as thread, waxing and facial products to be used, but not sold and other items we will prescribe in the Operations Manual.
- (3) and (3)(a) Rental amounts in Walmart stores throughout the United States currently consist of a formula that uses a fixed percentage of gross receipts or a specified minimum dollar figure per month. The rent may vary based on Walmart's discretion. The square feet range is estimated to be between 300 and 1,000. The size must be large enough to obtain a business license for cosmetology purposes. You will be required to pay our Affiliate \$10,000 for a security deposit. The rent is not refundable. The security deposit is refundable under certain conditions, at the end of the sublease.

If you operate in a non-Walmart property, you can expect to pay up two months

security deposit to the lessor. Rents are expected to vary from \$1,200 to \$4,000 per month, unless a minimum has been imposed which is less than \$1,200. There may be other costs that you will be required to pay, such as deposits for utilities, taxes or common area maintenance. These costs will vary throughout the United States.

- (4) At the date of this Disclosure Document, other than the Security Deposit, there are no deposits required for utilities if your Salon will be located in a Walmart.
- (4a) If you operate your Salon from a non-Walmart property, you should expect to pay utility deposits for gas, electric, water usage, telephone, if you have a landline and possibly Internet usage. The amount will vary depending on geographic area, your past business history, provided landlord services and the length of the lease.
- (5) This expenditure is based on receiving the premises in a vanilla shell/white box, or in a condition that is ready to be improved. This amount does not contemplate major construction. No bathroom is expected to be required, unless the municipality where you are located requires that you put one in. If that happens, the cost for your initial investment can increase by \$10,000 or more. To date, none of our Affiliate's Salon's have had the need to install a bathroom. The floor material we designate in the color we designate must be used. Painting, placing electrical outlets, lighting fixtures and possibly if space permits, roughing out a small office are included. This expenditure will vary due to the condition the premises are in when leased; the amount of work you intend to do and the cost of materials used. If your Salon will be located in a Walmart store that has already been built out for a retail outlet, your expenditure may be less, but it must still look like a Salon, and this may require some significant changes, minor demolition and/or remodeling. Our representative(s) will come to your location to approve the Salon set up and give you permission to open, provided you have met our requirements and Walmart Inc.'s requirements if your Salon is located in a Walmart store.
- (6) There are no additional training expenses, provided you and your general manager or other manager level representative of your choosing attend and successfully complete training. You will incur expenses for travel, lodging and food, and payment of wages to one or more employees who are present for the training period. If we have to repeat the training due to your inability to complete it, we reserve the right to charge up to \$2,500.
- (7) Insurance expenses will vary based on amount and type of coverage. Insurance requirements are found in Section 11 of the Franchise Agreement, and will be reflected in Item 8. The Salons that are located in a Walmart store and those in non-Walmart property have the same minimum insurance coverage requirements. There are also suggested insurance coverages that are not required but strongly advised. If you purchase this additional insurance you can expect to spend more on your insurance. The insurance expense amounts are based on obtaining all insurance required in Section 11 of the Franchise Agreement paid annually. You are required to purchase insurance from either our insurance service provider or a reputable insurance company licensed by your state.

- (8) Your initial investment should include a budget for business advisors, including lawyers, accountants or other trusted individuals with whom you should consult or from whom you may decide to seek advice before executing the Franchise Agreement. The cost for reviewing the Disclosure Document which includes the Franchise Agreement, the cost for reviewing the sublease for space for your Salon, the cost for forming a business entity under which you will operate, and the set up cost to establish your business have all been factored into this estimate. The amounts estimated are also going to be affected by where you live and the rates for professional services in that locale. This estimate does not include ongoing accounting services.
- (9) The funds needed for the first three months in operation will cover both living expenses and incidentals up to opening the Salon (miscellaneous opening costs and include installation of a landline for telephone service, if practical, and business licenses).
- We have relied on our principal's 8 years of knowledge and experience in both the same and similar businesses to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.
- (10) All expenses payable to third parties like insurance premiums, professional fees and build out costs are generally not refundable. You may arrange with the third party to refund security and utility deposits and other payments.
- (11) Neither we, nor our Affiliate finance any part of the initial investment, as further stated in Item 10 of this Disclosure Document.

Item 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The Franchise Agreement obligates you to operate a Salon according to our System Standards (defined in Item 11). System Standards may regulate among other things, the types, models and brands of required fixtures, furnishings, cabinetry, mirrors, equipment, signs, framed pictures, posters, and supplies to be used in operating the Salon, required or authorized products and product categories and designated or approved suppliers of such items. Neither we nor our Affiliate will provide any product to you, but you are required to purchase all of your insurance from either our insurance service provider or a reputable insurance company licensed by your state. We will not derive any income from any purchases you make. Neither we, nor our Affiliate are approved suppliers for any product or service. None of our officers own an interest in any supplier that will sell any products or services to the franchise.

The Franchise Agreement requires you to sign a sublease with our Affiliate for the specific premises in the Walmart Store where you will operate the Salon, if you operate in a Walmart store. Neither we, nor our Affiliate will derive additional revenues from the sublease in addition to the amount of rent Walmart will charge our Affiliate. However, our Affiliate will require a \$10,000 payment for the Security Deposit for the sublease.

Although there are no other goods, services, supplies, fixtures, equipment, inventory, software or real estate relating to the establishment or operation of the Salon which you must purchase or lease from us, our Affiliate or a designated supplier, you are obligated to purchase or lease fixtures, equipment, furnishings, related supplies that meet our minimum standards and specifications or are from approved suppliers. We will notify you in our Operations Manual or by other communications of our standards and specifications and/or names of approved suppliers. There may be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be considered an approved supplier. We will notify you through our Operations Manual, or other forms of written correspondence, like email transmission, of any updates/modifications to our standards and specifications.

As part of the equipment to operate the Salon, you must purchase a point of sale system which includes a cash drawer, a printer, and a charge card processing machine with built-in software. Two tablets must also be purchased and used in the Salon in connection with the point of sale system.

All required purchases represent approximately 30% to 50% of your total purchases in connection with the establishment of your Salon and approximately 6% to 10% of your overall purchases in operating the Salon.

During the past 12 months, we did not sell any items to franchisees, nor will we sell any items to franchisees. No purchasing or distribution cooperatives currently exist. Based on our Affiliate's financial records prepared for filing its tax return, Affiliate received \$2,003,211 for rent payments in 2022 of which all was paid to Walmart. That amount represented 95% of our Affiliate's gross receipts of \$2,100,847.

You must first present to us for approval any non-approved item you want to purchase or use. If you give us sufficient information, specifications, and a way to test the item, unless testing is not necessary, we will consider giving you the right to purchase that item, if we are satisfied that it meets our standards. We may condition approval of a supplier on requirements relating to product quality, frequency of delivery, standards of service and concentrations of purchases. We do not have set requirements. Our criteria will vary based on the product or service you present. We can disclose that criteria to you if requested. Pending further evaluation, approval may only be temporary. We reserve the right to charge a reasonable fee for our cost to evaluate the item and/or supplier you present, that we do not expect to exceed \$1,500. Our decision will be made within thirty (30) days of receiving all the requested information. Once we have made our determination, we will inform you of our decision. We may revoke our decision in the future if we determine the supplier does not continue to meet our standards.

As stated in the Franchise Agreement, you are also required to purchase and maintain various forms of insurance coverage from either the insurance service provider we designate or a reputable carrier licensed to do business in the state in which your Salon is located. This insurance shall cover the following types and should be purchased in the following minimum amounts, general liability coverage, in the form of an umbrella policy with combined single limits of not less than \$3,000,000 per occurrence; Employer's Liability coverage with minimum limits of \$1,000,000, property damage coverage for the full contents of your Salon, plus any storage or office space you may own or lease, which is used for your Salon which includes full replacement of all fixtures, equipment and supplies for your Salon; owned and non-owned and leased vehicle coverage for all

vehicles which are used by you or your employees, with a minimum amount required for this coverage which includes liability for bodily injury and property damage and uninsured motorist payments per occurrence of \$500,000. We derive no income from your purchase of insurance, but require you furnish us with a copy of your policies, on which we must be named additional insureds. If your Salon is located in a Walmart store, certain Walmart companies and their affiliates must also be named as additional insureds. We have the right to obtain insurance if you do not and the option to pay premiums on your behalf for which you must reimburse us, and to learn in advance of cancellation of your policies.

The cost of the insurance coverage may vary, depending on among other factors, the locale, your previous record, and terms of payment.

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

Item 9: FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Franchise Agreement (FA), Section in Sublease (SL)*	Item in Disclosure Document
a. Site Selection and acquisition/lease	FA-Sections 1 a,b,c; 3 b, e; SL-Recital d	Item 12
b. Pre-opening purchase/leases	FA-Sections 3 b,e; 4 d; 5 j; SL-Entire Sublease, Section 4	Item 8
c. Site development and other pre-opening requirements	FA-Sections 1 c; 3 a,b; 5 a,b,c,i,j,p;10; SL-Entire Sublease	Item 5,7 and12
d. Initial and ongoing training	FA-Sections 2 c; 4 b; 5 b	Item 5 and 11
e. Opening	FA-Section 1 c; 2 a; 8 c	Item 11
f. Fees	FA-Sections 2 c (9); 3 (a-h); 5 (e,g); 8 c; 15 b,d; SL-Sections 2,4 and 14	Item 5 and 6
g. Compliance with standards and policies/ operating manual	FA-Sections 4 c; 9; SL-Recital e; SL-Sections 2,4 and 5	Item 7,11and 15
h. Trademarks and proprietary information	FA-Sections Introduction; 5 d; 6; 13 B 8); 14 b; SL-Section 6	Item 11,13 and 17

i. Restrictions on products/services offered	FA-Sections Introduction; 13 b B; SL-Section 6	Item 11 and 16
j. Warranty and customer service requirements	FA-Sections Introduction; 1 c; 5 l	None
k. Territorial development and sales quotas	None	Item 12
l. Ongoing product/service purchases	FA-Section 5 j	Item 8
m. Maintenance, appearance, and remodeling requirements	FA-Sections 5 l,m,o,q; 13 b B; SL-5	None
n. Insurance	FA-Sections 2 c; 5 i; 10; SL-Section 7	Item 7, 17
o. Advertising	FA-Sections 4; 13 b B	Item 6 and 11
p. Indemnification	FA-Section 17 b; SL-9	None
q. Owner's participation/management, staffing	FA-Sections 5 c; 15 c	Item 15
r. Records and reports	FA-Sections 5 e,h; 12; SL-Section 15	Item 17
s. Inspections and audits	FA-Section 12; 14 d	Item 6
t. Transfer	FA-Sections 3 g; 13 b B; 15; SL-8	Item 6 and 17
u. Renewal	FA-Section 2; 3 f; 5 m; 7; 9 e; SL-Section 3	Item 17
v. Post-termination obligations	FA-Sections 14; SL-4 A	Item 17
w. Non-competition covenants	FA-Section 12, 14	Item 15 and 17
x. Dispute resolution	FA-Sections 18; 19; SL-Section 22	Item 17

*Sublease obligations will only apply to franchisees that open in a Walmart store.

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.

Before opening we will:

1. approve your location and lease if you will be located in a non-Walmart property. (Franchise Agreement, Section 1 b)
2. provide the general plans and requirements for construction and build out after you execute this Agreement. (Franchise Agreement, Section 1 c)
3. provide you with the right to own and operate your Salon, using the Marks, administrative procedures, and proprietary and confidential information. (Franchise Agreement, Section 4 I a 1)

4. provide standards and specifications for the operation for your Salon, including standardized bookkeeping guidelines. (Franchise Agreement, Section 4 I a 2)
5. provide you and up to two (2) other people, one of whom must be the approved Manager of your Salon, if that is not you, with three (3) business days of comprehensive training, conducted at our headquarters in the Chicago area, or at any franchise location we designate. (Franchise Agreement, Section 4 I b)
6. provide to you, on loan, for the duration of the term of this Agreement, one copy of the Shubh® Confidential Operations Manual when you begin your training. (Franchise Agreement, Section 4 I c)
7. provide you with the specifications for equipment and furniture, such as cabinetry, a POS System, chairs and stations for your customers, waiting area furniture, reception cabinetry and signage. (Franchise Agreement, Section 4 I d)
8. provide you with assistance in establishing your Salon, after you have completed training, including general consultation which may take the form of telephone conversations, email exchanges, personal conversations, and faxed or mailed information. (Franchise Agreement, Section 4 I e)

After opening and during the operation of your Salon we will:

1. provide you with new pages for your Operations Manual, which loaned copy you will be required to maintain and update throughout the term of this Agreement. If we make the Operations Manual electronically available to you, we will notify you when we update it. (Franchise Agreement, Section 4 II a)
2. develop and host a website, and will develop links for franchisee pages, with address of the Salon, a map and directions, its hours, telephone number and email contact. (Franchise Agreement, Section 4 II b)
3. implement other systems and applications including QuickBooks for financial reporting, and may implement other systems as selected in our sole discretion. (Franchise Agreement, Section 4 II c)
4. if warranted, develop marketing to support the Salon franchise System. (Franchise Agreement, Section 4 II d)
5. remain in contact with you, and be available for consultation to assist you with any aspect of owning and operating a Salon. (Franchise Agreement, Section 4 II e)
6. take action we deem appropriate to defend the Mark and the System. (Franchise Agreement, Section 6 A).
7. review your advertising and approve or deny it or require changes. (Franchise Agreement, Section 8 b)

We do not own any real estate that we lease to you. Our Affiliate has a Master Lease with Walmart. If your Salon will be located in a Walmart store, you must first sign a sublease with our Affiliate. The sublease is attached to this Disclosure Document as Exhibit F. We do not locate or select a site for you, or approve an area in which you can locate or negotiate the terms of your lease.

Marketing Fund

We will not have a Marketing Fund. You are required to spend 3% of your monthly gross receipts for local advertising. You can spend more, this is not a limitation. We may review your books and records relating to your expenditures for advertising and promotion. If we determine that you have not spent the requisite amounts, we can require you to make up the difference in future marketing for your Salon. The costs of telephone directory advertising, if you list your Salon will be credited toward this advertising obligation.

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

Approval of franchisee advertising

All advertising, promotion and marketing must be completely clear and factual, not misleading and conform to the highest standards of ethical practices. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval before you use them. If you do not receive written disapproval within 15 days after we receive the materials, we will be deemed to have given the required approval. You may not use any advertising or promotional materials that we have disapproved. (Franchise Agreement, Section 8 a 1 and 2).

We estimate that there will be an interval of 2 to 3 months between the execution of the Franchise Agreement and the opening of the Salon, but the interval may vary based upon factors that include the location and condition of the site, the construction schedule for the Salon, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment, inventory and supplies, delays in securing a lease, financing arrangements and completing training, and, your compliance with local laws and regulations. If you have not located a site within 3 months of the date we signed the Franchise Agreement, we will have the right to terminate the Franchise Agreement and will return your franchise fee less any incurred costs in establishing the franchise and investigating any sites you have proposed. At our option, and provided you have been diligent in attempting to identify a suitable site, we can extend that time period. If you operate your Salon in a Walmart store, the time limits for opening may be set by Walmart, and neither we, nor our Affiliate may be able to control when you open.

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

This is a location specific franchise. We do not work with you in an area or territory. You must present a location to us to move the process forward. The time period for approval and opening will depend on whether you plan to locate in a Walmart or non-Walmart property. After you present a specific location to us for a non-Walmart property, we will have thirty (30) days to approve the location. Once we approve it, you must negotiate a lease, build out the space and open for business within 180 days from the date of execution of the Franchise Agreement. We do not provide assistance with conforming the premises to local ordinances and building codes or to obtain any required permits. This is your obligation. If you cannot negotiate a lease and you will be unable to open, in our sole discretion, we can provide you with a 90-day extension, or we can terminate the Franchise Agreement, and refund your initial franchise fee. If we provide an extension and you still fail to open, we can retain your initial franchise fee. If you have not been diligent in pursuing the opening of the Salon, whether we have provided an extension or not, in our discretion, we can terminate the Franchise Agreement and retain all fees paid to us. We will conduct a demographic study, and may visit the site. We will take into consideration, visibility, access, viability, vehicular traffic count, pedestrian traffic, competition, and condition of premises, if necessary. We will not unreasonably reject any site. If you present us with a Walmart store site, we will contact Walmart to determine if there are premises in which a Salon can be operated. Provided Walmart gives us a positive response, and the Walmart store meets our minimum standards, we will arrange to reserve the site, upon your signing of a Franchise Agreement, by requesting our Affiliate to add the location to its Master Lease through an addendum, and, to present you with a sublease for that Walmart store location premises. From the point our Affiliate begins to interact with Walmart for that site, Walmart will control the process and time periods with which you must comply. If you fail to open the store within the period of time Walmart prescribes, at our discretion, we could terminate the Franchise Agreement, and retain the initial franchise fee you paid us. (Franchise Agreement, Section 1 c).

During training as shown below, we will use the Operations Manual. It currently has 202 pages. The Table of Contents for the Operations Manuals is set forth in Exhibit C of this Disclosure Document.

TRAINING PROGRAM

Subject	Classroom Or In- Store in Hours	On The Job Or In-Store in Hours	Location
Orientation and Background	1		Training Facility* or online
Guidelines, Services and Responsibilities	3	2	Training Facility or online
Equipment and Inventory	1	0.5	Training Facility or online
Opening Procedures: Store Set up Equipment Start up, Closing Procedures: Store Shut down Equipment Shut Down	1	0.5	Training Facility or online

POS System and Camera System	2	1	Training Facility or online
Accounting	1	1	Training Facility or online
Marketing	1	1	Training Facility or online
Human Resources Employee Recruitment and Retention Staff and Manager Training Scheduling Health and Safety	1	1	Training Facility or online
Support Systems Operation	1	0.5	Training Facility or online
Loss and Theft Prevention	0.5	0.5	Training Facility or online
Total	12.5	8	

* Training is expected to take place in a Salon setting. The current location for training is the Shubh® Beauty Salon located at 3S100 IL-53, Glen Ellyn, IL 60137. Training must be completed before you open the Salon, whether you intend to open in a Walmart store, or in a non-Walmart property.

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

Training classes will take place as needed.

Additionally, some training may take place by telephone or over the Internet, including using a service like SKYPE or ZOOM if necessary.

Training will be conducted by Mr. Harmil Patel. Mr. Patel is our Manager, and has worked in the same industry since 2012. Mr. Patel is familiar with all aspects of owning and operating a Salon.

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

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

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

POS System

You must install a POS System that includes a cash drawer, a printer, and a charge card processing machine, that we will specify and your must use. We will inform you of the type of software that will be necessary to run the POS System. You must also have two tablets connected to the POS

System. There is no need for an individual computer. You are not permitted to bring a personal laptop into the Salon. All transactions will be done through the POS System.

It is anticipated that monthly costs for this equipment will be between \$80 and \$120 per month. This will include software updates for the POS System, which will automatically be made by the app developer and incorporated into the POS System.

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

You are also required to install a camera system at the Salon. We will also have full time access to your Salon through the camera system. The cost to install and maintain a POS System is \$1,800. The cost to install a camera system for your Salon is \$400. It is not expected that you will be required to update or replace your working camera system.

Item 12: TERRITORY

You will operate your Salon at a specific location whose address is identified in Exhibit B attached to the Franchise Agreement. That address will either be in a Walmart Store or at the leased premises of a non-Walmart property. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, from other channels of distribution or competitive brands we control. You have one specific location. We will not sell a franchise to another franchisee for the same Walmart Store at the address where you are located, if you are located in a Walmart store.

During the term of your Franchise Agreement, we can sell a franchise, or operate a similar business in any other Walmart Store in the United States or Canada. We cannot guarantee that we will not sell a franchise for a Salon in the Walmart that is closest to you, or that there may already be a Salon in that location.

We have no plans to operate businesses that are the same or similar to Salons under a different trademark or trade name, and we do not intend to operate through different channels to impact your business. This is a service business, there are no products sold. The service can only be provided to customers that are physically present in the Salon. The use of the Internet or other channels is not applicable to providing this service.

If you request the right to relocate and you are located in a Walmart store, we will consider a number of factors, including reason for relocation, other franchises that may be close to your proposed new Walmart location, the length of time that remains on your Franchise Agreement, the prospect for continued operation in your present location, changes that may affect your present location, lease requirements for your new Walmart location, and others that we believe pertinent at the time. Foremost, we must consider our Affiliate's Master Lease and impact your relocation may have, or any Walmart charges. If there are Walmart charges for your voluntarily relocation, we will pass them on to you. If you are required to relocate, different factors will be considered. The Franchise Agreement does not give you the right to open more than one Salon, or the right of first refusal for any other Salon. You will be required to seek our approval, which we can

reasonably withhold. You may serve any customer that walks into your Salon.

Item 13: TRADEMARKS

We grant to you the right to use the service mark Vrajhalie LLC has licensed us to use:

Shubh®

which has been used since 2017. Shubh® was registered on the Principal Register of the United States Patent and Trademark Office on May 15, 2018, Reg. No. 5471448. No filings are required or due at this time.

By License Agreement executed in March 2019 we have the right to use and grant franchises for the use of the Mark. The License Agreement provides us the license for 30 years, with two 10-year extensions. The License Agreement may be terminated if we fail to remain a franchisor, fail to uphold our covenants to police the Mark, fail to screen prospective franchisees, fail to instruct franchisees on the proper use of the Mark, and we do not cure the default after written notice and the cure period has expired. Due to the merger, the successor limited liability company Shubh Franchise LLC succeeded to and obtained all the rights Shubh Franchise Inc. had before the merger, including the License Agreement.

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

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

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

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

about the infringement or challenge.

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

We know of no superior prior rights or infringing uses that could materially affect a franchisee's use of the Mark in any state.

Item 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the franchise. We claim copyright protection of our Operations Manual and related materials although these materials have not been registered with the United States Registrar of Copyrights. We will mark those items as follows: © 2019-2023 SHUBH FRANCHISE LLC, or the year they are produced. The Operations Manual and related materials are considered proprietary and confidential and are considered our property. You may use them only as provided in the Agreement. You may not use our confidential information in any unauthorized manner and must take reasonable steps to prevent its disclosure to others.

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

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

You are obligated to participate personally in the direct operation of your Salon. Your Salon must at all times be under your direct, on-premises supervision, or that of a trained general manager. Either you, or the trained general manager must have a current cosmetologist license. The cosmetologist license used for the business license must remain active throughout the term of this Agreement and any extension or renewals. This general manager must successfully complete our training program but is not obligated to own an equity interest in the franchise business. You must disclose to us the identity of the general manager, if other than you, and you must require the general manager to sign an agreement, in the form we provide, in which the manager agrees not to divulge any trade secret or confidential or proprietary information, including the contents of the Operations Manual, or to engage in or have any interest in any competitive business.

If you are a partnership, a corporation, or a limited liability company, each shareholder, partner, or member must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for the breach of every provision of the Franchise Agreement. All guarantors are required to sign Exhibit B to the Franchise Agreement.

Item 16: RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must offer to provide and sell only those services that we have approved. They include eyebrow threading, eyelash extension, facials, henna and partial body waxing. You do not have approval at this time to offer any products for sale, or to provide any services other than as stated here. Unless you have requested our permission not to provide services, which approval we can withhold for any reason, you must provide all the services we authorize. You may not offer for sale any products. You may not perform any services that we have not authorized. We have the right to change the types of authorized services. We do not anticipate eliminating the services we currently provide, but we may add to them. There are no limits upon our right to do so. If your Salon is located in a Walmart store, Walmart may restrict our ability to add services. We will not require you to perform any services that would violate our Affiliate’s Master Lease.

We place no restrictions upon your ability to serve customers provided you do so in your Salon. You cannot serve any person outside the leased premises of your Salon. We may have grounds to terminate your Franchise Agreement if you deviate from this policy.

Item 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement(FA); Section in Sublease Agreement (SL)	Summary*
a. Length of the franchise term	FA-Section 2 a; SL-3	FA Initial term is for five years, subject to Walmart control if the Salon is located in a Walmart store. SL Initial term is for a period that lasts one week before the day the Master Lease expires.
b. Renewal or extension of the term	FA-Section 2 b; SL-3	FA There are two renewals for five years each, subject to Walmart control if the Salon is located in a Walmart store, which will limit the renewals to three years each.

Provision	Section in Franchise Agreement(FA); Section in Sublease Agreement (SL)	Summary*
		SL If renewed the period will be three years, with the possibility of a second three year period; all subject to the Walmart store’s continued premises availability and the Walmart store remaining open.
c. Requirements for Franchisee to renew or extend	FA-Section 2 c; SL-3	<p>We must receive your written notice that you want to renew your franchise between two hundred ten to two hundred forty (210-240) days before its expiration date, and,</p> <ol style="list-style-type: none"> 1) You must bring all your accounts current with us, with our Affiliate and with any affiliated companies with whom we are working at that time. This means, you must pay to us any outstanding royalties, and any other monies owed to us, and if in a Walmart store location, the rent under your sublease must have been timely paid throughout the initial term and must be paid to date. 2) You must sign then current franchise agreement, and a then current sublease which may be contracts with materially different terms and conditions than in the original contracts you signed. 3) You must sign a general release, in the form we provide, of all claims that you may have against us at the time we agree to the renewal. 4) You must return your copy of the Operations Manual for a new Operations Manual, which is the same Operations Manual we give to new franchisees. If the Operations Manual is on line, and you have the most up to date Operations Manual downloaded, you will not need to make any other changes. If you have a non-current paper version, you will need to turn in that copy and we will update it in order to assure that you use the most recent Operations Manual. 5) You must have substantially complied with the terms and conditions of this Agreement and your Salon has consistently maintained quality standards.

Provision	Section in Franchise Agreement(FA); Section in Sublease Agreement (SL)	Summary*
		<p>6) You must have maintained a working relationship with the Walmart store where you are located, have not violated any of your sublease terms, nor have you placed our Affiliate in violation of the terms of the Master Lease it has with Walmart.</p> <p>7) You must have been in substantial compliance with your lease if located in a non-Walmart property</p> <p>8) You must prove to us that you have all of the insurance you are required to have in force, and that the policies continue to name us, our Affiliate, and if you are located in a Walmart store, the various Walmart entities it requires be named.</p> <p>9) You must have qualified under the then current training requirements. If we determine you require further training when you renew your Agreement, you agree to obtain that training before you sign the new franchise agreement. We reserve the right to require you to come to our headquarters in the Chicago area, or to any other facility we direct you to in the United States, where you will be able to receive further training to continue to operate the Salon.</p> <p>10) You must pay us a Four Thousand Dollars and 00/100 (\$4,000) renewal fee within thirty (30) days before the date of expiration of this Agreement to reimburse us for the costs and expenses we incur in connection with your renewal and to permit you to continue to operate the Salon for another five (5) year term. There is no new or other fee to pay to renew this Agreement.</p>
d. Termination by Franchisee	FA-Section 13 a	FA Provide written notice of our breach and within sixty (60) days from the date we receive your written notice, we do not cure or take steps to cure the breach or any extended period of time if we cannot cure the breach within sixty (60) days but are diligently pursuing the same, and you are in substantial compliance, and not in default at the time.

Provision	Section in Franchise Agreement(FA); Section in Sublease Agreement (SL)	Summary*
e. Termination by Franchisor without cause	FA-Section 13 b D; SL-Recital f, Section 13	FA If the Salon is located in a Walmart store, Walmart may terminate the lease for the leased premises, and/or the Master Lease, which would terminate your Franchise Agreement, all of which is outside of our control. Otherwise, there is no termination without cause.
f. Termination by Franchisor with cause	FA-Sections 13 b A and B; SL-12	<p>We can terminate only if you commit any one of several listed events of default.</p> <p>1) You fail to actively operate your Salon, causing constructive abandonment. Constructive abandonment means that you do not operate the Salon for a period of three (3) consecutive days without any extenuating circumstances to prevent your continued operations. If the Salon is located in a Walmart store, you must comply with Walmart requirements, which require you to keep your Salon open everyday except certain holidays mentioned in the Master Lease, and not to close your Salon for more than two (2) days in a twelve (12) month period without Walmart’s written permission.</p> <p>2) You assign or transfer the Franchise Agreement or any interest in it or in the franchise without compliance with the provisions of Section 15 of the Franchise Agreement.</p> <p>3) You are convicted of or you plead no contest to a felony, or you are convicted or plead no contest to any crime or offense that is likely to adversely affect the reputation of our franchise program, us, and the goodwill associated with our Affiliate’s service mark(s). If your Salon is located in a Walmart store, this will include any offense that is likely to also adversely affect Walmart’s reputation.</p> <p>4) You fail to make royalty payments for three (3) months in any 12 consecutive month period, or for three (3) months to submit when due, financial statements, reports or other data, information or supporting records and such failures to comply are not followed by a minimum of six (6) months of consecutive, on-time monthly payments or</p>

Provision	Section in Franchise Agreement(FA); Section in Sublease Agreement (SL)	Summary*
		<p>report submissions. If your Salon is located in a Walmart store, you fail to comply with any financial or other reporting requirement set forth in the Master Lease.</p> <p>5) You fail to comply with the in-term covenants, including the covenant not to compete in the Franchise Agreement.</p> <p>6) You disclose or divulge the contents of the Operations Manual, trade secrets or other confidential information we provide to you contrary to the Franchise Agreement, instructions in the Operations Manual, and/or training you received.</p> <p>7) You, or your legal representative are unable to complete an approved transfer to a qualified transferee within the time limits Franchise Agreement, Section 15 allows if you die or become permanently incapacitated.</p> <p>8) You improperly use the mark Shubh®, or any other service mark(s) we approve for use in operating the Salon.</p> <p>9) The premises where you conduct your Salon is dirty, in disrepair or gives the impression of neglect, and/or presents a health hazard to its customers, or if your Salon is located in a Walmart store, we have received a notice of same from Walmart, and you fail to cure the problems brought to our attention.</p> <p>10) You use unapproved advertising.</p> <p>11) You operate the Salon without you, personally having, or your manager or any employee having a cosmetologist’s license that is current for the state in which your Salon is located.</p> <p>12) You commit any other material breach of the Franchise Agreement.</p> <p>13) If your Salon is located in a Walmart store, you default</p>

Provision	Section in Franchise Agreement(FA); Section in Sublease Agreement (SL)	Summary*
		<p>in your obligations to our Affiliate under the sublease our Affiliate enters into with you for the location in the Walmart store.</p> <p>14) You offer services we do not approve, and if you are located in a Walmart store, services that violate the exclusive rights of another Walmart store tenant, after you are made aware of those rights.</p>
g. "Cause" defined-curable defaults	FA-Section 13 b A; SL-Section 12	<p>FA Cause is the failure to comply with any other provision of the Franchise Agreement, besides the events of default stated in Item 17.f directly above, or any standard or administrative procedure we prescribe and you do not correct this failure or make a good faith effort to correct it within thirty (30) days after we give you written notice of your non-compliance.</p> <p>SL Failure to comply with the terms of the Sublease, which includes the Master Lease</p>
h. "Cause" defined-non-curable defaults	FA-Section 13 b A	<p>FA The events of default that can cause immediate termination are:</p> <ol style="list-style-type: none"> 1. bankruptcy 2. misrepresented facts or provided fraudulent or misleading information on application 3. violation of Anti-Terrorism laws
i. Franchisee’s obligations on termination/non-renewal	FA-Section 14; SL-4 A	<p>Disassociate yourself from our franchise program by performing all the tasks that are set forth below:</p> <p style="padding-left: 40px;">a. You must sever your relationship with the Salon within three (3) business days, and thereafter immediately discontinue use by you of any service marks, slogans and/or logos we approved for your use during the time you operated your Salon, or any name confusingly similar, or any reproduction, counterfeit, copy or imitation of the service marks, slogans and/or logos we approved which could or are likely to cause confusion, mistake or deception, or which will dilute our Affiliate’s exclusive rights to, and our use of Shubh®, Shubh® Beauty or any designation indicating affiliation between you and us, or the Salon that previous used our Affiliate’s Marks, slogans</p>

Provision	Section in Franchise Agreement(FA); Section in Sublease Agreement (SL)	Summary*
		<p>and/or logos we approved. You must also destroy all stationery, cards, advertising material and other business related items that bear or refer to the Marks, slogans and/or logos we approved for use. If your Salon is located in a Walmart store, and we do not take back the space according to our Affiliate’s Master Lease you must return the premises to a white box, and remove all signage.</p> <p>b. You must take immediate steps to cancel or otherwise discontinue further display or reference to the Marks, slogans and/or logos we approved for use in any telephone or trade directory and in any advertising.</p> <p>c. Within five (5) days, you must return to us your loaned copy of the Operations Manual including additions or amendments to it and any other signs, displays and other materials we loaned to you. You are required to destroy or return to us, immediately, all other items containing or displaying the Marks, slogans and/or logos we approved for use in the Salon. If the Operations Manual is electronic, you will certify to us, in writing under oath, that you have deleted all references to it, and that you no longer have it on your computer, and that it was not transferred to another file, computer, hard drive, thumb drive, flash drive, stick, DVD or CD, or to any person or business entity by any known means of technology.</p> <p>d. Within thirty (30) days of termination or expiration of this Agreement, or at a later date when the amounts due to us (if any), or our Affiliate or if your Salon is located in a Walmart store, through our Affiliate to Walmart, are determined by a final accounting, a copy of which will be provided to us at its completion, or, at our option, by an audit we conduct, you must pay all accrued monthly royalty fees plus any interest due, and all other amounts owed to us or rent to our Affiliate or if your Salon is located in a Walmart store, and all amounts owed through our Affiliate to Walmart which have not yet been paid.</p>

Provision	Section in Franchise Agreement(FA); Section in Sublease Agreement (SL)	Summary*
		<p>e. You must discontinue all forms of advertising, promotion and all forms of marketing in which you hold yourself out to the public as a Shubh® Beauty Salon or any confusingly similar trade name.</p> <p>f. You agree to and must abide by all obligations of confidentiality and by all provisions of the post-term covenant not to compete as described in Sections 16 and 12 of the Franchise Agreement.</p> <p>g. For the one (1) year period that follows the termination or expiration of this Agreement, you agree that you will not offer employment to any of our employees, or the employees of another Salon, without our knowledge and prior written approval, or the knowledge and prior written approval of the other franchisee under Section 12 c of the Franchise Agreement, and that for a one (1) year period, as set forth in Section 12 b that you will not be involved in a competitive business.</p> <p>h. You will cease further use of any of our confidential and proprietary information.</p> <p>i. You must assign to us any business telephone numbers specifically used for the Salon.</p>
j. Assignment of contract by Franchisor	FA-Section 15 a	FA No restriction on our right to assign and to extent transferee is responsible for compliance with our covenants and obligations, we shall be freed and relieved of all liability with respect to those covenants and obligations.
k. "Transfer" by Franchisee - definition	FA-Sections 15 b and c; SL-8	Includes transfer of assets or any ownership change, and transfer to a partnership, corporation or limited liability company that does not require our consent, but must be in compliance with Section 15 c of the Franchise Agreement. A transfer to a partnership, corporation or limited liability company requires that you are in substantial compliance with the Franchise Agreement, that you have no outstanding debt to us or our Affiliate, or if your Salon is located in a Walmart store, also through our Affiliate to

Provision	Section in Franchise Agreement(FA); Section in Sublease Agreement (SL)	Summary*
		Walmart, that the new business entity conducts no business other than one or more Salons, which you actually manage and in which you maintain control by owning and controlling at least 51% of the equity and voting rights of all issued and outstanding partnership interests, shares of stock, or an equivalent interest in a limited liability company, and all owners of your entity with ownership interests of 20% or greater agree to jointly and severally guarantee the obligations of the Franchise Agreement and to be bound by its provisions. We also require you to submit a copy of your Articles of Incorporation, or Articles of Organization, or the equivalent document in your state before the transfer, and you pay us for our attorneys' fees to review and approve the transfer.
l. Franchisor's approval of transfer by Franchisee	FA-Section 15 b; SL-8	FA We have the right to approve all transfers, our consent not to be unreasonably withheld. SL We and Sublessor must approve all transfers; consent not to be unreasonably withheld.
m. Conditions for Franchisor's approval of transfer	FA-Section 15 b	FA 1) We must approve the purchase agreement and the purchaser, who has otherwise met our requirements for financial responsibility, and suitability as an owner and operator of a Salon, and who will either have his or her own cosmetologist's license or will have the capacity to hire a manager whose cosmetologist's license will be sufficient to obtain a business license to operate the Salon. 2) The assignee, transferee or purchaser must not continue to be engaged as a licensor, franchisor, independent operator or current licensee or franchisee of another competitive business. Prior to entering into the Franchise Agreement, the assignee, transferee or purchaser must terminate all previous licensing or franchise relationships unless with us, and must prove to us that if the assignee had such previous affiliations or relationships that the assignee and all connected with the assignee have received a full release from its or their previous franchisor and/or licensor and have been relieved of any obligations to

Provision	Section in Franchise Agreement(FA); Section in Sublease Agreement (SL)	Summary*
		<p>comply with a non-compete if still within the term in which that non-compete is in effect.</p> <p>3) You have paid all outstanding debts and obligations of the Salon to us under this Agreement and you are current in your rent under your sublease for the Salon, except those debts or obligations, if any assumed by the purchaser, and you and/or your business entity agree to enter into a mutual general release to date of transfer prepared by us, the current version of which is attached to the Franchise Agreement as Exhibit C, in which we each release all claims that we have against the other, except for those listed exempt claims that survive the date of transfer.</p> <p>4) The transferee, assignee or purchaser shall have completed, at their expense and upon the terms and conditions as we may reasonably require, given the experience of the transferee, assignee or purchaser, and level of education and skill, any training programs then in effect for franchisees.</p> <p>5) The party that acquires your interest in your Salon and in the Franchise Agreement must execute the then current franchise agreement, but the term of transferee’s franchise agreement will be the same as your term, unless we agree to extend that term. If your Salon is located in a Walmart store, the term may be further subject to Walmart requirements.</p> <p>6) A transfer fee of Five Thousand Dollars and 00/100 (\$5,000) in certified funds must be paid to us within five (5) business days before the date for the closing of the sale, or the transfer.</p> <p>SL In order to approve a transfer of the Sublease, you must meet all the Franchise Agreement provisions, and sell its franchise rights and assets to a third party who we have approved.</p>
n. Franchisor’s right of first	FA-Section 15 e	FA We will have ten (10) business days to decide whether to purchase the Salon at the offered price, which must be in U.S. dollars, without other consideration. If the offer

Provision	Section in Franchise Agreement(FA); Section in Sublease Agreement (SL)	Summary*
refusal to acquire Franchisee’s business		includes payment in installments, we can also pay in installments. If we decide to purchase the Salon, we will execute a purchase agreement with you and purchase the Salon within sixty (60) days of the date we make our decision.
o. Franchisor’s option to purchase Franchisee’s business	FA-Section 14 i	FA We have the option for thirty (30) days from the date of termination or expiration to purchase your assets for fair market value. If in dispute, we will jointly hire and equally split the expense for one appraiser whose appraisal will be final, and we will pay that price, within ten (10) business days from the date the appraiser provides the appraisal to us.
p. Franchisee’s death or disability	FA-Section 15 d	If you die or become permanently disabled your executor, administrator, conservator or other personal representative will have a period of one-hundred eighty (180) days to transfer your Salon to a qualified transferee. During that period there must be a currently licensed cosmetologist that manages the Salon, if the individual that died or became permanently incapacitated is the only currently licensed cosmetologist in the franchisee company, or was the sole proprietor. Provided a qualified transfer candidate is found, the individual who will be responsible for operating the Salon must successfully complete our training program before assuming the Franchise Agreement. The death or disability of one owner will not cause a termination when more than one owner has signed the Franchise Agreement and that owner has an interest of more than 50%. If a suitable transferee is not located within one-hundred eighty (180) days, the Franchise Agreement will be terminated, and if you are in a Walmart store, we may recover the premises in which the Salon is located.
q. Non-competition covenants during the term of the franchise	FA-Section 12 a	Subject to state law, no involvement by you or any guarantor in competitive business in any manner during term of the Franchise Agreement.

Provision	Section in Franchise Agreement(FA); Section in Sublease Agreement (SL)	Summary*
r. Non-competition covenants after the franchise is terminated or expires	FA-Section 12 b	No competing business for 1 (one) year within a 5 (five) mile radius from the location of your Salon, or within 5 (five) miles of any other opened Salon.
s. Modification of the agreement	FA-Section 20 c; SL-23	FA The Franchise Agreement may only be amended by a writing made on a date after the Franchise Agreement execution dated signed by you and us. SL The Sublease may only be modified by a written agreement executed by both Sublessee and Sublessor on a date after the date of the Sublease.
t. Integration/merger clause	FA-Section 29 SL- Section 29	FA The Franchise Agreement, and incorporated Introduction, and the Exhibits attached to it, represent the entire agreement for this franchise. SL The Sublease, with its incorporated Recitals and Exhibits, which includes a redacted copy of the Master Lease with Walmart, represents the entire agreement for the sublease of space in a Walmart store For all agreements: Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	FA-Sections 19; SL-22	FA Pre-mediation, then mediation, then arbitration in Cook County, Illinois SL Arbitration before one arbitrator in Cook County, Illinois, for Salons located outside Illinois
v. Choice of forum	FA-Section 18b; SL-21	FA Cook County, Illinois subject to applicable law SL Cook County, Illinois for litigation and arbitration, subject to applicable law
w. Choice of Law	FA-Section 22; SL-19	FA Illinois, subject to applicable state law SL Illinois, subject to applicable state law

* The Summary column of this Item includes summaries that address both the Franchise Agreement and the Sublease in those provisions where no division has been made.

Item 18: PUBLIC FIGURES

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

Item 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Harmil Patel, at telephone number 1-844 SHUBH BEAUTY, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For Years 2020-2022

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	13	40	27
	2021	40	64	24
	2022	64	89	25
Company-Owned*	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	13	40	27

	2021	40	64	24
	2022	64	89	25

*Our Affiliate, Vrajhalie LLC owns and operates one Salon in Glen Ellyn, IL that is similar to the business offered by this Disclosure Document.

Table No. 2

Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years 2020 to 2022

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Illinois	2020	0
	2021	1
	2022	1
New Jersey	2020	0
	2021	0
	2022	1

One transfer took place in 2021. Store No. 2956, located at 1401 IL 59, Joliet, IL 60431. The transfer was made by sale on September 28, 2021 from Nilam Patel, 1910 Arbor Gate Ct., Plainfield, IL 60586, nilampatel_2001@yahoo.com, 815-514-1816 to Alis Patel, 10144 Frieda Lane, Fishers, IN 46040, alish112014@gmail.com, 312-259-2402.

Two transfers took place in 2022.

Store No. 3292, located at 900 Springfield Rd., Union, NJ, 07083 was transferred by Renuka Patel, 1050 W. Edgar Rd, Linden, NJ, 07036, rbpatel1179@gmail.com, 732-910-2842, to Kiran Patel, 900 Springfield Rd., Union, NJ, 07083 threadingbrowbar@gmail.com, 201-467-1426 on May 25, 2022.

Store No. 1307, located at 2080 N. State Road 50, Bradley, IL 60914 was transferred by Mahendrakumar Patel, 2936 E. 79th Ave., Merrillville, IN 46410, mikepatel1975@gmail.com, 773-615-6148 to Hemant Goswami, 2080 N. State Road 50, Bradley, IL 60914, goswamihemant17@gmail.com, 312-989-0044 on January 12, 2022.

Table No. 3

Status of Franchised Outlets

2020-2022

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Nonrenewal	Reacquired by Franchisor	Ceased Operation Other Reasons	Outlets at End of the Year
AZ	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	0	3
CA	2020	0	2	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
CO	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
FL	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	4	0	0	0	0	5
GA	2020	0	3	0	0	0	0	3
	2021	3	4	0	0	0	0	7
	2022	7	1	0	0	0	0	8
IL	2020	5	5	0	0	0	0	10
	2021	10	3	0	0	0	0	13
	2022	13	1	0	0	0	0	14
IN	2020	2	6	0	0	0	0	8
	2021	8	3	0	0	0	0	11
	2022	11	3	0	0	0	0	14
KY	2020	1	1	0	0	0	0	2
	2021	2	2	0	0	0	0	4
	2022	4	0	0	0	0	0	4
MD	2020	0	2	0	0	0	0	2
	2021	2	5	0	0	0	0	7
	2022	7	5	0	0	0	0	7
MA	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	2
MO	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
NJ	2020	0	0	0	0	0	0	0

	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
NY	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	2	0	0	0	0	3
NC	2020	1	3	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	2	0	0	0	0	7
RI	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
TN	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	3	0	0	0	0	4
TX	2020	1	1	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
WI	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	2020	13	27	0	0	0	0	40
	2021	40	24	0	0	0	0	64
	2022	64	25	0	0	0	0	89

Table No. 4

Status of Company-Owned Outlets
2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchi- sees	Column 8 Outlets at End of Year
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table No. 5

Projected Openings as of December 31, 2022

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened*	Projected New Franchised Outlets in the Next Fiscal Year**	Projected New Company-Owned Outlets in the Current Fiscal Year
Arizona	0	0	0
Colorado	0	0	0
California	0	1	0
Connecticut	0	1	0
Florida	0	1	0
Georgia	0	0	0
Illinois	2	2	0
Indiana	0	0	0
Iowa	1	1	0
Kentucky	0	0	0
Louisiana	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
New Jersey	0	0	0
New York	0	0	0
North Carolina	0	0	0
Pennsylvania	1	1	0
Rhode Island	0	0	0
Tennessee	0	0	0
Texas	1	8	0
Virginia	0	1	0

WI	0	0	0
Total	5	16	0

*In 2022, there were 16 franchise agreements signed. As of December 31, 2022, 11 had opened, and have been included in Table 3 and the List of Franchisees. Of the five remaining, 3 opened in 2023 before the date of this Disclosure Document and 2 have not been opened yet.

The names, addresses, emails and phone numbers for the five franchisees that signed franchise agreements but whose outlet was not yet opened as of December 31, 2022 are:

Store No.1623, Prem Bansal, 2150 Wilkes Barre Twncsp Blvd, Wilkes-Barre, PA, 18702, yashuvani2@gmail.com, 570-817-2975 (opened in 2023)

Store No. 1028, Alpesh Patel, 401 River Rd, East Peoria, IL, 61611, alps_18383@yahoo.com, 217-419-2914 (opened in 2023)

Store No. 1723, Manishaben Chaudhari, 5101 SE 14th St, Des Moines, IA, 50320, shubhbeautydsm@gmail.com, 732-533-4483(opened in 2023)

Store No. 5480, Srijana Koirala, 4700 E Palm Valley Blvd, Round Rock, TX, 78665, sirieyebrow1@yahoo.com, 512-567-1343

Store No. 1228, Gayatri Patel, 2680 N IL Route 83, Round Lake Beach, IL, 60073, ggpatel2003@gmail.com, 732-874-3288

**

As of December 31, 2022 there were sixteen projected openings. Of those sixteen, three opened in 2023 before the date of this Disclosure Document, and were also reported in the first column of this Table 5, since the franchise agreement was sold in 2022, but the projected opening was scheduled for 2023. The names, addresses, emails and phone numbers for the sixteen are:

Store No. 1623, Prem Bansal, 2150 Wilkes Barre Twncsp Blvd, Wilkes-Barre, PA, 18702, yashuvani2@gmail.com, 570-817-2975 opened

Store No. 1028, Alpesh Patel, 401 River Rd, East Peoria, IL, 61611, alps_18383@yahoo.com, 217-419-2914 opened

Store No. 1723, Manishaben Chaudhari, 5101 SE 14th St, Des Moines, IA, 50320, shubhbeautydsm@gmail.com, 732-533-4483 opened

Store No. 5480, Srijana Koirala, 4700 E Palm Valley Blvd, Round Rock, TX, 78665, sirieyebrow1@yahoo.com, 512-567-1343, Not Opened

Store No. 2201, Leena Dedhia, 7101 Gateway Blvd W, El Paso (C), TX, 79925, threadingbrowbar@gmail.com, 201-467-1426, Not Opened

Store No. 3077, Leena Dedhia, 6530 Trading Sq, Haymarket, VA, 20169, threadingbrowbar@gmail.com, 201-467-1426, Not Opened

Store No. 3569, Srijana Koirala, 12900 NO. I-35 SVC Rd SB, Austin (Nw), TX, 78753,

dgbrother@yahoo.com, 512-567-1343, Not Opened
Store No. 2585, Leena Dedhia, 150 Barnum Ave CutOff, Stratford, CT, 06614,
threadingbrowbar@gmail.com, 201-467-1426, Not Opened
Store No. 1228, Gayatri Patel, 2680 N IL Route 83, Round Lake Beach, IL, 60073,
ggpatel2003@gmail.com, 732-874-3288, Not Opened
Store No. 1253, Srijana Koirala, 710 E Ben White Blvd, Austin, TX, 78704, 5/1/23,
sirieyebrow1@yahoo.com, 512-567-1343, Not Opened
Store No. 3352, Yuvraj Singh, 10355 Trinity Pkwy, Stockton, CA, 95219,
reyuvination.esthetics@gmail.com, 720-276-2819, Not Opened
Store No. 5312, Nilufer Khurana, 3851 Airport Fwy, Fort Worth, TX, 76111,
avijitkhurana@gmail.com, 312-451-1847, Not Opened
Store No. 4332, Gayatri Patel, 8990 Turkey Lake Rd, Orlando, FL, 32819,
ggpatel2003@gmail.com, 732-874-3288, Not Opened
Store No. 1185, Srijana Koirala, 1030 Norwood Park Blvd, Austin (N), TX, 78753,
sirieyebrow1@yahoo.com, 512-567-1343, Not Opened
Store No. 5317, Srijana Koirala, 9300 S Interstate 35 Ste B, Austin (S), TX, 78748,
sirieyebrow1@yahoo.com, 512-567-1343, Not Opened
Store No. 2991, Narayan Mahato, 201 Walton Way, Cedar Park, TX, 78613,
usatoy6@gmail.com, 512-965-6519, Not Opened

No franchisee had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement with us during the most recently completed fiscal year. There also are no franchisees who have not communicated with us within 10 weeks of the date of issuance of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

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

Item 21: FINANCIAL STATEMENTS

Attached to this Disclosure Document are the Audited Financial Statements dated December 31, 2020, , December 31, 2021 December 31, 2022 and for Shubh Franchise Inc., the company with which we merged in March 2021, the Shubh Franchise Inc. unaudited balance sheet as of March 31, 2021 the month the merger was approved. THE UNAUDITED BALANCE SHEET WAS PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM. All other financial statements included in this Disclosure Document are audited.

Our fiscal year ends December 31, 2023.

Item 22: CONTRACTS

Attached to this Disclosure Document as Exhibit B is the SHUBH FRANCHISE LLC Franchise Agreement. Attached to this Disclosure Document as Exhibit F is the Vrajhalie LLC Walmart Store Sublease, which will only be applicable if your Salon is located in a Walmart store. No other agreements are applicable.

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.

Item 23: RECEIPTS

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

EXHIBIT A

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

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

<p><u>CALIFORNIA</u> 1-866-ASK-CORP (275-2677) Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation (Los Angeles) 320 West 4th Street, #750 Los Angeles, CA 90013-2344 (213) 576-7500</p> <p>(Sacramento) 2101 Arena Boulevard Sacramento, CA 95834 (916) 445-7205</p> <p>(San Diego) 1455 Frazee Road, Suite 315 San Diego, CA 92108 (619) 525-4233</p> <p>(San Francisco) One Sansome Street, Suite 600 San Francisco, CA 94105-2980 (415) 972-8559</p>	<p><u>MARYLAND</u> <i>(for service of process)</i> Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360</p> <p><i>(state agency)</i> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360</p> <p><u>MICHIGAN</u> State of Michigan Department of Attorney General Consumer Protection Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48933 (517) 335-7567</p>	<p><u>NORTH DAKOTA</u> <i>(state agency)</i> North Dakota Securities Department Securities Commissioner Fifth Floor Dept. 414 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712</p> <p><i>(for service of process)</i> Securities Commissioner Fifth Floor Dept. 414 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712</p>
<p><u>HAWAII</u> <i>(for service of process)</i> Commissioner of Securities Business Registration Division Securities Compliance Department of Commerce and Consumer Affairs 335 Merchant Street, Suite 205 Honolulu, HI 96813 (808) 586-2722 (state administrator for other matter) Business Registration Division Securities Compliance Department of Commerce and Consumer Affairs</p>	<p><u>NEW YORK</u> <i>(for service of process)</i> Secretary of State 99 Washington Avenue Albany, NY 12231</p> <p><i>(for other matters)</i> New York State Department of Law Investor Protection Bureau 28 Liberty St., 21st FL New York, NY 10005 (212) 416-8222</p>	<p><u>OREGON</u> Oregon Division of Finance and Corporate Securities 350 Winter Street NE, Room 410 Salem, OR 97301-3881 (503) 378-4387</p> <p><u>RHODE ISLAND</u> Securities Division Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex-Building 69-1 Cranston, Rhode Island 02920 (401) 462-9500</p>
		<p><u>SOUTH DAKOTA</u> Division of Securities 445 East Capitol Pierre, South Dakota 57501-3185 (605) 773-4823</p>

335 Merchant Street, Suite 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
Chief, Franchise Division
500 South Second Street
Springfield, IL 62701
(217) 782-4465

INDIANA

(for service of process)
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, IN 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
302 West Washington Street
Room E-111
Indianapolis, IN 46204
(317) 232-6690

VIRGINIA

(for service of process)
Clerk, State Corporation
Commission
1300 East Main Street
Richmond, VA 23219
(804) 371-9733

(for other matters)

State Corporations Commission
Division of Securities and Retail
Franchising
1300 East Main Street
Ninth Floor
Richmond, VA 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial
Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501-9033
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507-9033
(360) 902-8760

WISCONSIN

Department of Financial Institutions
Division of Securities
201 W. Washington Avenue
Suite 300
Madison, WI 53703
(608) 261-9543

EXHIBIT B

FRANCHISE AGREEMENT

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SHUBH FRANCHISE LLC

FRANCHISE AGREEMENT

This Franchise Agreement is entered into on the date stated on the Signature Page by and between SHUBH FRANCHISE LLC an Illinois Limited Liability Company, whose principal place of business is located at 240 E. Lake Street, Suite 210, Addison, IL 60101 (“Franchisor, we or us”) and _____ who resides at _____ (“Franchisee or you”).

INTRODUCTION

This Franchise Agreement (the "Agreement") creates important rights and obligations between the parties. Before you execute it and enter into a Franchisor-Franchisee relationship with us, you should read it in its entirety. Once executed, each party makes a commitment to the other to work together as franchisor and franchisee. For ease of reference, and in order to coordinate terms with the Franchise Disclosure Document (“Disclosure Document”) you have already received, of which this Agreement is an Exhibit, we will use the terms set forth above to refer to the parties.

Under this Agreement, we offer and grant to you certain rights, and will, if necessary, based on your experience, train you in a system of conducting a business that will provide salon services that primarily include eyebrow threading, eyelash extension, and will also involve offering facials, henna and partial body waxing. You will operate a business that must be called Shubh® Beauty under our affiliate Vrajhalie LLC’s (“Affiliate”) federally registered service mark Shubh® including a design using a line that goes through the word Shubh, and any other service mark we approve (the “Marks”), which business will be referred to in this Agreement and in our Disclosure Document as (the “Salon”).

As franchisee, you will be in the business of managing the Salon, which will be located in leased premises either in a Walmart store or another non-Walmart property leased location, such as a strip mall, or the street level of a mixed use commercial or residential property. Our Affiliate has a direct lease with Walmart and certain of its affiliates (the “Master Lease”). You and our Affiliate will enter into a sublease if your Salon is or will be located in a Walmart store. Under that sublease in connection with this Agreement, you will be an approved Salon, and will be permitted to operate pursuant to this Agreement for the term stated in this Agreement, or any shorter period, based on the term of our Affiliate’s Master Lease. If your Salon is or will be located in a Walmart store, you will be subject to our Affiliate’s Master Lease for the premises you occupy. At all times, you will be required to conform to our Affiliate’s Master Lease, which will be attached in pertinent part to your sublease, redacted to remove confidential information between our Affiliate and Walmart.

You must have at least one managerial employee in the Salon at all times who has a cosmetology license if the state in which you operate your Salon has laws that require licensing cosmetologists. You, as franchisee are strictly prohibited from providing any other services than those stated in this Agreement. Under no circumstances can you provide quasi-medical services,

regardless of the nature of those services. You as franchisee are also prohibited from providing any advice related to any therapies or treatment for skin conditions, skin disorders or any other medical or quasi-medical problem.

You agree to assume various obligations that permit you to own, develop and operate your Salon and will use the Marks to identify the Salon.

You have expressed a desire to purchase the rights to own a franchise and operate a Salon using our methods, Marks, Confidential Operations Manual (the "Operations Manual"), POS (point of sale) System, knowledge and know how (the "System"). You have truthfully completed our franchise application. You have provided us with a current and accurate financial statement. We have provided you with a current Disclosure Document, which receipt you have acknowledged by signing and dating a form receipt that required you to insert the date when you received it. We have reviewed your franchise application, and have met with you to determine if you understand and can appreciate what is involved in owning and operating a Salon. If you will operate your Salon from a Walmart store location, we have submitted the information you provided to us in the application stage to Walmart to receive its approval. After careful consideration, we have agreed to grant you a franchise under the terms and conditions stated below.

TERMS AND CONDITIONS OF THE AGREEMENT

In consideration for the promises both parties have made, which include your payment us of an Initial Franchise Fee and continuing monthly royalty fee as described more fully in Sections 3a. and 3b. of this Agreement, and in acknowledgement and acceptance of the covenants and commitments made in this Agreement, and the sublease you must execute with our Affiliate if you will operate your Salon in a Walmart store location, and the terms and conditions to which the parties agree to be bound, the parties agree as follows:

1. FRANCHISE RIGHTS, SITE SELECTION AND BUILD OUT

- a. **Grant of Franchise Rights.** Under this Agreement, and during its entire term, we grant to you, individually, and only in the name in which you signed this Agreement, the non-exclusive right, license and franchise to own, operate and develop a Salon either in one specified Walmart store, or one specific location whose address appears in Exhibit A to this Agreement. Provided that you follow our methods, use our marketing and administrative procedures and various other trade secrets taught during training; and use only the Marks, we will support your operation and comply with our obligations to you, throughout the term of this Agreement.
 1. **Non-exclusive Rights.** We have the right to offer and grant other franchises, anywhere we choose, other than in the same Walmart store in which your Salon is located.
 2. **No Exclusive Territory.** This Agreement does not provide an exclusive territory. Each Walmart store, or other non-Walmart location in which you choose to locate a franchise, will be entered into under a separate franchise agreement. Your location

in one Walmart store will have no effect on whether we open another Salon with another franchisee in another Walmart store located within your community, or in another property, however, we will use our business judgment to determine saturation levels, and will endeavor, but cannot promise that we will space franchises to the extent that they do not directly compete with each other. If two or more franchises find they are in competition, we will not compensate one or the other if sales decrease. Notwithstanding the foregoing to the contrary, due to the fact that this franchise system is both Walmart store and non-Walmart based, opening any franchises will be subject to the availability of Walmart store locations, and Walmart's willingness to lease locations to our Affiliate, and approving you as a sublessee, or non-Walmart locations agreeing to lease a location to you for the business of a Salon.

3. **Target Market Advertising.** You may advertise using any method that you believe will target your promotion to the population that resides or works within the market area where your Salon is located. However, you can serve as a customer any person that walks into your Salon, or makes an appointment either by calling the Salon, or booking an appointment on line.

- b. **Site Selection.** We do not guarantee any results, regardless of where you choose to locate your franchise. All sites will be in Walmart stores or other non-Walmart properties. Some Walmart stores will be better suited than others for the type of service the Salon will offer. Certain properties may be more attractive than others for the business of the Salon, based on a variety of factors, including demographics, traffic patterns, and proximity to other commercial outlets. We do not make value judgments. It will depend on the affordability of the service, your pricing, and your level of professionalism and service to your customers. Our approval is based on whether either the Walmart store or other non-Walmart property meets our minimum requirements of visibility, access, potential for reasonable size, build out and layout, viability and desirability for the business that will be performed. This Agreement does not include real estate ownership for you or us. It anticipates that our Affiliate has executed a lease for the location in the Walmart store where the Salon will be located, and you must execute a sublease for that space, or you will execute a lease in a non-Walmart property, with certain conditions we propose and require.

- c. **Build Out, Certification and Signage.** The physical appearance of the Salon is important for many reasons, including brand recognition for the franchise system, working environment for you and your employees, and comfort for the Salon's customers. You are required to appoint and decorate the Salon using only our color scheme, flooring and approved equipment, furniture and cabinetry. We will provide the general plans and requirements for construction and build out after you execute this Agreement. If we have already built out, furnished and equipped the space, you will be required to operate in that space with those improvements without change, unless we require you to remodel as later stated in this Agreement. If the space has not been built out when you take possession under a sublease, or a lease from a non-Walmart property lessor, we must approve the layout and build out before the Salon can open for business under the Shubh® Beauty brand name. Provided you, and or your contractor follow our

guidelines, you obtain all the necessary permits and complete the construction timely; our approval will not be unreasonably withheld or delayed. We will work with you to help get the Salon open as soon as possible. If you are located in a Walmart store, you must open for business on or before the date Walmart provides the (“Commencement Date”). If you notify us that you will be unable to open by the Commencement Date we will try to get an extension from Walmart, but cannot guarantee that Walmart will give an extension. Your inability to open by the Commencement Date may give Walmart the right to charge liquidated damages as stated in the Master Lease, and it will give us a right to terminate this Agreement. If we terminate this Agreement do to your inability to open by the Commencement Date, we will not reimburse any expense you have incurred.

Since there must be a licensed cosmetologist at the Salon at all times, you will be required to comply with all regulations that may be imposed by local, state or federal law. We will not provide advice to you related to those laws. This is your responsibility, and we strongly suggest that you consult with a lawyer, or other business advisor who has knowledge in this field of the law. We will not return fees, nor are we required repurchasing your franchise, buy back your equipment or furniture or reimburse you for the build out if you are unable to complete certification or hire a manager that is certified under the applicable law.

Once you have built out the Salon, you must place a sign above the entrance that meets the requirements of the location. If you are located in a Walmart Store, unless given permission, the sign must be placed in accordance with the Master Lease requirement. If you are located in a non-Walmart property, your lessor may require signage in a different form. The sign you use must have the federally registered service mark Shubh® with the word Beauty following it. The Salon must also maintain required internal signage and decorations as we prescribe, as well as a plaque or a sign that states that this location is owned and operated by a franchisee of the Shubh Franchise Inc. System.

2. TERM, RENEWAL AND NON-RENEWAL

This Agreement is for a specified term and can be renewed as stated below.

- a. **Initial Term**. The term for this Agreement begins on the day we accept and execute it and continues for a period of five (5) years from the date the Salon opens its doors for business. If this Agreement is for a Salon in a Walmart store, you must open by the Commencement Date. If you require an extension, Walmart must approve it. If this Agreement is for a non-Walmart property, you will have ninety (90) days from the date we execute this Agreement with you, to open for business, subject to any special circumstances, or extensions to which your landlord or we may agree. If those special circumstances are directly related to the Salon’s certification, or other occupancy permit issues, we will work with you to provide a reasonable time for the Salon to begin operations. If this Agreement is for a Salon in a Walmart store, you will be responsible for paying rent under the sublease you execute with our Affiliate, once our Affiliate has tendered possession to you.

- b. **Two Additional Renewal Terms.** After the initial five (5) year period has ended, if our Affiliate and Walmart agree to renew the lease, provided you have been in substantial compliance with the terms of this Agreement, and you have not been in default of this Agreement, or the sublease, or your direct lease if you occupy a non-Walmart property, you have maintained your cosmetologist's certification and any other licenses you were required to keep in good standing, and you have provided written notice to us two hundred ten to two hundred forty (210-240) days before expiration that you desire to continue operating your Salon in that location, then within one-hundred eighty (180) days before the end of the five (5) year term, or if this Agreement is for a Salon in a Walmart store, at the time Walmart provides notice to our Affiliate that it will renew the lease, you will be offered the right to continue to own and operate your Salon in the same location. The second term will be for three (3) years. We will renew you on this basis for two additional terms for three (3) years each in addition to the initial five (5) year term.
- c. **Renewal Requirements.** After we receive your written notice of your desire to renew your franchise between two hundred ten to two hundred forty (210-240) days before its expiration date, approximately one-hundred eighty (180) days before the expiration date, we will send you a written notice that we approve your renewal, or we will send you a written notice that we will not renew your franchise and will terminate the relationship on the expiration date. If we notify you that we will not renew your franchise, we will send you a notice that will list the reasons for that decision.

You must do the following to renew your franchise on or before thirty (30) days from the date of expiration of your initial term:

- 1) You must bring all your accounts current with us, with our Affiliate and with any affiliated companies with whom we are working at that time. This means, you must pay to us any outstanding royalties, and any other monies owed to us, and if in a Walmart store location, the rent under your sublease must have been timely paid throughout the initial term and must be paid to date.
- 2) You must sign then current franchise agreement, and a then current sublease.
- 3) You must sign a general release, in the form we provide, of all claims that you may have against us at the time we agree to the renewal.
- 4) You must return your copy of the Operations Manual. We will provide you with a copy of a new Operations Manual, which is the same Operations Manual we give to new franchisees. If the Operations Manual is on line, and you have the most up to date Operations Manual downloaded, you will not need to make any other changes. If you have a non-current paper version, you will need to turn in that copy and we will update it in order to assure that you use the most recent Operations Manual.

- 5) You must have substantially complied with the terms and conditions of this Agreement and your Salon has consistently maintained quality standards.
 - 6) If you are in a Walmart store, you have maintained a working relationship with the Walmart store where you are located, have not violated any of your sublease terms, nor have you placed our Affiliate in violation of the terms of the Master Lease it has with Walmart. If you are located in a non-Walmart property, you have been in compliance with your lease.
 - 7) You must prove to us that you have all of the insurance you are required to have in force, and that the policies continue to name us, our Affiliate, and if you are located in a Walmart store, the various Walmart entities it requires be named.
 - 8) You have qualified under the then current training requirements. If we determine you require further training when you renew your Agreement, you agree to obtain that training before you sign the new franchise agreement. We reserve the right to require you to come to our headquarters in the Chicago area, or to any other facility we direct you to in the United States, where you will be able to receive further training to continue to operate the Salon.
 - 9) You pay us a renewal fee of Four Thousand Dollars and 00/100 (\$4,000) within thirty (30) days before the date of expiration of this Agreement to reimburse us for the costs and expenses we incur in connection with your renewal and to permit you to continue to operate the Salon for another five (5) year term. There is no new or other fee to pay to renew this Agreement.
- d. **Non-Renewal**. If we have good cause to refuse you the right to renew or further extend the term of this Agreement, we will send you written notification of this determination approximately one-hundred eighty (180) days before the expiration of the term, or longer if there is an applicable state statute that requires a longer notice. For purposes of this Agreement, good cause means good cause as defined by statute in the state in which your Salon is located.

Unless there is, in our sole discretion, good cause to refuse renewal, we will renew your Agreement, provided Walmart agrees to renew the lease, if you are located in a Walmart store. If, however, the Walmart store where you are located closes, or takes an action outside our control, we will have the right to terminate this Agreement, without renewal. If that occurs, you may be entitled to a portion of the compensation provided by the Master Lease we, or our Affiliate holds with Walmart for your location, as further set for the in the sublease. That compensation, if any, will be based on a depreciated value of your build out and may not compensate you for the funds you expended. Each year you operate, that compensation, if any, will decrease.

3. **FEES**

You must pay certain fees directly to us before and during the term of this Agreement. In

consideration for the right and license to own and operate a Salon, you agree to pay these fees in full and on a timely basis.

- a. **Initial Franchise Fee.** You must pay directly to us a fee for the right and license to operate a Salon and to use the service mark Shubh®, for the right to use our System and, to be entitled to the benefits of our franchise program. The Initial Franchise Fee is Ten Thousand Dollars and 00/100 (\$10,000) and is due and payable in full when you execute this Agreement. The Initial Franchise Fee is not refundable. If the same party that owns a majority interest in the business entity that signs this Agreement, signs a second or additional franchise agreement and opens the second or additional Salon within one year from the date of execution of this Agreement, the initial franchise fee for that second or additional franchise agreement will be Eight Thousand Dollars and 00/100 (\$8,000).
- b. **Lease Deposit.** If this Agreement is for a Salon in a Walmart store, you must pay to our Affiliate Ten Thousand Dollars and 00/100 (\$10,000) for a refundable lease deposit that will cover possible costs our Affiliate may incur.
- c. **Monthly Royalty Payment.** On or before the tenth day of each month you must pay directly to us a flat One Thousand Dollar and 00/100 (\$1,000) royalty payment. The royalty payment is not affected by any factor, and is due regardless of the amount of gross receipts your Salon generates.
- d. **Inoperative Equipment Fee.** You must repair inoperative equipment, such as your POS System, camera system or Salon furniture. We may charge Seventy-Five Dollars and 00/100 (\$75)/day per item of equipment if you fail to repair.
- e. **Lease.** If Walmart charges our Affiliate to renegotiate the lease for the location in which your Salon is located, we can pass on our Affiliate's costs to you. Those costs must be paid within thirty (30) days of the date we invoice you. We also have the right to debit your account for the costs.
- f. **Renewal Fees.** As stated in this Agreement, if we agree to renew this Agreement for an additional term, we will charge you a renewal fee of Four Thousand Dollars and 00/100 (\$4,000).
- g. **Transfer Fee.** As stated in this Agreement, if we agree to permit a transfer to a third party of more than fifty (50%) percent of your equity interests in this Agreement we will charge you a transfer fee of Five Thousand Dollars and 00/100 (\$5,000).
- h. **Late Fees.** As stated in this Agreement, if you fail to make a timely payment late fees may apply.

4. **OUR OBLIGATIONS TO YOU**

I. **Our Obligations Before You Begin Operations.**

a. **Franchise Rights; Standards**

- 1) **Grant of Rights.** We provide you with the right to own and operate your Salon, using the Marks. You will use the System, including administrative procedures, and proprietary and confidential information.
- 2) **Standards and Specifications.** We will also provide standards and specifications for the operation for your Salon, including standardized bookkeeping guidelines.

- b. **Training.** We provide you and up to two (2) other people, one of whom must be the approved Manager of your Salon, if that is not you, with three (3) business days of comprehensive training, conducted at our headquarters in the Chicago area, or at any franchise location we designate. If traveling from out of the Chicago area, you will be expected to arrive on Sunday afternoon. Training will begin Monday morning, and extend through close of business Wednesday.

Training will consist of best practices to develop and operate the Salon. Training in business related subjects including, implementation of the System, use of the POS System, payment of royalties and when and how those payments are to be made, calculation of gross receipts as defined in this Agreement, reasons for and use of the cameras in the Salon, and other administrative procedures you will encounter. The intent of the training is to familiarize you with our business model and provide a comprehensive training program that will be beneficial to enable you to operate and develop the Salon.

The training program has been developed and will continue to be improved as this franchise develops. Our officers and employees will administer it. You will be responsible for all travel and living expenses for yourself and any persons you bring with you. We do not pay you or your employees a salary, or otherwise compensate you during training.

- c. **Operations Manual.** After you have executed this Agreement, paid the entire Initial Franchise Fee and we have approved and executed your Agreement, we will provide to you, on loan, for the duration of the term of this Agreement, one copy of the Shubh® Operations Manual. This will be given to you when you begin your training and will be used and referred to during the training program. The Operations Manual is further discussed in Section 9 of this Agreement.
- d. **Equipment and Inventory Sourcing.** You will purchase for the Salon the equipment and furniture, such as cabinetry, as required. This will consist of a POS System, the chairs and stations for your customers, waiting area furniture, reception cabinetry and signage. The cost for this equipment is set forth in Item 7 of the Disclosure Document. The cost is subject to change without notice and outside our control.

- e. **Development and Consultation.** Before you begin operating your Salon, we will provide you with assistance in establishing it, after you have completed training. This general consultation is in addition to the training that must be completed before you open the Salon. General consultation may take the form of telephone conversations, email exchanges, personal conversations, and faxed or mailed information. We will determine this form of assistance, the choice of medium in which it is conveyed and its frequency, by assessing your needs, and your operation of the Salon.

II. **Our Obligations After You Open and Begin to Operate.**

- a. **Operations Manual.** As administrative procedures are further developed, and standards and guidelines updated or changed, we will provide you with new pages for your Operations Manual, which loaned copy you will be required to maintain and update throughout the term of this Agreement. If we make the Operations Manual electronically available to you, we will notify you when we update it.
- b. **Website.** We will develop and host a website, and will develop links for franchisee pages. The address of the Salon, a map and directions, its hours, as negotiated with Walmart for your location, if this Agreement is for a Salon in a Walmart store, telephone number and email contact will be provided on the linked web page, as well as a way to make appointments on line.
- c. **Other Systems.** We will implement other systems and applications including QuickBooks for financial reporting, and may implement other systems as selected in our sole discretion.
- d. **Marketing.** We may develop marketing to support the Salon franchise System if we believe it is warranted.
- e. **Guidance and Support.** We will remain in contact with you, and be available for consultation to assist you with any aspect of owning and operating a Salon.

We may also provide guidance based on our review of your progress, and may request another franchisee to contact you to assist with any problem you may experience which you have brought to our attention.

Any guidance we are able to offer over the telephone, or through written, or other verbal communication will be provided to you free of charge, inclusive of guidance provided by us or another franchisee we ask to contact you. If a personal visit is necessary after you complete training, we will arrange to send a qualified representative to work with you to attempt to resolve any difficulty you may experience. You will be responsible for these trips including, but not limited to hotel, car rental, air-travel and a per-diem paid to our representative of \$300.00. Should you return to our headquarters for further training, you will incur the cost of travel, lodging and food, but there will be no fees payable to us.

At our discretion, and when the number of franchisees managing Salons warrants it, we

may decide to hold annual conferences for all franchisees. If we institute this practice, the conferences will last two days or less, and you will be required to attend. We may charge a fee for attendance. In addition, you will be responsible for the travel costs, hotel and food, other than meals we may provide, for you and anyone you choose to bring, and their salaries. Annual conferences may be held close to our headquarters in Chicago, IL, or at any other location we choose.

III. Additional Assistance.

Under this Agreement, we do not recognize an obligation to contractually do anything further for you. Any assistance in addition to the items listed in this Section 4 will be provided at our sole discretion.

5. YOUR OBLIGATIONS TO US

Before and during the term of this Agreement, you must perform certain obligations to comply with the terms and conditions of this Agreement, as follows:

- a. **Truthful Franchise Application and Representation.** You must submit an honest franchise application that contains no misrepresentations. Included in the franchise application is a form financial statement. The information provided to us must be accurate and current, to within thirty days of when you apply for a franchise. If between the time you apply and the time we approve your application, negative material changes have occurred in your financial statement, you are obligated to tell us, and to update your financial statement. Although, these are prerequisites, if at any time during the term of this Agreement we learn that you misrepresented the facts or that your financial statement was fraudulently submitted or misleading, under Section 13, we have the right to terminate this Agreement. Your application must include a sworn and notarized statement that all information you have provided is truthful and accurate.

After we receive your application, we may conduct a background investigation. Only U.S. citizens will be permitted to own a franchise that is operated in the United States, and no persons with felony convictions, regardless of the offense, will be considered for a franchise.

Part of the application and purchase process involves your disclosing to us whether you are or were a franchisee or licensee of a similar business. You must prove to us that if you have or had such previous affiliations or relationships that you and all connected with you have received a full release from your previous franchisor and/or licensor and that you have been relieved of any obligations to comply with a non-compete if still within the term in which that non-compete is in effect. If we act on any false or premature information you provide to us or our Affiliate in this regard, and our granting a franchise to you leads to litigation against us, or our Affiliate, we will make you a third party defendant and file a claim against you for our costs, expenses reasonable attorneys' fee and resulting damages. This type of claim will not be exempt from the procedure we are required to follow under Section 19 Mediation and Arbitration of this Agreement.

- b. **Training**. The training discussed earlier in this Agreement in Section 4 I.b, is required for all new franchisees and their administrative managers, if these are not the same person. You must attend and satisfactorily complete our training program, held in the Chicago area, or where our headquarters are located at the time you purchase the Salon. Unless advised otherwise due to a number of factors, which, we will take into consideration, all training sessions must be attended to complete the program to our satisfaction. We consider this one of your most important obligations before you begin to operate the Salon. Proper training is necessary for you to understand our business model and familiarize yourself with our Operations Manual.
- c. **Trained Staff**. You are responsible for training your staff, after the initial training sessions, and to maintain the most current methods. Your staff must be trained before we will permit you to open your Salon.
- d. **Use of Service Mark**. You understand that our reputation is important to us, and that we are developing, through our services and under the Marks, a growing reputation. Shubh® is registered on the principal register of the United States Patent and Trademark Office, Registration No. 5,471,448. During the term of this Agreement, you are obligated to use, and we require the Salon to use Shubh® and any other service mark we authorize, or from time to time approve for use by our franchisees. If you do business as a limited liability company or form a corporation, the fact that you are a franchisee in the Shubh® franchise system must be made evident. Shubh® must appear on your signage, stationery, business cards, and in your advertising and promotion. The Salon's signage, and your stationery and business cards must use the colors and logo as we have depicted them, unless, we change the Marks, our logo, or our color scheme.
- 1) **Trademark Infringement**. During the term of this Agreement, you agree to use Shubh® as we have authorized, and to report to us immediately if you learn of a use of that service mark by a third party that may infringe the Salon's or your use, or a claim is made against you, or the Salon for the use of Shubh®, as directed by this Agreement in Section 6, below.
 - 2) **Our Discretion to Act**. If we receive notice from you of an infringing use, or claim against you, we will protect the service mark as we determine is necessary at the time.
- e. **Payment of Fees; Reporting**. You must pay directly to us as stated in the Agreement in Sections 3.b. a One Thousand Dollars and 00/100 (\$1,000) monthly royalty fee and you must provide us with your gross receipts on a daily basis. This information must be accessible through the POS System.
- 1) **Definition of Gross Receipts**. Gross receipts total all amounts you generate from payments received for the services you perform in your Salon, and for products sold, if any, excluding federal, state, or municipal sales, use, or service taxes collected, if any and paid to the appropriate taxing authority. This definition is applicable wherever the term gross receipts appears in this Agreement. Gross

receipts may be used by Walmart to determine percentage rent if you operate a Salon inside a Walmart store, and you are subject to a Sublease.

- 2) **Interest and Application of Late Payments.** Where permissible by state law, interest will accrue at the rate of one (1.0%) percent per month or we will charge a late fee of One Hundred Dollars and 00/100 (\$100) whichever is higher. If you are using direct withdrawal then we can sweep the amount from your account owed on a timely basis, for any payments that are not timely made. We reserve the right to apply late payments to the oldest receivables due. This may mean a payment you designate as a royalty payment may be used to pay another debt you owe us which would leave the royalty payment short or outstanding. It is your responsibility to make accurate and timely payments under this Agreement.
 - 3) **Bank Service Charges.** If you make any payment to us, and we are unable to collect good funds on that instrument, we will assess to you and you must pay, any bank charges assessed to our account. We will draft your business account for the charges assessed.
 - 4) **Electronic Funds Transfer.** Under this Agreement, you give us permission to electronically debit by Electronic Funds Transfer (EFT) all payments from your bank and the bank account you provide to us.
- f. **Confidentiality of Proprietary Information.** Confidential or proprietary information may only be given to those persons in your employ who absolutely must have it in order to do their job properly. You agree that any attempt to divert, transfer in any manner, and through whatever means now known or imaginable, or give away proprietary information we provide to you will be considered a serious breach of trust, and a serious breach of this Agreement, which could cause the default and termination of this Agreement. You and your managers are required to use your discretion and good business judgment in supplying the necessary confidential information to the Salon's employees.
- g. **Transfer Fee.** If you transfer the ownership of your Salon to an unrelated third party, pursuant to the requirements in Section 15, you must pay to us a transfer fee at that time. The amount of that fee is Five Thousand Dollars and 00/100 (\$5,000).

If you add a partner, if you are already a partnership, a shareholder if you are a corporation, or member of a limited liability company and you maintain more than fifty (50%) percent of the voting and controlling interests in the business entity, provided you notify us before the transfer takes place, by giving us the names, addresses, emails and telephone numbers (contact information) for the new persons, and inform us if they will be involved in the management or operation of the business, we will not charge a set fee, but you will be responsible to pay our legal fees to review and record your new structure. If you fail to notify us until after the minority transfer has been made, we will charge you One Thousand Dollars and 00/100 (\$1,000) for each person who has entered the business, in addition to our legal fees. You will still be required to provide the contact information as set forth above.

- h. **Remain Current**. You must remain current with or make certain that the cosmetologists in the Salon remain current with:
- 1) your or your manager's cosmetologist's license;
 - 2) all your scheduled fees and payments to us;
 - 3) Any reporting that you are required to make to us, or to our Affiliate or to Walmart if you are located in a Walmart store, under this Agreement or your sublease.
- i. **Insurance**. You must purchase and maintain throughout the term of this Agreement certain types of insurance, and the Salon must have in force certain types of insurance as discussed in detail in Section 10 below as well as any different insurance Walmart requires under the Master Lease our Affiliate has signed with it, if this Agreement is for a Salon in a Walmart store.
- j. **Supplies, Equipment and Software**. You must purchase, and/or lease and have available at all times for use in your Salon, supplies as we prescribe, in the amount we prescribe.
- 1) You must operate your Salon using the POS System that we require. Together with the POS System, you must have two tablets and a connected printer with credit card processing equipment, that we will specify by approved vendor and you must use.
 - 2) You must purchase the furnishings and equipment for your Salon according to specifications we will provide and from an approved vendor. We will provide a list of approved vendors. We do not sell any of the items that you will need to operate your Salon.
 - 3) You must purchase all authorized products for your Salon from an approved vendor. We will provide a list of approved vendors.
- If you would like to purchase equipment or product from a non-approved vendor, or would like to add equipment or offer different products, we must first approve the equipment or product. You must furnish us with information regarding the equipment or product before you purchase it, implement it, or offer it. We will do an investigation, and determine if we can approve your request. We can charge you for our time to conduct this investigation. It is not anticipated that the cost to you will exceed Fifteen Hundred Dollars and 00/100 (\$1,500). We do not guaranty that we will approve the source or the item of equipment or product you propose.
- k. **Business Conduct**. You must conduct your Salon in an ethical, safe and moral manner that will at all times reflect favorably upon you, us, our Affiliate, other franchisees and our franchise program. We will mandate standards for the Salon. If

this Agreement is for a Salon in a Walmart store, other rules may apply. We will provide those to you.

- l. **Cleanliness.** The business of the Salon must be conducted and operated in a very clean environment with special attention paid to the areas that the customers will be sitting in, both during the time they wait to be served, and during the time you provide service.

m. Remodel Premises. We may require you to remodel the Salon once during the term of this Agreement.

- 1) **Items to be updated.** We may require you to renovate the trade dress, existing cabinetry, re-installing new cabinetry or furniture and/or updating the color schemes, painting, flooring, customer areas, signage or other visual elements. If this Agreement is for a Salon in a Walmart store, there may be other requirements for remodeling.
- 2) **When Change Can Be Made.** It is anticipated that no changes will be required in the first year or your last six months of operation. If you are in the last six months of the term of this Agreement, and we approve the renewal of this Agreement, you will be required to make the changes in the Salon within the first six months after you enter into your renewal period for your Salon. If this Agreement is for a Salon in a Walmart store, you may be required to make changes before the lease renewal date, and will be subject to Walmart's requirements during the initial term as well.

- n. **Hours.** If the Salon is located in a Walmart store, it is typically open during the time Walmart stores are open from 10:00 a.m. to 8:00 p.m. Monday to Saturday and 11 a.m. to 5 p.m. on Sunday, subject to the Walmart store schedule. You have limited ability to dictate hours, based on the Master Lease our Affiliate has with Walmart. This will be made clear to you before you sign this Agreement. The Salon should be opened seven days a week (unless Walmart is closed). The Salon must always be properly staffed. If you are located in a non-Walmart property, the Salon's hours may be subject to the lease, however, the minimum period of time to remain open will be 10:00 a.m. to 8:00 p.m., Monday through Saturday and 11:00 a.m. to 5:00 p.m. on Sunday. If the lease provides for longer hours, which you are willing to stay open, you can include those in your lease.

- o. **Decorations and Trade Dress.** You are required to build out the Salon using the colors, flooring and furniture layout we prescribe, including, the posters/pictures on the wall, the reception area cabinet and the menu board/large screen TV. If you purchase an ongoing Salon, you are required to maintain the same look that conforms

to all our other Salons. This means you may have to renovate after purchase to bring the Salon up to current standards for décor and design.

- p. **Cameras.** You are required to install and use a camera system that focuses on certain areas of the Salon, including the POS System. We will provide more information about the camera set-up after you sign this Agreement.
- q. **Uniform.** You and your employees are required to wear a uniform while on Salon premises that consist of a shirt with our logo. The color of the shirt will be specified in our Operations Manual. We may also designate a color for pants.
- r. **Taxes.** If we are required to pay any tax, other than income taxes related to your Salon or franchise, we have the right to invoice you for those taxes. You must pay those taxed amounts to us within thirty (30) days of the date we invoice you. We also have the right to debit your account for those taxes.
- s. **Walmart Contact.** If this Agreement is for a Salon that is located in a Walmart store, you must limit your contact with that store to in store matters. You are not permitted to correspond with Walmart, or interfere with the Master Lease between our Affiliate and Walmart. If you encounter problems with Walmart that cannot be resolved as the store level, you are required to report those problems to us. Our Affiliate will then contact Walmart to work out the problem. Payments for Walmart store rent are to be made to our Affiliate, as we direct you. You are not permitted to make payments directly to Walmart.

6. USE OF TRADEMARKS, SERVICE MARKS AND LOGOS

- a. **Identifying Ownership.** You acknowledge that you had no part in the creation or development of the Marks. Should the ownership of the Marks be contested, we, or our Affiliate will have the sole discretion to determine how to defend those challenges.
- b. **Use.** You are given the right to use the Marks for your Salon only. This includes use of the Marks on your pre-approved advertising, on your stationery, business cards, name pins, staff clothing and on other printed matter relating to your Salon and its business. Your right to use the Marks is solely derived from this Agreement. Any unauthorized use will constitute an infringement of our or our Affiliate's rights and may lead to the termination of this Agreement. Our right to use the Marks is derived from a long-term license agreement with our Affiliate.
- c. **Misuse.** You agree that the Marks will not be misused in any way, and will not be used to cause us to incur any obligation or debt. The Marks cannot be used as a part of the legal name of your business, or as collateral for any financing. You further agree that the Marks will only be used in conjunction with services offered at the Salon, performing services that Salons routinely perform.
- d. **Name Registration.** You agree to comply with any instructions received from us for filing and maintaining a requisite trade name and fictitious name registration, and

to execute the necessary documents to obtain protection for the Marks or to maintain their continued validity and enforceability.

- e. **Infringement.** You agree to notify us within three (3) business days when you become aware of possible or actual allegations of infringement made against you or us related to our or your use of the Marks, and to take no action without our advance written approval. Provided you have complied with the proper usage of the Marks, we will indemnify you if we are notified within three business days. If we determine that action should be taken, you agree to cooperate fully in the prosecution or defense of the action. We will have the right to control the prosecution and defense of the action.
- f. **Integrity of the Marks.** You agree that the Marks will not be used in connection with any statement or materials that may be in poor taste, or are inconsistent with our public image or make a misleading claim or statement. We agree to protect your right to use the Marks in all respects as your use relates directly to this Agreement.
- g. **Changes.** Our Affiliate reserves the right to make additions, deletions or changes to the Marks. You will receive notice of any such action and agree to make changes, at your expense accordingly within ninety (90) days, or sooner, if we are ordered by a court of competent jurisdiction to make changes or discontinue use.
- h. **Your Acknowledgements:**
 - 1) You will not contest the validity of the Marks.
 - 2) You hereby acknowledge that you have no ownership interest or other interest in the Marks, with the exception that you have a non-exclusive right and license to operate the Salon, and use the Marks, as granted by this Agreement.
 - 3) You acknowledge that you will not file applications for trademark, trade name, or service mark registrations for the same or confusingly similar marks, or for any other mark or trade name for your Salon.
 - 4) You fully understand and acknowledge that all goodwill arising from your use of the Marks will inure solely and exclusively to our benefit. On expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the Marks.
 - 5) If we implement the use of other marks, which we do not anticipate doing, but could if necessary, you will treat them with the same understanding as the Marks we grant you the non-exclusive right to use under this Agreement.

7. SPECIFIC LOCATION IF LOCATED IN WALMART STORE

We do not grant you an exclusive territory. Your Salon will be located within one Walmart store with a specific address assigned to the Walmart store. If you need to relocate, due to either the Walmart store closing, or your desire to open in a different Walmart store, or

because Walmart decided not to renew the lease, we cannot guarantee that option will be available to you. If you present us with another Walmart store where our Affiliate can get a lease, in the case of the Walmart store closing, or the failure to renew the lease, we will make a good faith attempt to permit you to relocate there. If you desire to move, but the Walmart store remains open, unless we can either arrange for another franchisee to take your place within thirty (30) days after you provide written notice to us, or we can exit the lease without any damages assessed to us, or our Affiliate, or you agree to pay any assessed damages, we will not approve the relocation. Otherwise, if the lease term is terminating, or the Walmart store is no longer viable, we will not unreasonably withhold our approval for your relocation. You must submit and we must approve the new location and your plans to build the relocated Salon. We reserve the right to charge you for our actual outside legal expenses, and any monetary amount assessed by Walmart for your move. This reimbursement will be due within thirty days of your receipt of our invoice. We will grant you a sixty (60) day period to relocate after you provide notice to us but, only if Walmart approves the change from one Walmart store to another. Relocation does not require you to sign a new franchise agreement, nor will it extend the term of this Agreement. At our option, we may extend the term of this Agreement for that amount of time you were prevented from conducting business, if at all, at the Salon due to fire, flood damage or other casualty. Otherwise, your rights under this Agreement will be unaffected by your unilateral decision, or need to relocate.

If the Walmart store where you are located closes, we cannot guarantee that there will be another Walmart store to move to during the term of this Agreement. We will endeavor to recover for you whatever Walmart offers in this type of situation, however we cannot guarantee anything more than we will make a good faith effort to assist you to find another Walmart store location. We do not guaranty that you or we will recover anything. We do not guarantee that your franchisee will be able to continue if Walmart closes a store, or performs a renovation that results in its taking or removing the space where the Salon was located.

If you are in a Walmart store that closes or one in which the lease is not renewed, or there has been a casualty such as fire or flood that prevents you from operating or continuing in that location, and there are no other Walmart stores available to you, you will have the option to move to a non-Walmart property. It will be your responsibility to locate that property, present it to us, and negotiate a lease. If we decide the property is located too close to another Salon either in a Walmart or a non-Walmart property, we will reject the relocation premises. If we accept the proposal, you will be required to build out the space to our specifications and furnish, equip and design it to resemble other Salons.

8. ADVERTISING AND GRAND OPENING

- a. **Advertising**. Each month, you are required to spend a minimum of three (3%) percent of your gross receipts, to advertise and promote your Salon. Advertising and promotion includes such items as general advertising, brochures, promotional items, and any form of media placement.

- 1) **Prior Approval**. Whenever and wherever you advertise your Salon, you place our name, and our Affiliate's name and reputation into the public. You will be held to standards of ethics and good business practices. We will review and approve or deny approval for all advertising presented to us. Your advertising must reflect that your Salon is a franchise. We reserve the right to approve all advertisements you place in any medium.
 - 2) **Procedure**. Before you advertise, you must submit by certified mail, return receipt requested, or by overnight or other express courier the ad copy, or any other type of proposed advertising material to us for our review and approval. We will review your material and respond within ten (10) business days. If you do not receive a response after the requisite time has passed after we acknowledge receipt of your material, we have approved your use of the item. We will contact you if we do not approve, or if we think you should alter the material. Once we contact you with disapproval, you are not permitted to use the proposed advertising until it is revised and we approve it.
 - 3) **Website**. Your Salon's address will be listed on our website and a link to information specific to your Salon's location will be included. Our website will include information about our brand, our Salon, our story, and methods to contact us about franchising. Our website will also include all the necessary information for each location such as address, hours, contact and map, but will not include prices. You are not permitted to establish your own website, or Facebook page, or any other social media. We will not approve separate websites or other social media posts or social media locations for franchisees.
- b. **Advertising Assistance and Recommendations**. We will review your advertising, but will not prepare it for you specifically. We may, however, create advertising materials for use by all of the franchisees. You will not be required to use our advertising. We reserve the right to charge you for advertising materials we prepare that you choose to use.
 - c. **Grand Opening**. The grand opening for your Salon must be accomplished within five (5) days of the date you open for business. You must spend a minimum of Two thousand Dollars and 00/100 (\$2,000) to advertise and conduct the Grand Opening. Above that amount, you can spend whatever amount you believe will be effective in promoting the opening of your Salon. We will try to have one of our representatives on site for your Grand Opening day.

9. **OPERATIONS MANUAL**

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

- a. **Contents**. The Operations Manual will contain mandatory and suggested specifications, standards and administrative operating procedures we prescribe from time to time for Salons and information relating to other obligations under this Agreement. The Salon must rely on the Operations Manual for conducting business.

- b. **Maintenance Requirement.** You must keep the loaned copy of the Operations Manual in your Salon location at all times, and must keep it current. When we send you an update, you agree to destroy the replaced pages, and insert the updated replacement pages. If there is a dispute relating to the contents of the Operations Manual, the master copy we maintain at our principal office will control. No part of the Operations Manual may be copied, transferred or shown to anyone outside those of your staff and/or employees who require the information to properly do their job. No part may be otherwise reproduced without our advance written approval. If we send you the Operations Manual electronically or through an Intranet, you agree to maintain its confidence, and make it password protected. As we update it, and notify you that we have updated it you agree to download the most recent version.
- c. **Modification.** The Operations Manual may be modified from time to time to reflect changes in our image, techniques, standards, use of the Marks, logos or slogans, approved vendors, specifications and administrative procedures. No addition or modification will detrimentally alter or reduce your rights under this Agreement.
- d. **Surrender of Operations Manual.** When this Agreement expires, terminates or is terminated, you are required to return the Operations Manual to us or our designated representative within five (5) days. You may not retain the Operations Manual or any form, including electronic form, for any reason. If the Operations Manual was sent electronically, at termination or expiration, you must delete it in its entirety, and send us written assurance that it has been deleted.
- e. **Renewal.** When you renew this Agreement, we will exchange the current Operations Manual for the copy you have had during the term of this Agreement, or, if it has been furnished electronically, we will forward any changes that you have not yet received.

10. INSURANCE

The following applies to Walmart store locations and non-Walmart property locations. You shall procure and maintain, insurance from either the service provider we designate or a company licensed in the state in which you will operate your Salon, which is acceptable to us, and keep in force at your own expense the insurance policies described below:

1. Commercial General Liability insurance with a \$1,000,000 minimum limit per occurrence and a \$3,000,000 aggregate limit per location.
 - a. The Commercial General Liability policy required under this Paragraph 2 should contain neither exclusion for contractual liability assumed by you nor any Absolute Pollution exclusion, unless these coverage's are provided by a separate policy with minimum limits equal to the Commercial General Liability policy limits required by this Paragraph 2.

- b. Any policy obtained to satisfy the obligations of this Paragraph 2 must list as Additional Insured the parties described below in Paragraph 5.
 - c. You shall submit to us no later than thirty (30) days after the actual Rent Commencement Date, Certificates of Insurance and endorsements evidencing your compliance with this Paragraph 2.
2. Worker's Compensation insurance with statutory limits, or if no statutory limits exist, with minimum limits of \$500,000 per occurrence, and Employer's Liability coverage with minimum limits of \$1,000,000, for each employee for bodily injury by accident and for each employee for bodily injury by disease. You shall cause Insurer to issue an endorsement providing stopgap insurance in monopolistic states.
 3. Business Automobile Liability. Business Automobile Liability insurance with minimum combined single limits of \$500,000 covering liability arising out of the operation of owned, hired, and non-owned vehicles.
 4. Property Damage. Property Damage coverage for the full contents of your Salon and if applicable, any storage space you may own or lease, which is used for your Salon.
 5. Professional Insurance. You must also make certain that anyone with a cosmetologist's license maintains any insurance required to keep the license in good standing.
 - a. When Required. You are required to have purchased and pay one annual premium for the various types of insurance coverage listed above at the time you take possession of your subleased premises at a Walmart Store, or a non-Walmart property.
 - b. Provide Policies. Before you open your Salon, we require you to submit to us for our records, certificates, or if available, actual copies of the insurance you have purchased for the Salon. If only certificates are available when the Salon begins operation, you must furnish the actual policy not later than thirty (30) days after you open the Salon for business.
 - c. Additional Insureds. To prevent us from becoming the subject of or a party to any legal claims that result from your operation of the Salon, the insurance policies, except Worker's Compensation must also to the extent legally permissible, name as additional insureds, us, our Affiliate, our members, managers, directors, officers and employees and if your Salon is located in a Walmart Store, you must also name Walmart Stores, Inc., and its affiliates, as more fully stated in the sublease you will execute, against any claims for loss, liability or any expense from fire, personal injury, death, theft, other casualty,

failure to operate under the proper licenses, property damage or other losses or damages which result from the Salon's operation.

- d. Cancellation Without Notice. The insurance policies cannot be canceled without providing you and us, thirty (30) days prior written notice, which states the reason(s) for cancellation. If a policy is cancelled, and you remain a franchisee with an operating Salon, you must replace it before the cancelled coverage expires. We will have the right, but not the obligation, and to the extent legally permissible, to purchase any insurance you have not replaced, as your attorney in fact, and send you the premium for immediate payment to reimburse us for the need to seek insurance that you have either let lapse, or have not replaced. Failure to comply with this subsection will be considered a material default, which could, based on the type of insurance involved, and the level of the default, provide grounds for termination of this Agreement.
- e. Update Coverage; Increase Coverage. During the term of this Agreement, we may update coverage and require you to purchase higher minimum limits or certain additional specific types of insurance. If your Salon is located in a Walmart store, Walmart has the right, through our Affiliate's Master Lease, to increase coverage limits or require you to purchase other forms of insurance during the term of this Agreement.
- f. Other Types of Insurance Coverage. Other types of insurance coverage (such as disability, in the event you, or your principals become injured or sick), may be appropriate, but are not required, unless the state, city or municipality in which you are located mandates them. We strongly recommend, but do not require that you purchase business interruption insurance.

11. BOOKS AND RECORDS

You agree to keep and maintain accounting records for your Salon for a period of three (3) years after the close of the fiscal year in which the record is made, according to generally accepted accounting principles consistently applied. You further agree that we can gain access to those records for the purposes stated below.

- a. **Inspection.** At our expense, we have the right to inspect and audit your books and records, pursuant to this Agreement, during normal business hours, at the location where you conduct your Salon, after verbally giving you 24 hours' notice, followed by a faxed transmission, or email stating our intention. If we audit your records and find that you underreported your gross receipts for the Salon by five (5%) percent or more, you will be responsible for all our audit costs, including travel, board and lodging, if applicable and must, within fifteen (15) days of receiving our findings and invoice, pay us for the underreported difference and costs we incurred. If your Salon is operated in a Walmart store, which requires rent to be paid by multiplying your gross receipts by the percent Walmart charges our Affiliate, you and you have paid a lower amount for rent than would have been calculated if you had paid according to your gross

receipts you must pay the difference plus any penalty amounts Walmart has imposed on our Affiliate in the Master Lease.

- b. **Required Reporting.** You also agree to provide to us monthly, the gross receipts for the Salon, in the preceding month. These items must be submitted by the 10th day of each month for the previous month. In our discretion, we may develop a procedure whereby you can submit the reports on-line.
- c. **Quarterly Statements.** You are required to submit to us an unaudited quarterly financial statement within thirty (30) days after the end of each calendar quarter.
- d. **Annual Statements.** You are required to submit to us an unaudited annual financial statement within sixty (60) days after the end of each fiscal year. We reserve the right to request you to submit an audited annual financial statement, which right will be exercised if we find material errors in the unaudited statement. If during the previous twelve months, you have submitted two (2) late royalty payments, or we have audited your records and found that you underreported your gross receipts by five (5%) percent or more, we reserve the right to require you to submit an audited financial statement for each of the next two (2) years at your expense.
- e. **POS System Access and Camera System.** We will have access to all the information in your POS System, 24 hours a day, seven days a week. We will have the ability to remotely access this information, and must also have full access to the Camera System you must install. Installation of the Camera System required for each Salon regardless of where it is located is for your protection and ours.

12. COVENANT NOT TO COMPETE; NON-SOLICITATION

- a. **In-term.** During the term of this Agreement or any renewals or extensions, you agree that, to the extent this provision does not conflict with state law, you will not be involved in a competitive business as a director, owner, shareholder, partner, member/manager, officer, employee, consultant or agent. A competitive business is a business that offers services in eyebrow threading, and/or eyelash extension, and/or facials/ and/or waxing, where the majority of the revenues are generated from one or a combination of the above services, unless you, or a legal business entity you own also owns the majority of voting and participating interests in a business that is also the franchisee for another Shubh® Salon.
- b. **Post-Term.** You agree that, for a period of one (1) year after the expiration or termination of this Agreement for whatever reason, except for working in or owning another Shubh® Salon operated under a separate franchise agreement with us, that none of the owners, shareholders, partners, officers, directors or member/managers who execute this Agreement shall 1) have any direct or indirect ownership interest, or act as a director, manager, officer, supervisory employee, consultant or agent in any business which is the same as or similar to a Salon within a radius of five (5) miles of the location for the Salon under this Agreement, or within five (5) miles of any opened Shubh® Beauty Salon; nor may you 2) use, transfer, convey, implement, or in any other manner

possible provide to a competitive business, as defined above, the proprietary information that comprise the System, or any portion thereof. You agree that before you purchased this franchise you had skills that enabled you to make a living, and that these restrictions will not prevent you from making a living after this Agreement is terminated or expires.

- c. **Non-Solicitation**. During the term of this Agreement and for one (1) year following the termination or expiration of this Agreement, you agree that you will not solicit the employees of another Shubh® Salon, and that you will not hire an employee of another Shubh® Salon, without the written consent of that Shubh® Salon owner.
- d. **Unenforceable Restrictions**. To the extent that any of the foregoing restrictive covenants are deemed unenforceable by virtue of their scope in terms of area, business activity prohibited and/or length of time, but could be made enforceable by reducing any or all of those elements, the parties to this Agreement agree that those elements shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. To the extent the above restrictive covenants are deemed unenforceable by local or regional considerations, the parties to this Agreement agree that these restrictive covenants shall be enforced to the fullest extent permissible by those standards or guidelines.
- e. **Remedy**. Your violation of this non-compete provision will entitle us to seek immediate injunctive relief, without the need to post bond or any other undertaking, and to enjoin you from operating a competitive business. If we take such action, you will be responsible for our costs, attorneys' fees and expenses. Obtaining injunctive relief will not preclude any other remedy we may seek.

13. TERMINATION OF FRANCHISE AGREEMENT

a. By You.

- a. **Our Material Breach**. If, during the term of this Agreement, we commit a breach of a material provision of the Agreement, and you give us written notice of the breach, according to the notice procedure set forth in Section 20 of this Agreement, you may terminate this Agreement if within sixty (60) days from the date we receive your written notice, we do not cure or take steps to cure the breach or such extended period of time if we cannot cure any such breach within sixty (60) days but are diligently pursuing the same. In order to terminate this Agreement, you must be in substantial compliance, and not in default Termination will be effective ten (10) days after we receive notice of our failure to cure, or begin to take steps to cure the breach. If you terminate this Agreement based on our material breach, you will be required to vacate the Walmart store premises in which your Salon is located, if you are in a Walmart store. If your Salon is located in a non-Walmart property, you will be required to de-identify from our brand Shubh® Beauty, and change the look and décor of the leased space. You will also be subject to the non-compete provision set forth in this Agreement under Section 12 B. We will have the

option, but not the obligation to purchase your assets at fair market value, taking into consideration depreciation where applicable.

Other than as stated in this paragraph, you will have no other right to unilaterally terminate this Agreement. Once you terminate, you will be obligated to perform all applicable post-termination obligations and comply with all post term covenants. The obligations after termination are found in Section 14 of this Agreement, the covenants are found in Section 12

b. By Us.

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

a. Immediate Termination

- 1) Subject to The United States Bankruptcy Code 11 U.S.C. 365, or other applicable provisions, this Agreement may be terminated immediately, with or without notice if you declare bankruptcy, are adjudged bankrupt or become insolvent. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- 2) We have the right to terminate this Agreement immediately, if we learn that you misrepresented facts on your initial franchise application, and/or submitted fraudulent or misleading financial statements, or a copy of a state registration that was inappropriately obtained or stolen, or you used another person's name to obtain your cosmetology license, or we learn that you have committed a felony, or are that you are not a United States citizen.
- 3) We have the right to terminate this Agreement immediately if you violate any of the Anti-Terrorism laws (as defined in Section 27 below), and/or you or your owner(s)' assets are blocked due to failure to comply with those laws.

b. Termination for Good Cause after Notice

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

- 1) You fail to actively operate your Salon constructively abandoning this Agreement. Constructive abandonment means that you do not operate the Salon for a period of three (3) consecutive days without any extenuating circumstances to prevent your continued operations. If the Salon is located in a Walmart store, you must comply with Walmart requirements, which require you to keep your Salon open every day except certain holidays mentioned in the Master Lease, and not to close your Salon for more than two (2) days in a twelve (12) month period without Walmart's written permission. Regardless of

where your Salon is located, any extenuating circumstances that prevent you from operating the Salon for any period of time must be reported to us immediately.

- 2) You assign or transfer this Agreement or any interest in it or in the franchise without compliance with the provisions of Section 15 of this Agreement.
- 3) You are convicted of or you plead no contest to a felony, or you are convicted or plead no contest to any crime or offense that is likely to adversely affect the reputation of our franchise program, us, and the goodwill associated with our Affiliate's service mark(s). If your Salon is located in a Walmart store, this will include any offense that is likely to also adversely affect Walmart's reputation.
- 4) You fail to make royalty payments for three (3) months in any 12 consecutive month period, or for three (3) months to submit when due, financial statements, reports or other data, information or supporting records and such failures to comply are not followed by a minimum of six (6) months of consecutive, on-time monthly payments or report submissions. If your Salon is located in a Walmart store, you fail to comply with any financial or other reporting requirement set forth in the Master Lease.
- 5) You fail to comply with the in-term covenants, including the covenant not to compete in this Agreement.
- 6) You disclose or divulge the contents of the Operations Manual, trade secrets or other confidential information we provide to you contrary to this Agreement, instructions in the Operations Manual, and/or training you received.
- 7) You or your legal representative is unable to complete an approved transfer to a qualified transferee within the time limits allowed by Section 15 of this Agreement if you die or become permanently incapacitated.
- 8) You improperly use the mark Shubh®, or any other service mark(s) we approve for use in operating the Salon.
- 9) The premises where you conduct your Salon is dirty, in disrepair or gives the impression of neglect, and/or presents a health hazard to its customers, or if your Salon is located in a Walmart store, we have received a notice of same from Walmart, and you fail to cure the problems brought to our attention.
- 10) You use unapproved advertising.
- 11) You operate the Salon without you, personally having, or your manager or any employee having a cosmetologist's license that is current for the state in which your Salon is located.
- 12) You commit any other material breach of the Agreement.

13) If your Salon is located in a Walmart store, you default in your obligations to our Affiliate under the sublease our Affiliate enters into with you for the location in the Walmart store.

14) You offer services we do not approve, and if you are located in a Walmart store, services that violate the exclusive rights of another Walmart store tenant, after you are made aware of those rights.

c. **Notice of Termination with Right to Cure**

In addition, we have the right to terminate this Agreement, effective upon the delivery of notice of termination to you, if you fail to comply with any other provision of this Agreement or any standard or administrative procedure prescribed by us and you do not correct such failure or make a good faith effort to correct such failure within thirty (30) days after we give you written notice of your non-compliance. Non-compliance may take the form of any breach of the Agreement that we deem serious enough to cause us to place you on notice that curative action is necessary.

d. **Notice of Termination Due to Termination of Lease**

If your Salon is located in a Walmart Store and our Affiliate's Master Lease terminates for any reason with Walmart, or is terminated for the location in which your Salon is located, and our Affiliate has no further right to lease the premises, we will have the right to terminate this Agreement, subject to Section 7 or as otherwise set forth in this Agreement.

14. YOUR OBLIGATIONS AT TERMINATION OR EXPIRATION

You agree that when this Agreement is terminated or expires, you will no longer be a Shubh® Beauty franchisee. As a result, you will be obligated and you hereby agree to undertake to disassociate yourself from our franchise program by performing all the tasks that are set forth below:

- a. You must immediately discontinue use of any service marks, slogans and/or logos we approved for your use during the time you operated your Salon, or any name confusingly similar, or any reproduction, counterfeit, copy or imitation of the service marks, slogans and/or logos we approved which could or are likely to cause confusion, mistake or deception, or which will dilute our Affiliate's exclusive rights to, and our use of Shubh®, Shubh® Beauty or any designation indicating affiliation between you and us, or the Salon that previously used our Affiliate's Marks, slogans and/or logos we approved. You must also destroy all stationery, cards, advertising material and other business related items that bear or refer to the service marks, slogans and/or logos we approved for use. If your Salon is located in a Walmart store, and we do not take back the space according to our Affiliate's lease with Walmart, you must return the premises to a white box, and remove all signage.

- b. You must take immediate steps to cancel or otherwise discontinue further display or reference to the Marks, slogans and/or logos we approved for use in any telephone or trade directory and in any advertising.
- c. Within five days, you must return to us your loaned copy of the Operations Manual including additions or amendments to it and any other signs, displays and other materials we loaned to you. You are required to destroy or return to us, immediately, all other items containing or displaying the service marks, slogans and/or logos we approved for use in the Salon. If the Operations Manual is electronic, you will certify to us, in writing under oath, that you have deleted all references to it, and that you no longer have it on your computer, and that it was not transferred to another file, computer, hard drive, thumb drive, flash drive, stick, DVD or CD, or to any person or business entity by any known means of technology.
- d. Within thirty (30) days of termination or expiration of this Agreement, or at a later date when the amounts due to us (if any), or our Affiliate or if your Salon is located in a Walmart store are determined by a final accounting, a copy of which will be provided to you at its completion, or, at our option, by an audit conducted by us, you must pay all accrued monthly royalty fees plus any interest due, and all other amounts owed to us or rent to our Affiliate or if your Salon is located in a Walmart store, and all amounts owed to Walmart which have not yet been paid.
- e. You must discontinue all forms of advertising, promotion and all forms of marketing in which you hold yourself out to the public as a Shubh® Beauty Salon or any confusingly similar trade name.
- f. You agree to and must abide by all obligations of confidentiality and by all provisions of the post-term covenant not to compete as described in Section 12 of this Agreement.
- g. For the one (1) year period that follows the termination or expiration of this Agreement, you agree that you will not offer employment to any of our employees, or the employees of another Salon, without our knowledge and prior written approval, or the knowledge and prior written approval of the other franchisee, and that for a one (1) year period, as set forth in Section 12 b that you will not operate a competitive business within five (5) miles of your former Salon location or five (5) miles of any Salon.
- h. You will cease further use of any of our confidential and proprietary information.
- i. You must assign to us all business telephone numbers specifically used for the Salon.

We will have the right to purchase your assets at fair market value based on a depreciated value, for thirty (30) days from the date of termination or expiration. If we give notice that we choose to purchase your assets, and fair market value is in dispute, we will jointly hire and equally split the expense for one appraiser whose appraisal will be final, and we will pay that price, within ten (10) business days from the date the appraiser provides the appraisal to us.

We will have the right to re-market the Salon immediately after the termination or expiration of the term of this Agreement. We will also have the right to market the location where the Salon is located as soon as we know that termination or expiration of your Agreement will occur.

If either you or we bring any legal action to construe or enforce the terms of this Agreement, including its termination provisions, or to obtain damages or other relief, injunctive or otherwise, to which either party may be entitled under this Agreement, with the exception of the right to request an arbitration proceeding (pursuant to Section 19 below), the non-prevailing party agrees to pay the reasonable attorneys' fees and all associated costs and expenses, including accounting and expert witness fees of the prevailing party.

If you do not comply with a written notice of termination we send to you and a court later upholds the notice as having been properly issued, operation of your Salon after the date of termination will constitute willful service mark infringement and/or unfair competition. If your Salon is located in a Walmart store, operation of your Salon after the date of termination may also constitute a holdover situation, which will require you to pay a substantially higher monthly rent as stated in the Master Lease. You will be liable to us and our Affiliate for monetary damages to the fullest extent provided by law, as well as reasonable attorneys' fees, and if appropriate all associated costs and expenses, including accounting and expert witness fees, and any interest and penalties imposed by Walmart if your Salon is located in a Walmart store

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

15. ASSIGNMENT OF THE FRANCHISE AGREEMENT

- a. **By Us.** This Agreement is fully transferable by us and inures to the benefit of any transferee or other legal successor to our interests who agrees to be responsible to perform the obligations under this Agreement.
- b. **By You.** The rights and duties created in this Agreement are personal to you. We have granted the franchise to you in reliance upon your experience, character, skill, education, aptitude, attitude, perceived business ability, financial capacity and the interest you have expressed in operating a Salon. You may not sell, assign, transfer, pledge or mortgage the Salon (nor any interest in it), this Agreement or any part or all of the ownership (including by will or intestate succession) without our prior written consent, which we will not unreasonably withhold if you are in substantial compliance with this Agreement. We may condition the assignment of your rights on the character, business experience, education and credit rating of the proposed assignee (and his or her partners, officers and/or controlling stockholders, managers or members if the transferee is a partnership, corporation or a limited liability company). Any transfer made without our written approval constitutes a breach of this Agreement, which could result in termination, and conveys no rights whatsoever in the transferee. In addition, we will condition the giving of any such consent on but not limited to the following:

- 1) We must approve the purchase agreement and the purchaser, who has otherwise met our requirements for financial responsibility, and suitability as an owner and operator of a Salon, and who will either have his or her own cosmetologist's license or will have the capacity to hire a manager whose cosmetologist's license will be sufficient to obtain a business license to operate the Salon;
 - 2) The assignee, transferee or purchaser must not continue to be engaged as a licensor, franchisor, independent operator or current licensee or franchisee of another competitive business. Prior to entering into the Agreement, the assignee, transferee or purchaser must terminate all previous licensing or franchise relationships unless with us, and must prove to us that if the assignee had such previous affiliations or relationships that the assignee and all connected with the assignee have received a full release from its or their previous franchisor and/or licensor and have been relieved of any obligations to comply with a non-compete if still within the term in which that non-compete is in effect (if we act on any false or premature information the assignee provides to us or our Affiliate in this regard, and our granting a franchise to your assignee leads to litigation against us, or our Affiliate, we will make your assignee a third party defendant and file a claim against your assignee for our costs, expenses reasonable attorneys' fee and resulting damages).
 - 3) You have paid all outstanding debts and obligations of the Salon to us under this Agreement and you are current in your rent under your sublease for the Salon, except those debts or obligations, if any assumed by the purchaser, and you and/or your business entity agree to enter into a mutual general release to date of transfer prepared by us, the current version of which is attached to this Agreement as Exhibit C, in which we each release all claims that we have against the other, except for those listed exempt claims;
 - 4) The transferee shall have completed, at the transferee's expense and upon such terms and conditions as we may reasonably require, given the experience of the transferee and level of education and skill, any training programs then in effect for franchisees;
 - 5) The party that acquires your interest in your Salon and in this Agreement must execute the then current franchise agreement, but the term of transferee's franchise agreement will be the same as your term, unless we agree to extend that term. If your Salon is located in a Walmart store, the term may be further subject to Walmart requirements;
 - 6) A transfer fee of Five Thousand Dollars and 00/100 (\$5,000) in certified funds must be paid to us within five (5) business days before the date for the closing of the sale, which amount we will hold until the closing has been completed, at which time, we will take those funds into our general operating account.
- c. **Transfer to a Corporation or Limited Liability Company.** If you are a sole proprietor, and you are in substantial compliance with this Agreement, with no

outstanding debt to us or our Affiliate, or if your Salon is located in a Walmart store, to Walmart either, we will not unreasonably withhold approval for a transfer of your Salon to a partnership, corporation, or limited liability which conducts no business other than one or more Salons, which you actually manage and in which you maintain control by owning and controlling at least 51% of the equity and voting rights of all issued and outstanding partnership interests, shares of stock, or an equivalent interest in a limited liability company, and all owners of your entity with ownership interests of 20% or greater agree to jointly and severally guarantee the obligations of this Agreement and to be bound by its provisions. The guarantee is attached to this Agreement as Exhibit B. You shall notify us in writing of the name and address of each and every shareholder, officer, director and supervisory employee of your corporation, or member-manager of your limited liability company, and any changes to it. Further, we require you to submit a copy of your Articles of Incorporation, or Articles of Organization, or the equivalent document in your state before the transfer. No fee will be assessed; you will be responsible to pay us for our attorneys' fees to review and approve the transfer.

d. **Death or Disability.**

- 1) **Appointment of Successor Salon owner.** If you die or become permanently disabled your executor, administrator, conservator or other personal representative will have a period of one-hundred eighty (180) days to transfer your Salon to a qualified transferee. During this period of up to one-hundred eighty (180) days there must be a currently licensed cosmetologist that manages the Salon, if the individual that died or became permanently incapacitated is the only currently licensed cosmetologist in the franchisee company, or was the sole proprietor. Provided a qualified transfer candidate is found, the individual who will be responsible for operating the Salon must successfully complete our training program before assuming the franchise agreement. The death or disability of one owner will not cause a termination when more than one owner has signed this Agreement and that owner has an interest of more than 50%. If a suitable transferee is not located within one-hundred eighty (180) days, this Agreement will be terminated, and we will recover the premises in which the Salon is located.
- 2) **Transfer of the Franchised Business.** Any transfer of this Agreement by devise or inheritance, shall be subject to all the terms and conditions for assignments and transfers contained in this Agreement, except no set transfer fee will be due. You will be responsible to pay us for our attorneys' fees to review and approve the transfer. We may also charge to train the new transferee. The cost for that training is Twenty Five Hundred Dollars and 00/100 (\$2,500). Failure to dispose of those interests within that period of time constitutes grounds to terminate this Agreement.

e. **Right of First Refusal**

If you receive a bona-fide offer from a third party to purchase your Salon and franchise, you must disclose the offer to us when received. We will have ten (10) business days

to decide whether to purchase the Salon at the offered price. The offered price must be in U.S. dollars, without other consideration. If the offer includes payment in installments, we can also pay in installments. If we decide to purchase the Salon, we will execute a purchase agreement with you and purchase the Salon within sixty (60) days of the date we make our decision. If we do not decide to purchase the Salon, you will be able to complete your transfer provided you comply with this Section 15 b (1-6).

16. CONFIDENTIALITY

You agree that you and your officers, directors, members and/or member-managers, employees, all owners of any interest in you and/or the Salon, and your affiliates: (a) will not use our Proprietary Information in any other business, or in any capacity other than in the operation of the Salon; (b) will maintain the absolute confidentiality of the Proprietary Information during and after the term of this Agreement; (c) will not make unauthorized copies of any portion of the Proprietary Information disclosed in written, visual, auditory or other tangible form; and (d) will adopt and implement all reasonable procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Proprietary Information, including, without limitation, restrictions on disclosure to employees and the use of non-disclosure and non-competition clauses in employment agreements with employees and agents. Proprietary Information includes, but is not limited to the contents of the Operations Manual and other training materials; and any other information we reasonably deem to be proprietary during the term of the Agreement. Any Proprietary Information which was in the public domain, or legitimately becomes a part of the public domain, or you learn from a third party independent of the Salon, or your relationship with us or our Affiliate or if your Salon is located in a Walmart store, from Walmart, will not be covered by this provision. Your obligations under this paragraph survive the termination of this Agreement and are exempted from the Mutual General Release, attached to this Agreement as Exhibit C.

17. RELATIONSHIP OF PARTIES; INDEMNIFICATION

a. Independent Contractors. The parties to this Agreement are independent contractors. The grant of the franchise is not to be construed to create a relationship of employer-employee, joint venture, agency or partnership between you and any other franchisee, or between you and us, or between you and our Affiliate, or if your Salon is located in a Walmart store, between you and Walmart. Neither of us will be obligated by any agreement, or representation made by the other, (except representations contained in this Agreement and the Disclosure Document we provided to you before you purchased the franchise by executing this Agreement for the Salon and any related agreement we both sign). Neither we nor our Affiliate will under any circumstances, be obligated for any damage to any person or property directly or indirectly arising out of your operation of the Salon, or your negligence, willful action, failure to act or otherwise.

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

- b. **Indemnification**. You agree to indemnify and hold harmless us, our Affiliate, our officers, shareholders, directors, members, managers, employees, agents, representatives, attorneys, successors and assigns with respect to any damages that result from your operation of the Salon, and if your Salon is located in a Walmart store, Walmart and its affiliates, officers, shareholders, directors, members, managers, employees, agents, representatives, attorneys, successors and assigns. This includes, but is not limited to, the aggregate amount of any loss, liability, damage, cost or expense (including reasonable expert witness, accountants' and attorneys' fees) sustained by us or them as a result of any breach or default by you of any provision of this Agreement required to be performed by you, in the operation of your Salon. We have the right to defend any claim or claims with respect to which we may be entitled to defend under this Agreement and to seek indemnity from you.

The indemnities, assumptions of liabilities and obligations will continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement, and are exempted from the Mutual General Release.

18. REMEDIES; JURISDICTION AND CLAIMS

- a. **Remedies are Non-exclusive**. Except as specified in particular provisions of this Agreement, no right or remedy conferred on or reserved to you or us by this Agreement is intended to be, nor will be deemed to be exclusive of any other right or remedy provided under this Agreement or permitted by law or equity. On the contrary, each right or remedy will be in addition to every other right or remedy each party can seek.
- b. **Illinois Courts**. The parties hereto agree that any claim, controversy or dispute arising out of or relating to this Agreement, its offer, its sale, the presale disclosures or its performance which cannot be amicably settled, is subject to the mediation and/or arbitration provisions in this Agreement. If either party seeks injunctive relief, and the mediation and/or arbitration provisions do not apply, the matter must be resolved by a proceeding in a court in Illinois. You agree to irrevocably accept the jurisdiction of the courts of Cook County, Illinois and the federal court located in the Northern District of Illinois, Eastern Division, over those claims, controversies or disputes. We each agree that no litigation arising out of or relating to this Agreement or the performance of it will ever be initiated in any court other than a court located in Cook County, Illinois, unless no court in Cook County, Illinois or the federal court located in the Northern District of Illinois, Eastern Division will accept jurisdiction over the case. The parties waive, to the fullest extent allowed by applicable law, trial by jury. We both agree that the prevailing party will be entitled to be reimbursed by the non-prevailing party for all its reasonable attorneys' fees and all associated costs and expenses, including without limitation all accounting and expert witness fees and their expenses.

The parties agree that service of process in any proceeding may be made by serving a person of suitable age and discretion. Service on us may be made at our office or on our registered agent. Service on you may be made at the address given for you at the beginning of this Agreement, or at the address of the Salon. Service on you may also

be made on your registered agent if you have transferred this Agreement to a corporation, or to a limited liability company. Service on your corporation or Limited Liability Company shall also be considered the same as personal service on you. Service on you may also be made by personal delivery to any responsible employee above the age of 18 years old who is at the Salon location when service is made.

- c. **Claims.** Claims brought under, in relation to, and or to enforce this Agreement or any related agreement will be barred unless an arbitration or an action for a claim that cannot be the subject of arbitration is commenced within one year from the date on which you or we knew or should have reasonably known of the facts giving rise to the claim, provided those facts were not hidden from us, or otherwise disguised in order to prevent discovery.

19. MEDIATION AND ARBITRATION

- a. **Pre-Mediation.** In the spirit of working together to achieve a mutual benefit, and pursuant to the accommodations made in this Agreement, it is our desire to prevent disputes with franchisees, which, if escalated will divert resources better spent elsewhere. In an attempt to avoid litigation, mediation and arbitration, we request that if issues arise that you believe we are not properly handling, that you send us a letter, and copy our counsel whose address appears below in Section 20, stating the facts and the reasons you believe we have not been attentive, or have taken action adverse to your interests. We will attempt to resolve the dispute as quickly as possible, and will contact you to arrange a verbal discussion within seven (7) days of receipt of the letter, unless time is a factor, as made evident in your letter, or it takes us longer to reasonably research your claim. By honest and good faith negotiation, we may both be able to avoid unnecessary further steps, which would enable both of us to conserve resources. If your Salon is located in a Walmart Store, there may be extenuating circumstances that prevent us from providing certain information to you, or there may be requirements our Affiliate, and/or you are obligated to perform that will have an impact on the timing involved in this subsection. If this occurs, a reasonable extension will be granted to respond to any claim you have made.
- b. **Mediation.** If there is a dispute between you and us with respect to any issue arising out of or relating to this Agreement, its offer, sale and disclosure, and any claimed breach, or the relationship between you and us, or any claim you may have as a result of that relationship, as a result of this Agreement, and the above discussed pre-mediation process did not resolve it, before either party resorts to the process of binding arbitration, the parties agree to mediate in good faith within thirty days of the date the dispute is made known. The dispute will be made known by a written correspondence, either in email form, or by letter addressed to Manager, pursuant to the notice section of this Agreement, with a copy to our named attorney. If we have an unresolved dispute, we will provide written notice to you, or to your location, by certified mail, overnight courier or by personal delivery, unless the dispute is one that has been excepted from the Mediation and Arbitration requirement. The parties agree to engage in a minimum of four hours of face-to-face mediation in Chicago, Illinois, with the assistance of one mediator. Unless the parties agree to binding mediation, the mediator can propose a

resolution, but it will only be the recommended result, and not binding. The parties will share the costs of the mediation equally. Each party will be obligated and expected to pay their own attorneys' fees, subject to award later in the arbitration process. If the mediation is successful and the dispute resolved, the parties will proceed as they have agreed. If the mediation is not successful, and if either party wishes to proceed, that party can file an arbitration action.

- c. **Arbitration.** Arbitration is a binding procedure. This means that the arbitrator's decision is enforceable. Either party can request arbitration. The arbitration proceedings will be conducted in Chicago, Illinois, in front of one arbitrator, in accordance with the rules of the American Arbitration Association ("AAA"), or any successor organization. The parties will have thirty (30) days to agree on an arbitrator. If they fail to agree, the AAA will be requested in writing to appoint an arbitrator. The arbitrator must have a minimum of ten years of practice in the franchise law area, or be a retired judge with experience handling franchise cases. Unless the parties agree to an expedited schedule, discovery will be permitted as set forth in the AAA rules. The decision of the arbitrator, including any grant of specific performance, may be entered in any court having jurisdiction. The prevailing party will be entitled to recover from the other party or parties, reasonable attorneys' fees, and all costs and expenses of the arbitration, including, but not limited to the fees for filing the arbitration proceeding and compensation for the arbitrator.

We both agree that the arbitrator will be limited to awarding actual, and not consequential, punitive, speculative or exemplary damages to the prevailing party.

Arbitration can only be conducted by one Salon in one proceeding. Arbitration cannot be pursued in a class action, or by more than one plaintiff, unless we agree in advance of filing the action. We will only agree to this form of action if the issues and facts are the same, every plaintiff executed the same version of franchise agreement without change, and it would be cost effective for us to defend in only one action. We have sole discretion whether to agree to arbitrate with more than one Salon owner at a time. Notwithstanding the above to the contrary if your Salon is located in Illinois, arbitration will not be an option. If there is a reason to make a claim against us, you must make that claim in a court of competent jurisdiction in Cook County, Illinois.

20. MISCELLANEOUS

a. Notice

1. Method for Giving Notice.

- 1) **To You.** All notices to you must be in writing, personally delivered or sent to you at the address stated at the beginning of this Agreement by certified mail, return receipt requested, by overnight courier service or express mail. Notices personally delivered will be deemed received on the date of delivery. Notices sent by certified mail will be deemed delivered three (3) business days after placing them in the United

States Mail, postage prepaid. Notices sent by overnight courier service or express mail will be deemed delivered two business days after they are sent, unless receipts show otherwise, or Saturday delivery is specified and accomplished.

- 2) To Us. All notices to us will be in writing personally delivered, or sent to the address stated at the beginning of the Agreement, with a copy to our counsel. The method for sending is the same as in Section 1 above titled "To You." The address of our counsel is:

Law Office of Marc N. Blumenthal
8950 Lincolnwood Dr.
Evanston, IL 60203

- b. **Non-Waiver**. If either party waives a right or remedy under this Agreement, or in any other manner fails to enforce such right or remedy, that action shall not preclude either party from enforcing the same right or remedy in accordance with this Agreement at a later date.
- c. **Modification**. This Agreement may only be modified by an instrument in writing, executed by both parties. This Agreement may, however, be modified or amended by us, within ten days written notice to you in order to comply with any ordinance, statute or regulation, including any health care law applicable to the Agreement, or the franchise relationship.

We may, however, modify our Operations Manual from time to time as we, in the exercise of our sole discretion, deem necessary to meet competition, protect our or our Affiliate's intellectual property and/or to improve the quality of services provided, and products offered.

d. **Severability and Construction**.

- 1) **Independent Provisions**. The provisions of this Agreement are deemed to be severable and the parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.
- 2) **Invalid Provisions**. If any provision is deemed invalid or unenforceable as written, it will not affect the legality or validity of the remaining provisions, but, will be deemed modified or limited to the extent or manner necessary to make that particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that provision.
- 3) **No Other Beneficiaries**. Nothing in this Agreement will be deemed to give any person or legal entity other than you or us, and our respective successors and assigns any rights or remedies under or because of this Agreement, except for the rights ascribed to a personal or legal representative under Section 15 above.

- 4) **Captions.** All captions in the Agreement are intended solely for the convenience of the parties and do not affect the meaning or construction of any provision of this Agreement.
- e. **Multiple Originals.** This Agreement may be signed in triplicate, and each copy signed will be considered an original.
- f. **Binding Agreement.** This is a legally binding Agreement, which binds us and you to its terms and conditions, and will inure to the benefit of the successors and assigns of each party.
- g. **Introduction.** The Introduction included on pages 1 and 2 of this Agreement is incorporated into this Agreement, and form a part of this Agreement, the same as if written directly into the terms of this Agreement.

21. COMPLIANCE WITH LEGAL REQUIREMENTS

At your own expense, you must make, execute, and file any and all reports required by any legal or public authority with respect to the operation of your Salon. You must at all times abide by any and all federal, state, county and/or municipal laws and regulations which are applicable to your Salon, and the business profession designation (cosmetologist license) you or your manager holds, in the state in which your Salon is located. You must comply with all applicable health care laws, if applicable, reporting laws and tax laws that require you to pay taxes on your income, and must timely remit all taxes due to the proper taxing authorities.

22. GOVERNING LAW

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

23. GOOD FAITH AND FAIR DEALING

Each party to this Agreement agrees to treat the other in a fair and equitable manner, and in all transactions, interactions and disputes to negotiate and to deal in good faith.

24. NOTIFICATION OF LAWSUITS AGAINST FRANCHISEE

You must notify us in writing within five (5) days of notice of the commencement of any action, suit, or proceeding against you, and of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of your Salon, or your interests in this Agreement, including, without limitation, any criminal action or proceedings brought by you against your employees, or other persons.

25. FORCE MAJEURE

Neither party will be liable for any delay or failure to provide services due to any cause, condition or force beyond the control of that party, whether or not foreseeable, including, but not limited to work stoppage, labor strikes, transportation strikes (trucking, rail or air), acts of terrorism, postal strikes, pandemic, acts of God or severe weather conditions, acts of war or civil disobedience. If your Salon is located in a Walmart store, the Master Lease our Affiliate executed with Walmart may impact this force majeure provision.

26. TIME IS OF THE ESSENCE

Wherever this Agreement requires performance on the part of a party by a specific date, for payments of sums, giving of notice or furnishing of documents or reports, the parties understand and agree that it is important to comply with the dates and times set forth in the Agreement, as time is of the essence. If your Salon is located in a Walmart store, the Master Lease our Affiliate executed with Walmart may impose different or other more stringent time periods which must be complied with in order to remain in good standing under your sublease, and this Agreement.

27. ACKNOWLEDGEMENTS

- a. **Business Risks.** You recognize that this business venture involves numerous business risks and that your success will be largely dependent upon your own efforts and abilities, even though you may be a licensed cosmetologist and have worked in that field before. You also understand that we may, but are not required to provide to you a list of Walmart store locations for your Salon before you open your Salon. We do not guarantee that you will be successful. We cannot and will not guarantee that if your Salon is located in a Walmart store, you will attract the customers that frequently shop at that Walmart store. We cannot and will not guarantee that any Walmart customers will become your customers. Marketing to those customers within the boundaries of what Walmart permits is your responsibility.

We strongly recommend that you seek the services of a lawyer experienced in franchise law to explain this Agreement and the Disclosure Document to you, and that you do not sign this Agreement before you have done so.

YOU EXPRESSLY ACKNOWLEDGE THAT YOU HAVE ENTERED INTO THIS AGREEMENT AS A RESULT OF YOUR OWN INDEPENDENT INVESTIGATION OF US AND THE BUSINESS OFFERED, AFTER CONSULTATION WITH YOUR OWN ATTORNEY AND/OR BUSINESS ADVISOR, AND NOT AS A RESULT OF ANY REPRESENTATIONS MADE TO YOU BY US, OUR AFFILIATE, OR OUR OR THEIR AGENTS, OFFICERS, ATTORNEYS OR EMPLOYEES, EXCEPT THOSE CONTAINED IN THIS AGREEMENT AND IN OUR DISCLOSURE DOCUMENT PREVIOUSLY FURNISHED TO YOU.

YOU FURTHER EXPRESSLY ACKNOWLEDGE THAT IN THE DISCLOSURE DOCUMENT YOU RECEIVED, WE HAVE MADE NO WRITTEN FINANCIAL PERFORMANCE REPRESENTATIONS TO YOU, NOR HAVE WE PROMISED ANYTHING TO YOU EITHER VERBALLY OR IN WRITING, THAT IS NOT CONTAINED IN THIS AGREEMENT, OR DISCLOSED IN THE DISCLOSURE DOCUMENT OR THE SUBLEASE THAT OUR AFFILIATE WILL ENTER INTO WITH YOU FOR THE PREMISES IF THE LOCATION OF YOUR SALON IS IN A WALMART STORE.

We have not made any warranty or guarantee, expressed or implied, as to the success of the business, or the amount of revenues to expect.

- 1) **Independent Investigation**. You acknowledge that you received, read, and understand this Agreement, including the attached exhibits and the Disclosure Document; that we have fully and adequately explained the provisions to your satisfaction; and that we advised you to consult an attorney to represent you in this franchise purchase, and have accorded you ample time and opportunity (1) to consult with advisers of your own choosing about the potential benefits and risks of entering into this Agreement the sublease with our Affiliate, if your Salon will be in a Walmart store (2) to contact existing franchisees, if any, and (3) to investigate all the statements we have made relating to the business of a Salon.
- 2) **Compliance with Federal Trade Commission Rule**. You acknowledge that you have received a copy of this Agreement, and the attached exhibits, all in final form and suitable for execution, at least five (5) business days before the date on which this Agreement was executed, and further acknowledge receipt of the Disclosure Document at least fourteen (14) calendar days before the date on which any consideration was paid to us or our Affiliate, or this or any other Agreement between you or us, or our Affiliate was executed.

28. COMPLIANCE WITH ANTI-TERRORISM LAWS

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests are subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided above in Section 13.b.

29. ENTIRE AGREEMENT

The foregoing Agreement, including the Introduction, incorporated by reference and made a part of this Agreement, and the Exhibits attached to this Agreement, represent the entire Agreement, and are the only Agreement between the parties for this franchise. Each party agrees that the foregoing Agreement together with the exhibits incorporated into the foregoing Agreement is the only Agreement which governs the relationship between the parties and supersedes all previous and contemporary verbal or written understandings, agreements, promises and/or representations made by the parties or understood to be in effect at the time this Agreement is executed. If there were any promises made to you that are not included in this Agreement, you agree that you have not relied on them in deciding to purchase this franchise.

Nothing in this Franchise Agreement is intended to disclaim the express representations made in the Disclosure Document.

30. SIGNATURES

The parties to this Agreement now execute and deliver this Agreement in triplicate all of which will be considered originals as of the Agreement Date.

Done and executed in _____, _____.

FRANCHISEE:

[Name of entity:] _____

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SHUBH FRANCHISE LLC

By: _____

Name: _____

Title: _____

Date: _____

[If an individual or individuals:]

Signature: _____

Name: _____

Signature: _____

Name: _____

Date: _____

Signature: _____

Name: _____

Date: _____

Signature: _____

Name: _____

Date: _____

**FRANCHISE AGREEMENT
EXHIBIT A**

PERSONAL GUARANTY AND ASSUMPTION OF OBLIGATIONS

PERSONAL GUARANTY AND ASSUMPTION OF OBLIGATIONS is given by the undersigned guarantor Personal Gurantor on the date stated on the Signature Page.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement dated _____ (“Agreement”) by Shubh Franchise LLC (“Franchisor”), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ (“Franchisee”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee’s breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall 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 or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement, and any renewals.

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

This Guaranty has been entered into on _____..

PERSONAL GUARANTOR

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Printed Name)

Personally and Individually (Signature)

Personally and Individually (Signature)

HOME ADDRESS

HOME ADDRESS

TELEPHONE NO.: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

TELEPHONE NO.: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

PERSONAL GUARANTOR

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Printed Name)

Personally and Individually (Signature)

Personally and Individually (Signature)

HOME ADDRESS

HOME ADDRESS

TELEPHONE NO.: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

TELEPHONE NO.: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

**FRANCHISE AGREEMENT
EXHIBIT B**

Salon Location:
Address

If Walmart Store location:
Store No. _____

**FRANCHISE AGREEMENT
EXHIBIT C**

MUTUAL GENERAL RELEASE

This Mutual General Release (“Release”) is entered into on the date stated on the Signature Page by and between SHUBH FRANCHISE LLC (“Franchisor” or “us”) and _____ (“Franchisee”).

Recitals:

- a. Franchisor and Franchisee are parties to that particular Franchise Agreement dated _____ (the “Agreement”).
- b. Franchisor and Franchisee agreed in the Agreement that if and when Franchisee chose to transfer the Agreement, the parties would enter into a Release of claims against the other.
- c. This Release does not have any affect on monies currently owed to the Franchisor, Vrajhalie LLC, or if the franchise location is a Salon in a Walmart store, to Walmart nor will it excuse Franchisee from the covenants that survive the Agreement.
- d. This is the current format for the Release. This or another format for a mutual general release may be in use if and when you are required to sign one.

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

Terms:

1. Date of Effectiveness. This Release will take affect when and if, and only at the time that Franchisee has transferred all of its interest in the franchised business to an unrelated third party; and not to a business entity Franchisee organizes to operate the SHUBH® BEAUTY salon franchise, or Franchisee has transferred all of its interest in the franchised business to us.
2. Current Debt. No amount of current debt will be forgiven by this Release, and it must not be interpreted to reduce or eliminate any monies owed to the Franchisor, for any reason, at the effective transfer date. Unless otherwise agreed to in writing between the Parties to the Franchise Agreement, all amounts the Franchisee owes Franchisor, Vrajhalie LLC, or if the franchise location is a Salon in a Walmart store, to Walmart as of the transfer date will be due and payable in their full amount(s), and Franchisor can either withhold its approval of the transfer if Franchisee does not satisfy this debt, or Franchisor can agree to be paid in full from the closing proceeds, provided the proceeds exceed the amount of debt, if any.
3. Covenants That Survive This Release.

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

b. This Release does not apply to Franchisee's covenant to not use confidential information and trade secrets after Franchisee has transferred its interest. There is no time frame with regard to this prohibition.

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

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

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

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

6. Governing Law; Jurisdiction; Venue.

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

7. Miscellaneous.

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

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

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

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

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

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

Done and executed at _____, ____.

SHUBH FRANCHISE LLC

FRANCHISEE

Title _____

Title _____

Date: _____

Date: _____

**FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT C**

**OPERATIONS MANUAL
TABLE OF CONTENTS**

TABLE OF CONTENTS OF OPERATIONS MANUAL FOR SHUBH® FRANCHISE

Manual Section	Number of Pages
Preface & Introduction	35
Establishing My Franchise Business	34
Personnel	64
Administrative Procedures	25
Daily Procedures	22
Selling & Marketing	22
Total Number of Pages	202

Section A: Preface & Introduction (35)

1. Frontmatter (5)
2. Preface (13)
3. Introduction (17)

Section B: Establishing Your Shubh Beauty Franchise Business (34)

1. Frontmatter (3)
2. Introduction (1)
3. Selecting Your Business Type (6)
4. Your Status as a Franchisee (1)
5. Required Bank Accounts (1)
6. Special Licenses and Permits (1)
7. Required Insurance Coverage (2)
8. Selecting a Space (1)
9. Leasing Beauty Studio Space (1)
10. Signage (2)
11. Contracting Utilities and Services (2)
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EXHIBIT D**

**SHUBH FRANCHISE LLC and SHUBH FRANCHISE INC.*
UNAUDITED BALANCE SHEET AND AUDITED FINANCIAL STATEMENTS**

*The Audited Financial Statements consist of the December 31, 2022, December 31, 2021 for Shubh Franchise LLC, and December 31, 2020 for Shubh Franchise Inc. Audited Financial Statements for Shubh Franchise LLC for 2021 begin in March 2021 after the merger with Shubh Franchise Inc. was approved. An unadited Balance Sheet dated March 31, 2021 has also been included.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

SHUBH FRANCHISE LLC

DECEMBER 31, 2022 AND 2021

Shubh Franchise LLC
(An Illinois Limited Liability Company)

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INDEPENDENT AUDITORS' REPORT

To the Members of
Shubh Franchise LLC
(An Illinois Limited Liability Company)

Opinion

We have audited the accompanying financial statements of Shubh Franchise LLC (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shubh Franchise LLC as of December 31, 2022, and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our



opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

MK Group CPAs & Consultants LLC

MK Group CPAs & Consultants LLC
Certified Public Accountants
Oakbrook, Illinois

March 21, 2023

Shubh Franchise LLC
(An Illinois Limited Liability Company)

BALANCE SHEETS

December 31, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 860,836	\$ 713,068
Prepaid insurance	<u>12,126</u>	<u>12,653</u>
Total current assets	<u>872,962</u>	<u>725,721</u>
FIXED ASSETS		
Vehicle	23,100	-
Less: Accumulated depreciation	<u>(3,465)</u>	<u>-</u>
Net fixed assets	<u>19,635</u>	<u>-</u>
Total assets	<u>\$ 892,597</u>	<u>\$ 725,721</u>

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES		
Accrued expenses	\$ 34,237	\$ 17,500
Accrued state income and franchise taxes	6,731	13,087
Accrued interest	<u>-</u>	<u>2,396</u>
Total current liabilities	<u>40,968</u>	<u>32,983</u>
LONG-TERM LIABILITIES		
Notes payable - long term	<u>-</u>	<u>63,900</u>
Total liabilities	<u>40,968</u>	<u>96,883</u>
Contingency	-	-
MEMBER'S EQUITY		
Member's equity	<u>851,629</u>	<u>628,838</u>
Total member's equity	<u>851,629</u>	<u>628,838</u>
Total liabilities and member's equity	<u>\$ 892,597</u>	<u>\$ 725,721</u>

See notes to financial statements

Shubh Franchise LLC
(An Illinois Limited Liability Company)

STATEMENTS OF OPERATIONS

Years ended December 31, 2022 and 2021

	2022	2021
FRANCHISE REVENUE		
Initial fees	\$ 286,000	\$ 218,000
Royalty income	918,301	590,930
Franchise transfer fees	12,000	-
Total franchise fees	1,216,301	808,930
OTHER REVENUE		
Forgiveness of indebtedness	-	5,207
Miscellaneous income	1,102	-
Total other income	1,102	5,207
Total revenue	1,217,403	814,137
EXPENSES		
Advertising and promotion	14,045	5,439
Audit expense	12,000	12,000
Automobile and travel	5,590	2,989
Consulting fees	2,255	1,730
	-	-
Insurance expense	18,617	15,739
Interest expense	3,381	2,396
Trademark fees	71,775	76,075
Legal expenses	10,118	15,737
Miscellaneous expenses	1,140	256
Office expenses	21,414	17,287
Payroll expense	194,778	183,500
Payroll taxes	32,537	15,755
Profit sharing contribution	80,750	-
State income and franchise taxes	24,500	17,388
Total operating expenses	492,900	366,291
Net income before depreciation	724,503	447,846
Depreciation	(3,465)	-
Net Income	\$ 721,038	\$ 447,846

See notes to financial statements

Shubh Franchise LLC
(An Illinois Limited Liability Company)

STATEMENTS OF MEMBERS' EQUITY

Years ended December 31, 2022 and 2021

Member's equity December 31, 2020	\$ 180,992
Net income	<u>447,846</u>
Member's equity December 31, 2021	628,838
Distributions paid	(498,247)
Net income	<u>721,038</u>
Member's equity December 31, 2022	<u>\$ 851,629</u>

See notes to financial statements

Shubh Franchise LLC
(An Illinois Limited Liability Company)

STATEMENTS OF CASH FLOWS

Years ended December 31, 2022 and 2021

	2022	2021
Reconciliation of net income to net cash provided by operating activities		
Net income	\$ 721,038	\$ 447,846
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	3,465	-
Forgiveness of indebtedness-Payroll Protection Program loan	-	(5,207)
Changes in asset and liability accounts		
(Increase) decrease in assets		
Accounts receivable	-	113,116
Prepaid expenses	527	(1,068)
Increase (decrease) in liabilities		
Accrued expenses	16,737	(64,482)
Accrued state income and franchise taxes	(6,356)	13,087
Accrued interest	(2,396)	2,396
Net cash provided by operating activities	733,015	505,688
Cash flows from investing activities		
Purchase of vehicle	(23,100)	-
Net cash (used in) provided by investing activities	(23,100)	-
Cash flows from financing activities		
Principal payments on notes payable	(63,900)	-
Distributions to Member	(498,247)	(128,128)
Net cash used in financing activities	(562,147)	(128,128)
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	147,768	377,560
Cash, cash equivalents, and restricted cash at beginning of year	713,068	335,508
Cash, cash equivalents, and restricted cash at end of year	\$ 860,836	\$ 713,068
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amount capitalized	\$ 5,777	\$ -

See notes to financial statements

Shubh Franchise LLC
(An Illinois Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

Shubh Franchise Inc. was incorporated on March 20, 2019, under the laws of the State of Illinois. On March 25, 2021, Shubh Franchise Inc. merged into Shubh Franchise II LLC. Shubh Franchise II LLC changed its name to Shubh Franchise LLC on the day of merger, March 25, 2021. According to the Plan of Merger filed with the Illinois Secretary of State along with Form LLC-37.25 Shubh Franchise LLC shall succeed, without other transfer, to all the rights and property of the Company (Shubh Franchise Inc.) and shall be subject to all the debts, liabilities, and obligations of the Company in effect as of the date of merger. Also, upon the merger each share in the ownership in the Company shall be converted into a membership interest on a 1 for 1 ratio.

Shubh Franchise LLC has elected to be classified as an association taxable as a corporation by filing Form 8832 with the Internal Revenue Service. Shubh Franchise LLC has filed Form 2553 with the Internal Revenue Service to make an election under Section 1362 (a) of the Internal Revenue Service Code to be an S corporation. The income of an S corporation generally is taxed to the shareholders of the corporation rather than to the corporation itself. However, an S corporation may still owe tax on certain income.

The primary purpose for which the Company was formed is to transact business as a franchisor, selling franchises for Shubh® Beauty Salons nationally to provide services for facials, eyebrow, eye lash extensions, partial body waxing and other beauty related services. The franchisee may either be located in a Walmart store, or in leased premises of a non-Walmart property. As of December 31, 2022, the Company franchised a total of 89 beauty salons.

Shubh®, the service mark is owned by Vrajhalie LLC. The Company has entered into a “Trade Name and Service Mark License Agreement” (the “Agreement”) on May 05, 2019 with Vrajhalie LLC (“Licensor”). The Licensor leases Shubh® Beauty Salons located in Walmart stores. Pursuant to this Agreement, the Company has been granted a non-exclusive license to use the federally registered Shubh® service mark (the “Mark”) and any future mark developed by the Licensor and a right to offer franchises under the Mark and to sign franchise agreements that grant the use of the Mark. Such agreement has been entered into for a term of thirty years with an option to extend the use of the Mark for ten years. The Licensor is obligated to make all continuing filings necessary to maintain the use of the Mark.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Shubh Franchise LLC
(An Illinois Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fixed Assets

Vehicles are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related cost and accumulated depreciation.

The assets are depreciated over their estimated service life. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives. The Vehicle is being depreciated over a five years period using an accelerated method.

Accounts Receivable and Bad Debts

Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that management's estimate of the allowance will change.

Revenue Recognition

The Company's primary revenue stream is franchise fees earned upon sale of franchises under the registered service mark which is potentially subject to ASC 606 except as noted in the Practical Expedient (Franchisors -Revenue from Contracts with Customers (Subtopic 952-606) - Practical Expedient) issued by FASB in January 2021. The practical expedient will allow franchisors that are not public business entities (i.e., private companies) to account for pre-opening services provided to a franchisee as a single performance obligation if the services are in line with the services listed within the guidance, and they meet certain other conditions.

The various fees are recognized as follows:

a) Initial Fees

The initial franchise fee received is consideration for the right and license to own and operate a salon under the registered service mark Shubh®. This initial franchise fee is collectible in one lump sum upon execution of the franchise agreement and is not refundable. This initial franchise fee is earned and received only after the Company's initial preopening performance obligations are fulfilled. There are no other initial fees and there are no products that are required to be purchased from the Company before opening the salon.

b) Royalty Revenue

The monthly royalty revenue represents fees for the use of the Mark and the system. The royalty revenue is fixed and earned as billed. During 2020, in order to consider the effect of the COVID-19 pandemic and to support the ongoing operations of the franchisees, the Company, mutually

Shubh Franchise LLC
(An Illinois Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

with the franchisees agreed to charge monthly royalty fees at the rate of 12% of franchisees' monthly business or \$1,000 whichever is less.

c) Transfer fees

Transfer fees are charged to a franchise that has been sold or transferred to another entity. The fee is charged, paid, and earned at the time of transfer.

d) Training fees

Training fees are included in the initial fee. However, any additional training fee for providing training to operate the franchise location per required policies, standards and procedures is billed to the franchisees. Such additional training fee is earned when billed.

e) Other fees

The Company can bill other fees such as marketing fee, new product/service evaluation fee, management fee. Such fees are earned when the respective services are performed and billed.

Revenue is recognized and recorded at the point in time as stated above.

Advertising

Advertising costs are charged to operations when incurred.

Income Taxes

Shubh Franchise LLC has elected to be classified as an association taxable as a corporation by filing Form 8832 with the Internal Revenue Service. Shubh Franchise LLC has filed Form 2553 with the Internal Revenue Service to make an election under Section 1362 (a) of the Internal Revenue Service Code to be an S corporation. The income of an S corporation generally is taxed to the shareholders of the corporation rather than to the corporation itself. However, an S corporation may still owe tax on certain income. However, effective for tax years beginning after December 31, 2017, new S corporation audit rules were created under the Bipartisan Budget Act of 2015 (BBA). The provisions of BBA include a default rule that makes the entity liable for payment of tax attributable to adjustments discovered during an audit.

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires the Company to report information regarding its exposure to various tax positions taken by the Company. Management has determined whether

Shubh Franchise LLC
(An Illinois Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

any tax positions have met the recognition threshold and has measured the Company's exposure to those tax positions. Management believes that the Company has addressed all relevant tax positions and there are no unrecorded tax liabilities. The Company files income tax returns in the U.S. federal and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before January 1, 2019. Federal and state tax authorities have the right to examine and audit the previous three years of tax returns filed.

Any interest and penalties assessed to the Company are recorded as expenses of the Company. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Company maintains its operating cash and cash reserve balances in one financial institution located in Bloomingdale, Illinois. The operating cash and cash reserve balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, these balances may exceed the federal insurance limits; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Company believes that no significant concentration of credit risk exists with respect to these operating cash and cash reserve balances during the years ended December 31, 2022 and 2021.

NOTE 4 - CONTRACTS FOR SERVICES

The Company has entered into contracts with various franchisees to provide salon services under the terms of the Franchise Agreement. The Company is required to perform various obligations before and after the franchise begins operations. Such obligations, subject to such terms and conditions have been disclosed in the Franchise Disclosure Document provided to each of the franchisees.

NOTE 5 – MEMBER'S INTERESTS

The Company has one member.

Shubh Franchise LLC
(An Illinois Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 6 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The operations of the Company are subject to regulations of governmental agencies, franchise contracts, administrative directives and acts of the Congress. Also, the Company operates in a regulated environment. Any changes in these contracts, administrative directives, acts of the Congress, rules and regulations could affect the Company's operations.

NOTE 7 - CONTINGENCY

COVID – 19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since then spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. It is anticipated that these impacts may continue for some time. The future effects of these pandemic issues are unknown. As of December 31, 2022, it is uncertain as to how the pandemic will impact the Company and its operations.

NOTE 8 - RELATED PARTY TRANSACTIONS

Trademark Fees

The Company has entered into a Trade Name, and Service Mark License Agreement (the Agreement) with Vrajhalie LLC ("Vrajhalie") an affiliate of the Managing Member of the Company. The Agreement provides the Company the right to use the trademark (See Note 1). In consideration of the right to use the trademark, the Company paid Vrajhalie a trademark fee in the amount of \$150 per month per franchisee through July 2021 and is paying \$75 per month per franchisee thereafter. During 2022 and 2021, trademark fees incurred amounted to \$71,775 and \$76,075, respectively. During 2022 and 2021, trademark fees paid amounted to \$58,425 and \$87,325, respectively. At December 31, 2022 and 2021, trademark fees due Vrajhalie LLC amounted to \$13,350 and \$0 respectively and is included in accrued expenses on the balance sheets.

NOTE 9 - NOTES PAYABLE

ECONOMIC INJURY DISASTER LOAN (EIDL)

On July 21, 2020, the Company entered into an Economic Injury Disaster Loan Authorization and Agreement granted under Section 7(b) of the Small Business Act in the amount of \$63,900. Pursuant to the agreement, the loan bears interest at the rate of 3.75% per annum and will accrue only on funds advanced from the date of each such advance. The loan was repaid in full on December 16, 2022, along with \$5,777 accrued interest.

Shubh Franchise LLC
(An Illinois Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 9 - NOTES PAYABLE - CONTINUED

The balance of principal and interest was payable thirty (30) years from the date of the promissory note. Each payment was to be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, was to be applied to principal. Each payment was to be made when due even if at that time the full amount of the Loan had not yet been advanced or the authorized amount of the Loan had been reduced. For the years 2022 and 2021, interest incurred on this loan amounted to \$3,381 and \$2,396, respectively. For the years 2022 and 2021, interest paid on this loan amounted to \$5,777 and \$0 respectively. Accrued interest at December 31, 2022 and 2021 amounts to \$0 and \$2,396 respectively.

The loan proceeds were utilized solely as working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2020, and continued thereafter and to pay Uniform Commercial Code (UCC) lien filing fees and a third-party UCC handling charge of \$100 which was deducted from the Loan amount. The Note was collateralized by the property that the Company owned or had acquired or created immediately upon the acquisition or creation thereof: all tangible and intangible personal property, including but not limited to such items as mentioned in the Security Agreement.

PAYCHECK PROTECTION PROGRAM (PPP)

On May 05, 2020, the Company entered into a Paycheck Protection Program (PPP) loan agreement, which was granted under Section 1106 of the Cares Act in the amount of \$5,207. The loan bore interest at the rate of 1% per annum and was to mature on May 05, 2022, and was unsecured. The loan upon approval and under Section 1106 of the Cares Act is subject to forgiveness. On July 26, 2021, the loan in the amount of \$5,207 and accrued interest was forgiven under Section 1106 of the Cares Act.

As of December 31, 2022, and 2021, the principal balance outstanding on the note's payable was \$0 for both years.

NOTE 10 – RETIREMENT PLAN - SOLO 401-K

The Company has established a Solo 401-K plan. The Company can make contributions to both the Member and their spouse up to the limits set by the Internal Revenue Service. The Company is also required to pay 15.3% of Social Security and Medicare taxes on these contributions. Solo contributions for 2022 and 2021 were \$33,000 and \$47,500, respectively. The \$47,500 had not been accrued in 2021 and is being recognized in 2022.

Shubh Franchise LLC
(An Illinois Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 11 - RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

ASU No. 2014-09: "Revenue from contracts with customers" (ASC 606)

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 "Revenue from contract with customers" (ASC 606) and all related amendments. ASC 606 supersedes most existing revenue recognition guidance. ASC 606 provides a principles-based framework for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects in exchange for the goods or services provided. It also requires enhanced disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This ASU is effective for fiscal years beginning December 15, 2019. The Company has elected to adopt ASC 606 and all related amendments using the modified retrospective transition method.

Accounting Standards Update: "Franchisors - Revenue from Contracts with Customers (Subtopic 952 - 606) Practical Expedient"

In January 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) "Franchisors - Revenue from Contracts with customers (Subtopic 952-606) - Practical Expedient." In applying the practical expedient, pre-opening services that are consistent with those included in a predefined list within the said guidance (Paragraph 952-606-25-2), may be accounted for as a single bundled, separate performance obligation, as long as it is probable that the continuing fees in the franchise agreement would be sufficient to cover the franchisor's continuing costs plus a reasonable profit. The Company has elected to adopt the practical expedient and all related amendments using the modified retrospective transition method.

NOTE 12 - SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Company evaluated the activity of the Company through March 21, 2023 (the date the financial statements were issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

SHUBH FRANCHISE LLC

DECEMBER 31, 2021 AND 2020

Shubh Franchise LLC
(An Illinois Limited Liability Company)

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INDEPENDENT AUDITORS' REPORT

To the Members of
Shubh Franchise LLC
(An Illinois Limited Liability Company)

Opinion

We have audited the accompanying financial statements of Shubh Franchise LLC (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shubh Franchise LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our



opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

MK Group CPAs & Consultants LLC

MK Group CPAs & Consultants LLC
Certified Public Accountants
Oakbrook, Illinois

April 25, 2022

Shubh Franchise LLC
(An Illinois Limited Liability Company)

BALANCE SHEETS

December 31, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 713,068	\$ 335,508
Accounts receivable	-	113,116
Prepaid insurance	12,653	11,585
Total current assets	725,721	460,209
 Total assets	 \$ 725,721	 \$ 460,209

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES		
Accrued expenses	17,500	81,982
Accrued state income and franchise taxes	13,087	-
Notes payable	-	5,207
Accrued interest	2,396	-
Total current liabilities	32,983	87,189
 LONG-TERM LIABILITIES		
Notes payable - long term	63,900	63,900
Total liabilities	96,883	151,089
Contingency	-	-
 MEMBER'S EQUITY		
Member's equity	628,838	309,120
Total member's equity	628,838	309,120
Total liabilities and member's equity	 \$ 725,721	 \$ 460,209

See notes to financial statements

Shubh Franchise LLC
(An Illinois Limited Liability Company)

STATEMENTS OF OPERATIONS

Years ended December 31, 2021 and 2020

	2021	2020
FRANCHISE REVENUE		
Initial fees	\$ 218,000	\$ 238,000
Royalty income	590,930	279,339
Total franchise fees	808,930	517,339
OTHER REVENUE		
Forgiveness of indebtedness	5,207	-
EIDL advance	-	2,000
Total other income	5,207	2,000
Total revenue	814,137	519,339
EXPENSES		
Advertising and promotion	5,439	2,197
Audit expense	12,000	6,500
Automobile and travel	2,989	164
Consulting fees	1,730	33,800
Finance costs	-	100
Insurance expense	15,739	9,357
Interest expense	2,396	-
Trademark fees	76,075	55,950
Legal expenses	15,737	14,010
Miscellaneous expenses	256	60
Office expenses	17,287	9,361
Payroll expense	183,500	147,380
Payroll taxes	15,755	12,182
State income and franchise taxes	17,388	-
Total expenses	366,291	291,061
Net income	\$ 447,846	\$ 228,278

See notes to financial statements

Shubh Franchise LLC
(An Illinois Limited Liability Company)

STATEMENTS OF MEMBERS' EQUITY

Years ended December 31, 2021 and 2020

Member's equity December 31, 2019	\$ 80,842
Net income	<u>228,278</u>
Member's equity December 31, 2020	309,120
Distributions paid	(128,128)
Net income	<u>447,846</u>
Member's equity December 31, 2021	<u>\$ 628,838</u>

See notes to financial statements

Shubh Franchise LLC
(An Illinois Limited Liability Company)

STATEMENTS OF CASH FLOWS

Years ended December 31, 2021 and 2020

	2021	2020
Reconciliation of net income to net cash provided by operating activities		
Net income	\$ 447,846	\$ 228,278
Adjustments to reconcile net income to net cash provided by operating activities		
Forgiveness of indebtedness-Payroll Protection Program loan	(5,207)	-
Changes in asset and liability accounts		
(Increase) decrease in assets		
Accounts receivable	113,116	(113,116)
Prepaid expenses	(1,068)	(3,883)
Increase (decrease) in liabilities		
Accrued expenses	(64,482)	67,259
Accrued state income and franchise taxes	13,087	-
Accrued interest	2,396	-
Net cash provided by operating activities	505,688	178,538
Cash flows from financing activities		
Proceeds from notes payable	-	69,107
Distributions to members	(128,128)	-
Net cash (used in) provided by financing activities	(128,128)	69,107
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	377,560	247,645
Cash, cash equivalents, and restricted cash at beginning of year	335,508	87,863
Cash, cash equivalents, and restricted cash at end of year	\$ 713,068	\$ 335,508
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amount capitalized	\$ -	\$ -

See notes to financial statements

Shubh Franchise LLC
(An Illinois Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

Shubh Franchise Inc. was incorporated on March 20, 2019 under the laws of the State of Illinois. On March 25, 2021, Shubh Franchise Inc. merged into Shubh Franchise II LLC. Shubh Franchise II LLC changed its name to Shubh Franchise LLC on the day of merger, March 25, 2021. According to the Plan of Merger filed with the Illinois Secretary of State along with Form LLC-37.25 Shubh Franchise LLC shall succeed, without other transfer, to all the rights and property of the Company (Shubh Franchise Inc.) and shall be subject to all the debts, liabilities, and obligations of the Company in effect as of the date of merger. Also, upon the merger each share in the ownership in the Company shall be converted into a membership interest on a 1 for 1 ratio.

Shubh Franchise LLC has elected to be classified as an association taxable as a corporation by filing Form 8832 with the Internal Revenue Service. Shubh Franchise LLC has filed Form 2553 with the Internal Revenue Service to make an election under Section 1362 (a) of the Internal Revenue Service Code to be an S corporation. The income of an S corporation generally is taxed to the shareholders of the corporation rather than to the corporation itself. However, an S corporation may still owe tax on certain income.

The primary purpose for which the Company was formed is to transact business as a franchisor, selling franchises for Shubh® Beauty Salons nationally to provide services for facials, eye brow, eye lash extensions, partial body waxing and other beauty related services. The franchisee may either be located in a Walmart store, or in leased premises of a non-Walmart property. As of December 31, 2021, the Company franchised a total of 64 beauty salons.

Shubh®, the service mark is owned by Vrajhalie LLC. The Company has entered into a “Trade Name and Service Mark License Agreement” (the “Agreement”) on May 05, 2019 with Vrajhalie LLC (“Licensor”). The Licensor leases Shubh® Beauty Salons located in Walmart stores. Pursuant to this Agreement, the Company has been granted a non-exclusive license to use the federally registered Shubh® service mark (the “Mark”) and any future mark developed by the Licensor and a right to offer franchises under the Mark and to sign franchise agreements that grant the use of the Mark. Such agreement has been entered into for a term of thirty years with an option to extend the use of the Mark for ten years. The Licensor is obligated to make all continuing filings necessary to maintain the use of the Mark.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Shubh Franchise LLC
(An Illinois Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fixed Assets

Equipment will be recorded at cost. Additions are to be capitalized, while expenditures for maintenance and repairs will be expensed. Upon disposal of depreciable property, the appropriate fixed assets accounts are to be reduced by the related costs and accumulated depreciation.

Accounts Receivable and Bad Debts

Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that management's estimate of the allowance will change.

Revenue Recognition

The Company's primary revenue stream is franchise fees earned upon sale of franchises under the registered service mark which is potentially subject to ASC 606 except as noted in the Practical Expedient (Franchisors -Revenue from Contracts with Customers (Subtopic 952-606) - Practical Expedient) issued by FASB in January 2021. The practical expedient will allow franchisors that are not public business entities (i.e., private companies) to account for pre-opening services provided to a franchisee as a single performance obligation if the services are in line with the services listed within the guidance, and they meet certain other conditions.

The various fees are recognized as follows:

a) Initial Fees

The initial franchise fee received is consideration for the right and license to own and operate a salon under the registered service mark Shubh®. This initial franchise fee is collectible in one lump sum upon execution of the franchise agreement and is not refundable. This initial franchise fee is earned and received only after the Company's initial preopening performance obligations are fulfilled. There are no other initial fees and there are no products that are required to be purchased from the Company before opening the salon.

b) Royalty Revenue

The monthly royalty revenue represents fees for the use of the Mark and the system. The royalty revenue is fixed and earned as billed. During 2020, in order to consider the effect of the COVID-19 pandemic and to support the ongoing operations of the franchisees, the Company, mutually

Shubh Franchise LLC
(An Illinois Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

with the franchisees agreed to charge monthly royalty fees at the rate of 12% of franchisees' monthly business or \$1,000 whichever is less.

c) Training fees

Training fees are included in the initial fee. However, any additional training fee for providing training to operate the franchise location per required policies, standards and procedures is billed to the franchisees. Such additional training fee is earned when billed.

d) Other fees

The Company can bill other fees such as marketing fee, new product/service evaluation fee, management fee. Such fees are earned when the respective services are performed and billed.

Revenue is recognized and recorded at the point in time as stated above.

Advertising

Advertising costs are charged to operations when incurred.

Income Taxes

Shubh Franchise LLC has elected to be classified as an association taxable as a corporation by filing Form 8832 with the Internal Revenue Service. Shubh Franchise LLC has filed Form 2553 with the Internal Revenue Service to make an election under Section 1362 (a) of the Internal Revenue Service Code to be an S corporation. The income of an S corporation generally is taxed to the shareholders of the corporation rather than to the corporation itself. However, an S corporation may still owe tax on certain income. However, effective for tax years beginning after December 31, 2017, new S corporation audit rules were created under the Bipartisan Budget Act of 2015 (BBA). The provisions of BBA include a default rule that makes the entity liable for payment of tax attributable to adjustments discovered during an audit.

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires the Company to report information regarding its exposure to various tax positions taken by the Company. Management has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax positions. Management believes that the Company has addressed all relevant tax positions and there are no unrecorded tax liabilities. The Company files income tax returns in the U.S. federal and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before January 1, 2018. Federal and state tax authorities have the right to examine and audit the previous three years of tax returns filed.

Shubh Franchise LLC
(An Illinois Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Any interest and penalties assessed to the Company are recorded as expenses of the Company. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Company maintains its operating cash and cash reserve balances in one financial institution located in Bloomingdale, Illinois. The operating cash and cash reserve balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, these balances may exceed the federal insurance limits; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Company believes that no significant concentration of credit risk exists with respect to these operating cash and cash reserve balances during the years ended December 31, 2021 and 2020.

NOTE 4 - CONTRACTS FOR SERVICES

The Company has entered into contracts with various franchisees to provide salon services under the terms of the Franchise Agreement. The Company is required to perform various obligations before and after the franchise begins operations. Such obligations, subject to such terms and conditions have been disclosed in the Franchise Disclosure Document provided to each of the franchisees.

NOTE 5 – MEMBER’S INTERESTS

The Company has one member.

NOTE 6 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The operations of the Company are subject to regulations of governmental agencies, franchise contracts, administrative directives and acts of the Congress. Also, the Company operates in a regulated environment. Any changes in these contracts, administrative directives, acts of the Congress, rules and regulations could affect the Company’s operations.

Shubh Franchise LLC
(An Illinois Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 7 - CONTINGENCY

COVID – 19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since then spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. As an economic impact to the Company's operations, certain franchise locations have been temporarily closed to follow the lockdown orders of the State Government. Future potential impacts may include decrease in revenues, disruptions or restrictions on our employees' ability to work or the franchisee's ability to pay the required amounts under the Franchise Agreement. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of franchisees to continue making payments as a result of job losses, adverse economic environment and other pandemic related issues. The future effects of these pandemic issues are unknown. As of December 31, 2021, it is uncertain as to how the pandemic will impact the Company and its operations.

NOTE 8 - RELATED PARTY TRANSACTIONS

Trademark Fees

The Company has entered into a Trade Name, and Service Mark License Agreement (the Agreement) with Vrajhalie LLC ("Vrajhalie") an affiliate of the Managing Member of the Company. The Agreement provides the Company the right to use the trademark (See Note 1). In consideration of the right to use the trademark, the Company paid Vrajhalie a trademark fee in the amount of \$150 per month per franchisee through July 2021 and is paying \$75 per month per franchisee thereafter. During 2021 and 2020, trademark fees incurred amounted to \$76,075 and \$55,950, respectively. During 2021 and 2020, trademark fees paid amounted to \$87,325 and \$44,750, respectively. At December 31, 2021 and 2020, trademark fees due Vrajhalie LLC amounted to \$0 and \$11,250, respectively.

NOTE 9 - ECONOMIC INJURY DISASTER LOAN (EIDL) ADVANCE

The U.S. Small Business Administration's (SBA) COVID-19 Targeted EIDL Advance was signed into law on December 27, 2020, as part of the Economic Aid to Hard-Hit Small Businesses. The Targeted EIDL Advance provided businesses in low-income communities with additional funds to ensure small business continuity, adaptation and resiliency. Potential applicants of this economic aid included –

Shubh Franchise LLC
(An Illinois Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 9 - ECONOMIC INJURY DISASTER LOAN (EIDL) ADVANCE - CONTINUED

- a) Those in a low-income community,
- b) Those who can demonstrate more than 30% reduction in revenue during an eight-week period beginning on March 02, 2020, or later, and
- c) Those business entities that have 300 or fewer employees.

EIDL Advance funds were calculated based on the number of employees at \$1,000 per employee, up to a maximum of \$10,000. Pursuant to the guidance from SBA, the EIDL advance does not have to be repaid. During 2020, the Company made an application to SBA seeking the EIDL Advance. During 2020, the Company received EIDL advance in the amount of \$2,000 and this is included in Other Income - EIDL Advance on the Statement of Operations.

NOTE 10 - NOTES PAYABLE

ECONOMIC INJURY DISASTER LOAN (EIDL)

On July 21, 2020, the Company entered into an Economic Injury Disaster Loan Authorization and Agreement granted under Section 7(b) of the Small Business Act in the amount of \$63,900. Pursuant to the agreement, the loan bears interest at the rate of 3.75% per annum and will accrue only on funds advanced from the date of each such advance. Monthly installment payments, including principal and interest, of \$312, will begin twelve (12) months from the date of the promissory note. The balance of principal and interest will be payable thirty (30) years from the date of the promissory note. Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal. Each payment will be made when due even if at that time the full amount of the Loan has not yet been advanced or the authorized amount of the Loan has been reduced. For the years 2021 and 2020, interest incurred on this loan amounts to \$2,396 and \$0, respectively. Accrued interest at December 31, 2021 and 2020 amounts to \$2,396 and \$0, respectively. No interest or principal was paid in 2021 or 2020.

The loan proceeds shall be utilized solely as working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2020 and continuing thereafter and to pay Uniform Commercial Code (UCC) lien filing fees and a third-party UCC handling charge of \$100 which will be deducted from the Loan amount. The Note is collateralized by the property that the Company now owns or shall acquire or create immediately upon the acquisition or creation thereof: all tangible and intangible personal property, including but not limited to such items as mentioned in the Security Agreement.

Shubh Franchise LLC
(An Illinois Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 10 - NOTES PAYABLE - CONTINUED

PAYCHECK PROTECTION PROGRAM (PPP)

On May 05, 2020, the Company entered into a Paycheck Protection Program (PPP) loan agreement, which was granted under Section 1106 of the Cares Act in the amount of \$5,207. The loan bears interest at the rate of 1% per annum and matures on May 05, 2022 and is unsecured. The loan upon approval and under Section 1106 of the Cares Act is subject to forgiveness. On July 26, 2021 the loan in the amount of \$5,207 was forgiven under Section 1106 of the Cares Act.

As of December 31, 2021 and 2020, the principal balance outstanding on the notes payable are as follows:

<u>Notes Payable</u>	<u>2021</u>	<u>2020</u>
Economic Injury Disaster Loan (EIDL)	\$ 63,900	\$ 63,900
Paycheck Protection Program (PPP)	<u>-</u>	<u>5,207</u>
Totals	<u>\$ 63,900</u>	<u>\$ 69,107</u>

NOTE 11 - RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

ASU No. 2014-09: "Revenue from contracts with customers" (ASC 606)

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 "Revenue from contract with customers" (ASC 606) and all related amendments. ASC 606 supersedes most existing revenue recognition guidance. ASC 606 provides a principles-based framework for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects in exchange for the goods or services provided. It also requires enhanced disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This ASU is effective for fiscal years beginning December 15, 2019. The Company has elected to adopt ASC 606 and all related amendments using the modified retrospective transition method.

Accounting Standards Update: "Franchisors - Revenue from Contracts with Customers (Subtopic 952 - 606) Practical Expedient"

In January 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) "Franchisors - Revenue from Contracts with customers (Subtopic 952-606) - Practical Expedient." In applying the practical expedient, pre-opening services that are consistent with those

Shubh Franchise LLC
(An Illinois Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 11 - RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS - CONTINUED

included in a predefined list within the said guidance (Paragraph 952-606-25-2), may be accounted for as a single bundled, separate performance obligation, as long as it is probable that the continuing fees in the franchise agreement would be sufficient to cover the franchisor's continuing costs plus a reasonable profit. The Company has elected to adopt the practical expedient and all related amendments using the modified retrospective transition method.

NOTE 12 - SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Company evaluated the activity of the Company through April 25, 2022 (the date the financial statements were issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Shubh Franchise LLC

Balance Sheet

As of March 31, 2021

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Cash	5,000.00
Security Deposit	0.00
Shubh Franchise - Chase	418,627.42
Total Bank Accounts	\$423,627.42
Accounts Receivable	
Accounts Receivable (A/R)	1,600.00
Total Accounts Receivable	\$1,600.00
Other Current Assets	
Undeposited Funds	0.00
Total Other Current Assets	\$0.00
Total Current Assets	\$425,227.42
TOTAL ASSETS	
\$425,227.42	
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
MK Group	0.00
Payroll Liabilities	-29,704.82
Sk Tax Associates	0.00
Total Other Current Liabilities	\$ -29,704.82
Total Current Liabilities	\$ -29,704.82
Long-Term Liabilities	
SBA Disaster Loan	63,800.00
Total Long-Term Liabilities	\$63,800.00
Total Liabilities	\$34,095.18
Equity	
Capital Stock	1,000.00
Owner's Pay & Personal Expenses	0.00
Paid in Capital	30,800.00
Retained Earnings	211,076.13
Net Income	148,256.11
Total Equity	\$391,132.24
TOTAL LIABILITIES AND EQUITY	
\$425,227.42	

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

SHUBH FRANCHISE INC.

DECEMBER 31, 2020 AND 2019

Shubh Franchise Inc.
(An Illinois Corporation)

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INDEPENDENT AUDITORS' REPORT

To the Stockholder of
SHUBH FRANCHISE INC.
(An Illinois Corporation)

Report on the Financial Statements

We have audited the accompanying financial statements of Shubh Franchise Inc.(the Company), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, statements of changes in stockholders' equity (deficit) and statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Group CPAs
&
Consultants**

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shubh Franchise Inc., as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

MK Group CPAs & Consultants LLC

MK Group CPAs & Consultants LLC
Certified Public Accountants
Oakbrook, Illinois

April 23, 2021

Shubh Franchise Inc.
(An Illinois Corporation)

BALANCE SHEET

December 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 335,508	\$ 87,863
Accounts receivables	113,116	-
Prepaid Insurance	11,585	7,702
Total current assets	<u>460,209</u>	<u>95,565</u>
Total assets	<u>\$ 460,209</u>	<u>\$ 95,565</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>2020</u>	<u>2019</u>
<u>CURRENT LIABILITIES</u>		
Accrued expenses	\$ 81,982	\$ 14,723
Notes payable	69,107	-
Total current liabilities	<u>151,089</u>	<u>14,723</u>
Contingency	-	-
<u>STOCKHOLDER'S EQUITY</u>		
Stockholder's Equity	<u>309,120</u>	<u>80,842</u>
Total stockholder's equity	<u>309,120</u>	<u>80,842</u>
Total liabilities and stockholder's equity	<u>\$ 460,209</u>	<u>\$ 95,565</u>

See notes to financial statements

Shubh Franchise Inc.
(An Illinois Corporation)

STATEMENTS OF OPERATIONS

Years ended December 31, 2020 and 2019

	2020	2019
<u>REVENUE</u>		
<u>Franchise Fees</u>		
Initial fees	\$ 238,000	\$ 110,000
Royalty income	279,339	21,700
<u>Other Income</u>		
EIDL Advance	2,000	-
Total revenue	519,339	131,700
<u>EXPENSES</u>		
Automobile and travel	-	1,457
Advertising and promotion	2,197	-
Insurance	9,357	1,100
Legal expenses	14,010	7,880
Trademark fees	55,950	10,500
Consulting fees	32,800	-
Payroll expenses	147,380	25,000
Payroll taxes	12,182	2,558
Professional fees	1,000	1,100
Audit expense	6,500	5,000
Office expenses	9,361	1,107
Utilities	209	29
Finance cost	100	-
Miscellaneous expenses	15	127
Total expenses	291,061	55,858
Net income	\$ 228,278	\$ 75,842

See notes to financial statements

Shubh Franchise Inc.
(An Illinois Corporation)

STATEMENT OF STOCKHOLDER'S EQUITY

December 31, 2020 and 2019

Stockholder's equity:

Common stock, \$1 par value, authorized 1000 shares, issued 1000 shares	\$ 1,000
Additional paid-in-capital	4,000
Total paid-in capital	<u>5,000</u>
Net Income for year ended December 31, 2019	75,842
Total stockholder's equity as at December 31, 2019	<u>\$ 80,842</u>
Add: Net Income for year ended December 31, 2020	228,278
Total stockholder's equity as at December 31, 2020	<u><u>\$ 309,120</u></u>

See notes to financial statements

Shubh Franchise Inc.
(An Illinois Corporation)

STATEMENT OF CASH FLOWS

Years ended December 31, 2020 and 2019

	2020	2019
Reconciliation of net income to net cash provided by operating activities		
Net income	\$ 228,278	\$ 75,842
Adjustments to reconcile net income to net cash provided by operating activities		
Changes in asset and liability accounts		
(Increase) decrease in assets		
Accounts receivable	(113,116)	-
Prepaid expenses	(3,883)	(7,702)
Increase (decrease) in liabilities		
Accrued expenses	67,259	14,723
Net cash provided by operating activities	178,538	82,863
Cash flows from investing activities		
Net cash provided by investing activities	-	-
Cash flows from financing activities		
Proceeds from notes payable	69,107	-
Net cash provided by financing activities	69,107	-
Net increase in cash and cash equivalents	247,645	82,863
Cash and cash equivalents at beginning of year	87,863	5,000
Cash and cash equivalents at end of year	\$ 335,508	\$ 87,863
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amount capitalized	\$ -	\$ -

See notes to financial statements

Shubh Franchise Inc.
(An Illinois Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Shubh Franchise Inc. (the “Company”), was incorporated on March 20, 2019 under the laws of the State of Illinois. The primary purpose for which the Company was incorporated is to transact business as a franchisor, selling franchises for Shubh® Beauty Salons nationally to provide services for facials, eye brow, eye lash extensions, partial body waxing and other beauty related services. The franchisee may either be located in a Walmart store, or in leased premises of a non-Walmart property. As of December 31, 2020, the Company franchised a total of 40 beauty salons.

Shubh®, the service mark is owned by Vrajhalie LLC. The Company has entered into a “Trade Name and Service Mark License Agreement” (the “Agreement”) on May 05, 2019 with Vrajhalie LLC (“Licensor”). The Licensor leases Shubh® Beauty Salons located in Walmart stores. Pursuant to this Agreement, the Company has been granted a non-exclusive license to use the federally registered Shubh® service mark (the “Mark”) and any future mark developed by the Licensor and a right to offer franchises under the Mark and to sign franchise agreements that grant the use of the Mark. Such agreement has been entered into for a term of thirty years with an option to extend the use of the Mark for ten years. The Licensor is obligated to make all continuing filings necessary to maintain the use of the Mark.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Fixed Assets

Equipment will be recorded at cost. Additions are to be capitalized, while expenditures for maintenance and repairs will be expensed. Upon disposal of depreciable property, the appropriate fixed assets accounts are to be reduced by the related costs and accumulated depreciation.

Accounts Receivable and Bad Debts

Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts. Management’s estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that management’s estimate of the allowance will change.

Revenue Recognition

The Company’s primary revenue stream is franchise fees earned upon sale of franchises under the registered service mark which is potentially subject to ASC 606 except as noted in the Practical Expedient (Franchisors – Revenue from Contracts with Customers (Subtopic 952-606) - Practical Expedient) issued by FASB in January 2021. The practical expedient will allow franchisors that are not public business entities (i.e., private companies) to account for pre-opening services provided to a franchisee as a single performance obligation if the services are in line with the services listed within the guidance, and they meet certain other conditions.

See notes to financial statements

Shubh Franchise Inc.
(An Illinois Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The various fees are recognized as follows:

a) Initial Fees

The initial franchise fee received is consideration for the right and license to own and operate a salon under the registered service mark Shubh®. This initial franchise fee is collectible in one lumpsum upon execution of the franchise agreement and is not refundable. This initial franchise fee is earned and received only after the Company's initial preopening performance obligations are fulfilled. There are no other initial fees and there are no products that are required to be purchased from the Company before opening the salon.

b) Royalty Revenue

The monthly royalty revenue represents fees for the use of the Mark and the system. The royalty revenue is fixed and earned as billed. During 2020, in order to consider the effect of the COVID-19 pandemic and to support the ongoing operations of the franchisees, the Company, mutually with the franchisees agreed to charge monthly royalty fees at the rate of 12% of franchisees' monthly business or \$1,000 whichever is less.

c) Training fees

Training fees are included in the initial fee. However, any additional training fee for providing training to operate the franchise location per required policies, standards and procedures is billed to the franchisees. Such additional training fee is earned when billed.

d) Other fees

The Company can bill other fees such as marketing fee, new product/service evaluation fee, management fee. Such fees are earned when the respective services are performed and billed.

Revenue is recognized and recorded at the point in time as stated above.

Advertising

Advertising costs are charged to operations when incurred.

Shubh Franchise Inc.
(An Illinois Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes

The Company is a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and reported by its stockholder on his income tax return. Therefore, no provision is made for income taxes in these statements. However, effective for tax years beginning after December 31, 2017, new partnership audit rules were created under the Bipartisan Budget Act of 2015 (BBA). The provisions of BBA include a default rule that makes the partnership liable for payment of tax attributable to adjustments discovered during an audit.

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires the Company to report information regarding its exposure to various tax positions taken by the Company. Management has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax positions. Management believes that the Company has addressed all relevant tax positions and there are no unrecorded tax liabilities. The Company files income tax returns in the U.S. federal and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before January 1, 2017. Federal and state tax authorities have the right to examine and audit the previous three years of tax returns filed. Any interest and penalties assessed to the Company are recorded as expenses of the Company. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Company maintains its operating cash and cash reserve balances in one financial institution located in Bloomingdale, Illinois. The operating cash and cash reserve balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, these balances may exceed the federal insurance limits; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Company believes that no significant concentration of credit risk exists with respect to these operating cash and cash reserve balances during the years ended December 31, 2020 and 2019.

See notes to financial statements

Shubh Franchise Inc.
(An Illinois Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 4 – CONTRACTS FOR SERVICES

The Company has entered into contracts with various franchisees to provide salon services under the terms of the Franchise Agreement. The Company is required to perform various obligations before and after the franchise begins operations. Such obligations, subject to such terms and conditions have been disclosed in the Franchise Disclosure Document provided to each of the franchisees.

NOTE 5 – STOCKHOLDER AND STOCKHOLDER INTERESTS

The Company has one stockholder.

NOTE 6 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The operations of the Company are subject to regulations of governmental agencies, franchise contracts, administrative directives and acts of the Congress. Also, the Company operates in a regulated environment. Any changes in these contracts, administrative directives, acts of the Congress, rules and regulations could affect the Company's operations.

NOTE 7 – CONTINGENCY

COVID - 19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since then spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. As an economic impact to the Company's operations, certain franchise locations have been temporarily closed to follow the lockdown orders of the State Government. Future potential impacts may include decrease in revenues, disruptions or restrictions on our employees' ability to work or the franchisee's ability to pay the required amounts under the Franchise Agreement. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of franchisees to continue making payments as a result of job losses, adverse economic environment and other pandemic related issues. The future effects of these pandemic issues are unknown. As of December 31, 2020, it is uncertain as to how the pandemic will impact the Company and its operations.

Shubh Franchise Inc.
(An Illinois Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 8 – RELATED PARTY TRANSACTIONS

Trademark Fees

The Company has entered into a Trade Name, and Service Mark License Agreement (the Agreement) with Vrajhalie LLC (“Vrajhalie”) an affiliate of the stockholder of the Company. The Agreement provides the Company the right to use the trademark (See Note 1). In consideration of the right to use the trademark, the Company pays Vrajhalie a trademark fee in the amount of \$150 per month per franchisee.

Payroll

During 2020 and 2019, the stockholder and a family member of the stockholder were paid salaries in the amounts of \$147,000 and \$25,000 respectively.

NOTE 9 – ECONOMIC INJURY DISASTER LOAN (EIDL) ADVANCE

The U.S. Small Business Administration’s (SBA) COVID-19 Targeted EIDL Advance was signed into law on December 27, 2020, as part of the Economic Aid to Hard-Hit Small Businesses. The Targeted EIDL Advance provided businesses in low-income communities with additional funds to ensure small business continuity, adaptation and resiliency. Potential applicants of this economic aid included –

- a) Those in a low-income community,
- b) Those who can demonstrate more than 30% reduction in revenue during an eight-week period beginning on March 02, 2020, or later, and
- c) Those business entities that have 300 or fewer employees.

EIDL Advance funds were calculated based on the number of employees at \$1,000 per employee, up to a maximum of \$10,000. Pursuant to the guidance from SBA, the EIDL advance does not have to be repaid. During 2020, the Company made an application to SBA seeking the EIDL Advance. During 2020, the Company received EIDL advance in the amount of \$2,000 and this is included in Other Income – EIDL Advance on the Statement of Operations.

Shubh Franchise Inc.
(An Illinois Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 10 – NOTES PAYABLE

ECONOMIC INJURY DISASTER LOAN (EIDL)

On July 21, 2020, the Company entered into an Economic Injury Disaster Loan Authorization and Agreement granted under Section 7(b) of the Small Business Act in the amount of \$63,900. Pursuant to the agreement, the loan bears interest at the rate of 3.75% per annum and will accrue only on funds actually advanced from the date of each such advance. Monthly installment payments, including principal and interest, of \$312, will begin twelve (12) months from the date of the promissory note. The balance of principal and interest will be payable thirty (30) years from the date of the promissory note. Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal. Each payment will be made when due even if at that time the full amount of the Loan has not yet been advanced or the authorized amount of the Loan has been reduced.

The loan proceeds shall be utilized solely as working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2020 and continuing thereafter and to pay Uniform Commercial Code (UCC) lien filing fees and a third-party UCC handling charge of \$100 which will be deducted from the Loan amount. The Note is collateralized by the property that the Company now owns or shall acquire or create immediately upon the acquisition or creation thereof: all tangible and intangible personal property, including but not limited to such items as mentioned in the Security Agreement.

PAYCHECK PROTECTION PROGRAM (PPP)

On May 05, 2020, the Company entered into a Paycheck Protection Program (PPP) loan agreement, which was granted under Section 1106 of the Cares Act in the amount of \$5,207. The loan bears interest at the rate of 1%, per annum and matures on May 05, 2022 and is unsecured. The loan upon approval and under Section 1106 of the Cares Act is subject to forgiveness. The Company is in process to request for loan forgiveness and is certain that the loan will be forgiven.

As of December 31, 2020, the principal balance outstanding on the notes payable are as follows:

<u>Notes Payable</u>	<u>2020</u>
Economic Injury Disaster Loan (EIDL)	\$ 63,900
Paycheck Protection Program (PPP)	<u>5,207</u>
Total	<u>\$ 69,107</u>

See notes to financial statements

Shubh Franchise Inc.
(An Illinois Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 11 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

ASU No. 2014-09: “Revenue from contracts with customers” (ASC 606)

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 “Revenue from contract with customers” (ASC 606) and all related amendments. ASC 606 supersedes most existing revenue recognition guidance. ASC 606 provides a principles-based framework for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects in exchange for the goods or services provided. It also requires enhanced disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This ASU is effective for fiscal years beginning December 15, 2019. The Company has elected to adopt ASC 606 and all related amendments using the modified retrospective transition method.

Accounting Standards Update: “Franchisors – Revenue from Contracts with Customers (Subtopic 952 – 606) Practical Expedient”

In January 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) “Franchisors – Revenue from Contracts with customers (Subtopic 952-606) – Practical Expedient”. In applying the practical expedient, pre-opening services that are consistent with those included in a predefined list within the said guidance (*Paragraph 952-606-25-2*), may be accounted for as a single bundled, separate performance obligation, as long as it is probable that the continuing fees in the franchise agreement would be sufficient to cover the franchisor’s continuing costs plus a reasonable profit. The Company has elected to adopt the practical expedient and all related amendments using the modified retrospective transition method.

NOTE 12 - SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Company evaluated the activity of the Company through April 23, 2021 (the date the financial statements were issued), and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT E**

STATE ADDENDA FOR FRANCHISE DISCLOSURE DOCUMENT

STATE OF CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

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

<http://www.dfpi.ca.gov>

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

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

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

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

3. Items 17 (b), (c), (d), (e), (f), (g), (h), (i) and (w) are amended to state that California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

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

6. Item 17 (s) is amended to state that California Corporations Code, Section 31125 requires us to

give you a disclosure document, approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

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

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

STATE OF HAWAII

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

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

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

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

STATE OF ILLINOIS

1. Notice Required by Law:

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

2. Item 5 of the Franchise Disclosure Document is amended as follows:

The franchise fee payable to us, and the security deposit for the sublease payable to our Affiliate (if you open your Salon in a Walmart store) as set forth in the Franchise Agreement, will be deferred until we have met our pre-opening obligations to you and you have opened for business. Once we have met our pre-opening obligations and you have opened for business, you must immediately pay us the full amount of franchisee fee, and, if you open your Salon in a Walmart store, you must immediately pay the security deposit for the sublease to our Affiliate.

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

3. Item 17

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

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

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

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

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

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.”

STATE OF INDIANA

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

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

compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

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

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

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

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

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

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

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

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

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

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

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

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

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

STATE OF MARYLAND

The following provisions will supersede anything to the contrary in the Franchise Disclosure

Document and will apply to all franchises offered and sold under the laws of the State of Maryland:

1. Items 17 (c) and (m) are amended to state the general release and the mutual general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

3. Item 17 (u) is amended to state:

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

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

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

STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE

DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

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

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

STATE OF NORTH DAKOTA

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

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

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

law.

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

STATE OF RHODE ISLAND

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

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

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

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

COMMONWEALTH OF VIRGINIA

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

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.

STATE OF WASHINGTON

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

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

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

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

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

5. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

STATE OF WISCONSIN

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

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

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

STATE ADDENDA FOR FRANCHISE AGREEMENT

STATE OF CALIFORNIA

This Addendum to the Franchise Agreement is agreed to by and between SHUBH FRANCHISE LLC and _____ to amend and revise the Franchise Agreement.

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. and Prof. Code §§20000-20043, the Franchise Agreement for SHUBH FRANCHISE LLC are amended as follows:

1. The California Franchise Relations Act provides rights to Franchisee concerning termination, transfer or non-renewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement, specifically Sections 2, 13 and 15.
2. Section 12 contains a covenant not to compete that extends beyond the expiration or termination of the Agreement; this covenant may not be enforceable under California Law.
3. Section 13 which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
4. Section 18 of the Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.
5. Section 22 of the Franchise Agreement requires application of the laws of Illinois. This provision might not be enforceable under California law.
6. Section 19 requires binding arbitration. The arbitration will occur at the forum indicated in Section 19, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. and Prof. Code §§20000-20043, are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

SHUBH FRANCHISE LLC

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

STATE OF HAWAII

This Addendum to the Franchise Agreement is agreed to by and between SHUBH FRANCHISE LLC and _____ to amend and revise the Franchise Agreement.

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

1. The Hawaii Franchise Investment Law provides rights to Franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement, and more specifically Sections 2, 13, and 15 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.
2. Section 13, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
3. Section 15 requires Franchisee to sign a mutual general release as a condition for transfer of the franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

SHUBH FRANCHISE LLC

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

STATE OF ILLINOIS

This Addendum to the Franchise Agreement is agreed to by and between SHUBH FRANCHISE LLC and _____ to amend and revise the Franchise Agreement.

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

1. Sections 2 and 15 are amended to add:

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

2. Sections 2 and 13 are amended to add:

The conditions under which the Franchise Agreement can be terminated and Franchisee's rights upon termination or non-renewal, as well as the application by which Franchisee must bring any claims, may be governed by the Illinois Franchise Disclosure Act, 815 ILCS 705/19 and 705/20.

3. Sections 3.a and 3.b are amended to add:

We will defer payment of the franchise fee to us, and if you are going to operate in a Walmart location, the deposit required by the sublease payable to our Affiliate, until we have met our pre-opening obligations to you and you have opened for business.

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

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

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

6. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

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

SHUBH FRANCHISE LLC

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

STATE OF INDIANA

This Addendum to the Franchise Agreement is agreed to by and between SHUBH FRANCHISE LLC and _____ to amend and revise the Franchise Agreement.

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

1. Sections 12 and 14 are amended subject to Indiana Code 23-2-2.7-1(9) to provide that post-term non-competitor covenants shall have a geographical limitation of the territory granted to Franchisee.
2. Section 13 is amended to prohibit unlawful unilateral termination of a Franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
3. Section 15 is amended to state that the prospective mutual general release of claims against Franchisor provided for may be subject to and cannot release claims under the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.
4. Section 17 is amended to provide that Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.
5. Section 18 is amended to provide that Franchisee may commence litigation in Indiana for any cause of action under Indiana law.
6. Section 19 is amended to provide that arbitration between Franchisor and Franchisee, shall be conducted at a mutually agreed upon location.
7. Section 22 is also amended to provide that, in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law will prevail.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

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

Franchise Agreement.

SHUBH FRANCHISE LLC

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

STATE OF NEW YORK

This Addendum to the Franchise Agreement is agreed to by and between SHUBH FRANCHISE LLC and _____ to amend and revise the Franchise Agreement.

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

1. Section 15 of the Franchise Agreement is amended to provide that no release language set forth in the Franchise Agreement will relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws of the State of New York concerning franchising.
2. Under Section 15 of the Franchise Agreement, Franchisor shall not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform Franchisor’s obligations under the Franchise Agreement, in Franchisor’s good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.
3. Section 22 of the Franchise Agreement requires that the Franchise be governed by the laws of Illinois. This requirement will not be considered a waiver of any right conferred upon Franchisee by Section 33 of the General Business Laws.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

SHUBH FRANCHISE LLC	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____
Date:_____	Date:_____

STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement is agreed to by and between SHUBH FRANCHISE LLC and _____ to amend and revise the Franchise Agreement.

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

1. Section 12 and 14 are amended to add that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
2. Section 15 is amended to provide that no release language set forth in the Franchise Agreement will relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws of the State of North Dakota concerning franchising.
3. Section 18 is amended to provide that any provision in the Franchise Agreement that designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, and any provision that purports to waive trial by jury is deleted.
4. Sections 18 is amended to add that any action may be brought in the appropriate state or federal court in North Dakota with respect to claims under North Dakota Law.
5. Sections 18 and 22 is amended to state that the statute of limitations under North Dakota Law shall apply.
6. Section 19 is amended to the extent that the laws of the State of North Dakota are not pre-empted by the Federal Arbitration Act, to state that arbitration involving a Franchise purchased in North Dakota must be held either in a location mutually agreed upon prior to the arbitration, or if the parties cannot agree on a location, the arbitrator will determine the location.
7. Section 22 is amended to state that in the event of a conflict of laws, North Dakota Law shall prevail.
8. Section 22 is amended to provide that the laws of the State of North Dakota supersede any provisions of the Franchise Agreement, or Illinois law. If such provisions are in conflict with North Dakota law, the Franchise Agreement will be governed by North Dakota law.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or

conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

SHUBH FRANCHISE LLC

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

STATE OF RHODE ISLAND

This Addendum to the Franchise Agreement is agreed to by and between SHUBH FRANCHISE LLC and _____ to amend and revise the Franchise Agreement.

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

1. Section 15 requires Franchisee to sign a mutual general release as a condition for transfer, such release shall exclude claims arising under The Rhode Island Franchise Investment Act.
2. Subsection 18 is amended to provide that Section 19-28.1.-14 of the Rhode Island Franchise Investment Act, as amended by laws of 1993, provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
3. Section 22 is amended to provide that any provision in the Franchise Agreement which designates the governing law as that of any state other than the State of Rhode Island is deleted.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

SHUBH FRANCHISE LLC	Franchisee: _____
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

COMMONWEALTH OF VIRGINIA

This Addendum to the Franchise Agreement is agreed to by and between SHUBH FRANCHISE LLC and _____ to amend and revise the Franchise Agreement.

Section 13 of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

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

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.

SHUBH FRANCHISE LLC

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

STATE OF WASHINGTON

This Addendum to the Franchise Agreement is agreed to by and between SHUBH FRANCHISE LLC and _____ to amend and revise the Franchise Agreement.

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

1. Sections 2 and 15 are amended to provide that if any of the provisions in the Franchise Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act (the “Act”) (including areas of termination and renewal of your franchise), the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document or Franchise Agreement with regard to any franchise sold in Washington. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of renewal and termination in your franchise.
2. Section 15 is amended to provide that transfer fees are collectable to the extent that they reflect Franchisor’s reasonable estimated or actual costs in effecting a transfer, and to provide that a release or waiver of rights executed by a Franchisee will not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel.
3. Sections 18 and 29 require litigation or arbitration to be conducted in the State of Illinois; the requirement shall not limit any rights Franchisee may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington.
4. Sections 18 and 22 is amended to provide that provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Section 22 requires that the Franchise be governed by the laws of the State of Illinois; such a requirement may be unenforceable in the event of a conflict with the Washington Franchise Investment Protection Act. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
6. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or restrict or limit rights or remedies available to a franchisee under the Washington Franchise Investment Protection Act, such as a waiver of the right to a jury trial, may not be enforceable.
7. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at

the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

9. Sections 12 and 14 of the Franchise Agreement are amended to the extent it conflicts with RCW 49.62.020, which states that a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). Sections 12 and 14 and any other contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

10. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Washington Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

SHUBH FRANCHISE LLC

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

STATE OF WISCONSIN

This Addendum to the Franchise Agreement is agreed to by and between SHUBH FRANCHISE LLC and _____ to amend and revise the Franchise Agreement.

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

2. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement, or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

SHUBH FRANCHISE LLC

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

**FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT F**

SUBLEASE

SUBLEASE

This Sublease is entered into by and between VRAJHALIE LLC, an Illinois Limited Liability Company (Sublessor) and _____(Sublessee) for the Walmart store whose address is _____.

Recitals

a. Whereas, Sublessor is a lessee under a certain lease with various Walmart entities (Master Lease), a redacted copy of said Master Lease is attached as Exhibit A to this Sublease, redacted to preserve confidentiality as required by the Master Lease, which Master Lease will also cover the premises where Sublessee will operate its Shubh® Beauty Salon (Salon);

b. Whereas, an affiliate of Sublessor, Shubh Franchise LLC (Franchisor) and Sublessee entered into a Franchise Agreement dated _____, (Franchise Agreement);

c. Whereas, the Master Lease permits and Sublessor desires to sublet the premises to Sublessee for the term of the Franchise Agreement or the term provided in the Master Lease for the Walmart Store location where the premises is located, where Sublessee will own and operate a Salon under the federally registered service mark, SHUBH®;

d. Whereas, Sublessee desires to operate from the premises in the Walmart store for the duration of the Lease period;

e. Whereas, Sublessee will be under an obligation to fully comply with the terms and conditions of the Master Lease and the Franchise Agreement, unless otherwise specified below in this Sublease; and

f. Whereas, Sublessee understands, agrees and accepts the fact that the ultimate control of the premises in which Sublessee's Salon is located will be subject to the Master Lease.

Therefore, for good and valuable consideration, the parties agree to enter into this Sublease for the premises as follows:

1. Recitals and Exhibits Incorporated. The Recitals and Exhibit A are incorporated into this Sublease in their entirety.

2. Rent. Sublessee agrees to pay monthly rent to Sublessor, on or before the first of each month, throughout the term of the Sublease, and to furnish Franchisor with a copy of the monthly rental check, or proof that rent was paid in whatever form it has been paid. Rent includes all monthly payments including base rent, percentage rent and those payments set forth in the Master Lease, if any, Sublessee is required to pay. Sublessee will be required to pay the greater of \$ _____ or _____ percent of Gross Receipts as the term Gross Receipts is defined in Item 6 of the disclosure section of the Franchise Disclosure Document and Section 5 e (1) in the Franchise

Agreement that you must sign. A Master Lease amendment could affect the rent. If Sublessee fails to make two timely payments in any twelve month period, Sublessee must begin to make monthly rental payments in certified funds or a bank cashier's check, which payments will be due two business days before the 1st day of each month. Sublessee may also be held in default of the Sublease and the Franchise Agreement.

3. Term and Renewal; Holdover. The term of this Sublease begins on _____ and ends one week before the day the Master Lease expires for the specific premises in which Sublessee will own and operate the Salon. The option to renew the Sublease will be subject to the option to renew the Master Lease for the premises; and will be subject to fulfilling all requirements under this Sublease, and any further applicable provisions of the Master Lease and the Franchise Agreement. If renewed, the renewal period will be for three years, with the possibility of renewing for one additional renewal period of three years after the first renewal. Notwithstanding this Section 3 to the contrary, renewal will also be subject to whether the Walmart store continues to have space for the premises, has not remodeled the store so that no space is available, and/or has not closed the Walmart store where the premises and the Salon is located.

Nonrenewal or the Sublease will require Sublessee to vacate the premises which may require white boxing the space as set forth in Section 4.A below. The failure to vacate the space will result in a holdover subtenancy. A holdover Sublessee will be charged a minimum of one hundred fifty (150%) percent of the base rent as set forth in the Master Lease. A holdover Sublessee will also be responsible for any expenses and damages assessed Sublessor by the Master Lease holder.

4. Security Deposit. Sublessee must pay Sublessor a refundable security deposit of \$10,000. Provided Sublessor does not use all or any part of it as otherwise set forth in this Sublease, Sublessee remained in good standing throughout the term of the Sublease, and neither the Walmart store, or the Master Lease holder incurred expenses, or charged Sublessee for anything that it has not paid, and provided, if requested, Sublessee place the premises back into a white box condition as will be detailed below in this Section 4.A, the Security Deposit, or the part that remains will be refunded within thirty (30) days after Sublessee vacates the premises. If Sublessor uses any part of the Security Deposit, Sublessee is required to replenish that amount, within ten (10) business days of receiving written notice that part or all of the Security Deposit was used. Examples of the need to use the Security Deposit are the requirement for Sublessor to pay the first month's rent, if Sublessor gets assessed any penalty if Sublessee does not meet dates to open, or Sublessee closes or abandons the premises without written consent; or the need for Sublessor to hire contractors and do the work to properly white box the premises. The white box procedure must be followed in order to properly vacate the premises.

A. White Box Procedure

1. Remove all wall partitions, moldings, built in partial walls, furniture, including service chairs, cabinets, décor, pictures, posters, mirrors, signs both internal and external, menu board, POS system equipment and installed camera system.

2. Hire a licensed plumber that both Sublessor and Franchisor approve to remove all plumbing, including sinks, and all heating and air conditioning and water tank units, if any, located in or attached to the premises, unless the Walmart store Manager provides written permission to leave one or more of those pieces of equipment in place.
3. Hire a licensed electrician that both Sublessor and Franchisor approve to remove all electrical outlets, unless written permission is granted to leave outlets in place.
4. Remove all nails, hooks or other items used to hang anything, patch the walls, sand smooth and paint all walls white.
5. Ensure all light bulbs are installed and functioning.
6. If there are ceiling tiles, make certain none are broken and need to be replaced, and make sure all are in place. If broken, replace them.
7. Remove the flooring and replace with clean bare concrete floor.
8. When white boxing the store, make sure that you have arranged, at your cost, for a dumpster that must be located on site when doing this work.
9. Before the white boxing work begins there must be a visqueen (dust barrier) installed unless Walmart has already installed it. The visqueen is to be placed between the premises and outside Walmart retail space. If there is a gate enclosure that closes off the premises from the Walmart retail space, and the Walmart store Manager still requires a visqueen, it should be erected inside the gate enclosure.
10. After completing the white boxing procedure, make certain that the premises is left in broom clean condition, all the dust has been removed, the floor has been vacuumed and swept and there are no holes in the walls you have not patched.
11. Once you have completed the white boxing process, contact Franchisor, and use a device such as a lap top computer to Skype with Franchisor to show Franchisor the all parts of the premises. Take pictures from outside the premises looking in and inside, looking at each wall and the floor, and submit those pictures via your tablet, iPad, cell phone or via the Internet. Unless Franchisor decides to physically inspect the premises, Franchisor will approve or not approve of the white boxing by reviewing the pictures.
12. Once Franchisor approves of the white boxing, Franchisor will then instruct that the keys be given back to Walmart store manager if there are keys.

Notwithstanding the above to the contrary, any built in item, including the

flooring, the Walmart store Manager requests in writing the Sublessee leave in place, which the Sublessee desires to leave in place, will be excluded from the list stated in this subsection 4.A.

5. Maintenance, Repair and Sublessor's Right of Entry. It is Sublessee's responsibility to maintain the premises in good repair at all times, unless otherwise stated in the Master Lease, fully taking into consideration that the premises is located inside a Walmart store, and that Walmart, pursuant to the Master Lease may be obligated to undertake certain types of maintenance and repairs. Inside the premises, Sublessee shall be responsible for all routine maintenance. If Sublessee fails to maintain the premises or perform routine repairs, Sublessor has the right to enter the premises and make those repairs or perform that maintenance. Sublessee will be responsible to reimburse Sublessor for the work it has done or has contracted to be done immediately upon receipt of the invoice for the work. Sublessor will mark up the costs it incurs by ten (10%) percent to cover its administrative fees. Sublessor may also enter the premises to inspect Sublessee's records, to view Sublessee's camera tapes, to photograph the premises, or to use the premises for promotion purposes. Unless, Sublessor is performing repairs or routine maintenance, it will make its best efforts not to interfere the Sublessee's operations. Sublessor shall also have the right, with no less than twenty-four (24) hour notice, to show the premises to a prospective lender or purchaser.

6. Use of Premises. Sublessee understands and unconditionally fully agrees that it is a Shubh Franchise Inc. franchisee, under a valid Franchise Agreement, and that the premises will only be used for, and at all times that Sublessee occupies the premises, it must be a Shubh® Beauty Salon. There is no exception to this requirement.

7. Insurance. Sublessee agrees to purchase and maintain effective each and every type of insurance policy mandated by the Master Lease and the Franchise Agreement, with minimum coverage as stated. Sublessee must name Sublessor, Franchisor and various Walmart entities, as stated in the Master Lease as additional insureds in all insurance policies related to the premises, and shall instruct its insurance company to provide Sublessor, Franchisor and various Walmart entities as stated in the Master Lease thirty (30) days written notice before cancellation of any policy. Sublessor shall have the right but not the obligation to cure any defaults caused by Sublessee. If Sublessor cures a monetary default, Sublessee must make payment to Sublessor within five (5) days of receiving notice that the monetary cure has been made. If payment is not made, Franchisor can assess Sublessee/Franchisee's checking account set up to make electronic fund transfers (EFT) and transfer directly into Franchisor's account.

8. Assignability. This Sublease is not assignable, without first receiving the advanced written consent of Sublessor and Franchisor. Written consent will not be unreasonably withheld, if Sublessee requests permission to assign the Sublease due to the sale of its franchise rights and assets to a third party whom Franchisor has approved to own and operate a Salon in the premises. Any assignment, therefore must comport with the Franchise Agreement in all respects. Sublessee is not permitted to further sublease the premises under any circumstances.

9. Indemnification. Sublessee agrees to indemnify Sublessor for any and all causes of action, claims, resulting damages, settlements and/or judgments and costs found to be owed under

the Master Lease or by Sublessor due to Sublessee's actions, or lack thereof, while it occupies the premises, including the time after it has taken possession but has not yet opened for business. Indemnification includes reasonable attorneys' fees, expenses, expert witness and accountant fees, if Sublessor or any Walmart entity that is signatory to the Master Lease, is required to retain counsel to investigate, oppose or defend against any actions brought by or under this Sublease, especially, any action or claim that Walmart brings against Sublessee or Sublessor.

10. Mechanic's Liens. If Sublessee hires outside contractors to do any work in the premises and a Mechanic's Lien is thereafter filed for failure to pay for such work, Sublessee must remove said lien within the period of time stated in the Master Lease. Failure to remove said lien will place Sublessee in immediate default of this Sublease.

11. Walmart Approval. Sublessor has the right to enter into this Sublease based on Walmart's approval. Sublessor will not require further approval after Sublessor identifies and qualifies Sublessee.

12. Default. Sublessee shall be in default if it fails to comply with the terms of this Sublease, which include adhering to the terms of the Master Lease, and/or the terms of the Franchise Agreement with Franchisor, and has failed to cure a default after receiving notice. The cure period shall be the lesser of thirty (30) days, or as stated in the Master Lease, for the type of default committed. Failure to cure a default may result in eviction, at Sublessor's discretion.

13. Early Termination. Subject to the Master Lease, there are a number of ways this Sublease may terminate before the end of its term, or the end of one of the two option periods. Sublessor may have no control over these conditions. For example, the Walmart store where the premises are located could close or be remodeled, could suffer a casualty (such as damage or destruction from fire, hurricane or tornado), or could be the subject of an eminent domain taking. The Sublessee could default on the terms of this Sublease. A Walmart entity that is a signatory to the Master Lease could take an action that may adversely affect the use of the premises. The Master Lease includes certain provisions to reimburse Sublessor for build out expenses if one or more of these situations occurred. The formula based on accumulated depreciation is included in the Master Lease. If the Sublessee becomes subject to one of these occurrences that renders the premises no longer usable for the purposes of owning and operating a Salon, unless that premature termination is the result of Sublessee/Franchisee default in the Sublease or the Franchise Agreement, and if Sublessor is reimbursed per the stated amount in the Master Lease, Sublessee will receive the same amount Walmart provides to Sublessor less any expenses Sublessor incurred in obtaining the reimbursement.

14. Taxes; Other Charges. Sublessee is responsible for paying all taxes assessed against its personal property. If any taxes are imposed against Sublessor or any Walmart entity that signed the Master Lease, due to Sublessee's operation of the Salon, Sublessee will be obligated to pay those taxes, when presented with the bill for those taxes. Sublessee will also be required to pay or reimburse either Sublessor or Walmart if either of those entities pays a charge against the property, such as a utility, or a charge incurred by a governmental authority.

15. Monthly Gross Revenues. Sublessee will be required to provide Sublessor and Franchisor with its monthly gross revenues, as that term is defined in the Franchise Agreement. The monthly gross revenues will be used to determine rent and other needs. The monthly gross revenues amounts are due on or before the tenth day of each month, unless the Master Lease requires them to be provided according to a different schedule.

16. Representations.

A. Sublessee makes the following representations to Sublessor to induce Sublessor to sublease the premises to Sublessee:

1. If incorporated or a limited liability company, Sublessee is validly existing, in good standing with the state in which it is organized, and/or qualified to conduct business, and will remain in good standing and active throughout the term of this Sublease and renewal periods.

2. Sublessee is not the subject of litigation proceedings at the time Sublessee has entered into this Sublease.

3. Sublessee is not bankrupt, is not going through bankruptcy procedures, has not been rendered insolvent and Sublessee's financial picture has not materially changed since completing the franchise application submitted to Franchisor.

4. Sublessee has obtained all licenses or permits it needs to occupy, build out (if necessary) and operate the Salon in the premises.

5. Sublessee intends to open the Salon according to the schedule Walmart has provided for the premises, understanding that failure to open on schedule may subject Sublessee to monetary penalties, over which Sublessor will have no control.

6. Sublessee has obtained the required types and minimum amounts of insurance coverage set forth in the Master Lease, and has or will provide said copies of policies to Sublessor.

7. Sublessee has inspected the premises and accepts it "as is" understanding that it will be necessary to build it out if it is not built out, furnish it, purchase and install equipment, add decor and create a Salon.

8. Sublessee represents that it has purchased a franchise for a Salon, will be part of a system where other franchises will be offered, and will conduct its operations in the premises with dignity, integrity professionalism and honesty in order to promote the reputation of the Shubh® Beauty service mark and franchise business.

9. Sublessee, or its signatory is authorized to enter into this Sublease with Sublessor.

B. Sublessor makes the following representations to Sublessee to induce Sublessee to sublease the premises from Sublessor:

1. Sublessor is validly existing, active and will remain in good standing as an Indiana limited liability company.

2. Franchisor and Sublessor are affiliates.

3. Sublessor is a Walmart tenant under a Master Lease with various Walmart entities that provides it authority to enter into subleases.

4. Sublessor is authorized to enter into this Sublease with Sublessee.

17. Parking. Sublessee and its employees will only be able to park their vehicles in certain designated parts of the Walmart store parking lot, which will be made clear to Sublessee when

Sublessee takes possession of the premises. Parking outside those areas could result in a fine as stated in the Master Lease. Sublessee/Franchisee's customers will not have parking restrictions within the Walmart store parking lot, except for certain designated parking spots such as picking up on-line purchased items, or handicapped spaces, if the customer does not have a handicap sticker.

18. Notices. Any notice required to be given, or any notices given under this Sublease must be in writing either personally delivered or sent by certified mail return receipt requested, or by overnight courier service to the following addresses:

If to Sublessor:

Managing Member
Vrajhalie LLC
356 Carey Court
Bloomingtondale, IL 60108

with a copy to:

Law Office of Marc N. Blumenthal
8950 Lincolnwood Drive
Evanston, IL 60203
Attn: Marc N. Blumenthal

If to Sublessee:

with copy to:

19. Governing Law. This Sublease will be governed and construed under the laws of the State of Illinois.

20. Attorneys Fees, Costs and Expenses. If a legal proceeding or arbitration to enforce this Sublease is brought by either party, the non-prevailing party will be required to reimburse the prevailing party for its costs, reasonable attorneys' fees, expenses, expert witness and accountant fees.

21. Jurisdiction and Venue, Waiver of Trial by Jury. Specifically for those Salons located in premises in Walmart stores in the State of Illinois, if any legal action regarding the Sublease

becomes necessary, the parties hereby submit to the jurisdiction of the circuit courts of Cook County, Illinois and for purposes of this Agreement, venue will be proper only in Cook County, Illinois. The parties agree that to the extent legally permitted, they will waive trial by jury and submit their dispute to be heard by a duly appointed or elected judge.

22. Arbitration. Specifically for those Salons located in premises in Walmart stores in states other than Illinois, if any legal action regarding the Sublease becomes necessary, the parties agree to arbitrate the proceeding in front of one arbitrator, in Cook County, Illinois pursuant to the Federal Arbitration Act, and under the rules of the American Arbitration Association, or its successor. Arbitrations will specifically be limited to a per premises proceeding, and cannot be combined with other premises or other Salon franchisees' arbitrations. The arbitrator's findings and decision will be binding and may be entered into a court of law with competent jurisdiction.

23. Amendment. This Sublease may only be amended by a written agreement executed by Sublessor and Sublessee, and made and entered into on a date after the date this Sublease has been executed.

24. Severability. If any section, provision or phrase of this Sublease is found to be invalid, or unenforceable for any reason, that portion will be severed, and the remaining provisions will continue in full force and effect. If the invalid or unenforceable portion can be limited to make it valid, the parties agree to so limit.

25. Conflicting Terms. If this Sublease is in conflict with any terms of the Master Lease, Exhibit A to this Agreement, and that conflict provides for a higher payment, or less time to do something, or more restrictions, the Master Lease language will prevail. Sublessee is encouraged to review the attached Master Lease before executing this Sublease.

26. Estoppel Certificate. If Sublessor requires Sublessee to execute an Estoppel Certificate in order for Sublessor to comply with the Master Lease, or a request has been made to Sublessor to furnish one for the premises, Sublessee agrees to comply within ten (10) days from the date Sublessor make the written request, which request can be made through email to Sublessee or one of Sublessee's principal's email addresses.

27. Recovery Limitation. If Sublessee takes any legal action against Sublessor under this Sublease, and prevails, Sublessee's recovery will be limited to Sublessor's interest in the proceeds directly related to the premises, and not Sublessor's general assets, if any.

28. Personal Guaranty. If Sublessee is a business entity other than a sole proprietor, Sublessee's shareholders, members or partners personally guaranty this Sublease, without the need to further execute a separate guaranty agreement. Guarantors are fully responsible to meet all obligations under this Sublease, the Franchise Agreement and the Master Lease.

29. Entire Agreement. This is the entire and only agreement between the parties related to the sublease of the premises. There has been no other agreement, understanding or negotiation, written or verbal prior to, or that supersedes this Sublease.

Thus done and executed in _____, IL on _____.

VRAJHALIE LLC

By: _____

Name: _____

Title: Managing Member

Sublessee(s):

Signature of Individual

Name of Individual

Name of Corporation, Limited Liability Company or Partnership

Signature of Majority Shareholder, Managing Member or Partner

Name of Majority Shareholder, Managing Member or Partner

Title of Signatory

EXHIBIT A

REDACTED MASTER LEASE AGREEMENT

WHEREAS, Landlord operates discount retail stores nationwide;

WHEREAS, Tenant operates as Beauty Salon _____
_____ (described more fully in Appendix-1) and desires to lease space within one or more Stores from which to operate such _____; and

WHEREAS, Landlord desires to lease space in one or more of its Stores to Tenant, so Tenant may operate such Beauty Services _____ in the Store.

NOW, THEREFORE, in consideration of the mutual promises and premises set forth above and below, the receipt and sufficiency of which the parties hereby acknowledge, the parties hereby agree as follows:

ARTICLE I

GENERAL PROVISIONS

1.1 Definitions.

A. “**ACH**” means the electronic process whereby the Landlord debits the bank account of Tenant for payments owed to the Landlord by Tenant using the automated clearinghouse payment system.

B. “**Affiliate**” means a corporation related to Tenant by shareholdings or any other means of control, a subsidiary of Tenant, Tenant’s parent company or a sibling company of Tenant, in each case known to Landlord on the Effective Date.

C. “**Appendix-1**” means an appendix to this Master Lease, incorporated into this Master Lease when fully signed by Tenant and Landlord, which provides obligations of Landlord and Tenant specific to Tenant’s Permitted Uses (as designated in Appendix-1) contemplated by Landlord and Tenant at the time this Master Lease was entered into.

D. “**Attachment A**” means an attachment to this Master Lease, incorporated into this Master Lease when fully signed by Tenant and by the particular Landlord with authority to lease the Leased Premises identified in the applicable Attachment A. The Attachment A identifies the Store in which the Leased Premises is located, the size of the Leased Premises, the anticipated Delivery Window, the anticipated Delivery Date, the anticipated Rent Commencement Date, the Base Rent and the Percentage Rent, as applicable; and any Extension Option(s).

E. “**Attachment A-1**” means an attachment to this Master Lease, incorporated into this Master Lease upon the full execution of the applicable Attachment A, depicting the location of the Leased Premises within the Store.

F. “**Base Rent**” means the amount, if any, set forth as such in the applicable Attachment A.

G. **“Commencement Notice”** means an attachment to this Master Lease, incorporated into this Master Lease at the time of delivery by Landlord of the Commencement Notice to Tenant in accordance with Section 19.10 below, which identifies the actual Rent Commencement Date and the actual Delivery Date with respect to the applicable Leased Premises.

H. **“Common Area”** means the public access areas of the Store, including, but not limited to, the parking areas, driveways, sidewalks, entrances, and exits in the Store and between the Store and the Leased Premises.

I. **“Common Area Maintenance Fee”** means the amount, if any, set forth as such in the applicable Attachment A.

J. **“Delivery Date”** means the date on which Landlord delivers possession of the applicable Leased Premises to Tenant.

K. **“Delivery Window”** means the span of time in which Landlord may deliver possession of the Leased Premises to Tenant.

L. **“Due Date”** means the first (1st) calendar day of each month, unless this day falls on New Year’s Day, Memorial Day, Independence Day (US), Labor Day, Thanksgiving, or Christmas, in which case the Due Date means the following business day.

N. **“Extension Option”** means the option, if any, of the applicable Landlord and Tenant to extend the Lease Term for each Leased Premises, as set forth in the applicable Attachment A.

O. **“Grand Opening”** means the first day on which a Store opens for business to the public.

P. **“Hazardous Substance”** means:

(i) any hazardous material, hazardous waste, hazardous substance, toxic substance, biomedical waste, infectious waste, medical waste, or toxic waste identified by any federal or state law; chemical, dust, mixture, medical device, pharmaceutical, or common material capable of causing harm; or solid, liquid, contained gas, sludge, pollutant, asbestos, petroleum product, polychlorinated biphenyls, unused or returned consumer product, or other material, any of which, during the term of this Master Lease, become regulated as a hazardous material, hazardous waste, hazardous substance, toxic waste, or toxic substance; or

(ii) any solid, liquid, contained gas, sludge, pollutant, asbestos, polychlorinated biphenyls, or other material that, during the term of this Master Lease, becomes prohibited or requires special handling or treatment under any applicable law or regulation, including common law.

Q. **“Hours of Operation”** means the hours that the Leased Premises shall be open as set forth in Attachment A of this Master Lease.

R. **“Improvements”** means any addition, alteration, construction, finish, or improvement to the Leased Premises; any attachment (including, but not limited to, attachment through the use of drilling) of a permanent fixture, permanent furniture, or permanent equipment; and includes, but is not limited to, completing the interior walls, partitioning(s), floor covering, ceiling work, utilities, painting, finish work, restroom facilities, signage (pursuant to Section 2.6 below), and any other thing necessary for Tenant to obtain a certificate of occupancy for the Leased Premises and operate the same as designated in Paragraph 1 of Appendix-1, Permitted Uses.

U. **“Lease Term”** means, for each Leased Premises, the period commencing on the Rent Commencement Date and ending on the Expiration Date. In the event that the Lease Term of the applicable Leased Premises extends, any reference to the term “Lease Term” includes the period by which the Lease Term extends.

V. **“Leased Premises”** means the area of a Store leased to Tenant by Landlord subject to the terms and conditions of this Master Lease, as identified in the applicable Attachment A and further depicted on the applicable Attachment A-1.

W. **“Leased Premises Improvement Charge”** means the amount, if any, set forth as such in the applicable Attachment A as a one-time, non-refundable charge for Landlord’s construction of the Leased Premises to White Box condition.

X. **“Master Lease”** means this Master Lease and any amendment, appendix, attachment, and exhibit attached to and incorporated into this Master Lease.

Y. **“Percentage Rent”** means the amount, if any, determined as set forth in the applicable Attachment A.

Z. **“Rent”** means Base Rent, Percentage Rent, to the extent described in the applicable Attachment A, plus any additional or other rent, interest, tax, or other sum this Master Lease obligates Tenant to pay Landlord, including, without limitation, the Common Area Maintenance Fee, Insurance Reimbursement Fee, the Utility Reimbursement Fee and the Leased Improvement Charge, as applicable.

AA. **“Rent Commencement Date”** means:

(1) the Grand Opening, as memorialized in the applicable Commencement Notice and specified in the applicable Attachment A, of the Leased Premises is located in a new, relocated, or expanded Store; or

(2) The day specified in the applicable Attachment A, if the Leased Premises is located in a Store currently in operation that has not or will not be relocated or

expanded between the time that the Attachment A is executed and the Rent Commencement Date.

BB. **“Restriction”** means any easement, covenant, condition, law, regulation, land use or other restriction, rule, or other matter binding upon the Leased Premises, Landlord or Tenant or any combination thereof, which acts to prohibit or materially restrict the use of the Leased Premises as contemplated by this Master Lease including, without limitation, the ability of Landlord to lease to Tenant or Tenant’s ability to operate the Leased Premises as designated in Paragraph 1 of Appendix-1, Permitted Uses. By way of example, and not of limitation, if Landlord is required to obtain the consent of a third party prior to leasing space to the Tenant in a particular Store, the requirement of consent is a Restriction.

CC. **“Store”** or **“Stores”** means one or more of the “Wal-Mart” or “Sam’s Club” retail facilities operated by Landlord.

DD. **“Sublease”** means a written sublease agreement, approved by Landlord in Landlord’s sole discretion, between Tenant and a Sublessee, pursuant to which such Sublessee will sublease and operate the applicable Leased Premises as part of a marketing plan or system prescribed by Tenant that is substantially associated with Tenant’s trademark, service mark, trade name, logotype, advertising, or other commercial symbol designated by Tenant. The Sublease shall be subject and subordinate to this Master Lease, and shall provide that Sublessee agrees to be bound by all the terms, covenants, and conditions of this Master Lease.

EE. **“Sublessee”** means a franchisee, licensee, concessionaire or other party of Tenant that has been approved by Landlord, in Landlord’s sole discretion.

FF. **“Tenant’s Pro Rata Share”** means the product of a fraction derived from time to time by dividing the gross square foot area of the subject Leased Premises for the period in question by the gross square foot area of the Store containing such Leased Premises for the same period.

GG. **“Trade Fixtures”** means any attached or unattached, moveable or non-moveable, fixture, furniture, or equipment unique to Tenant’s business, the installation and removal of which requires no cutting, drilling, or other defacing of the Leased Premises.

HH. **“Utility Reimbursement Fee”** means the amount, if any, set forth as such in the applicable Attachment A.

II. **“White Box”** means the interior condition of the Leased Premises with sprinklers, sheetrock walls, ceiling grid, HVAC installed, electrical service to the Leased Premises, security gate, acoustic ceiling tile, lighting and electrical outlets, and access to water and sewer.

1.2 **Landlord's Entry into the Agreement.**

A. Each Landlord enters into this Master Lease severally and solely as to the Store it operates and in which the Leased Premises is located and without any obligation with respect to any other Store. Accordingly, only the respective Landlord that operates the Store in which such Leased Premises is located may execute, for a Leased Premises, an Attachment A.

B. If, during the term of this Master Lease, it is determined that any Restriction on the use of the Leased Premises exists, Landlord may terminate this Master Lease as to the affected Leased Premises and the Master Lease and applicable Attachment A will be null and void as to such Leased Premises without further action by Landlord or Tenant. Neither Landlord nor Tenant will be liable to the other for any damages, loss, or liability in connection with the termination of this Master Lease as to the affected Leased Premises.

1.3 **Landlord's Overlease.** If Landlord is itself a lessee of a Store in which a Leased Premises is located, so that this Master Lease as to the particular Leased Premises is actually a sublease, Landlord will provide to Tenant, upon Tenant's reasonable request, a copy of the overlease under which Landlord holds the Leased Premises as lessee. Tenant accepts this Master Lease subject to all the terms and conditions of such overlease and covenants that it will do no act or thing that would constitute a violation of the overlease.

1.4 **Granting Language.** Upon the full execution of the applicable Attachment A, Landlord leases to Tenant and Tenant rents from Landlord (subject and subordinate to any mortgage, deed of trust, other lien and any other matters of record presently existing or hereafter placed upon the applicable Leased Premises, the Common Areas, the Store, or any combination thereof) the Leased Premises identified in the applicable Attachment A and further depicted in the applicable Attachment A-1 to have and to hold subject to the terms of this Master Lease, by which the parties intend to be legally bound as to the applicable Leased Premises upon the execution by each appropriate party of both this Master Lease and the applicable Attachment A.

ARTICLE II

CONSTRUCTION AND ACCEPTANCE OF THE LEASED PREMISES

2.1 **Landlord's Obligation to Deliver Possession on the Delivery Date.**

A. Landlord shall use commercially reasonable efforts to deliver the applicable Leased Premises to Tenant in the condition and during the Delivery Window specified in the applicable Attachment A.

(1) Unless otherwise agreed to in the applicable Attachment A, Landlord shall notify Tenant, in writing and no later than ten (10) days prior to the first day of the Delivery Window, of the status of the construction of the applicable Leased Premises and of the anticipated Delivery Date within the Delivery Window on which Landlord estimates it will deliver possession of the applicable Leased Premises to Tenant.

(2) Landlord, at any time prior to notifying Tenant of the anticipated Delivery Date, may revise the Delivery Window.

(3) Landlord may revise the anticipated Delivery Date at any time after Landlord notifies Tenant of the anticipated Delivery Date, in accordance with this Article II, but in no event may Landlord revise the anticipated Delivery Date with less than five (5) days notice.

B. If Landlord is unable, through the use of commercially reasonable efforts, to deliver possession of the applicable Leased Premises to Tenant on the anticipated Delivery Date or within the Delivery Window specified in the applicable Attachment A, subject in all events to causes beyond Landlord's reasonable control, Landlord's delay in delivering possession of the Leased Premises will not constitute a breach of this Lease and Tenant waives any right or remedy it may have, at law or in equity, because of the delay in performance. If Landlord and Tenant mutually agree that delivery of possession is unfeasible within a commercially reasonable amount of time after the Delivery Window specified in the applicable Attachment A, the parties, without liability, may terminate this Master Lease as to the applicable Leased Premises.

2.2 **Tenant's Right of Entry.**

A. Prior to the Delivery Date, Tenant may enter the Leased Premises only to inspect and measure the Leased Premises to ready the Leased Premises for opening on the Rent Commencement Date.

B. Tenant may enter the Leased Premises in accordance with the preceding paragraph only if:

(1) Landlord and Tenant have previously signed an Attachment A for the Leased Premises;

(2) Tenant does not interfere with Landlord's performance of its obligations under Section 2.1 above, or with the transaction of Landlord's business or the business of any of Landlord's other Tenants; and

(3) The Leased Premises is not currently in the possession of another tenant.

C. If any work or other action done by, or on behalf of, Tenant results in a stoppage of Landlord's work, Tenant will immediately stop work until such time as the parties mutually agree Tenant's work can re-commence without materially interfering with

Landlord's obligations under Section 2.1 above, which time may not be any later than the Delivery Date. Any failure by Tenant to comply with the provisions of this Section 2.2C is a material breach.

2.3 Acceptance of the Leased Premises.

A. Landlord makes no representations, covenants, or warranties of any kind or character whatsoever, express or implied, with respect to:

- (1) The quality, condition, or title of the applicable Leased Premises;
- (2) The suitability of the applicable Leased Premises for any activity and use that the Tenant may conduct in that Leased Premises according to this Master Lease;
- (3) Compliance of the applicable Leased Premises with any applicable law;
- (4) The habitability, merchantability, or fitness for a particular purpose of the applicable Leased Premises;
- (5) The environmental condition of the applicable Leased Premises; or
- (6) Whether Tenant's anticipated or actual use of the Leased Premises complies with the applicable land use restrictions or private limitations.

B. Tenant shall accept possession of the applicable Leased Premises when delivered by Landlord, even if Landlord is unable to deliver possession during the Delivery Window or on the anticipated Delivery Date, unless this Master Lease as to the applicable Leased Premises has been terminated according to Section 2.1.B above.

C. TENANT WAIVES ALL RIGHTS WITH RESPECT TO ANY DEFECT IN THE LEASED PREMISES OR OTHER CONDITIONS OF THE LEASED PREMISES, AND IF TENANT FAILS TO NOTIFY LANDLORD OF ANY DEFECT AT LEAST SIXTY (60) DAYS AFTER THE DATE OF DELIVERY, TENANT CONCLUSIVELY ACCEPTS THE LEASED PREMISES "AS IS" AND WITH ALL FAULTS.

D. TENANT WAIVES ALL RIGHTS AGAINST LANDLORD WITH RESPECT TO ANY LIMITATION OR RESTRICTION ON ITS USE OF THE LEASED PREMISES AS A RESULT OF ANY APPLICABLE LAW, RULE, OR REGULATION INCLUDING, WITHOUT LIMITATION, ANY RESTRICTIONS OR PRIVATE LIMITATIONS.

2.4 Tenant's Obligations to Prepare the Leased Premises to Open for Business.

A. Tenant shall complete all Improvements and install all Trade Fixtures in accordance with this Section 2.4 and in accordance with the plans and specifications previously approved by Landlord in a timely manner, and shall open the Leased Premises on the applicable Rent Commencement Date.

B. Tenant shall submit to Landlord and obtain Landlord's approval of the floor plans and specifications and layouts of the Leased Premises, including dimensions,

elevations, Improvements, intended colors, Trade Fixtures and plans and specifications for any proposed rooftop or other mechanical equipment, such approval not to be unreasonably withheld, conditioned or delayed.

(1) Tenant shall obtain Landlord's approval of the floor plans and layouts of the Leased Premises prior to seeking and obtaining any permits, licenses, certifications, or other documents necessary to complete the Improvements in the Leased Premises and install Trade Fixtures in the Leased Premises in accordance with this Master Lease.

(2) Tenant may not vary from or add to the previously approved plans and specifications and layouts without Landlord's prior, written consent, which Landlord may not unreasonably withhold or delay. Landlord's approval of Tenant's plans and specifications is solely based on Landlord's review. Landlord's approval of the plans and specifications and layouts does not represent government approval or suitability of the plans and specifications and layouts for Tenant's intended purposes.

(3) All Trade Fixtures and Improvements installed must be of high quality materials and workmanship, comparable to or better than the storefront, improvements and trade fixtures used by other retailers in the vicinity of the Store and, specifically, used at Tenant's most recent prototype and must be conducted and installed in a good and workmanlike manner in accordance with all applicable laws and in accordance with obligations and requirements of this Master Lease including, but not limited to, insurance, licensing, and regulatory compliance requirements.

(4) Prior to any roof penetrations caused by Tenant's Improvements, Tenant shall obtain from Landlord's Leasing Operations Department the contact information for the contractor approved to work on Landlord's roof.

(5) If Tenant's rooftop heating, ventilating, and air conditioning unit, or other rooftop equipment, requires steel supports in addition to the steel framing erected by Landlord, then Tenant will pay the cost of labor and materials for the installation thereof.

(6) Mechanical equipment on the roof will be placed within the area designated on Landlord's structural drawings.

(7) Tenant will provide screening or other type of cover for such mechanical equipment to prevent visibility by the public and subject to approval of Landlord and the local governmental authorities. If Landlord or any governmental authorities require a project standard equipment screen, Tenant will use and pay for same.

E. Tenant shall construct Improvements and install Trade Fixtures without interfering with other construction in progress at the Store or with the transaction of Landlord's business or the business of any of Landlord's other lessees. Tenant shall

repair any damage that results from cutting, drilling or other defacing of the Leased Premises. Additionally, for any Leased Premises for which Improvements are being conducted or Trade Fixtures installed in a Store already open to the public for business, Tenant, prior to commencing Improvements or installing Trade Fixtures, shall erect a dust wall across the entrance to the Store from the Leased Premises. The dust wall required above must keep dust out of the Store and must minimize any noise or other disruption of Store operations but may not be plastic or canvas, and must be maintained in place throughout the construction.

F. If Landlord requests, Tenant will secure a bond or other security reasonably satisfactory to Landlord against any liens, loss, liability, or damage to persons or property related to the Improvements.

G. If Tenant fails to open the applicable Leased Premises on the Rent Commencement Date, subject to events beyond Tenant's reasonable control, including Landlord's material interference or default under this Master Lease, Landlord may charge Tenant liquidated damages of ten thousand dollars (\$10,000) and additional liquidated damages of three hundred dollars (\$300) a day for each day, including the Rent Commencement Date, which the Leased Premises remains unopened as required by the terms of this Master Lease. By way of example, and not as a limitation thereof, material interference may occur if Landlord fails to deliver possession to Tenant of the applicable Leased Premises with sufficient time before the Rent Commencement Date for Tenant to fulfill its obligations under this Article II. Tenant will pay any liquidated damages it owes to Landlord within thirty (30) days after Tenant receives an invoice from Landlord for the liquidated damages. Landlord and Tenant acknowledge that it would be impracticable to fix the actual damages suffered by Landlord as a result of Tenant's failure to open the Leased Premises on the Rent Commencement Date, according to this paragraph, and that the amount of liquidated damages described above represents fair and reasonable compensation to Landlord for this failure. If the Leased Premises remains unopened for more than three (3) consecutive days following the Rent Commencement Date, Tenant will materially breach this Master Lease.

2.5 **Tenant's Contractors.** Tenant's contractors must be licensed, carry worker's compensation coverage as required by law, and comply with all applicable laws including, but not limited to, obtaining any required permit, survey (including, without limitation, any asbestos survey), license, or other documentation necessary to perform the construction work in connection with this Master Lease. At Landlord's request, Tenant will provide Landlord with a list of all contractors and subcontractors Tenant is using.

2.6 **Signs.**

A. Notwithstanding anything to the contrary set forth in this Master Lease or any applicable Attachment A or Appendix 1, Tenant may not install on the exterior of any Store any sign, light, decoration, painting, awning, canopy, or any other identifying mark or like item (collectively, "Signs"). If, however, during the Term of this Lease or any extensions thereof, Landlord amends its signage policy (as may be amended from time to time as determined in Landlord's sole discretion) to allow tenants to install exterior signage, Landlord shall permit Tenant to install an exterior sign in accordance with Landlord's specifications. Tenant understands that Landlord may amend such policy from time to time (as determined in its sole discretion) and that Tenant may be required to subsequently remove such exterior signage upon demand from Landlord. Tenant agrees to promptly remove such exterior signage (at Tenant's sole costs) if requested to do so by Landlord

B. Tenant may, with the prior, written consent of Landlord, which consent will not be unreasonably withheld, conditioned or delayed, and in accordance with Section 2.6.C, install a Sign on the exterior bulkhead of the applicable Leased Premises, which is inside the Store in which a Leased Premises is located, with Tenant's trade name identified in Appendix 1 to this Master Lease and Tenant's logo.

C. Tenant may not install any Sign containing images or words that may offend the ordinary, reasonable person including, but not limited to, words or images that are cloaked in other words or images, phrases with double meanings, and words or images commonly considered to be vulgar, swear, or curse words. If Tenant's business or trade name violates this provision, Tenant may not use the name in any signage in or around the Leased Premises.

2.7 **Landlord's Right of Re Entry.** After the Delivery Date and before the Rent Commencement Date, Landlord may re enter the applicable Leased Premises to continue any portion of Landlord's work not yet complete. During this period of re entry, Landlord may not unreasonably interfere with any work required under Section 2.4 being performed by Tenant or on behalf of Tenant.

2.8 **Certificate of Occupancy.** Tenant shall fax a copy of the Certificate of Occupancy within two (2) calendar days after receiving it to Landlord's **Project Management at (479) 204-2263.**

ARTICLE III

BINDING EFFECT OF ATTACHMENTS A AND A-1, COMMENCEMENT NOTICE

MASTER LEASE TERM AND EXTENSION

3.2 **Binding Effect of Attachment A.** This Master Lease governs each Leased Premises for which Landlord and Tenant execute an Attachment A. Once signed by both Landlord and Tenant, each Attachment A and A-1 attaches to and incorporates into this Master Lease binding both Landlord and Tenant to the terms and conditions in both this Master Lease and the applicable Attachments A and A-1.

3.3 **Commencement Notice.** Within forty-five (45) days following the actual Rent Commencement Date of the applicable Leased Premises, Landlord will deliver the Commencement Notice to Tenant. The Commencement Notice is for informational purposes only and does not modify the terms of this Master Lease. If Tenant does not receive the Commencement Notice within that time, Tenant will notify Landlord, in writing or verbally. Any delay in delivery of the Commencement Notice is not a breach of this Master Lease.

3.4 **Lease Term of a Specific Leased Premises.** The Lease Term for each Leased Premises commences on the Rent Commencement Date respecting such Leased Premises and continues until the Expiration Date respecting such Leased Premises.

3.5 **Extension of the Lease Term.** The Lease Term for the applicable Leased Premises may extend, subject to the terms and conditions of this Master Lease, as designated in the applicable Attachment A.

ARTICLE IV

RENT, SECURITY & TAXES

4.1 **Rent.** Tenant's obligation under this Master Lease to pay Rent, in lawful money of the United States and without, for any reason, deduction or offset, begins on the Rent Commencement Date. Tenant shall pay Rent to Landlord for each Leased Premises for which Landlord and Tenant execute an Attachment A in accordance with the terms of this Master Lease and the applicable Attachment A.

Base Rent Payments.

A. Tenant shall pay Base Rent, as set forth in the applicable Attachment A, to Landlord in advance, without offset, notice, or demand, in equal monthly installments with each monthly installment due by the Due Date. If the Rent Commencement Date occurs other than on the first day of the month, the Base Rent for that month equals one-thirtieth (1/30th) of the normal monthly rent installment for each day starting on the Rent Commencement Date and continuing through midnight on the last day of that month. If the Rent Commencement Date occurs other than the first day of the month, the Base Rent for the final month equals one-thirtieth (1/30th) of the normal monthly rent installment for each day starting on the Rent Commencement Date anniversary and continuing through midnight on the Expiration Date.

B. Landlord may require Tenant to pay Base Rent on a quarterly basis rather than monthly if Tenant fails to pay Base Rent within ten (10) days of the Due Date for two (2) consecutive months. The quarter will commence on the first day of the month following the month that Landlord notifies Tenant in writing of this election.

4.3 **Percentage Rent Payments.** To the extent required in the applicable Attachment A, Tenant shall pay Percentage Rent to Landlord on an annual basis. Percentage Rent payments shall be due without offset, notice, or demand on the first day of the calendar month following each anniversary of the Rent Commencement Date; provided, that upon the expiration or earlier termination of this Master Lease, Tenant shall pay any Percentage Rent due as of the effective date of such expiration or earlier termination.

4.4 **Common Area Maintenance, Utility Reimbursement Fees, and Insurance Reimbursement Fees.** To the extent required in the applicable Attachment A, Tenant shall pay, as additional Rent, the Common Area Maintenance Fee, the Utility Reimbursement Fee, and the Insurance Reimbursement Fee to Landlord without offset, notice, or demand on a monthly basis by the Due Date, to be paid with Tenant's payment of Base Rent.

4.7 **Interest on Late Payments.**

A. Tenant shall pay to Landlord interest on any balance of Rent unpaid more than ten (10) days following the Due Date at the prorated rate, based on a thirty (30) day month, of the lesser of:

- (1) Five percent (5%) per annum, or
- (2) The maximum amount allowed by law.

B. Any interest due under this provision is additional Rent, and Tenant shall pay it in full no later than the day on which it pays the unpaid balance of Rent unless demanded earlier by Landlord. Interest will not accrue on any unpaid balance of Rent if:

- (1) The unpaid balance is due to an error or problem with the automatic debit, if Tenant is paying Rent through an automated clearinghouse account, and
- (2) The error or problem was not due to the intentional or negligent act of Tenant.

4.8 **Security Deposit.**

A. Tenant shall deliver to Landlord, no later than ten (10) days following Tenant signing the applicable Attachment A, an amount equal to the sum designated in the applicable Attachment A, as security for the faithful performance and observance of the terms and conditions of this Master Lease by Tenant and its agents, employees, and representatives (the "Security").

B. Tenant may provide Security in the form of a security deposit or a duly executed surety bond from a reputable company satisfactory to Landlord and in full force and effect when delivered to Landlord.

C. Landlord may apply, retain, or use (at its sole option) the whole or any part of the Security to the extent required for payment of:

(1) Rent;

(2) Other sums that Tenant is obligated to pay Landlord under this Master Lease;

(3) Sums that Landlord may expend or may be required to expend by reason of Tenant's breach of this Master Lease;

(4) Loss or damage that Landlord suffers by reason of Tenant's breach of this Master Lease including, but not limited to, any damages incurred by Landlord or deficiency resulting from the re-letting of the Leased Premises, whether such damages or deficiency accrues before or after summary proceedings or other re entry by Landlord;
or

(5) Costs Landlord incurs in connection with the cleaning or repair of the Leased Premises after the expiration or earlier termination of this Master Lease as to the applicable Leased Premises.

D. Landlord is not obligated to apply, retain, or use the Security, and any payment of the security deposit in no way relieves Tenant of its obligations under this Master Lease to pay Rent or other charges.

E. Landlord's right to bring an action or special proceeding to recover damages, or otherwise obtain possession of the applicable Leased Premises, before or after Landlord's delivery of notice to Tenant of the termination of this Master Lease as to the applicable Leased Premises for non-payment of Rent, or for any other reason, is not effected because Landlord holds the Security.

F. The Security does not limit Landlord's available rights and remedies under this Master Lease, at law, or in equity nor is it a payment of liquidated damages.

G. Tenant, no more than fifteen (15) days following Landlord's notice to Tenant, shall replace the Security when payments by the Security equal or exceed the sum of the security deposit. Failure to timely replace the Security is a material breach of this Master Lease.

H. Except as required by applicable law, Landlord is not required to keep security deposits separate from Landlord's own funds and may commingle security deposits with its own funds.

I. If Tenant fully and faithfully complies with all the terms and conditions of this Master Lease, Landlord will return to Tenant any part of the security deposit that

Landlord does not apply, retain, or use in accordance with this Section no later than thirty (30) days following Tenant fully discharging all of its obligations under this Master Lease, unless applicable law requires a shorter or extended time.

4.9 **Taxes.**

A. Landlord shall initially pay all General Taxes levied, during each fiscal tax year, against the Store, the Common Area, or both, subject to Tenant's reimbursement obligations set forth below. "General Taxes" mean all general real estate taxes, general and special assessments; parking surcharges, fees, and other governmental charges and any costs Landlord incurs contesting any of the above.

B. In addition to Tenant's reimbursement obligations set forth below and any other obligations of Tenant under this Master Lease, Tenant shall pay all taxes and assessments:

(1) Levied against any improvements located within or upon any Leased Premises, and any of Tenant's inventory, personal property, and Trade Fixtures;

(2) Assessed, imposed, or levied against Landlord in relation to either Landlord's interest in this Master Lease or the Rent or other charges required under this Master Lease including, but not limited to, increases or additional, special, regular, unforeseen, foreseen, extraordinary, or ordinary, taxes and assessments, whether occurring wholly or partially during the Lease Term of the specific Leased Premises from which the taxes or assessments arise;

(3) For increases, that are billed or assessed during the Lease Term that are attributable to Tenant's Improvements or occupancy of the Leased Premises; and

(4) Imposed against Landlord because of Landlord's interest in this Master Lease as a substitute, or in lieu of, in whole or in part, for any general taxes or other real estate tax or assessment.

C. Tenant shall reimburse Landlord, upon demand, for Tenant's Pro Rata Share of general taxes assessed or levied during the Lease Term, as prorated to account for any period of partial occupancy of the applicable Leased Premises, and for any other tax, assessment, or excise that was imposed, assessed, or levied against Landlord that Landlord paid but for which Tenant is primarily liable under this Master Lease.

ARTICLE V

UTILITIES

5.1 **Utilities.** Except as otherwise provided in this Master Lease or the applicable Attachment A, Landlord shall pay for all public utilities furnished to the Leased Premises and shall reasonably cool, heat, and light and provide water and sanitary sewerage services to the building in which the Leased Premises is located. Landlord is

not liable for any interruption whatsoever to the public utilities, the lighting, the cooling, the heating, the water, or the sanitary sewerage services if any of the preceding are interrupted:

A. Due to equipment failure, fire, accident, strike, acts of God, or other causes beyond the reasonable control of Landlord; or

B. In connection with Store Renovations or to repair the Store or the Leased Premises.

5.2 **Telephone Service.** Tenant shall pay for telephone service in the Leased Premises. **The use of a cordless phone within a Leased Premises is strictly prohibited.**

ARTICLE VI

USE AND OPERATION

6.1 **Use.** Tenant shall use the Leased Premises as designated in Section 1 of Appendix 1, Permitted Uses, subject to applicable legal requirements, and for no other purpose without the prior, written consent of Landlord.

6.2 **Continuous Operation.**

A. Tenant, other than as expressly permitted by this Master Lease, and during the applicable Lease Term, shall operate the applicable Leased Premises continuously during the Hours of Operation designated in Attachment A in accordance with the Permitted Uses designated in Appendix 1 and the terms and provisions of this Master Lease.

B. Tenant, other than as expressly permitted by this Master Lease, shall not vacate the applicable Leased Premises during the applicable Lease Term or cease operations in the applicable Leased Premises and shall conduct its business, at a minimum, in an efficient, first-rate, and reputable manner.

C. Other than closing the Leased Premises to repair, update, and upgrade the Trade Fixtures, the Improvements, and the Leased Premises in accordance with Section 7.3.B below, Tenant may close the applicable Leased Premises for repair or renovation only with the prior, written consent of Landlord, which Landlord may not unreasonably withhold, condition or delay.

D. Failure to comply with this provision or any representation by Tenant that during the applicable Lease Term the Tenant, or one of its Sublessees, will not comply with this provision or will vacate the applicable Leased Premises materially breaches this Master Lease. In addition to (and not in lieu of) any remedies that Landlord may have under this Master Lease for a breach of this section, Landlord may charge Tenant, in addition to rent, liquidated damages of three hundred dollars (\$300) a day for each

day, which the applicable Leased Premises remains closed and not operating, excluding any reasonable period for renovation or repair of the Leased Premises approved by Landlord or during any reasonable period in which the Leased Premises remain closed and not operating due to acts or omissions of Landlord which require closure of the Leased Premises.

6.3 **Hours of Operation.** Tenant shall post its Hours of Operation in a conspicuous location within the Leased Premises, subject to and in accordance with the requirements set forth in Article II (Construction and Acceptance of the Leased Premises), Section 2.6 above.

6.4 **Trade Name.** During the term of this Master Lease, Tenant shall conduct its business under the name designated as Tenant's Trade Name in Appendix 1 and under no other name without the prior written consent of Landlord, which, consent shall not be unreasonably withheld, conditioned or delayed.

A. Tenant acknowledges that Landlord relied on Tenant's business reputation and associated trade name as a significant material inducement in Landlord's decision to execute this Master Lease, and therefore, Tenant hereby warrants that Tenant has the right to use the trade name and all logos, trade dress, slogans, and all other identifying marks used by Tenant at the Leased Premises.

B. Failure to comply with this Section 6.4 is a material breach of this Master Lease.

6.5 **Customer Service.**

A. Tenant shall operate the Leased Premises in conformity with Landlord's reputation as the operator of discount retail stores dedicated to customer satisfaction and prompt quality customer service featuring a broad assortment of quality merchandise at low, competitive prices.

B. Tenant, at its sole cost and expense, shall post, in a conspicuous location that customers can see when the Leased Premises is open and when the Leased Premises is closed, a telephone number and an address for customers to contact. The telephone number must be either toll free or a number local to the applicable Leased Premises.

6.6 **Window Display Lights.** Tenant shall keep, during the Hours of Operation, any display windows in the Leased Premises neat and attractive.

6.7 **Mail & Deliveries.** Landlord does not guaranty any mail or deliveries to the Leased Premises and recommends Tenant arrange to receive mail or deliveries at an alternate location. Any mail or deliveries to and from the Leased Premises must be done only at such times and in the areas and through the entrances designated for such purpose by Landlord. Any mail or delivery left with the Store is done at Tenant's sole

risk. All property kept, stored, or maintained on the Leased Premises by Tenant is at Tenant's sole risk.

6.8 **Tenant's Advertising, Promotion, and Media Inquiries.**

A. Tenant may use Landlord's name only to the extent Landlord's Leasing Operations Department approves and only as a location reference.

B. Tenant may not promote its services within the Store using Landlord's in-store public address system.

C. Tenant may not post any Signs outside of the Leased Premises, except as provided in Section 2.6.B above, or post any handmade signs inside or outside of the Leased Premises.

D. Tenant's promotions related to the Leased Premises must be conducted in a professional manner by trained individuals.

E. Tenant may not release or cause to be released any statement to the press or otherwise containing Landlord's name or representing any relationship whatsoever to Landlord, without the prior, written approval of the Wal-Mart Leasing Operations Department.

F. Tenant agrees that it will not, within the Leased Premises or anywhere else in the Store, advertise, market, or promote any Competing Business. For purposes of this paragraph, "Competing Business" means any retail business involved in the sale of any products or services sold from within the Store or by any affiliate, parent company, or subsidiary of Landlord.

6.9 **Restrictive Covenants.** Tenant shall comply with and observe any easement, covenant, or restriction that affects or applies to the Leased Premises and the Common Area.

6.10 **Restrictions on Tenant's Activities.** In addition to any easement, covenant, or restriction that affects or applies to the Leased Premises or the Common Area, Tenant, and its Sublessees, shall not:

A. Use the sidewalk adjacent to or any other space outside the Leased Premises for display, sale, or any other similar undertaking.

B. Use a loudspeaker system that may be heard from outside the Leased Premises; place or permit any radio, television, loudspeaker, or amplifier on the roof, inside the Leased Premises, or anywhere that the radio, television, loudspeaker, or amplifier can be seen or heard from outside of the Leased Premises; or solicit or distribute any handbills or other advertising in the parking lot, Store, or Common Areas, unless otherwise protected by law.

C. Use the plumbing facilities of the Leased Premises or the Store for any purpose other than that for which they were constructed. Neither Tenant nor its Sublessees, nor the invitees of either Tenant or its Sublessees, may use the plumbing facilities of the Leased Premises to dispose of any foreign substances. The expense of any breakage, stoppage, or damage resulting from a breach of this Section will be borne by Tenant.

D. Place on any floor a load that exceeds the load per square foot that the floor was designed to carry. Tenant may only install, operate, and maintain heavy equipment in the Leased Premises if installed in such manner as to achieve a proper distribution of weight.

E. Use any forklift, truck, tow truck, or any other machine or equipment in the Store, in the Common Areas, or on any of the underlying ground, unless necessary to complete Tenant's obligations under Article II (Construction and Acceptance of the Leased Premises), Section 2.4 above or unless otherwise agreed to in Appendix 1.

F. Use the Leased Premises to conduct illegal business or for illegal purposes or for any purpose that may increase the premium cost of or invalidate any insurance policy carried on the Leased Premises, Common Areas, or the Store. If insurance premiums for insurance policies carried on the Leased Premises, Common Areas, or the Store increase in connection with Tenant's use of the Leased Premises, Tenant will reimburse Landlord for the increase.

G. Unreasonably interfere with Landlord's business or the business of another tenant of Landlord or act in such a way that reasonably may be expected to injure Landlord's business relationship including, but not limited to, acting in any way that diminishes the access to or the visibility of any portion of the Store or any other tenant's premises or that impedes the free circulation of customer traffic within the Store.

H. Receive, retain, or store in the Leased Premises any "Controlled Substances" except for any Controlled Substances included in an emergency medical kit. For the purposes of this Master Lease, "controlled substances" means materials containing any quantity of a substance with a stimulant, depressant or hallucinogenic effect on the higher functions of the central nervous system, and having the tendency to promote abuse or physiological or psychological dependence, as designated in state and federal controlled substance schedules including, but not limited to, those listed in Schedules I through V of the Controlled Substances Act, 21 U.S.C. §812, as may be amended from time to time. Failure to comply with this Section is a material breach.

I. Within the Leased Premises, receive, retain, store, or use any firearm, tear gas, mace, pepper spray, dye pack, or any item similar to a firearm, tear gas, or dye pack.

6.11 **Encumbrances and Liens.** Tenant may not cause any encumbrance to attach to or upon the Leased Premises, the Store, the Common Area, the land underlying any of the foregoing, or Tenant's interest in this Master Lease because of any act or omission of Tenant, its contractors, agents, employees, or representatives. Failure to discharge or bond/insure over any encumbrance within fifteen (15) business days following its filing is a material breach. In addition to any right or remedy Landlord may have for the material breach, Landlord may bond or pay the encumbrance for Tenant's account without inquiring into the validity of the encumbrance. If Landlord elects to pay the encumbrance, Tenant will reimburse Landlord, upon demand by Landlord, the amount Landlord paid, plus an additional ten percent (10%) administrative fee, plus interest. Interest will accrue at the lesser of one percent (1%) and five percent (5%) per annum or the maximum amount allowed by law beginning on the day Landlord bonds or pays the encumbrance and continuing until Tenant reimburses Landlord the entire amount Landlord paid, plus the administrative fee and any interest accrued.

ARTICLE VII

REPAIRS & MAINTENANCE

7.1 Repairs by Landlord.

A. Subject to the provisions of Article XI (Casualty) and Article XII (Condemnation & Eminent Domain), Landlord shall maintain the Store and Leased Premises in good order and make all necessary repairs in the Leased Premises to the foundation, gutter, spouts, exterior walls, interior load-bearing walls, door, door closure devices, exterior openings, gates, and gate closure devices and to the roof and HVAC, except as provided in Section 7.2 below. Tenant shall notify Wal-Mart Maintenance of any necessary or requested repairs by calling the Wal-Mart Maintenance Hotline at (479) 273-4747 or any other communication medium utilized by Wal-Mart to process the reporting of repairs. Tenant must have the work order number provided by the Wal-Mart Maintenance Hotline at the time the repair is reported in order to check on the status of the repair.

B. Tenant shall reimburse Landlord for any repairs necessitated by the intentional acts or negligence of Tenant or Sublessee or the agent, customer, employee, or representative of either. Any reimbursement required in the preceding sentence must be made no later than thirty (30) calendar days after Landlord's written demand for reimbursement from Tenant.

C. Landlord does not breach its obligations under Section 7.1.A above until a reasonable amount of time passes after Tenant notifies Wal-Mart Maintenance, according to Section 7.1.A above, of the needed repair, except in the case of an

emergency which will require Landlord to commence repairs within twenty-four (24) hours of such Tenant notification to Wal-Mart Maintenance. Rent will not abate during this time or while any repairs are being made, and Landlord will not be liable to Tenant or Sublessee due to loss or interruption of Tenant's business because of the prosecution of the repair except in the case of Landlord's gross negligence or intentional misconduct.

D. Notwithstanding the foregoing, in the event of an emergency, which threatens to damage any of Tenant's Improvements or Trade Fixtures or interrupts Tenant's ability to operate its business in the Leased Premises, Tenant shall notify Wal-Mart Maintenance immediately and, upon the consent of Wal-Mart Maintenance, Tenant will have the right to make immediate repairs. In such case, Landlord will reimburse Tenant for the reasonable cost of such repairs within thirty (30) days of Landlord's receipt of Tenant's written request for reimbursement, along with invoices and such other supporting documentation as Landlord may reasonably require.

7.2 Tenant's Repairs, Maintenance, Handling Hazardous Substances.

A. Except those items to be maintained by Landlord pursuant to the terms of this Master Lease, Tenant, at its sole cost and expense, shall maintain the Leased Premises in compliance with applicable law and in good order and condition, ordinary wear and tear excepted. Tenant shall effect, at Tenant's sole cost and expense and according to applicable law, all repairs to the Leased Premises (except for those specifically enumerated in Section 7.1 above) that are commercially necessary or desirable to maintain the Leased Premises in a safe, dry, and tenantable condition including, without limitation, repairs to:

- (1) Any portion of the pipes, lines, ducts, wires, or conduits, used solely by Tenant;
- (2) Plate glass, windows, doorframes, and special storefronts that serve Tenant solely;
- (3) Molding, locks and hardware, lighting, plumbing, Trade Fixtures, Signs, and interior painting and treatment; and
- (4) Any Improvements or Trade Fixtures installed in the Leased Premises, including any rooftop heating, ventilation, or air-conditioning unit or other rooftop equipment. Any repairs to the rooftop heating, ventilating, and air-conditioning unit or other rooftop equipment must be made by a Landlord approved contractor.

B. Tenant, at no expense to Landlord, shall handle, manage, store, transport, and dispose of all Hazardous Substances created by Tenant, its Sublessees, agents, employees or representatives in any process, action, or inaction in connection with the Leased Premises and in accordance with all applicable federal, state and local laws and

regulations. Tenant shall not use any of Landlord's property or equipment in using, handling, managing, storing, transporting, and disposing of Hazardous Substances. Evidence of Tenant's compliance with all applicable federal, state and local laws concerning the use, handling, management, storage, transportation, and disposal of Hazardous Substances must be provided to Landlord upon Landlord's request.

C. Tenant, at no expense to Landlord, shall maintain the Leased Premises in a clean and sanitary condition, free from debris or offensive odor, and in compliance with all laws affecting the Leased Premises, Tenant's use of the Leased Premises, or Tenant's business.

(1) Tenant shall not allow the accumulation or burning of any rubbish or garbage in, on, or about the Leased Premises and shall keep all entrances, doors, or loading areas in the Leased Premises or immediately adjoining the Leased Premises free from trash, litter, or other obstruction.

(2) Tenant shall bear the expense of garbage and rubbish collection and disposal. If Landlord's Leasing Operations Department permits Tenant to use any part of the Store (other than the Leased Premises), Common Area, or land underlying the foregoing to store garbage and refuse generated by Tenant's use of the Leased Premises, Tenant and its Sublessees, at the expense of Tenant or its Sublessee, will keep all such garbage and refuse in the location designated by Landlord and in the kind of container, including the use of interior refrigerated garbage containers and compactors, Landlord specifies in its commercially reasonable opinion.

(3) Tenant will maintain air pressure in the Leased Premises necessary to keep offensive odors from emanating from the Leased Premises.

(4) Any odor producing function of Tenant's operations must be mechanically vented to the exterior of the Store and the Leased Premises to eliminate the dissipation of such odors into the Store or into the interior or exterior of any other tenant's space. Exhaust hoods may not project above the roof deck higher than that allowed by local governmental authorities or code requirements.

(5) At Landlord's written request, Tenant will install any equipment or procedures necessary to comply with Section 7.2.C.(3) and Section 7.2.C.(4). If Tenant fails to comply with Landlord's request, within twenty (20) days after receiving notice, Landlord may take remedial action for Tenant, and Tenant will pay, as additional Rent, the cost of such remedial action plus an administrative charge of ten percent (10%) of the cost thereof.

D. If Tenant fails to commence, and thereafter pursue diligently any repairs required by this Section 7.2 within ten (10) days of receiving notice from Landlord of the

repair, Landlord may repair the Leased Premises as necessary to maintain it in a good, clean, safe, dry, and tenantable condition. If Landlord makes such repair, Tenant will reimburse Landlord for its costs, plus an additional ten percent (10%) administrative fee when Tenant pays the next month's Rent.

7.3 **Store Relocation, Renovation and Closing.**

A. Landlord, from time to time, may relocate the Store to another physical address (a "Store Relocation"). In the event of a Store Relocation, Landlord, in its reasonable discretion, may terminate this Master Lease and related Attachment A as to the applicable Leased Premises. In the event such termination occurs during the first five (5) years of the Lease Term for the applicable Leased Premises, Landlord will reimburse Tenant for the unamortized portion of the cost of Tenant's initial Improvements to the particular Leased Premises, calculated on a straight line depreciation basis over five (5) years, not to exceed fifty thousand dollars (\$50,000) (the "Unamortized Improvement Costs"). Landlord will not be liable for any other cost or expense of Tenant ceasing operations in the applicable Leased Premises. Landlord and Tenant may mutually agree to enter into a new Attachment A for the new location of the Store or any other Store. If Landlord and Tenant enter into a new Attachment A for the new location of the Store or any other Store, Tenant will bear all costs and expenses incurred in relocating to the new location of the Store or to any other Store. Tenant will also repair, update, and upgrade all Trade Fixtures and Improvements to the Leased Premises and ready the newly located Leased Premises to be open for business to the public for the Store's Grand Opening as required by this Master Lease. Landlord must first approve all repairs, updates, and upgrades to the Leased Premises, such approval not to be unreasonably withheld.

B. Landlord, from time to time, may remodel, re-arrange, renovate, or expand (collectively and individually "Store Renovations") the Store, without relocating the Store to another physical address. During Store Renovations, Tenant will repair, update, and upgrade the Trade Fixtures, the Improvements and the Leased Premises unless Tenant repaired, updated, and upgraded the Trade Fixtures, the Improvements and the Leased Premises within the three (3) consecutive preceding years. All repairs, updates, and upgrades Tenant contemplates must be previously approved by Landlord, which approval will not be unreasonably withheld, conditioned or delayed.

(1) In connection with any Store Renovations, Landlord may temporarily or permanently relocate Tenant to another location within the Store that is of like size and configuration as the Leased Premises and is in a reasonable condition from which Tenant may operate if Landlord, in its commercially reasonable judgment, determines

the relocation necessary to complete Store Renovations. Landlord will bear the cost of moving Tenant's Trade Fixtures in the event of a temporary relocation, but Landlord is not responsible for any expense associated with Tenant's repairs, updates, and upgrades of the relocated Leased Premises, whether the relocation is temporary or permanent. If the relocation is of a permanent nature and Tenant reasonably determines that the new location will materially impair its operations in the applicable Leased Premises or is not of like size and configuration as the original Leased Premises, Tenant may terminate this Master Lease as to the applicable Leased Premises by providing written notice to Landlord. If the relocation is temporary and Tenant reasonably determines that the new location of the Leased Premises will materially impair its business or that the Store Renovations are materially impairing its operations in the Leased Premises, Tenant may, with Landlord's written consent, not to be unreasonably withheld, conditioned or delayed, close the applicable Leased Premises until Landlord and Tenant agree that the Store Renovations no longer impair the operations of the applicable Leased Premises.

(2) If, in connection with the Store Renovations, Landlord closes the Store for more than three (3) consecutive days, Tenant may, with Landlord's written consent, not to be unreasonably withheld, conditioned or delayed, either close the applicable Leased Premises while the Store is closed in connection with the Store Renovations and conduct the repairs, updates, and upgrades of the Leased Premises as required by this Section 7.3.B or terminate this Master Lease as to the applicable Leased Premises.

(3) If, in connection with Store Renovations, Landlord determines (in its sole discretion) that there will not be space available for Tenant upon completion of the Store Renovations, Landlord, may terminate this Master Lease and related Attachment A as to the applicable Leased Premises. In the event such termination occurs during the first five (5) years of the Lease Term for the applicable Leased Premises, Landlord will reimburse Tenant for the unamortized portion of the cost of Tenant's initial Improvements to the particular Leased Premises, calculated on a straight line depreciation basis over five years, not to exceed fifty thousand dollars (\$50,000). Landlord will not be liable for any other cost or expense of Tenant ceasing operations in the applicable Leased Premises.

C. If the Leased Premises closes in accordance with this Section 7.3, Rent due during the time in which the Leased Premises is closed will abate. The Leased Premises must re-open once the Store Renovations and the operations of the Leased Premises no longer materially impair each other, as determined by mutual agreement of the parties.

D. If a Store in which the applicable Leased Premises is located permanently ceases to be open for business to the public, and not as a part of a relocation as contemplated by Section 7.3.A above (a "Store Closing"), this Master Lease as to the applicable Leased Premises will terminate on a date mutually agreed to by Landlord and Tenant, but at no time may such date extend past the actual Store Closing date. In the event such termination occurs during the first five (5) years of the Lease Term for the applicable Leased Premises, Landlord will reimburse Tenant for the unamortized portion of the cost of Tenant's initial Improvements to the particular Leased Premises, calculated on a straight line depreciation basis over five (5) years, not to exceed fifty thousand dollars (\$50,000). Landlord will not be liable for any other cost or expense of Tenant ceasing operations in the applicable Leased Premises.

ARTICLE VIII

COMPLIANCE WITH LAW & OTHER REQUIREMENTS

8.1 **Rules and Regulations.** Tenant shall observe all rules and regulations established from time to time by Landlord upon notice to Tenant, through publication in the Landlord/Tenant Handbook or otherwise, including, but not limited to:

A. Tenant and Sublessee, and any agent, employee, or representative of either Tenant or Sublessee, should remove immediately from the Store any merchandise purchased from Landlord.

(1) Tenant and Sublessee, and any agent, employee, or representative of either Tenant or Sublessee, may not bring into the Leased Premises any merchandise purchased from Landlord unless the merchandise is purchased for use by Tenant and Sublessee, and any agent, employee, or representative of either Tenant or Sublessee, in the operation of its business in the Leased Premises or unless the merchandise is purchased for immediate consumption by Tenant, or its Sublessee, or any agent, employee, or representative of either Tenant or Sublessee.

(2) Tenant and Sublessee, and any agent, employee, or representative of either Tenant or Sublessee, must keep a receipt for the merchandise purchased with the merchandise at all times while the merchandise is in either the Leased Premises or the Store.

(3) No merchandise for which Tenant or Sublessee, or any agent, employee, or representative of either Tenant or Sublessee, has not paid may be removed from the Store or brought into the Leased Premises.

(4) Any purchase by Tenant and Sublessee, and any agent, employee, or representative of either Tenant or Sublessee, is subject to search according to Landlord's security procedures applicable to other customers of Landlord. Anyone removing, or

involved in the removal of, merchandise, either from the Store or into the Leased Premises, without first paying for the merchandise may be evicted from the Store or all of Landlord's property, may be treated as a shoplifter, or both. Shoplifters may be subject to prosecution.

B. Each of Tenant and Sublessee, and any agent, employee, or representative of either Tenant or Sublessee, shall conduct him or herself while in the Store or in the Leased Premises in a professional and courteous manner, appropriately attired, trained, and groomed, and in accordance with commercially reasonable standards in Tenant's industry.

C. Tenant and Sublessee, and any agent, employee, or representative of either Tenant or Sublessee, shall abide by Landlord's procedures in responding to media inquiries as such inquiries relate to the Leased Premises, Landlord, or any relationship between Tenant and Landlord.

8.2 **Compliance.**

A. Tenant, in its use, occupancy and operation of the Leased Premises, shall comply with all federal, state, and local laws, rules, orders, directives, and regulations.

B. Landlord has absolutely no responsibility, obligation, or liability for Tenant's hiring and other employment practices. Tenant warrants and represents that it has a policy to:

- (1) Comply in all respects with all immigration laws and regulations;
- (2) Properly maintain all records required by the United States Citizenship and Immigration Services (the "USCIS") including, without limitation, the completion and maintenance of the Form I-9 for each party's employees;
- (3) Respond in a timely fashion to any inspection requests related to such I-9 Forms;
- (4) Cooperate fully in all respects with any audit, inquiry, inspection, or investigation the USCIS may conduct of such party or any of Tenant's employees;
- (5) Conduct annual audit of the I-9 Forms for its employees;
- (6) Promptly correct any defects or deficiencies the audit reveals; and
- (7) Require all subcontractors performing any work for Tenant to comply with the covenants set forth in this Section 8.2.B.

C. Tenant shall comply with the provisions of the Americans with Disabilities Act ("ADA") as it relates to its operation of the Leased Premises.

(1) If, after Landlord delivers to Tenant the applicable Leased Premises, the presence of any ADA violation on the applicable Leased Premises requires remedial work on the Leased Premises and such ADA violation was not caused by Landlord's actions or failure to act as required with respect to Store (other than the Leased Premises), Tenant

will promptly take all actions at its sole expense as are required by any federal, state, or local government agency or political subdivision to comply with the ADA; provided that Landlord's consent to such actions is first obtained, which consent Landlord may not unreasonably withhold, condition or delay.

(2) In addition to Tenant's obligations under Article XIII (Indemnity and Liability), Tenant shall indemnify, defend and hold harmless the Indemnitees from any Claim including, without limitation, diminution in value of the Leased Premises, damages for the loss or restriction of use of rentable or usable space or of any amenity of the Leased Premises, damages arising from any adverse impact on marketing of space of the Leased Premises, and sums paid in settlement of claims, attorney's fees, consultation fees and expert fees arising during or after the applicable Lease Term as a result of such violation. Tenant's obligations in the preceding sentence include, without limitation, costs incurred in connection with any investigation of site conditions or any remedial work required by any federal, state, or local government agency or political subdivision because of any ADA violation present on or about the Leased Premises not caused by Landlord's actions or failure to act as required with respect to the Store (other than the Leased Premises).

(3) If, after Landlord delivers to Tenant the applicable Leased Premises, the presence of any ADA violation exists in the Store (other than the Leased Premises) which requires remedial work on the Leased Premises, Landlord, at its sole cost and expense, will take all necessary actions required by any federal, state or local government agency or political subdivision to comply with the ADA.

D. Tenant represents and warrants that neither it nor its Sublessees are:

(1) A person or entity designated by the U.S. government on the list of the Specially Designated Nationals and Blocked Persons (the "SDN List"), as maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") at <http://www.ustreas.gov/offices/enforcement/ofac/sdn>, with which a U.S. person or entity cannot deal or otherwise engage in business transactions;

(2) A person or entity who is otherwise the target of U.S. economic sanctions and trade embargoes enforced and administered by OFAC, such that a U.S. person or entity cannot deal or otherwise engage in business transactions with such Tenant or its Sublessees;

(3) Either wholly or partly owned or wholly or partly controlled by any person or entity on the SDN List, including, without limitation, by virtue of such person being a director or owning voting shares or interests in an entity on the SDN List;

(4) A person or entity acting, directly or indirectly, for or on behalf of any person or entity on the SDN List; or

(5) A person or entity acting, directly or indirectly, for or on behalf of a foreign government that is the target of the OFAC sanctions regulations such that the entry into this Master Lease would be prohibited under U.S. law.

E. Tenant shall inquire diligently into and screen the qualifications of each employee, agent, or representative operating out of the Leased Premises, and no one that may pose a reasonably ascertainable risk to the safety or property of Wal-Mart or its affiliates or subsidiaries, associates, customers, or business invitees are permitted on Wal-Mart property. For purposes of this paragraph, “inquire diligently into and screen” means conducting a criminal background check in accordance with federal and state law, properly checking references, and using such other methods to determine qualifications that a reasonable and prudent employer might utilize under the circumstances. In addition, “risk” means any propensity to engage in violence, sex crimes, fraud, theft, vandalism, or any other conduct likely to result in harm to a person or property. Failure to comply with this provision constitutes a material breach of this Master Lease.

G. Tenant shall maintain the warranties and representations Tenant made under this Master Lease, all of which are remade and reaffirmed by Tenant when signing each new Attachment A, in full force and effect throughout the term of this Master Lease.

H. Any failure by Tenant to comply with its obligations under this Section 8.2 is a material breach.

8.3 **Landlord’s Right of Removal.** Landlord, in its sole judgment and discretion, may deny entry to or remove from its premises any Tenant or Sublessee, or any agent, employee, or representative of either Tenant or Sublessee, who violates any of Landlord’s rules or regulations.

ARTICLE IX

RIGHT TO ACCESS & COMMON AREAS

9.1 **Landlord’s Right to Access.** Landlord may enter the Leased Premises:

A. Upon reasonable notice to Tenant (except in the case of emergency, in which case no notice will be required) to either inspect the Leased Premises, enforce any of Landlord’s rules and regulations or enforce the terms and conditions of this Master Lease;

B. Upon reasonable notice to Tenant, either to effect repairs it is obligated to perform or to add, alter, improve, repair, or otherwise construct or maintain any part of the Store adjacent to the Leased Premises; and

C. With twenty-four (24) hours' advance notice to Tenant to show the Leased Premises to a prospective lender, lessee, or purchaser.

9.2 **"For Rent" or "For Lease."** Landlord may post "For Rent" or "For Lease" signs on the Leased Premises during the last ninety (90) days of the Leased Term if, in accordance with this Master Lease, Landlord and Tenant do not extend the Lease Term.

9.3 **Tenant's Right to Access.**

A. Tenant, its Sublessee, and the agent, customer, employee, or representative of each, has a limited right, during the Hours of Operation listed in Attachment A and immediately before and immediately after the Hours of Operation, to enter upon the Common Areas of the Store in order to conduct business in the Leased Premises.

B. Except as set forth in Article II (Construction and Acceptance of the Leased Premises) and Article VII (Repairs and Maintenance), Tenant has no rights or obligations related to the rooftop of the Leased Premises.

C. Tenant, with Landlord's prior consent, which will not be unreasonably withheld, conditioned or delayed, may enter Landlord's property for the limited purpose of servicing, maintaining, and otherwise performing its obligations in connection with this Master Lease at times the Store is not open to the public for business if Tenant, in no way, provides its services to the public during that time.

9.4 **Parking.** Tenant, its Sublessee, and the agents, employees, and representatives of each, while working in the Leased Premises, may park their motor vehicles in spaces designated by Landlord. Landlord may tow or cause to be towed, at the expense of the owner of the motor vehicle, any motor vehicle owned by Tenant, its Sublessee, or the agents, employees, and representatives of each that is parked in any area of Landlord's property other than the parking area designated. Landlord will not be liable to Tenant or its Sublessee or either of their agents, employees or representatives for any damage to or theft of their motor vehicles or any personal property contained in their motor vehicles.

9.5 **Landlord's Liability.** If Landlord enters the Leased Premises according to the provisions of this Master Lease, Landlord is not liable to Tenant for any loss, liability, or damages resulting from Landlord's entry except to the extent such losses, liabilities or damages arise from Landlord's gross negligence or willful misconduct. If Landlord enters the Leased Premises during the Hours of Operation, Landlord will use commercially reasonable efforts not to interfere with Tenant's business, and Landlord will not be liable to Tenant for any loss, including lost profits, for any resulting business interruption, except for losses, other than lost profits, to the extent such interruption arises from Landlord's gross negligence or willful misconduct.

9.6 **Common Areas.** Despite the preceding Sections, Landlord may close or prohibit the use of any Common Area, in part or in whole; may change the location or appearance of the Common Area; or may erect additional structures in the Common Area, provided such changes do not materially impact access to the Leased Premises.

REDACTED PORTION

10.9 **Non-Disturbance.** Notwithstanding anything in this Article X to the contrary, provided Tenant is not in default under this Master Lease following any applicable notice and cure period, Landlord shall not disturb Tenant's occupancy of the Leased Premises. In addition, Landlord shall use commercially reasonable efforts to obtain non-disturbance agreements from any future mortgagees of Landlord.

ARTICLE XI

CASUALTY

11.1 **Fire or Other Casualty.** Tenant shall promptly notify Landlord, in writing, of any damage caused to a Leased Premises by casualty.

11.2 **Election to Rebuild.**

A. Landlord may elect to repair and restore structural damage to a Leased Premises damaged by casualty and shall notify Tenant of its election in writing within sixty (60) days after Landlord receives notice of the casualty damage.

B. If Landlord does not elect to repair and restore structural damage to a Leased Premises damaged by casualty, this Master Lease as to the applicable Leased Premises will terminate.

C. If Landlord elects to repair the structural damage to a Leased Premises damaged by casualty, Landlord, after notifying Tenant of its election, will diligently undertake the appropriate measures necessary to complete the repairs to the applicable Leased Premises in a commercially reasonable amount of time. Landlord will return the applicable Leased Premises to Tenant in substantially the same condition the applicable Leased Premises was in on the Delivery Date. Tenant will then complete the build out of the applicable Leased Premises with commercially reasonable diligence and return the applicable Leased Premises to substantially the same condition the applicable Leased Premises was in immediately prior to the casualty.

11.3 **Rent Abatement.** If Landlord elects to repair the structural damage to a Leased Premises damaged by casualty, Landlord may abate Rent due on the applicable Leased Premises to the extent that the:

A. Applicable Leased Premises is closed for repair, or

B. Tenant's operations within the Leased Premises are impaired by the structural damage and subsequent repairs.

ARTICLE XII

CONDEMNATION & EMINENT DOMAIN

12.1 **Total or Substantial Taking.** If a Taking of a Leased Premises, or a Store in which exists a Leased Premises, occurs, this Master Lease as to the applicable Leased Premises will terminate automatically as of the date of the Taking. For purposes of this Master Lease, "Taking" means any government action that deprives, directly interferes with, or substantially disturbs the use and enjoyment of the Leased Premises, any of which may occur because of either the exercise of the power of eminent domain or condemnation or resulting from a purchase in lieu thereof.

12.2 **Partial Taking.** If a Taking of only a portion of the Leased Premises, or of a Store in which exists a Leased Premises, occurs, Landlord may either:

A. Terminate this Master Lease, without liability, as to the applicable Leased Premises; or

B. Reduce the Base Rent in proportion to the area of the Leased Premises affected by the Taking until such time that portion of the Store or the Leased Premises is restored.

12.3 **Temporary Use.** If a Taking of the Leased Premises occurs for temporary use, this Master Lease will continue in full force and effect as to the applicable Leased Premises. Tenant will continue to comply with its obligations under this Master Lease, and any appendix, amendment, or attachment hereto; to the extent, compliance is possible because of the Taking for temporary use. If, during the temporary Taking, Tenant is unable, based on a commercially reasonable standard, to operate its business from the Leased Premises such that Tenant reasonably is unable to open the Leased Premises for business, Landlord will reduce Tenant's Rent in proportion with the number of days the Leased Premises is closed during the temporary Taking.

12.4 **Compensation.** Except as provided below, any compensation, arising out of the Taking of a Leased Premises belongs to and is the property of Landlord without any participation by Tenant. Tenant hereby assigns to Landlord any share of any compensation arising out of the Taking of a Leased Premises that may be awarded to Tenant and waives any rights it may have with respect to the loss of its leasehold estate; provided, however, that Tenant shall have the right to any compensation award relating specifically to the Improvements or Trade Fixtures installed by Tenant.

ARTICLE XIII

INDEMNITY AND LIABILITY

13.1 **Definitions.** For the purposes of this Master Lease:

A. "Claim" means any action, cause of action, claim, or any other assertion of a legal right; damages including, but not limited to, consequential, future, incidental, liquidated, special, and punitive damages; diminution in value; fines; judgments; liabilities; losses including, but not limited to, economic loss and lost profits; and regulatory actions, sanctions, or settlement payments.

B. "Indemnitee" means:

(1) Landlord, its subsidiaries, affiliates, officers, directors, employees, agents, and

(2) Any lessor of Landlord or other party to an agreement with Landlord related to Landlord's purchase, lease, or use of the Store or the underlying land, which Landlord has a contractual obligation to indemnify for Claims in connection with the Store or the Leased Premises.

C. "Indemnified Claim" means a Claim for which Tenant is obligated to indemnify, defend, and hold harmless the Indemnitees according to Section 13.2 below.

13.2 **Indemnification.** Tenant shall indemnify, defend, and hold harmless the Indemnitees against any Claim, even if the Claim is groundless, fraudulent, false, or raised or asserted by a third party, including a government entity, in connection with or resulting from:

A. Any actual or alleged breach of this Master Lease by Tenant or Sublessee, or any agent, employee, or representative of either Tenant or Sublessee;

B. Any actual or alleged negligence or willful misconduct by Tenant or Sublessees, or their respective agents, employees, representatives, subcontractors, or customers, at or related to the Leased Premises;

C. An investigation of the Indemnitees concerning the alleged improper management, handling, storage, disposal, or transportation of Hazardous Substances, any of which Tenant is responsible for under this Master Lease and the actual or alleged improper use, handling, management, storage, transportation, and disposal of Hazardous Substances by Tenant, Sublessee, or any agent, employee, or representative of either Tenant or Sublessee;

D. Any Data Incident; and

E. Indemnitees' actual or alleged passive negligence, secondary liability, vicarious liability, strict liability, or breach of a statutory or non delegable duty, related, directly or indirectly, to any matter covered under Section 13.2 of this Master Lease.

13.3 **Scope of Indemnity.** Tenant's obligations under this Article XIII:

A. Are independent of, and not limited by, any of Tenant's obligations under Article XIV (Insurance) below, even if damages or benefits are payable under worker's

compensation or other statutes or if Tenant breaches its obligations under Article XIV (Insurance) below.

B. Survive the termination or expiration of this Master Lease until applicable law fully and finally bars all Claims against Tenant. **ALL OBLIGATIONS UNDER THIS ARTICLE XIII WILL BE ENFORCED TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW FOR THE BENEFIT OF THE INDEMNITEES.** In the event that applicable law affects the validity or enforceability of this Article XIII, that applicable law will operate to amend this Article XIII to the minimum extent necessary to bring the provisions of this Article XIII into conformity with the applicable law. This Article XIII, as modified, will continue in full force and effect.

C. Applies unless and until a final judicial decision, from which there is no further right to appeal, determined that the Indemnitees are not entitled to be indemnified, defended, and held harmless under this Master Lease.

13.4 **Defense of Claim.**

A. On receiving notice, from whatever source, of the Indemnified Claim, Tenant shall:

- (1) Promptly notify Landlord of the assertion, filing, or service of any Indemnified Claim of which Tenant becomes aware; and
- (2) Immediately take all appropriate actions necessary to protect and defend the Indemnitees regarding the Indemnified Claim.

B. Tenant shall cause the counsel selected by the Indemnitees to defend the Indemnitees with respect to the Indemnified Claim at Tenant's sole cost and expense, and to acknowledge receipt of, to accept, and to represent Indemnitees' interest regarding the Indemnified Claim in accordance with "Wal-Mart's Indemnity Counsel Guidelines."

C. If, in its sole discretion, the Indemnitees determine that a conflict of interest exists between the Indemnitees and the indemnifying counsel or that the indemnifying counsel is not pursuing a defense for the Indemnitees that is in the Indemnitees' best interests, the Indemnitees may request Tenant replace the indemnifying counsel.

- (1) Tenant shall not unreasonably withhold its consent to replace the indemnifying counsel and will replace the indemnifying counsel timely or cause the indemnifying counsel to be replaced timely.
- (2) If Tenant unreasonably withholds consent or the indemnifying counsel is not timely replaced after the Indemnitees requested, the Indemnitees may replace the indemnifying counsel, and Tenant will reimburse the Indemnitees any costs incurred by the Indemnitees in replacing the counsel.

13.5 **Waiver.** Tenant waives any right, at law or in equity, to indemnity or contribution from the Indemnitees.

13.6 **Non-Liability of Landlord and Tenant.**

A. Landlord will not be liable to Tenant or Sublessee, or any agent, employee, representative, or customer of Tenant or Sublessee, and Tenant will not be liable to Landlord, for any Claim relating to the negligence or willful misconduct of any of Landlord's customers, invitees, or other lessees or sublessees or any customers or invitees of Landlord's other lessees and sublessees.

B. Except to the extent that any of the following result from Landlord's gross negligence or willful misconduct, Landlord will not be liable to Tenant for any Claim relating to the condition of the Store, the Common Areas, or the Leased Premises in connection with disrepair or defect in any:

- (1) Structural element of the Leased Premises;
- (2) Trade Fixtures, Improvements, wiring, or any of Tenant's installations;
- (3) Backup of drains constructed or installed by Tenant; or
- (4) Gas, water, steam, electricity, grease, or oil, leaking, escaping, or flowing, from any equipment, pipes, drains, wiring, Trade Fixtures, or Improvements installed or maintained by Tenant.

13.7 **Breach of Article XIII.** Any failure by Tenant to comply with this Article XIII is a material breach of this Master Lease, which does not relieve Tenant of its obligations under this Article XIII.

ARTICLE XIV

INSURANCE

14.1 **Insurance Required.** Tenant shall procure and maintain, at Tenant's own expense, the insurance policies described in the attached Appendix 2. All insurance policies required by this Master Lease must be obtained from an insurance company with a rating of A+ or better and a financial Size Category rating of VII or better as rated in the A.M. Best Key Rating Guide for Property and Casualty Insurance Companies ("Insurer"), unless self-insured as discussed in Section 14.3 below.

14.2 **Requirements.**

A. Tenant and its Sublessees bear the responsibility of insuring for fire and all risks, including risk of flood, earthquake, and terrorism, associated with the merchandise, Trade Fixtures, and Improvements related to the operation of the Leased Premises. At no time is Landlord liable for any Damage or Injury to Tenant's business property, Improvements, betterments, or Trade Fixtures or other property of Tenant within any of

the Leased Premises due to fire or any other risk covered under a Causes of Loss – Special Form Insurance Policy or due to flood, earthquake, or terrorism.

B. Tenant shall submit to Landlord a Certificate of Insurance for each insurance policy required under this Article XIV and the attached Appendix 2 naming “Wal-Mart Stores, Inc., Attn: Asset Management, 2001 S.E. 10th Street, Bentonville, AR 72716-5525” as the Certificate Holder. Additionally, each Certificate of Insurance must:

- (1) Be submitted to Landlord at the address provided in the preceding sentence;
- (2) Show the name and address of the Insurer;
- (3) Show the policy number and date(s) of coverage for each policy procured by Tenant in satisfaction of its obligations under this Master Lease;
- (4) Include the name, address, telephone number, and signature of the authorized person providing the Certificate of Insurance;
- (5) Verify the insurance coverage required in this Article XIV and Appendix 2;
- (6) Where permitted by law, list as Additional Insureds Wal-Mart Stores, Inc., its Subsidiaries and its Affiliates, and the directors, officers, shareholders, employees, agents, and representatives, and the respective successors and assigns of each, and any party that Landlord has a contractual obligation to indemnify in relation to Tenant’s use of the applicable Leased Premises;
- (7) Verify that Insurer waives subrogation in favor of Landlord and Landlord’s affiliates and subsidiaries;
- (8) Verify the insurance policies are primary, non-contributory, and not in excess of any insurance the Additional Insured has available to it; and
- (9) Where permitted by law, provide coverage for punitive damages.

14.4 **Mutual Waiver of Subrogation.** Landlord and Tenant each hereby release the other from all liability or responsibility to the other or to any other party claiming through or under them by way of subrogation or otherwise or for any loss or damage to property caused by casualty that is customarily insured under a Causes of Loss – Special Form insurance policy or that is due to flood, earthquake, or terrorism. This mutual waiver applies only to Damage or Injury to Tenant’s business property, Improvements, betterments, or Trade Fixtures within any of the Leased Premises occurring during the time when Tenant’s business property, Improvements, betterments, or Trade Fixtures within any of the Leased Premises are covered under a Causes of Loss – Special Form insurance policy or are due to flood, earthquake, or terrorism for which Tenant has insurance coverage.

14.5 **Breach.** Failure to procure and maintain the insurance required under this Article XIV and the attached Appendix 2 constitutes a material breach of this Master

Lease. Tenant shall indemnify, defend, and hold harmless the Indemnitee against Indemnified Claim that the required insurance would have covered but for Tenant's breach.

14.6 **Insurance Obligation is in Addition to Other Obligations.** Tenant's obligations under this Article XIV and the attached Appendix-2 are in addition to, not in lieu of, Tenant's other obligations, including Tenant's obligations under Article XIII (Indemnity and Liability), to Landlord under this Master Lease.

ARTICLE XV

CONFIDENTIALITY

15.1 The terms and provisions of this Master Lease affect present and future negotiations Landlord or Tenant may have with another party. As such, Landlord and Tenant, and the agents, employees, representatives, and Sublessee of each, shall each keep the same confidential, disclosing only such information as is required by law or by mutual, written agreement between Landlord and Tenant.

15.2 Neither Landlord nor Tenant shall disclose any information that the other may mark as confidential or proprietary including, but not limited to, lists of available rental space and marketing plans, schedules, sales figures, sales projections, financial statements or other financial information that Landlord or Tenant may make available or known to the other party, disclosing only such information as is required by law or by mutual, written agreement between Landlord and Tenant.

15.3 Failure to comply with this Article XV is a material breach of this Master Lease.

ARTICLE XVI

COVENANT OF QUIET ENJOYMENT

16.1 Landlord covenants that Tenant peaceably and quietly may enjoy the Leased Premises in accordance with, and subject to, the terms of this Master Lease and without any interruption or disturbance from Landlord, provided Tenant:

- A. Pays Rent and all other charges provided for in this Master Lease and any appendix, amendment, or attachment hereto,
- B. Performs all of its obligations provided for under this Master Lease, and
- C. Observes all of the other provisions of this Master Lease.

ARTICLE XVII

DEFAULT, TERMINATION, SURRENDER, TENANT'S LIABILITY, RIGHT OF REENTRY, TENANT'S WAIVERS, LANDLORD'S RIGHT TO PERFORM, CUMULATIVE RIGHTS

17.1 **Default.** Each of the following events constitutes a Default of this Master Lease:

A. Tenant files for Insolvency or is adjudicated Insolvent. For the purposes of this Master Lease, "Insolvency" means any petition filed by Tenant in bankruptcy, for reorganization or arrangement, or for appointment of a receiver or trustee; Tenant acquiescing to a petition for bankruptcy, reorganization, arrangement, or the appointment of a receiver or trustee by a creditor; or any assignment by Tenant for the benefit of a creditor.

B. A petition for Insolvency is filed against Tenant, to which Tenant does not acquiesce, and that, within sixty (60) days following the filing, is not dismissed, discontinued, or vacated.

C. Tenant's interest in this Master Lease, in its entirety or as to a particular Leased Premises is assigned by operation of law, except to the extent permitted under Article X (Transfer of Interest, Subordination and Attornment) hereof.

D. Tenant fails to pay any installment of Rent or any other charge, to which Tenant is obligated by this Master Lease to pay when due and payable, and the failure to pay continues for more than ten (10) days after the date due and such failure occurs more than two (2) times in any twelve (12) month period.

E. Tenant breaches any material obligation or covenant under this Master Lease.

F. Tenant breaches any non-material obligation or covenant under this Master Lease more than two (2) times in any twelve (12) month period, and each breach remains uncured thirty (30) days after Tenant receives written or verbal notice of the breach from Landlord.

G. After the Rent Commencement Date, Tenant fails to open the applicable Leased Premises according to the Hours of Operation designated in Attachment A more than two (2) times in any twelve (12) month period without Landlord's prior, written approval or as otherwise allowed under this Master Lease.

17.2 **Termination for Default.** Landlord may terminate this Master Lease, in its entirety or as to a particular Leased Premises, without any liability, if Tenant Defaults, as defined in Section 17.1 above, or elsewhere in this Master Lease, upon ten (10) days prior written notice to Tenant. However, Landlord may wait to terminate this Master Lease, in its entirety or as to a particular Leased Premises, until after it re-lets the Leased Premises in accordance with this Article, and in such event Tenant shall pay Landlord all sums due Landlord under this Master Lease up through the date of such termination.

17.3 **Condition Upon Surrender at Termination or Expiration.** See Attachment A for each applicable Leased Premises.

17.4 **Landlord's Right of Reentry.** If Tenant fails to surrender the applicable Leased Premises in accordance with this Article, Landlord, its agents, employees, or representatives, without prejudice to any right or remedy available to Landlord under this Master Lease, at law, or in equity and subject to applicable law, may:

A. Re-enter and repossess the applicable Leased Premises and do one or more of the following:

(1) Dispose of any property, Trade Fixtures, or Improvements remaining therein.

(2) Re-let the Leased Premises, and if Landlord re-lets the Leased Premises for Rent and other charges equal to or greater than the Rent and other charges for which Tenant remains liable, Tenant will be released from further liability under this Master Lease.

(3) Use all or a portion of the Leased Premises, in which case the fair market value of the applicable Leased Premises, or the portion of that Leased Premises used, will be used in calculating Tenant's liability described in Section 17.5 below. If the fair market value equals or is greater than the Rent and other charges for which Tenant remains liable, Tenant will be released from further liability under this Master Lease.

(4) Demand full and final settlement, whereupon Tenant shall pay Landlord the present value of the total of all future Rent that would come due under this Master Lease but for the termination of this Master Lease, plus other charges that may apply under this Master Lease, less the fair market value of the particular Leased Premises. Present value will be calculated at eight percent (8%).

B. Continue this Master Lease in full force and continue to look to Tenant to perform all Tenants' obligations under this Master Lease, but Landlord may pursue Tenant for damages incurred or equitable relief or both.

17.5 **Survival of Tenant's Liability.** Upon termination of this Master Lease, in its entirety or as to a particular Leased Premises and without prejudice to any right or remedy available to Landlord under this Master Lease, at law, or in equity and subject to applicable law, Tenant shall remain liable for

A. Unpaid Rent and other charges;

B. Damages for its failure to perform other obligations;

C. Expenses Landlord incurs in the course of evicting Tenant and re-entering the Leased Premises, including reasonable attorneys fees and court costs; and

D. Unless Tenant surrenders the Leased Premises in accordance with this Article, any cost incurred by Landlord in returning the Leased Premises to the same condition in which Tenant received the Leased Premises on the Delivery Date, less any revenue received by Landlord by re-letting the Leased Premises, less any claim Landlord

successfully makes against the Security required pursuant to Article IV (Rent, Security & Taxes) Section 4.8 above.

17.6 **Tenant's Waivers.** Landlord and Tenant waive any right to trial by jury on all issues in all litigation between Landlord and Tenant arising from or relating to this Master Lease, and Tenant, additionally, waives any:

- A. Right to withhold or reduce Tenant's required payments of Rent and other charges for which Tenant is obligated under this Master Lease;
- B. Statutory requirements of prior, written notice before filing for eviction or for any damages suit for non-payment of Rent;
- C. Claim for damages against Landlord resulting from Landlord's re-entry, except for damages arising from Landlord's gross negligence or willful misconduct;
- D. Rights to bring any counterclaim, proceeding, or other cause of action in relation to dispossession, other than compulsory counterclaims; and
- E. To the extent legally permissible, for itself and all persons claiming by, through, or under it, any right of redemption or for the restoration of the operation of this Master Lease under any present or future law in case Tenant is dispossessed for any cause or in case Landlord obtains possession of the Leased Premises as herein provided.

17.7 **Landlord's Right to Perform for Account of Tenant.**

- A. If Tenant Defaults under this Master Lease, Landlord may cure the Default at any time for the account of and at the expense of Tenant, and Tenant will reimburse Landlord for any amount, including reasonable attorneys fees and interest, expended in connection therewith.
- B. If either party seeks enforcement of this Master Lease by litigation and prevails, the non-prevailing party will reimburse the prevailing party for its reasonable attorneys' fees and disbursements reasonably incurred in connection with the litigation.
- C. In addition to all other obligations under this Master Lease, Tenant shall pay interest to Landlord, at the maximum lawful rate, on the amount specified in Sections 17.7.A and 17.7.B above, from the date Landlord incurs the expense until the day reimbursed.

17.8 **Cumulative Rights.**

- A. Landlord's and Tenant's rights and remedies set forth in this Master Lease are cumulative and in addition to any other right and remedy now and hereafter available to Landlord or Tenant by this Master Lease, at law or in equity. Either party may exercise its rights and remedies at any time, in any order, to any extent, or as often as such party deems advisable.

B. A single or partial exercise of a right or remedy will not preclude a further exercise of that or another right or remedy.

C. No action, inaction, delay, or omission by either party in exercising a right or remedy exhausts or impairs the same or constitutes a waiver of, or acquiescence to, a breach of this Master Lease or Default.

D. If either party waives a breach of this Master Lease or a Default, that waiver does not extend to or affect any other breach of this Master Lease or any other Default, nor will it impair any right or remedy with respect thereto.

E. Acceptance by Landlord of Rent after Landlord notifies Tenant of termination does not waive Landlord's right to terminate or pursue any other right and remedy available to Landlord under this Master Lease, at law, or in equity.

17.9 **Landlord's Default.**

A. Landlord's failure to perform any of its obligations under this Master Lease may constitute a default of this Master Lease, in its entirety or as to the particular Leased Premises affected by Landlord's failure to perform, if Tenant notifies Landlord, in writing, of Landlord's failure to perform, and Landlord fails to cure the failure to perform within at least thirty (30) days after Landlord receives Tenant's notice, or such longer period of time as may reasonably be necessary to cure the type of alleged breach under the circumstances, provided that Landlord commences to cure within the initial thirty (30) day period and thereafter diligently pursues completion of such cure. Notice required under this Section must include a description of the particular facts and circumstances alleged giving rise to the alleged breach and the date of commencement of the alleged breach.

B. If Landlord defaults on this Master Lease, Tenant, in addition to any other rights or remedies to which it is entitled at law or in equity, may:

(1) Treat this Master Lease as still in full force and effect continuing to look to Landlord to perform its obligations under this Master Lease but seek damages or equitable relief, or both; or

(2) Terminate this Master Lease, in its entirety or as to the applicable Leased Premises, with thirty (30) days' written notice stating the date on which Tenant will vacate the Leased Premises. If Tenant fails to timely vacate the Leased Premises, Tenant's notice of termination will be deemed void; the Master Lease, in its entirety or as to the applicable Leased Premises, will continue in full force and effect and Landlord will be deemed to have cured any alleged breach.

C. Regardless of which remedy Tenant pursues, **LANDLORD'S LIABILITY FOR DEFAULT UNDER THIS MASTER LEASE, AT LAW OR IN EQUITY, WILL NOT**

EXCEED AN AMOUNT EQUAL TO ONE (1) YEAR'S RENT PAID BY TENANT FOR THE LOCATION IN WHICH LANDLORD WAS FOUND IN DEFAULT.

17.10 **Force Majeure.** If a force majeure occurs, the time that the force majeure delays performance by either Landlord or Tenant will be excluded from the computation of time within which Landlord, Tenant, or both, must perform under this Master Lease. For purposes of this Master Lease, a force majeure is a strike, riot, act of God, shortage of material, war, governmental law, regulation, or restriction, or any other cause of any kind that is beyond the reasonable control of the party owing performance.

ARTICLE XVIII

HOLDING OVER & ESTOPPEL CERTIFICATES

18.1 **Holding Over.** If Tenant remains in possession of the Leased Premises after the expiration of the Lease Term without a new Attachment A or Master Lease executed by both Landlord and Tenant, Tenant will be a "Holdover Tenant." As a Holdover Tenant, Tenant will occupy the Leased Premises on a month-to-month basis with a monthly rental rate equal to the Rent and other charges applicable at the time of the expiration of the Master Lease plus fifty percent (50%) of the sum of such amounts. Further, Tenant will be subject to all conditions, provisions, and obligations of this Master Lease as far as the same are applicable to a month-to-month tenancy.

18.2 **Estoppel Certificates.** Tenant, within ten (10) days of Landlord's request, shall deliver to Landlord an executed, written statement addressed to the party designated in Landlord's request and identifying Tenant and this Master Lease and certifying and confirming, in addition to any information or confirmation Landlord may reasonably require, the following:

- A. That this Master Lease is either unmodified since its execution and in full force and effect, or modified since its execution but still in full force and effect as modified;
- B. That Landlord either is not in default of any of its obligations under this Master Lease or is in default, specifying the default;
- C. Tenant's obligations and restrictions concerning subordination and attornment; and
- D. The Lease Term, Rent Commencement Date, and Expiration Date as to the Leased Premises for which the estoppel certificate applies.

18.3 **Agent-in-Fact.** Tenant's failure to provide an estoppel certificate materially complying with Section 18.2 above is a material breach of this Master Lease through which, in addition to any other right or remedy Landlord may have under this Master Lease, at law, or in equity, *Landlord is hereby irrevocably appointed and authorized as the agent and attorney-in-fact of Tenant to execute and deliver any such written*

statement on Tenant's behalf if Tenant fails to do so within seven (7) days after receiving a written request from Landlord.

ARTICLE XIX

INTERPRETATION, NOTICES & MISCELLANEOUS

19.1 **Severability.** If a court of proper jurisdiction determines that any provision of this Master Lease, or any application of the provision, is invalid or unenforceable, the remainder of this Master Lease, or the applications of the provision that are not invalid or unenforceable, will remain in full force and effect to the fullest extent permitted by law.

19.2 **Captions.** The captions and headings used throughout this Master Lease are for convenience of reference only and do not affect the interpretation of this Master Lease.

19.3 **Merger.** This Master Lease, together with any Attachment A, exhibit, addendum, amendment, or any other document attached to and incorporated into this Master Lease, constitutes the entire agreement between Landlord and Tenant, a complete allocation of risks between them, and a complete and exclusive statement of the terms and conditions of this Master Lease. This Master Lease is merged into by and supersedes all prior written or oral agreements, leases, licenses, negotiations, dealings, and understandings, unless specifically provided otherwise in Appendix 1. Except for changes to the Delivery Window and Delivery Date designated in the applicable Attachment A, no amendment or other modification of this Master Lease will be valid or binding on either Landlord or Tenant unless it is reduced to writing and signed by both Landlord and Tenant.

19.4 **Survival.** The following provisions of this Master Lease survive the termination, for whatever reason, of this Master Lease: Article XIII (Indemnity and Liability), Article XIV (Insurance), Article XV (Confidentiality), Article XVII (Default, Termination, Surrender & Tenant's Liability), Article II (Construction and Acceptance of the Leased Premises) Section 2.4, Article XVIII (Holding Over & Estoppels Certificate) Section 18.1, and Appendix 2.

19.5 **Third Party Beneficiaries.** Nothing in this Master Lease confers, or intends to confer, any rights upon any person or entity not a party to this Master Lease, except for the Indemnitees identified in Article XIII (Indemnity and Liability) Section 13.1.B above.

19.6 **Benefit & Binding Effect.** The terms, provisions, and covenants contained in this Master Lease apply to, inure to the benefit of, and are binding on Landlord and Tenant and their respective heirs, successors, and assignees.

19.7 **Fiduciary Relationship.** This Master Lease does not create a fiduciary relationship between Landlord and Tenant. Any expenditures, investments, or

commitments either party makes in reliance on any present or future business or lease with the other party is done at such party's own risk and without any obligation whatsoever from the other party.

19.8 **No Obligation**. Landlord has no obligation to offer, nor does the course of performance under this Master Lease create any obligation on Landlord to offer, any number of locations for lease to Tenant. Any locations offered for lease to Tenant in accordance with this Master Lease are in the sole and absolute discretion of Landlord. Landlord, in its sole discretion and at any time, may cease offering locations to Tenant, and this Master Lease will continue in full force and effect solely with regard to those Leased Premises for which both Landlord and Tenant have signed an Attachment A. Landlord may lease locations that Landlord might otherwise offer to Tenant under this Master Lease to any party that Landlord chooses including, without limitation, Tenant's competitors. Tenant recognizes and agrees that this Master Lease creates no exclusive rights in Tenant's favor.

19.9 **Independent Contractors**. Nothing contained in this Master Lease creates a partnership, joint venture, principal/agent relationship, or any other relationship other than that of landlord/tenant between Landlord and Tenant.

19.10 **Notice**. Any notice required by this Master Lease must be in writing and delivered either by hand; by commercial courier; or by placing notice in the U.S. mail, certified mail, return receipt requested, properly addressed and with sufficient postage.

A. Notice is deemed received on:

(1) Delivery if by hand;

(2) One (1) business day (Monday through Friday) after deposit with a commercial courier, provided deposit is done timely so as to effect next business day delivery, if by commercial courier; or

(3) Three (3) business days after placing the notice in the U.S. mail, properly addressed and with sufficient postage for certified mail, return receipt requested.

B. Notice intended for Tenant must be sent to the address provided in Appendix 1.

C. Notice intended for Landlord must be sent to: Wal-Mart Stores, Inc., Asset Management, 2001 SE 10th Street, Bentonville, AR 72716-5525, with a copy to: Wal-Mart Stores, Inc., Wal-Mart Stores Division – Legal, Office of the General Counsel, 702 SW 8th Street, Bentonville, AR 72716-0185. Any notices required pursuant to Article VIII (Compliance with Law & Other Requirements), Section 8.2.F must be sent to the addresses provided in that Section.

19.11 **Governing Law**. This Master Lease, and any property or tort disputes between Landlord and Tenant, will be construed and enforced in accordance with the laws of the

State of Arkansas, without regard to the internal law of Arkansas regarding conflicts of law. Neither Landlord nor Tenant may raise in connection therewith, and hereby waive, any defenses based on venue, inconvenience of forum, or lack of personal jurisdiction, in any action or suit brought in accordance with the foregoing.

19.12 **Jurisdiction and Venue**. For any suit, action, or legal proceeding, arising from this Master Lease or from any property or tort dispute between Landlord and Tenant, Landlord and Tenant consent and submit to the exclusive jurisdiction and venue of the state courts of Arkansas situated in Benton County, Arkansas or the federal courts situated in the Western District of Arkansas. **Landlord and Tenant acknowledge that they have read and understand this clause and willingly agree to its terms.**

19.13 **Attorney's Fees**. Except as otherwise provided in this Master Lease, if either party commences an action in a court of law against the other party to enforce the terms of this Master Lease, to declare rights under this Master Lease, or for any other reason related to this Master Lease, each party will pay its own attorney's fees and costs incurred as a result of that action.

19.14 **Broker's Fees**. Tenant represents and warrants that it has not consulted or negotiated with any broker or finder with regard to the Leased Premises. Tenant covenants and agrees to indemnify and hold harmless Landlord from any claims for fees or commissions from anyone with whom Tenant has consulted or negotiated with regard to the Leased Premises.

19.15 **Counterparts**. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. This Agreement may be executed by one or more parties using an electronic signature, which the parties agree shall be binding for all purposes and shall constitute an original signature.

[Signatures on following page]

Signature pages omitted

APPENDIX-1

Basic Lease Terms

The following terms and conditions supplement the terms and conditions set forth in the Master Lease, to which this Appendix-1 attaches and into which this Appendix-1 incorporates. All capitalized terms used in this Appendix-1 shall have the meanings set forth in the Master Lease unless otherwise specifically stated in this Appendix-1.

1. Permitted Use of the Leased Premises:

- a. During the Lease Term of the applicable Leased Premises, Tenant shall use the applicable Leased Premises solely for the purpose of operating as Beauty Salon (the "Permitted User"). Tenant shall operate in a diligent and businesslike manner in conformity with Tenant's standards and policies. During the Lease Term of the applicable Leased Premises, Tenant shall not offer or provide any additional services or products in the Leased Premises, or change the use of the Leased Premises unless previously approved by Landlord, in its sole discretion.

- b. Commencing on the actual Rent Commencement Date and continuing until expiration or termination of the Master Lease as to the applicable Leased Premises, and provided that Tenant is not in Default as to the applicable Leased Premises, Landlord may not lease to a tenant, other than Tenant, space inside the applicable Store for the Primary Permitted Use (as defined in the following sentence). "Primary Permitted Use" means fifty (50%) or more of the retail floor area of the Leased Premises as designated by Tenant for the sale of Beauty Services. Tenant's rights under this Paragraph 1.b shall be null and void, and Tenant will lose all rights herein, if Tenant ceases to use the applicable Leased Premises for the Primary Permitted Use, if Tenant defaults as to the applicable Leased Premises, or if Tenant Transfers the Master Lease, either in its entirety or as to an applicable Leased Premises, or if Tenant sublets all or any portion of any Leased Premises other than as permitted under the Master Lease. Notwithstanding anything herein to the contrary, the following actions shall not constitute a breach by Landlord of this Paragraph 1.c:
 - (1) Any sales by Landlord, or any of Landlord's affiliates, subsidiaries, officers, directors, employees, agents, and any other tenant in the Store whose lease pre-dates the Master Lease;
 - (2)
 - (3)

- c. If Landlord breaches Paragraph 1.b. of this Appendix-1, this Paragraph 1.c shall govern Tenant's sole remedy at law or in equity, and in no event will Landlord be liable to Tenant for any damages even if actual, compensatory, or consequential.
 - (1) Tenant, within thirty (30) days following Tenant's receipt of any facts giving rise to the alleged breach, shall notify Landlord, in writing, of the alleged breach describing with particularity the facts and circumstances giving rise to the alleged breach and the date of commencement of the alleged breach.

- (2) If Landlord fails to cure the alleged breach within at least ninety (90) days following Landlord's receipt of notice, Tenant may terminate the Master Lease as to the applicable Leased Premises with at least sixty (60) days written notice to Landlord, stating the date on which Tenant will vacate the Leased Premises. If Tenant fails to timely vacate the applicable Leased Premises, Tenant's notice of termination will be deemed void; the Master Lease as to the applicable Leased Premises will continue in full force and effect and Landlord will be deemed to have cured any alleged breach of Paragraph 1.c. of this Appendix-1. Tenant waives any right it may have available to it at law or in equity for any claim resulting from Landlord's alleged breach of Paragraph 1.c. of this Appendix-1.
- (3) Tenant shall pay any cost and expense resulting from Tenant's change order(s) including, but not limited to, construction costs, architectural fees, engineering fees, and legal fee.

2. **Leased Premises Specifications:**

- a. Tenant may submit change orders up to one hundred eighty (180) days prior to the applicable Delivery Date.
 - (1) Landlord will use reasonable efforts to comply with change orders received by Landlord more than one hundred eighty (180) days prior to the applicable Delivery Date. Landlord, in its sole discretion, may comply with any change orders Landlord receives from Tenant that is one hundred eighty (180) days or less in advance of the applicable Delivery Date.
 - (2) Tenant, upon execution of the applicable Attachment A, will identify to Landlord the name, title, and contact information of the individual Tenant authorizes to effect change orders for the applicable Leased Premises. Tenant may not modify this designation without written notice to Landlord at least ten (10) days prior to the date on which Tenant desires the change to be effective.
 - (3) Tenant shall pay any cost and expense resulting from Tenant's change order(s) including but not limited to, construction costs, architectural fees, engineering fees, and legal fees.
- b. In addition to its obligations under the Master Lease, Tenant shall clean and maintain the floors of the Leased Premises.
- c. Tenant's obligations under this Section 2 are in addition to, and not in lieu of, Tenant's obligations to prepare the Leased Premises in accordance with Article II of the Master Lease.
- d. Landlord shall deliver the Lease Premises in accordance with the Master Lease.

3. **Trade Name(s):**

4. **Address of Tenant:** All notices required to be sent to Tenant under the Master Lease, or any Appendix, Attachment, Amendment, Exhibit, or other document attached to and incorporated into the Master Lease, must be sent to:

Name of Tenant:	VrajHalie LLC
Attention:	Harmil Patel
Title:	President
Address:	356 Carey Ct. Bloomingdale, IL 60108
Telephone Number:	630-452-4889
Facsimile Number:	
Email Address:	Harmil1@yahoo.com

5. **Advisements:** Notwithstanding anything in the Master Lease to the contrary, Landlord shall not be liable to Tenant for any loss of business or loss of inventory resulting from any interruption whatsoever to the public utilities Landlord provides to the applicable Leased Premises pursuant to the Master Lease, provided such interruption was beyond Landlord's control.
6. **Representations and Warranties:** Tenant represents and warrants that the foundation of its business is the adherence by Tenant, and any franchisee, agent, employee, or sublessee of Tenant, to standards and policies established by Tenant to provide uniformed operation of its business. Tenant covenants that the Leased Premises will be diligently operated in a businesslike manner in accordance with the Master Lease and in conformity with the standards and policies referenced in the preceding sentence.
7. **Tenant's Disclosures and Reports:**
- Tenant shall provide Landlord, on a monthly basis submitted with Tenant's Rent, a list of the Leased Premises identified by Landlord's Store number, physical address, and (if Tenant leases more than one Leased Premises in a single Store) the specific floor location; the date on which each Leased Premises listed opened; whether the Leased Premises is operated by Tenant or by a Sublessee and, if operated by a Sublessee, the name, local and regional business address and phone number of the Sublessee; the phone number to each Leased Premises listed; and, if different from the Hours of Operation required in Article VI of Attachment A [Hours of Operation] for each Leased Premises listed.
 - If Tenant is obligated to pay Landlord Percentage Rent, as designated in each applicable Attachment A to the Master Lease, Tenant will daily submit to Landlord, in each Store in which Tenant operates out of a Leased Premises, daily sales data for the applicable Leased Premises. By the fifth (5th) calendar day of the following month, Tenant shall submit to Landlord a spreadsheet listing sales from the preceding month for each Leased Premises leased under the Master Lease. Sales must be listed according to the applicable Leased Premises and broken down by daily sales (if possible). If Tenant cannot provide a

breakdown of daily sales as required in the preceding sentence, Tenant will provide a breakdown of weekly sales, and if Tenant is unable to provide a breakdown of daily sales and weekly sales, Tenant will provide a breakdown of monthly sales. Upon receipt of this spreadsheet, Landlord will compile the daily sales data Tenant submitted over the course of that month and will calculate the aggregate Percentage Rent due from Tenant for all Leased Premises leased under the Master Lease.

- c. If Tenant is obligated to pay Landlord Percentage Rent, as designated in each applicable Attachment A to the Master Lease, Tenant, at Tenant's expense, shall provide Landlord annually, no later than the last day of the fourth month following Tenant's fiscal year end, an independent certified accountant's report on applying Agreed-Upon-Procedures conducted in accordance with the attestation standards (AT Section 201) established by the American Institute of Certified Public Accountants ("Report"). Said Agreed Upon Procedures shall include a comparison of the Gross Sales based used in the computation of Percentage Rent to the specific journal for each particular location, consistent with the definition of Gross Sales contained in the Lease, and the computation of Percentage Rent based upon the Gross Sales definition.
 - (1) If the Report provided in accordance with this paragraph 7.c. shows evidence of under-reporting of Gross Sales by an amount equal to or greater than three and one-half percent (3.5%) of the total amount of Gross Sales reported.
 - (2) Additionally, Tenant shall pay Landlord as Percentage Rent an amount equal to fourteen percent (14%) of the total amount of Gross Sales under-reported.
 - (3) If the Report provided in accordance with this Paragraph 7.c. shows evidence of over-reporting of Gross Sales by an amount equal to or greater than three and one-half percent (3.5%) of the total amount of Gross Sales reported, Landlord shall immediately reimburse to Tenant the amount over-reported.

8. **Miscellaneous:**

- a. Tenant shall strictly comply with local, state, and national codes and current N.F.P.A. requirements, as periodically updated. Installation of fire extinguishers must be in accordance with applicable codes and requirements and must meet Landlord's insurance underwriter's requirements.
- b. This Appendix-1 attaches to and incorporates into the Master Lease as part of the entire agreement between Landlord and Tenant, as set forth in the Master Lease.
- c. This Appendix-1 may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which, together, shall constitute one and the same instrument. This Agreement may be executed by one or more parties using an electronic signature, which the parties agree shall be binding for all purposes and shall constitute an original signature.

Signature pages omitted

Appendix-2 – Insurance

Tenant shall procure and maintain, in accordance with the Master Lease, the “primary” insurance policies described below in accordance with the below conditions.

1. Worker’s Compensation insurance with statutory limits, or if no statutory limits exist, with minimum limits of \$500,000 per occurrence, and Employer’s Liability coverage with minimum limits of \$1,000,000, for each employee for bodily injury by accident and for each employee for bodily injury by disease. Tenant shall cause Insurer to issue an endorsement providing stopgap insurance in monopolistic states in which a Leased Premises under this Master Lease may be located.
2. Commercial General Liability insurance with a \$3,000,000 minimum limit per occurrence for each Leased Premises leased under the Master Lease or with per location aggregate limits for each Leased Premises leased under the Master Lease.
 - a. The Commercial General Liability policy required under this Paragraph 2 should contain neither exclusion for contractual liability assumed by Tenant in a lease nor any Absolute Pollution exclusion, unless these coverages are provided by a separate policy with minimum limits equal to the Commercial General Liability policy limits required by this Paragraph 2.
 - b. Any policy obtained to satisfy the obligations of this Paragraph 2 must list as Additional Insureds the parties described below in Paragraph 5.
 - c. Tenant shall submit to Landlord, no later than thirty (30) days after the actual Rent Commencement Date, Certificates of Insurance and endorsements evidencing Tenant’s compliance with this Paragraph 2.
3. Business Automobile Liability insurance with minimum combined single limits of \$500,000 covering liability arising out of the operation of owned, hired, and non-owned vehicles.
4. Tenant may satisfy the minimum limits required in Paragraphs 1 and 2, above, by procuring and maintaining, in accordance with Article XIV of the Master Lease, Umbrella/Excess Liability insurance on an umbrella basis, in excess over, and no less broad than the primary liability coverage; with the same inception and expiration dates as the primary liability coverage it is in excess of; with minimum limits necessary to satisfy the required primary minimum limits; and which “drop down” for any exhausted aggregate limits of the primary liability coverage. Tenant shall cause Insurer to issue an endorsement to any policy Tenant procures in satisfaction of its obligations in this paragraph providing per location per occurrence limits or per location aggregate limits for each Leased Premises leased under this Master Lease and listing as Additional Insured the parties described below in Paragraph 5.
5. Additional Insureds are Wal-Mart Stores, Inc., its Subsidiaries and its Affiliates, and the directors, officers, shareholders, employees, agents, and representatives, and the respective successors and assigns of each, and any party Landlord has a contractual obligation to indemnify for Claims in connection with the Store or the Leased Premises.

[signature page omitted]

EXHIBIT G

LIST OF OPENED FRANCHISEES December 31, 2022

Name	Address	City and State	Zip Code	Phone Number	Email Address
1. Utkarsh Patel	18551 N 83rd Ave.	Glendale, AZ	85308	813-951-0222	wmbam2021@gmail.com
2. Deena Mali	5010 N 95th Ave	Glendale, AZ	85305	602-502-8073	deena.gajjar@gmail.com
3. Mina Suthar	5250 W. Indian School	Phoenix, AZ	85031	908-274-6146	minasuthar0256@gmail.com
4. Anupama Kohli	40580 Albrae Street	Fremont, CA	94538	510-673-4492	Llrudrak@gmail.com
5. Nimesh Solanki	3223 E. Hammer Lane	Stockton, CA	95212	510-468-7224	Nimeshsolanki@yahoo.com
6. Pooja Sreshtha	6101 S. Aurora Parkway	Aurora, CO	80016	303-883-1884	Pooz_shr@hotmail.com
7. Kopila Neupane	9400 E Hampden Ave.	Denver, CO	80231	720-394-6189	kopilaneupane154@yahoo.com
8. Reshma Isani	11110 Causeway Blvd.	Brandon, FL	33511	404-429-0506	jubileeacc@gmail.com
9. Utkarsh Patel	550 US Highway 27	Clermont, FL	34714	813-951-0222	wmbam2021@gmail.com
10. Utkarsh Patel	5800 US Highway 98 N	Lakeland, FL	33809	813-951-0222	wmbam2021@gmail.com
11. Vaishali Gheewala	10500 W Colonial Dr	Ocoee, FL	34761	386-334-0174	vaishugheewala@yahoo.com
12. Utkarsh Patel	4001 SE Federal Hwy	Stuart, FL	34997	813-951-0222	wmbam2021@gmail.com
13. Moyees Merchant	3795 Buford Highway	Buford, GA	30519	404-723-1396	moyeesm@gmail.com

14. Firozali Hirani	7001 Concourse Pkwy	Douglasville, GA	30134	678-508-1191	jubileeacc@gmail.com
15. Moyees Merchant	2635 Pleasant Hill Road	Duluth, GA	30096	404-723-1396	moyeesm@gmail.com
16. Kinjal Patel	751 W. Ogelthorpe	Hinesville, GA	31313	912-656-3075	Jitupatel4412@yahoo.com
17. Moyees Merchant	5401 Fairington Road	Lithonia, GA	30038	404-723-1396	moyeesm@gmail.com
18. Moyees Merchant	3245 Lawrenceville SuwaneeRoad	Sewanee, GA	30024	404-723-1396	moyeesm@gmail.com
19. Reshma Samnani	5600 N Henry Blvd	Stockbridge, GA	30281	678-508-1191	jubileeacc@gmail.com
20. Moyees Merchant	1825 Rockbridge Road, SW	Stone Mountain, GA	30087	404-723-1396	moyeesm@gmail.com
21. Vishnubhai Patel	314 W. Army Trail Road	Bloomington, IL	60108	708-407-0915	shubhbeauty1553@gmail.com
22. Hemant Goswami	2080 N. State Road 50	Bradley, IL	60914	312-989-0044	Goswamihemant17@gmail.com
23. Nitinkumar Patel	2610 N. Prospect Avenue	Champaign IL	61822	773-716-8698	nitin3121@yahoo.com
24. Nitinkumar Patel	4005 167 th Street	Country Club Hills, IL	60478	773-716-8698	nitin3121@yahoo.com
25. Shnehal Patel	2189 75th St.	Darien, IL	60561	773-961-9753	shnehalpatel@yahoo.com
26. Bina K. Patel	2300 Sycamore Road	DeKalb, IL	60115	630-278-1966	shubhbeauty.dekalb@gmail.com
27. Nilam Patel	1401 II- Route 59	Joliet, IL	60431	815-514-1816	nilampatel_2001@yahoo.com
28. Gayatri Patel	2424 Jefferson St	Joliet, IL	60435	732-874-3288	ggpatel2003@gmail.com
29. Amir Haq	2000 Orchard Road	Montgomery, IL	60538	847-338-3096	amir.m.haq@gmail.com

30. Shnehal Patel	2552 W. 75 th St.	Naperville, IL	60564	773-961-9753	shnehalpatel@yahoo.com
31. Nitinkumar Patel	300 Greenbriar Drive	Normal, IL	61761	773-716-8698	nitin3121@yahoo.com
32. Devyani Patel	7219 Walton Street	Rockford, IL	61108	312-451-2772	nitin1711@sbcglobal.net
33. Pradhyum Patel	3626 W. Touhy Avenue	Skokie, IL	60076	773-787-7109	Prady.patel1998@gmail.com
34. Priti Patel	3900 Fountain Square Place	Waukegan, IL	60085	708-821-0109	omi_shekhda@yahoo.com
35. Gayatri Patel	1351 Veterans Pkwy	Clarksville, IN	47129	732-874-3288	ggpatel2003@gmail.com
36. Avaniben Patel	401 N. Burhardt Road	Evansville, IN	47715	419-543-6029	apatel042016@gmail.com
37. Alis Patel	8300 E. 96 th Street	Fishers, IN	46037	312-259-2402	alish112014@gmail.com
38. Alis Patel	5311 Coldwater Road	Fort Wayne, IN	46825	312-259-2402	alish112014@gmail.com
39. Mahendrakumar Patel	100 5 th Avenue	Hammond, IN	46320	773-615-6148	mikepatel1975@gmail.com
40. Alis Patel	4650 S. Emerson Ave.	Indianapolis, IN	46203	312-259-2402	alish112014@gmail.com
41. Kunjalkumar Patel	3221 W. 86 th Street	Indianapolis, IN	46268	317-340-1414	rk191985@yahoo.com
42. Kunjalkumar Patel	7325 N. Keystone Avenue	Indianapolis, IN	46236	317-340-1414	rk191985@yahoo.com
43. Bakul Patel	4545 Lafayette Road	Indianapolis, IN	46254	732-874-3018	bakulpatel_1985@yahoo.com
44. Bakul Patel	10716 E. Washington Street	Indianapolis, IN	46229	732-874-3018	bakulpatel_1985@yahoo.com
45. Bakul Patel	10735 Pendleton Pike	Lawrence, IN	46254	732-874-3018	bakulpatel_1985@yahoo.com

46. Mahendrakumar Patel	2936 E 79 th Ave	Merrillville, IN	46410	773-615-6148	mike.patel1975@gmail.com
47. Sarojben Patel	1555 US-41	Schererville, IN	46375	773-306-8942	niteshpatel1019@gmail.com
48. Gayatri Patel	2400 Morthland Dr	Valparaiso, IN	46383	732-874-3288	ggpatel2003@gmail.com
49. Manishaben Chaudhari	1334 Flammang Dr	Waterloo, IA	50702	732-533-4483	mchaudhari85@yahoo.com
50. Alis Patel	150 Walton Avenue	Bowling Green, KY	42104	312-259-2402	alish112014@gmail.com
51. Seema Patel	100 Walmart Drive	Elizabeth town, KY	42701	812-704-0875	Shubhbeauty709@gmail.com
52. Kamleshkumar Patel	7101 Cedar Springs Boulevard	Louisville, KY	40291	708-408-2847	Ken88patel@yahoo.com
53. Ronak Brahmbhatt	177 Washington Dr.	Somerset, KY	42501	773-939-7093	Ronak7093@gmail.com
54. Ayesha Moinuddin	3451 Nelson Rd	Lake Charles, LA	70605	225-362-8264	Shubhbeauty1204@gmail.com
55. Navinkumar Patel	3601 Washington Blvd.	Arbutus, MD	21227	443-310-4200	npatel83@yahoo.com
56. Shailesh Mainali	6420 Petrie Way Road	Baltimore, MD	21237	443-766-8831	Shaileshmainali@gmail.com
57. Mosami Saywack	1 Frankel Way	Cockeysville, MD	21030	443-799-5739	msaywack4@gmail.com
58. Mosami Saywack	2399 North Point Blvd.	Dundalk, MD	21222	443-799-5739	msaywack4@gmail.com
59. Navinkumar Patel	6721 Chesapeake Center Drive	Glen Burnie, MD	21060	443-310-4200	npatel83@yahoo.com
60. Navinkumar Patel	8118 Perry Hills Road	Nottingham MD	21236	443-310-4200	npatel83@yahoo.com
61. Navinkumar Patel	407 George Claus Blvd.	Severn, MD	21144	443-310-4200	npatel83@yahoo.com

62. Hiralben Ahir	333 Main Street	Tewksbury, MA	01876	551-556-9522	maa.innovation@live.com
63. Niharika Patel	25 Tobias Boland Way	Worcester, MA	01607	347-842-6085	diyabeautyllc@gmail.com
64. Pooja Patel	4000 S Bolger Rd	Independence, MO	64055	708-580-9080	somil301@yahoo.com
65. Renuka Patel	1050 W. Edgar Road	Linden, NJ	07036	732-910-2842	rbpatel179@gmail.com
66. Kiran Patel	900 Springfield Road	Union, NJ	07083	201-467-1426	threadingbrowbar@gmail.com
67. Dipti Thakkar	965 Broadhollow Rd.	Farmingdale, NY	11735	516-286-1074	kiran.mthakkar@gmail.com
68. Dipti Thakkar	1850 Veterans Mmorial Highway	Islandia, NY	11749	516-286-1074	kiran.mthakkar@gmail.com
69. Tayyaba Raheel	901 Boulevard East	Yaphank, NY	11980	631-704-5224	tayyabaraheel433@gmail.com
70. Pinal Naik	1550 Skibo Rd.	Fayetteville, NC	28303	317-902-1393	labhbeauty7@gmail.com
71. Ria Patel	121 Elmsley Street	Greensboro, NC	27406	317-712-6764	riapatel112014@gmail.com
72. Ria Patel	4424 W. Wendover Avenue	Greensboro, NC	27407	317-712-6764	riapatel112014@gmail.com
73. Alis Patel	4500 Fayetteville Road	Raleigh, NC	27603	312-259-2402	alish112014@gmail.com
74. Namrata Patel	4431 New Bern Avenue	Raleigh, NC	27610	919-973-9750	ncbeautyinc@gmail.com
75. Namrata Patel	1725 New Hope Church Rd.	Raleigh, NC	27609	9919-973-9750	ncbeautyinc@gmail.com

76. Niharika Patel	320 E Hanes Mill Rd	Winston-Salem, NC	27105	617-259-8018	richbeautyllc@gmail.com
77. Alis Patel	1091 Millcreek Rd.	Allentown, PA	18106	312-259-2402	alish112014@gmail.com
78. Niharika Patel	51 Silver Spring Street	Providence, RI	02904	617-259-8018	3301pvdribeauty@gmail.com
79. Utkarsh Patel	8400 Highway 64	Bartlett, TN	38133	813-951-0222	wmbam2021@gmail.com
80. Sharda Patel	3050 Wilma Rudolph Boulevard	Clarksville, TN	37040	615-424-0177	Perfumeparadise1000@yahoo.com
81. Pratik Chaudhari	1680 Fort Campbell Blvd	Clarksville, TN	37042	641-895-6655	Pratikchaudhari12@yahoo.com
82. Priya Naik	7044 Charlotte Pike	Nashville, TN	37209	502-298-0789	priyanaik1676@yahoo.com
83. Sajida Ahmed	8520 N Beach St	Fort Worth, TX	76244	650-450-6531	SajidaAhmed26@gmail.com
84. Diya Desai	16066 State Highway 121	Frisco, TX	75035	630-267-8877	diya.sharma249@gmail.com
85. Laxmi Bhandari	12220 FM 423	Frisco, TX	75033	214-864-2115	shyam_devkota@hotmail.com
86. Thir Maya Sedai Kunwar	190 E. Round Grove Road	Lewisville, TX	75067	415-265-3347	kunwar415@gmail.com
87. Pooja Gupta	5885 Kingstowne Blvd.	Alexandria, VA	22315	202-836-0552	pooj.8136@gmail.com
88. Shubhi Sethi	14000 Worth Ave	Woodbridge, VA	22192	703-303-4763	shumoglobal@gmail.com
89. Pradhyum Patel	3355 S. 27 th Street	Milwaukee, WI	53215	773-787-7109	prady.patel1998@gmail.com

* Three more franchises opened in 2023 before the date this Disclosure Document was issued.

Prem Bansal	2150 Wilkes Barre Twmsp Blvd	Wilkes-Barre, PA	18702	570-817-2975	yashuvani2@gmail.com
Alpesh Patel	401 River Rd	East Peoria, IL	61611	217-419-2914	alps_18383@yahoo.com
Manishaben Chaudhari	5101 SE 14th St	Des Moines, IA	50320	732-533-4483	shubhbeautydsm@gmail.com

EXHIBIT H

STATE EFFECTIVE DATES

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

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

California	Effective Date: <u>pending</u>
Hawaii	Effective Date: _____
Illinois	Effective Date: <u>pending</u>
Indiana	Effective Date: <u>pending</u>
Maryland	Effective Date: <u>pending</u>
Michigan	Effective Date: _____
Minnesota	Effective Date: _____
New York	Effective Date: <u>pending</u>
North Dakota	Effective Date: _____
Rhode Island	Effective Date: <u>pending</u>
South Dakota	Effective Date: _____
Virginia	Effective Date: <u>pending</u>
Washington	Effective Date: _____
Wisconsin	Effective Date: <u>pending</u>

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

EXHIBIT I

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 SHUBH FRANCHISE LLC offers you a franchise, SHUBH FRANCHISE LLC must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale unless otherwise stated in your state's addendum.

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

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

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

The Franchisor is SHUBH FRANCHISE LLC, located at Addison, Illinois. Its telephone number is (844) SHUBH BEAUTY.

The franchise seller for this offering is Harmil Patel, Manager of SHUBH FRANCHISE LLC, 240 E. Lake Street, Suite 210, Addison, Illinois 60101. His telephone number is (844) SHUBH BEAUTY.

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

Issuance Date: March 21, 2023

I have received a Franchise Disclosure Document dated March 21, 2023 including the following exhibits on the date listed below:

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

- F. Sublease for Walmart Store Premises and Exhibits
- G. List of Currently Opened Franchisees
- H. State Effective Page
- I. Receipts

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

FDD received Date: _____

Prospective Franchise Signature: _____

Prospective Franchisee Name: _____

Return to:
Shubh Franchise LLC
240 E. Lake Street, Suite 210
Addison, IL 60101
(Copy # 1)

Receipt

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

If SHUBH FRANCHISE LLC offers you a franchise, SHUBH FRANCHISE LLC must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale unless otherwise stated in your state's addendum.

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

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

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

The Franchisor is SHUBH FRANCHISE LLC, located at Addison, Illinois. Its telephone number is (844) SHUBH BEAUTY.

The franchise seller for this offering is Harmil Patel, Manager of SHUBH FRANCHISE LLC, 240 E. Lake Street, Suite 210, Addison, Illinois 60101. His telephone number is (844) SHUBH BEAUTY.

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

Issuance Date: March 21, 2023

I have received a Franchise Disclosure Document dated March 21, 2023 including the following exhibits on the date listed below:

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

- F. Sublease for Walmart Store Premises and Exhibits
- G. List of Currently Opened Franchisees
- H. State Effective Page
- I. Receipts

Please sign and print your name below, date and return one copy of this receipt to Harmil Patel at the below address and keep the other for your records.

FDD received Date: _____

Prospective Franchise Signature: _____

Prospective Franchisee Name: _____

Return to:
Shubh Franchise LLC
240 E. Lake Street, Suite 210
Addison, IL 60101
Copy #2