

FRANCHISE DISCLOSURE DOCUMENT

RP Illusions, Corp.

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Under this Disclosure Document, we offer a franchise for the operation of a facility offering interactive, immersive and fun experiences driven by illusions and tricks that teach you about vision, perception, the human brain, and science, operating under the name “Museum of Illusions”. Museum of Illusions facilities operate using the franchisor’s proprietary marks, proprietary recipes, system and trade secrets.

The total investment necessary to begin operation of a standard Museum of Illusions franchise is \$1,935,500 to \$6,552,500. This includes between \$175,000 and \$220,000 that is to be paid to the franchisor and/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 the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Domagoj Duvnjak at Radnička cesta 43, 10000 Zagreb, Croatia, and +385 91 603 7645 and domagoj.duvnjak@museumofillusions.com.

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

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

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

Issuance Date: July 30, 2025

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit 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 Museum of Illusions 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 Museum of Illusions franchisee?	Item 20 or Exhibit C 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 Arizona. Out-of-state 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 Arizona than in your own state.
- 2) **Spousal Liability.** Your spouse will be liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

Michigan Cover Page

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(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 protection 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 subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

(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 the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, 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 endorsement by the attorney general.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

**RP ILLUSIONS, INC. FRANCHISE DISCLOSURE DOCUMENT
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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND
AFFILIATES

The Franchisor

The Franchisor is RP Illusions, Corp. For ease of reference RP Illusions, Corp. will be referred to as “we”, “us”, “our”, or “Franchisor” in this Disclosure Document. We will refer to the person or entity who signs the Franchise Agreement as “you” throughout this Disclosure Document. If you are a corporation or other legal entity, certain provisions of the Franchise Agreement apply to your “Owners” and “Principal Owners” (defined below) and will be noted.

We are a Delaware corporation incorporated on November 21, 2017. We do business under our corporate name and under the name “Museum of Illusions”. Our principal business address is 7975 N. Hayden Road, Suite D-280, Scottsdale, Arizona 85258. We are engaged in the business of granting and supporting franchises to franchisees under the “Museum of Illusions” trade name and trademark. We have no other business activities. We began offering franchises in the United States in January 2018. We have never offered franchises in any other line of business. Our agents for service of process are listed in Exhibit A.

We do not operate any of the Franchises, however, we have certain affiliates that do own and operate the Franchises. We consider these affiliate-operated locations “Company” locations and disclose them as such in Item 20.

Our Parent, Predecessors and Affiliates

We have no predecessors.

Our parent is Metamorfoza d.o.o., a Croatian corporation headquartered at Radnicka Cesta 43, 10000 Zagreb, Croatia (“Parent”). Our Parent has offered franchises internationally since May 2016, and it has Museum of Illusions franchisees operating in Europe, Asia and the Middle East. Our Parent owns the proprietary marks, described in Item 13 and has licensed the proprietary marks to us so that we may sublicense these proprietary marks to our franchisees. Our Parent is also the approved supplier of certain of the merchandise that you will use in and sell from your franchised business.

In July 2021, Invera Investments Cooperatief, a Dutch company, purchased the majority of the stock of our Parent. As a result of this transaction, a new Board of Directors was appointed and ratified in August 2021. Invera Investments has not offered franchises in this or any other line of business and does not provide products or services to our franchisees.

Through our affiliates, we have Museum of Illusions businesses operating in Denmark, the United Kingdom, and the United States.

The Franchise Offered

The “Franchise” offered by this Disclosure Document is for the right to own and operate a Museum of Illusions facility according to the terms of our “Franchise Agreement” which is attached to this Disclosure Document as Exhibit B. A Museum of Illusions facility offers interactive, immersive and fun experiences driven by illusions and tricks that teach you about vision, perception, the human brain, and science (“Franchised Business”). A typical Franchised Business has at least 7,500 square feet of space. You may not operate any business from the premises of the Franchised Business other than a Museum of Illusions business.

Franchised Businesses are established and operated under a comprehensive and unique proprietary system (the “System”). The System includes distinctive signage, interior and exterior design, décor and color scheme; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures; training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop, in our discretion. Certain aspects of the System are more fully described in this Disclosure Document and in the Confidential Operations Manual, which you should expect to evolve over time, and which is loaned to you as our franchisee.

Franchised Businesses use certain trademarks, service marks, and commercial symbols, including the mark “Museum of Illusions,” all of which we may modify periodically and which you should also expect to evolve over time. A certain facility design, décor and image, and certain associated logos (collectively the “Marks” or “Proprietary Marks”) are required for your Franchised Business.

Because a Franchised Business requires franchisees and their employees to work directly with children, you must pass our rigorous screening process. You must make sure that all of your employees also pass the same rigorous screening process. You may not employ anyone who has been convicted of a felony crime or a crime against a child.

Market and Competition

Franchised Businesses offer their products and services to the general public. The market for the products and services that will be offered by your Franchised Business is emerging. Your Franchised Business will compete with other similar entertainment venues for children, adults and their families, some of which may be regional or national in scope and may be franchise systems.

Industry Specific Laws and Regulations

You should consult with your attorney and local, state, and federal government agencies before investing in a franchise to determine all of the legal requirements that you must comply with and consider their impact on you and the cost of compliance. Building codes and requirements vary in different jurisdictions and it is important for you and your architect to be aware of and comply with all local laws as well as the federal laws including the Americans with Disabilities Act. You may also be subject to certain health and safety requirements. You should check with your local attorney for advice on complying with applicable law before you purchase a franchise and during the operation of your Franchised Business. You must investigate and satisfy and stay current on all local, state, and federal laws and regulations since they vary from place to place and can change over time.

You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your business, including employment, workers' compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your business. You should independently research and review the legal requirements for the operation of the Franchised Business with your own attorney before you sign any binding documents or make any investments.

ITEM 2 BUSINESS EXPERIENCE

Luka Novak - Director

Luka Novak has been our Director since April 2022 and has been Chief Development Officer of our Parent since October 2021. From January 2019 to October 2021, Mr. Novak was Executive Director of Bright d.o.o. in Zagreb, Croatia.

Ivan Stipančić - Director

Ivan Stipančić has been our Director since April 2022 and has been Chief Financial Officer of our Parent since August 2021. From August 2019 to July 2021, Mr. Stipančić was Head of Finance & Market Intelligence for ELEM Biotech SL in Barcelona, Spain.

Domagoj Duvnjak – Business Development Manager

Domagoj Duvnjak became our Business Development Manager in September 2024. Domagoj was our Parent's Franchise Development Manager From September 2022 to September 2024 in Zagreb, Croatia. From July 2021 to September 2022, Domagoj was the Retail Manager at GLOVOAPP TECHNOLOGY d.o.o. in Zagreb, Croatia. From July 2019 to July 2021, Domagoj was the Business Development Verticals Manager at Delivery Hero Croatia d.o.o. in Zagreb, Croatia.

Kim Schaefer – Chief Executive Officer

Kim Schaefer holds the title of Chief Executive Officer beginning in 2024. From December 2020 to now Ms. Schaefer is a Member of the Board of Directors for United Parks and Resorts in Orlando, Florida. From July 2020 to now Ms. Schaefer is the Board of Director of Hall of Fame Village in Canton Ohio. Previously, Kim was the President of Two Bit Circus in Los Angeles, CA from October 2017 until January 2024.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee:

You must pay us an initial franchise fee of \$100,000 which is payable in a lump sum when you sign the Franchise Agreement. The initial franchise fee is imposed uniformly on all franchisees and is not refundable under any circumstances.

Initial Training and Opening Assistance:

You will have up to 10 days after you receive notification from us in which you must pay us for travel and living expenses for three of our representatives to provide initial training and opening assistance at your Franchised Business for a total of up to five days. We estimate the cost will be between \$15,000 and \$20,000. This amount is not refundable.

Initial Purchases:

You must purchase from our Parent your initial supply of merchandise. The estimated cost of your initial supply of merchandise is between \$35,000 and \$70,000, which is payable to our Parent no later than 30 days after you sign the Franchise Agreement. If, for some reason, our Parent is unable to complete delivery of the merchandise, the amount you paid is refundable.

Drawings:

You must pay our Parent to develop construction plans for the Site to ensure compliance with our specifications, which is payable in a lump sum when you sign the Franchise Agreement. The amount of this fee will range from about \$100,000 to \$150,000. This amount is not refundable under any circumstances.

There are no other payments to or purchases from us or our affiliates that you must make before your Franchised Business opens.

**ITEM 6
OTHER FEES**

Fees ⁽¹⁾	Amount	Due Date	Remarks
Royalty Fee ⁽²⁾	15% of Ticket Sales plus 15% of sales generated from event rentals plus 5% of merchandise sales	Payable on the 10 th day of each month, or the next business day	Royalty Fees are calculated based on sales for the previous calendar month. Amounts due will be withdrawn by EFT from your designated bank account.
Brand Development Fee	Not applicable	Not applicable	We do not anticipate forming a Brand Development Fund.
Local Advertising	5% of Total Sales at a minimum, unless agreed otherwise	Must be spent monthly	You will spend this money directly with your local advertising vendors. All advertising must be approved by us before you may use it.
Promotional Campaigns	\$2,000 to \$50,000 per promotion	As incurred	We may require you to participate in certain campaigns, including promoting a new exhibit or optical illusion, prize contests and/or special offers. The amount you spend for these promotional campaigns counts toward your local advertising requirement.

Fees ⁽¹⁾	Amount	Due Date	Remarks
Initial Training (For New or Replacement Employees)	<p>No charge for initial training. You are responsible for reimbursement of the travel expenses for 3 trainers for up to 5 days of training at your location.</p> <p>For replacement employees, we do not currently charge a fee training fee, but we may charge a fee in the future (not to exceed \$1,500 per person). You are responsible for our trainer's travel expenses for training at your location.</p>	When billed	Training for all of your employees is included in the initial franchise fee. If you request that we provide our initial training program to new or replacement employees during the term of your Franchise Agreement, you must pay our then-current training fee as well as the trainer's expenses, including travel, lodging, meals and wages.
Remedial Training	<p>Our then-current per diem rate per trainer, plus expenses.</p> <p>We do not currently charge a fee, but we may charge a fee in the future (not to exceed \$1,500 per diem) that will be included in the Operations Manual</p>	When billed	If you request or we require remedial training at your Franchised Business, or if we determine that additional training is necessary, you must pay our per diem for each trainer we send to your Franchised Business, and you must reimburse each trainer's expenses, including travel, lodging and meals.

Fees ⁽¹⁾	Amount	Due Date	Remarks
Refresher Training	No cost, as we expect to provide this training remotely	As incurred	We will hold periodic refresher training regarding new exhibits, products, advertising campaigns, and similar items. We may designate that attendance is mandatory for you, your Museum Director, Sales Manager, Museum Manager and other personnel.
Interest on Overdue Amounts	1.5% per month or the highest rate allowed by applicable law, whichever is less	On demand	Interest may be charged on all overdue or late amounts. Interest accrues from the original due date until the amount is paid in full.
Insufficient Funds Fee	\$100 per occurrence	On demand, if incurred	Payable if you do not have sufficient funds in your account to pay fees owed to us when due. This fee is in addition to any interest you may owe on an overdue amount. If you incur three insufficient funds fees in any 12-month period, we have the right to terminate your Franchise Agreement.
Audit Fee	Cost of audit (estimated to be between \$5,000 and \$15,000)	When billed	Payable only if we find, after an audit, that you have understated any amount you owe to us or Total Sales by 2% or more. You must also pay the understated amount plus interest.
Prohibited Product or Service Fine	\$1,000 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us

Fees ⁽¹⁾	Amount	Due Date	Remarks
Transfer Fee	50% of our then-current initial franchise fee, subject to state law	Submitted with transfer application	No fee charged to an individual or partnership franchisee that transfers its rights, one time only, to a corporate entity controlled by the same interest holders.
Successor Agreement Fee	50% of our then-current initial franchise fee	Not applicable	We do not currently charge a fee when you sign a successor Franchise Agreement.
Costs and Attorneys' Fees	Will vary under circumstances	On demand	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating your Franchise Agreement.
Indemnification	Will vary under circumstances	On demand	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Business or for costs associated with defending claims that you used the Marks in an unauthorized manner.
System Updates	Will vary under circumstances	As incurred	You must periodically update and/or change out optical illusions exhibits and other exhibits at your Franchised Business according to our instructions.

Fees ⁽¹⁾	Amount	Due Date	Remarks
Repair, Maintenance, and Remodeling/Redecorating	Will vary under circumstances	As incurred	Payable to approved suppliers. You must regularly clean and maintain your Franchised Business to our standards. When you enter into a successor Franchise Agreement, we may require you to remodel or redecorate your Franchised Business to meet our then-current image for all Museum of Illusions businesses. We will not require you to remodel or redecorate your Franchised Business more frequently than every five years. Remodeling and/or redecorating is in addition to adding or changing exhibits and optical illusions, as described above in System Updates.
Insurance Premiums	Reimbursement of premium costs plus a 10% administrative fee	Within 15 days after demand for payment	If you fail to maintain the required insurance coverages, we may (but are not required to) obtain insurance on your behalf.
Management Fee	10% of Total Sales, plus expenses	If incurred	We have the right to step in and manage your Franchised Business in certain circumstances, including your death, disability or prolonged absence.

Fees ⁽¹⁾	Amount	Due Date	Remarks
Liquidated Damages (3)	Average Monthly Royalty Fees and Brand Development Fees owed for the 12 months before the earlier of your closure of the Franchised Business or our termination of your Franchise Agreement, multiplied by 24 (or if less than 24 months remaining in the term, multiplied by the number of months remaining in the franchise term).	On demand	Due only if we terminate the Franchise Agreement before it expires, in which case you must pay us liquidated damages related to the early termination. This amount is intended to reflect damages to us if your Franchise Agreement is terminated by us based on your default.
Merchandise Inventory	Minimum of \$20,000 per order from Thailand stock; Maximum of \$4,000 per order from Zagreb stock	As incurred	You must purchase a continuing supply of merchandise - at least 500 units - to be offered at your gift shop from our Parent. Our Parent has factory locations in Thailand and in Zagreb, Croatia.
Computer System Maintenance	Up to \$2,000	Annually	Payable to suppliers. This fee includes your costs to maintain your website with updated copy, photographs and news stories about your Franchised Business.
Security System Maintenance	Up to \$1,000	Annually	Payable to supplier

1. All fees described in this Item 6 are non-refundable. Except as otherwise indicated in the preceding chart, we uniformly impose all fees and expenses listed and you must pay them to us. Except as specifically stated above, the amounts given may be due to changes in market conditions, our cost of providing services and future policy changes. These fees are not negotiable. At the present time we have no plans to increase payments over which we have control.

2. For the purposes of determining the fees to be paid under the Franchise Agreement, "Ticket Sales" will mean sales derived from sales of entrance tickets to the Franchised Business. "Total Sales" is the total of Ticket Sales, event rentals, and merchandise sales, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, Total Sales will be determined based on the records of the point-of-sale system and any cash shortage will not be considered in the determination. Total Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments. We may authorize certain other items to be excluded from Total Sales. Any exclusion may be revoked or withdrawn at any time by us.

The Royalty Fee will be withdrawn from your designated bank account by electronic funds transfer ("EFT") on the 10th day of each month based on sales for the preceding calendar month. If the 10th day of any month is not a business day, then payment is due on the next business day. You must report Ticket Sales and Total Sales to us on a daily basis. If you do not report sales so that we may calculate your monthly Ticket Sales and Total Sales, we may debit your account for 120% of the last Royalty Fee that we debited. If the Royalty Fee we debit is less than the Royalty Fee you actually owe us, once we have been able to determine the true and correct sales for your Franchised Business, we will debit your account for the balance on a day we specify. If the Royalty Fee we debit is greater than the Royalty Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account for the next payment due.

If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

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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
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$100,000	\$100,000	Lump Sum	On signing Franchise Agreement	Us
Initial Training and Opening Assistance Expenses ⁽¹⁾	\$15,000	\$20,000	Lump Sum	10 days after our request	Us
Rent – 3 Months ⁽²⁾	\$30,000	\$250,000	As determined by Landlord	Before opening	Landlord
Security Deposits ⁽³⁾	\$20,000	\$1,000,000	As arranged	As arranged	Landlord, Utility Companies
Leasehold Improvements ⁽⁴⁾	\$1,250,000	\$4,000,000	As arranged	As arranged	Approved Contractors
Exhibits ⁽⁵⁾	\$200,000	\$450,000	As arranged	As arranged	Approved Suppliers
Equipment, Furnishings and Fixtures ⁽⁶⁾	\$25,000	\$70,000	As arranged	As arranged	Approved Suppliers
Computer System ⁽⁷⁾	\$2,000	\$15,000	As arranged	As arranged	Approved Suppliers
Website Set-Up ⁽⁷⁾	\$7,500	\$7,500	As arranged	As arranged	Approved Supplier
Insurance – 3 Months ⁽⁸⁾	\$1,000	\$15,000	As arranged	As arranged	Insurance Companies
Permits and Licenses ⁽⁹⁾	\$5,000	\$50,000	As arranged	As arranged	Government Agencies
Initial Inventory ⁽¹⁰⁾	\$35,000	\$70,000	As arranged	As arranged	Our Parent and Approved Suppliers
Signage ⁽¹¹⁾	\$15,000	\$30,000	As arranged	As arranged	Approved Suppliers
Grand Opening Advertising ⁽¹²⁾	\$50,000	\$100,000	As arranged	As arranged	Approved Suppliers
Architect and Design Fees ⁽¹³⁾	\$100,000	\$150,000	As arranged	As arranged	Our Parent or designated Architect and/or Designer
Professional Fees ⁽¹⁴⁾	\$5,000	\$25,000	As arranged	As arranged	Attorney, Accountant
Additional Funds – 3 months ⁽¹⁵⁾	\$75,000	\$200,000	As arranged	As incurred	Various
Total ⁽¹⁶⁾	\$1,935,500	\$6,552,500			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable and the initial inventory fees are partially refundable in certain circumstances. We do not finance any portion of your initial investment.

Notes:

1. ***Initial Franchise Fee; Initial Training and Opening Assistance.*** These fees are discussed in Item 5.

2. ***Rent.*** If you do not own adequate property, you must lease the property for your business. The minimum size for a standard Museum of Illusions business is 7,500 square feet. The costs will vary widely and may be significantly higher than projected in this table depending on factors such as property location, population density, economic climate, prevailing interest rates and other financing costs, conditions of the property and extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish your Franchised Business.

Landlords may vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, the lease may require you to pay common area maintenance (“CAM Charges”) charges, your pro rata share of the real estate taxes and insurance, and your pro rata share of other charges. The actual amount you pay under the lease will vary depending on the size of the property, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region.

If you choose to purchase real property on which to build your Franchised Business, your initial investment will probably be significantly higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

3. ***Security Deposits.*** We expect that you will need to pay deposits for your local utilities, such as telephone, electricity and gas, and your landlord may require you to pay a security deposit. The amount of your deposits will depend, in part, on your credit rating and the policies of the individual utility companies and the terms of your lease.

4. ***Leasehold Improvements.*** The cost of leasehold improvements will vary depending on many factors, including: (a) the size and configuration of the premises; (b) pre-construction costs (including demolition of existing walls and removal of existing improvements and fixtures); and (c) cost of materials and labor, which may vary based on geography and location or whether you must use union labor for the build-out of your Franchised Business. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. These costs may also vary depending on whether certain of these costs will be incurred by the landlord or through landlord tenant improvement contributions and the condition of the space before you take

possession of the premises. Our estimate does not include any tenant improvement allowance that you may negotiate.

5. ***Exhibits.*** You must include the exhibits that we specify, such as the Vortex Tunnel, Giant Mirage, Holograms, Molecules, Magic Box, and Head on a Platter.

6. ***Equipment, Furnishings and Fixtures.*** Our estimate includes reception furniture, museum shop displays, back-office furniture (such as desks, chairs and filing cabinets), security system, turnstile gates, etc.

7. ***Computer System; Website Set-Up.*** You must purchase the computer system (including point-of-sales system, software and hardware) that we specify. You must also use the supplier we designate to set up and maintain a Museum of Illusions website that is specific to your Franchised Business.

8. ***Insurance.*** You must have the insurance that we specify for your Franchised Business at all times during the term of your Franchise Agreement. Our insurance requirements are included in Item 8.

9. ***Permits and Licenses.*** Our estimate includes the cost of obtaining local business licenses which typically remain in effect for one year. The cost of these permits and licenses will vary substantially depending on the location of your Franchised Business. You should consult the appropriate governmental authority concerning the availability of required licenses and the associated expenses for your Franchised Business before you sign a Franchise Agreement.

10. ***Initial Inventory.*** Our estimate includes your initial inventory of the merchandise and other gift shop items, as well as basic office supplies, business cards, brochures, and the like.

11. ***Signage.*** These amounts represent your cost for your interior and exterior signage. Your landlord or your local ordinances may have different restrictions it places on interior and exterior signage which may affect your costs.

12. ***Grand Opening Advertising.*** You must conduct a grand opening advertising campaign to promote the opening of your Franchised Business and we must approve your marketing strategies. Your grand opening advertising campaign must be conducted in the period that includes 10 days before and 30 days after your opening.

13. ***Architect and Design Fees.*** Our Parent or designated architect and/or designer will create construction drawings that are specific to your approved location and that incorporate our specifications and requirements. The construction drawings will be submitted to an architect that is local for the Franchised Business, so they may verify that the drawings comply with all applicable ordinances and building codes.

14. **Professional Fees.** We strongly encourage you to retain an attorney and/or an accountant to assist you with evaluating this franchise offering, and with negotiating your lease or purchase agreement for the approved location.

15. **Additional Funds.** This estimates your initial startup expenses for an initial three-month period, not including payroll costs and Royalty Fees, and does not include any revenue that your Franchised Business may earn in the first three months of operation. These figures are estimates only, and we cannot guarantee that you will not have additional expenses starting your business. Your expenses will depend on factors such as how well you follow our methods and procedures, your management skill, the quality of the staff you hire and must manage, experience and business acumen, local economic conditions (such as the local market for our products or services), the prevailing wage rate, competition and the sales level reached during the initial period. These are only estimates, and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations.

16. **Totals.** We relied on our Parent's experience in developing and franchising Museum of Illusions businesses to prepare these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not provide financing arrangements for you. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate the franchise, the cost of financing will depend on your creditworthiness, collateral, lending policies, financial condition of the lender, regulatory environment, and other factors.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

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

To make sure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards and specifications that we prescribe in the Manual or otherwise in writing. You must maintain in sufficient supply and use and sell at all times only those products, materials, and supplies that meet our standards and specifications. You must not deviate from our standards and specifications by the use or offer of non-conforming items, or differing amounts of any items, without obtaining our written consent first. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice in the Manual or otherwise in writing (such as via email) of any changes in our standards and/or

specifications.

You must obtain all supplies, materials, fixtures, furnishings, equipment (including computer system and communication systems), and other products used or offered for sale at the Franchised Business solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications. A complete list of our approved products and suppliers will be included in the Manual and is subject to change over time. We will provide you notice in the Manual or otherwise in writing (such as via email) of any changes to the lists of approved products and approved suppliers.

Currently our Parent is the sole approved supplier of the merchandise you must have in your inventory. Any other products you choose to sell at your gift shop must first be approved by us. Our Parent is also an approved supplier of certain exhibits, as well as gift shop items (including t-shirts, magnets, hoodies, pencils, and books), but you are not required to purchase these other exhibits and gift shop items from our Parent. Our Parent or designated architect and/or designer will create construction drawings that are specific to your approved location. Our Parent has the right to earn a profit from the sale to our franchisees of merchandise and other items for which it is an approved supplier. During the fiscal year ended December 31, 2024, our Parent had total revenues of \$21,415,417.27, of which \$1,966,829.09 (or 9%) was from the sale of products to our Parent's international franchisees.

The following officers listed in Item 2 have a minority, indirect ownership interest (stock options) in our Parent, which is an approved supplier: Luka Novak and Ivan Stipančić. Luka Novak, Ivan Stipančić, and Kim Schaefer also make up the Parent's Board of Directors and therefore control the operations of the Parent.

If you wish to purchase, lease or use any products that we have not previously approved, or purchase or lease from a supplier we have not previously approved, you must submit a written request for approval or you must request the supplier to do so. We do not currently charge a fee for our review of any product or supplier you propose, but we have the right to do so in the future. We must approve any product or supplier in writing before you make any purchases of that product or from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. We have the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. We will notify you in writing within seven days after you have requested our approval whether the proposed product or supplier is, in fact, approved or disapproved. We are not required to make available to you or to any supplier our criteria for product or supplier approval. We are not obligated to approve any specific product or supplier if we believe that approval of that product or supplier is not in the best interests of the System. We may revoke our prior approval of any product or supplier at any time, and after your receipt of written

notice from us regarding our revocation you must stop using that product or stop purchasing from that supplier.

We and/or our affiliates may develop for use in the System certain proprietary products which bear the Marks. Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to your and our benefit that we closely control the production and distribution of those products. Therefore, you will use only our proprietary products and will purchase those items solely from us or from a source designated by us your entire inventory of those products.

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives in which you must participate. We do not provide any material benefit to franchisees for use of designated and approved suppliers or based on franchisees' purchase of particular products or services. When determining whether to grant new, additional or successor franchises, we consider many factors, including your compliance with the requirements described in this Item 8, but your compliance with these requirements does not automatically give you the right to an additional or successor franchise.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Franchised Businesses in our System. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System or the franchised network of Museum of Illusions businesses.

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, "Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all of your right, title, and interest in and to any and all of these Allowances. We or our affiliates may collect and retain any or all of these Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor). For the fiscal year ended December 31, 2024, neither we nor our affiliates earned revenue from Allowances.

All advertising and promotional materials, signs, decorations, paper goods (including all forms and stationery used in the Franchised Business) and other items we designate must bear the Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements in the Manual or

otherwise. You must obtain our approval before you use any advertising and promotional materials and plans if we have not prepared or approved them during the one month before their proposed use. Any advertising and promotional materials you submit to us for our review will become our property.

You must obtain our acceptance of the site for the Franchised Business before you acquire the site. You must also obtain our acceptance of any contract of sale or lease for the Franchised Business before you sign the contract or lease. You must provide us with a copy of the fully signed lease for the accepted premises. We may require you and your landlord to sign a Collateral Assignment of Lease which permits us to assume your lease in certain circumstances, including the termination or expiration of your Franchise Agreement (Attachment 4 to the Franchise Agreement).

Your Franchised Business must be constructed according to plans that our Parent or designated architect and/or designer has prepared and that have been approved by an architect local to the Franchised Business. The local architect may review the plans only as it relates to applicable ordinances and building codes. We have the right to approve the contractor you select, and we have the right to inspect your Franchised Business while it is being constructed. You may not open your Franchised Business for business without our approval.

Before the Franchised Business opens, you must obtain the insurance coverage for the Franchised Business that is required by the terms of your lease and applicable law, and that we specify in the Manual or otherwise in writing. Your insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible, duly licensed carrier or carriers acceptable to us and having a rating of at least "A-" with A.M. Best Company. All insurance must be on an "occurrence" basis. Currently you must maintain the following insurance: (a) general commercial liability insurance with limits of not less than \$1,000,000; (b) any insurance required by the laws of the state where the Franchised Business is located, including workers' compensation insurance; (c) any insurance required by the terms of the lease for the premises; and (d) any insurance we may require in the future.

All insurance policies, except for workers' compensation, must name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds. Also, all insurance policies must state that no less than 30 days' prior written notice will be given to us in the event of a material alteration to or cancellation of the policies. You must provide us with a certificate of insurance showing that you have obtained the required policies not later than 15 days before the Franchised Business opens and upon each policy's renewal. We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We have the right to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes. If you do not obtain any insurance as required, we have the

right (but not the obligation) to purchase insurance on your behalf and you must reimburse our costs related to this purchase plus a 10% administrative fee.

We estimate that your purchases from us or approved suppliers, or that must conform to our specifications, will represent approximately 55% to 60% of your total purchases in establishing the Franchised Business, and approximately 3% to 25% of your total purchases in the continuing operation of the Franchised Business.

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	Article or Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Article 4	Items 8 and 11
(b) Pre-opening purchases/leases	Article 4	Items 5, 7, 8 and 11
(c) Site development and other pre-opening requirements	Article 4	Items 8 and 11
(d) Initial and ongoing training	Article 5	Items 5, 6, 7 and 11
(e) Opening	Article 4	Item 11
(f) Fees	Articles 10, 11, 12, 14, 16, 17 and 19	Items 5, 6, 7 and 11
(g) Compliance with standards and policies/ operating manual	Section 5.4 and Article 11	Items 8 and 11
(h) Trademarks and proprietary information	Articles 6, 7 and 8	Items 13 and 14
(i) Restrictions on products/services offered	Article 11	Item 16
(j) Warranty and customer service requirements	Not applicable	Not applicable
(k) Territorial development and sales quotas	Not applicable	Not applicable
(l) On-going product/service purchases	Article 11	Items 6 and 8
(m) Maintenance, appearance and remodeling requirements	Sections 4.10 and 11.1	Item 6
(n) Insurance	Section 11.9	Items 6, 7 and 8
(o) Advertising	Section 4.8 and Article 12	Items 6, 7, 8 and 11
(p) Indemnification	Section 6.5 and Article 15	Item 6

Obligation	Article or Section in Agreement	Disclosure Document Item
(q) Owner's participation/ management/ staffing	Section 11.8	Items 11 and 15
(r) Records and reports	Article 13	Items 6 and 11
(s) Inspections and audits	Article 14	Items 6 and 8
(t) Transfer	Article 16	Items 6 and 17
(u) Renewal	Article 17	Items 6 and 17
(v) Post-termination obligations	Article 19	Item 17
(w) Non-competition covenants	Sections 9.1, 16.3 and 19.4	Item 17
(x) Dispute resolution	Article 20	Item 17
(y) Liquidated damages	Section 19.5	Item 6

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, RP Illusions, Corp. is not required to provide you with any assistance.

Pre-Opening Obligations: Before you open your Museum of Illusions business, we or our designee will:

1. Accept your proposed site if it meets our requirements. (Franchise Agreement – Section 4.1.)
2. Approve a lease or purchase agreement for the approved site if the lease or purchase agreement meets our criteria. You must sign a lease for the accepted site of the Franchised Business within one year of signing the Franchise Agreement. (Franchise Agreement – Section 4.2)
3. Have our Parent or designated architect and/or designer prepare construction plans for the build-out of your Franchised Business at the site we have accepted. The construction plans are subject to review by a local architect only to verify compliance with local ordinances and building codes. (Franchise Agreement – Section 4.3.)

4. Loan you for your sole use one copy of the Manual for the term of the Franchise Agreement in any format we choose. (Franchise Agreement – Section 5.4.)

5. Train you and your staff in the operation of your Franchised Business. We describe this training later in this Item. Training will be provided in conjunction with opening assistance at your Franchised Business for a total of up to five days. If our representatives must re-train any of your initial trainees, which requires additional days being spent at your Franchised Business, you must reimburse any additional travel and living expenses our representatives incur. (Franchise Agreement – Section 5.1.)

6. Approve or disapprove the grand opening advertising and promotional program you must conduct for the Franchised Business. (Franchise Agreement – Section 4.8.)

Continuing Obligations: During the operation of your Franchised Business, we or our designee will do the following:

1. Furnish guidance to you with respect to: (a) specifications, standards and operating procedures utilized by Franchised Businesses and any modifications of them; (b) purchasing approved equipment, fixtures, signs, inventory, and operating materials and supplies; (c) developing and implementing local marketing and promotional programs; (d) administrative, bookkeeping, accounting, inventory control, and general operating and management procedures of Franchised Businesses; and (e) establishing and conducting employee training programs at the Franchised Business. This guidance will be furnished in the form of updates to the Manual, bulletins, written reports and recommendations, other written materials (including email), refresher training programs, periodic telephone consultations, and/or consultations at our offices or at your Franchised Business. (Franchise Agreement – Section 5.3.)

2. Remedial training and assistance on-site at your Franchised Business at your request or if we determine that additional training and assistance is necessary. You must pay our then-current per diem fee for each trainer we send to you, and you must reimburse our trainers' expenses, including travel, lodging and meals. We have the right to provide additional assistance or training remotely. (Franchise Agreement – Section 5.2.)

3. Provide periodic refresher training regarding new exhibits, products, advertising campaigns, and similar items. We may designate that attendance is mandatory for you, your Museum Director, Sales Manager, Museum Manager and other personnel, and we expect to provide this training remotely. (Franchise Agreement – Section 5.2.)

4. License to you the right to use the Marks and certain copyrighted works and will indemnify you from certain claims relating to your use of the Marks as more fully described in Items 13 and 14. (Franchise Agreement – Articles 6 and 7.)

5. Designate the maximum prices that you may charge for the products and services offered at your Franchised Business, as permitted by applicable law. (Franchise Agreement – Section 11.4.) We do not guarantee that by following our pricing requirements you will earn any particular level of revenue.

6. Indemnification against and reimbursement for all damages for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts) if you and your Owners have fully complied with the terms of the Franchise Agreement. (Franchise Agreement- Section 6.5.)

Site Selection and Opening

You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Franchised Business and for constructing and equipping the Franchised Business at the accepted site. You must provide us with weekly reports documenting your progress in locating a proposed site. Within 180 days after you sign the Franchise Agreement, you must locate a site that satisfies our site selection guidelines and provide us with the information we require to evaluate the site you propose for your Franchised Business. The information we require may include a letter of intent or other evidence that confirms your favorable prospects for obtaining the site, as well as photos of the interior and exterior of the site. We do not anticipate conducting on-site evaluations of any site you propose to us, so you must make sure that your submittal of a proposed site to us is comprehensive and complete. We will have 15 days after receiving your request for acceptance of the proposed site to notify you whether the proposed site is accepted by us. If we do not provide our specific acceptance of a proposed site, the site is deemed not accepted. Our acceptance only means that the site meets our general requirements for a Museum of Illusions business. If you are unable to locate a suitable site within 180 days after you sign the Franchise Agreement, we may terminate the Franchise Agreement or provide you with an extension of this timeframe. Your Franchised Business may not be relocated from the accepted site without first obtaining our written consent.

In accepting or not accepting any proposed site, we will consider the matters we deem material, such as demographic characteristics of the proposed site; traffic patterns; parking; the predominant character of the neighborhood; competition from other businesses providing similar services within the area (including other Museum of Illusions businesses); the number of households, income levels, and population in the local area; the purchase price or lease terms for the proposed site and other commercial characteristics; and the size of the premises, appearance, and other physical characteristics of the proposed site. We generally do not own the premises and lease it to you.

We estimate that the time from when the lease is signed to the opening of the Franchised Business will be approximately 18 months after you sign the Franchise Agreement. This time may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Franchised Business, to complete construction or remodeling as it may

be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Franchised Business, including decorating, purchasing and installing exhibits, fixtures, equipment and signs, and to complete preparation for operating the Franchised Business, including purchasing and delivery of inventory and supplies.

We do not provide assistance with equipment, signs, fixtures, opening inventory or supplies except by providing a list of approved suppliers and through our written specifications. We do not deliver or install these items. We do not provide assistance with conforming the site to local ordinances and building codes, obtaining the permits and licenses for the construction and operation of the Franchised Business, completing construction or remodeling, hiring and training your employees.

You must open the Franchised Business within 24 months after the Franchise Agreement is signed, unless your opening is delayed due to circumstances beyond your control. If you are unable to open your Franchised Business within this timeframe, except for circumstances not in your control, we may terminate the Franchise Agreement.

Brand Development Fund

We do not anticipate forming a brand development fund to promote Museum of Illusions businesses. You will not be required to participate in, or contribute to, a brand development fund. Because we do not have a brand development fund, no advertising funds have been used to solicit new franchise sales.

Grand Opening Advertising

You must conduct a grand opening advertising campaign to promote the opening of your Franchised Business to the public, and you must spend between \$20,000 and \$100,000 for your grand opening advertising campaign. We must approve of your campaign before you conduct it, and your campaign must include the giveaways and other promotions we require. Your grand opening advertising campaign must be conducted in the period that includes 10 days before and 30 days after your Franchised Business opens. You must hire a public relations firm to assist you in conducting the grand opening advertising campaign, and we have the right to designate or approve of the public relations firm you use.

Local Advertising

You must conduct local advertising and promotional programs in your Territory to promote your Franchised Business, and you must spend at least 5% of Total Sales on your local advertising, unless we mutually agree otherwise. You must submit an accounting of your local advertising expenditures on a semi-annual basis. In addition, within 30 days after our request, you must provide us with a report detailing your local advertising activities, including verification copies of your advertising. The amounts you spend for

local advertising and promotion do not include any reimbursed expenses or direct expenses paid by a supplier of your Franchised Business. (Franchise Agreement – Section 12.2).

Any advertising or marketing materials you propose to use that have been prepared by or for you, or that we have not approved in the immediately preceding one-month period, must be submitted to us for our review before you may use them. We will have 15 days after receipt of these materials to approve or disapprove of them. If we do not provide our specific approval of your materials, they are deemed not approved. Any advertising or promotional materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials.

We or our Parent may periodically provide you, at no charge, with advertising or promotional ideas that you may use within your Territory to promote your Franchised Business.

In addition, we may require you to conduct periodic promotional campaigns, including promoting a new exhibit or optical illusion, prize contests and/or special offers. You must bear all expenses related to these additional promotional campaigns, and the cost of these additional promotional campaigns can be applied toward your local advertising requirement.

Advertising Cooperatives

There are presently no local or regional advertising cooperatives. If an advertising cooperative is formed by our franchisees and approved by us, you must agree to contribute to the cooperative the amount agreed upon by a majority of the members of the cooperative, to pay that amount to the advertising cooperative at the times agreed upon by the majority, and abide by the cooperative's rules. The cooperative will determine who will administer the cooperative. The written governing documents will be available for review by you. Cooperatives need not prepare annual or periodic financial statements, but if they are prepared, they may be reviewed by you. We will not have the power to require cooperatives to be formed, changed, dissolved or merged. All Museum of Illusions businesses owned by us or our affiliates will not contribute to the cooperative.

Advisory Council

We do not anticipate forming any advisory councils.

Website / Intranet

We have the sole right to establish, maintain, modify or discontinue all internet, world wide web and all electronic commerce activities pertaining to the System in every manner. We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we may design and provide for the benefit of your Franchised Business a "click through" subpage at our website for the promotion of

your Franchised Business. If we establish one or more websites or other modes of electronic commerce and if we provide a “click through” subpage at the website(s) for the promotion of your Franchised Business, you must routinely provide us with updated copy, photographs and news stories about your Franchised Business suitable for posting on your “click through” subpage, which we will review and approve, prior to it being made visible on the internet. We have the right to specify the content, frequency and procedure you must follow for updating your “click through” subpage.

Any websites or other modes of electronic commerce that we establish or maintain, including but not limited to, any mobile applications (“apps”) that we may introduce, may – in addition to advertising and promoting the products, programs or services available at Museum of Illusions businesses – also be devoted in part to offering Museum of Illusions franchises for sale and be used by us to exploit the electronic commerce rights which we alone have.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee email, System discussion forums and System- wide communications (among other activities) can be done. You may not (a) maintain your own website or use a private email address to conduct any business related to the Franchised Business; (b) otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Franchised Business; (c) establish a link to any website we establish at or from any other website or page; or (d) at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the “Museum of Illusions” name or any name confusingly similar to the Marks.

We have the sole right to establish, maintain, modify or discontinue all social media and/or social networking accounts, including Facebook, Instagram, YouTube, TikTok, Pinterest, and Trip Advisor, to promote the Franchised Business. If we establish one or more social media or social networking accounts on your behalf, you are required to routinely provide us with updated copy, photographs and news stories about your Franchised Business, which we will review and approve prior to posting it on the social media or social networking accounts.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website, social media account, or social networking account we establish and maintain, including any and all material you may provide to us for use on your “click through” subpage or social media and social networking accounts.

Computer / Point-of-Sale System

You must purchase or lease and use an approved computer system (including point-of-sale system, hardware and software) that meets our specifications and that is capable of electronically interfacing with our computer system (Eden and Roller softwares). Our specific requirements for the hardware and software components of the

computer system will be included in our Manual. You must purchase or lease the point-of-sale system we specify, including the peripheral equipment we require. Our specific requirements will be included in our Manual. The computer system will provide you with the following functions: sales tracking, creation of business reports and sales analyses, inventory and shrinkage control and management, payroll and accounting, booking management, customer relations management, credit card processing, and scheduling.

You must make sure that we have independent access to your computer system at the times and in the manner we specify, at your cost. The computer system will give us immediate and independent access to the information generated and stored by the system, and there is no contractual limitation on our access or use of the information we obtain. You must install and maintain equipment and high-speed internet access in accordance with our specifications to permit us to access the computer system at your Franchised Business as described above. This will permit us to electronically inspect and monitor information concerning your Total Sales and any other information that may be contained or stored in the computer system. It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement.

You must purchase the computer system and point-of-sale system from an authorized seller unless we designate a specific supplier. We expect that the computer system will cost between \$2,000 and \$15,000.

You must also purchase and install a surveillance camera system for your building security, if permitted by applicable law. We may require you to purchase or lease this system from a single approved vendor. We expect that the security system will cost between \$100 and \$10,000. You must make sure that we have unlimited access to your security system at all times.

You must obtain all upgrades and/or updates to the software used with the computer system, at your expense. All software used with the computer system must be kept up to date. In addition, we may require you to update and/or upgrade all or a portion of your computer system during the term of your Franchise Agreement, at your expense. The Franchise Agreement does not limit our ability to require you to update and/or upgrade your computer system or the cost of any update and/or upgrade.

You must have a maintenance contract for both your computer system and your security system. The estimated cost of a maintenance contract for the computer system can be up to \$2,000 per year, and the estimated cost of a maintenance contract for your security system can be up to \$1,000 per year. Neither we nor any affiliate of ours will provide you with any updates, upgrades or maintenance for your computer system.

Training

We will provide a mandatory initial training program for museum management. The training program lasts a total of approximately five days and will be provided at your Franchised Business and includes up to three days of opening assistance. Within 10 days after you receive notice from us, you must reimburse our travel expenses in sending up to three representatives to your Franchised Business to provide the training and opening assistance. The initial training program will be provided on an as-needed basis, as new Museum of Illusions businesses open.

Your trainees must complete the initial training program to our satisfaction 10 days prior to opening, and we anticipate that all trainees will satisfactorily complete the training program without significant issues. However, in the unlikely event that any of your trainees do not complete the initial training program to our satisfaction, we may retrain them, but you will pay any additional expenses incurred by our trainer for conducting the training program a second time, including additional travel and living expenses for our representatives. If your trainees do not complete our training program to our satisfaction a second time, we may terminate your Franchise Agreement. Any management personnel subsequently designated by you must also receive and complete the initial training to our satisfaction, even if this requires sending that manager to our headquarters, at your expense. We have the right to charge a reasonable fee for the initial training we provide to a replacement or successor employee if we have not approved you to provide the training.

If, during the term of your Franchise Agreement, you request that we provide remedial training on- site at your Franchised Business, or if we determine that you require additional training or assistance, you must pay our then-current per diem fee for each trainer we provide, and you must reimburse us for any expenses our trainers incur, such as costs of travel, lodging, and meals.

Robert Čolić is in charge of our training program and we have the right to use our Parent's employees to assist in portions of the training. We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice.

Robert has been our Learning & Development Trainer since May 2024. Before this, he worked as a Marketing Trainer at Krka, a generic pharmaceutical company based in Slovenia, from December 2022 to May 2024, and as a Retail Trainer at Huawei, a global provider of information and communications technology (ICT) infrastructure and smart devices from May 2021 to November 2022. Before Huawei, he held the position of Sales Performance Improvement and Education Specialist at ORYX Assistance from January 2019 to April 2021.

The instructional materials used in the initial training include our Manual, marketing and promotion materials, programs related to the operation of the computer system, and any other materials that we believe will be beneficial to our franchisees in the training process.

Currently, we provide the following training program:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Games	0	24	Franchised Business
Sales	0	10	Remote
Museum operations and opening training	0	15	Franchised Business

The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the experience or individual needs or experience of those persons being trained. The training program is currently under the supervision of Antonija Prstačić, Franchise Support Director.

We do not anticipate holding periodic meetings of our franchisees.

We expect that we will provide periodic refresher training regarding new exhibits, products, advertising campaigns, and similar items. We may designate that attendance is mandatory for museum management. We anticipate conducting any refresher training remotely, so you will not incur any expenses for refresher training.

Confidential Operations Manual

The table of contents to the Confidential Operations Manual is attached to this Disclosure Document as Exhibit E. The Manual includes approximately 66 total pages.

ITEM 12 TERRITORY

Your Franchise Agreement will specify the site that will be the accepted location for your Franchised Business in Attachment 1, and you will receive a protected geographical territory (“Territory”). Your Territory will be negotiated between us depending on the proximity of other major cities to your Franchised Business. We typically define territories using the municipal boundaries of the city where the Franchised Business will be located. If you do not yet have an accepted location at the signing of the Franchise Agreement, you will receive a non-exclusive site search area listed in Attachment 1 instead.

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

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Museum of Illusions business in the Territory, except as may be permitted under the Franchise Agreement and those exceptions are described below. Your territorial protection does not depend on your achieving a certain sales volume, market penetration, or other factor, other than compliance with the Franchise Agreement.

If, during the term of the Franchise Agreement, you wish to relocate your Franchised Business, or if your Franchised Business is damaged or destroyed and cannot be repaired within 60 days, you must submit to us in writing the materials we require to consider your request, including information concerning the proposed new location for your Franchised Business. You must also meet certain other requirements, such as being in compliance with the Franchise Agreement, the location meets our then-current requirements for a Museum of Illusions business and is located within your Territory. We have the right to require you to sign our then-current Franchise Agreement as a condition of your relocation. We do not charge a fee if you relocate the Franchised Business.

We and our affiliates retain all rights with respect to Museum of Illusions businesses, the Marks, and any products and services anywhere in the world including the right: (a) to produce, offer and sell and to grant other the right to produce, offer and sell the products offered at Museum of Illusions businesses and any other goods through alternative channels of distribution, including the internet, catalog sales, telemarketing or other direct marketing sales, both within and outside the Territory, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate; and (b) to operate and to grant others the right to operate Museum of Illusions businesses located outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Franchised Business.

We and our affiliates may sell products and services under the Marks within and outside your Territory through any method of distribution other than a dedicated Museum of Illusions business, including sales through channels of distribution such as the internet, catalog sales, telemarketing or other direct marketing sales (together, “alternative distribution channels”). You may not use alternative distribution channels to make sales anywhere, except as described in the following paragraph, and you will not receive any compensation for our sales through alternative distribution channels except as described in the following paragraph.

If we engage in electronic commerce through any alternative distribution channel and we receive orders for any products offered by a Museum of Illusions business calling for delivery or performance in your Territory, such as advance ticket sales, then we will offer the order to you to be fulfilled.

You may engage in promotional activities. You are not restricted from promoting your Franchised Business in any area. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell any products to any business or other customer at wholesale.

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

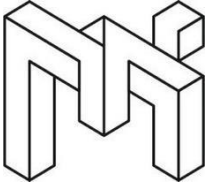
Neither we, nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned businesses which sell our products or services under a different trade name or trademark, but we have the right to do so in the future, without first obtaining your consent. We describe earlier in this Item 12 what we may do anywhere and at any time.


ITEM 13
TRADEMARKS

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

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

Our Parent owns the following principal Marks which have been registered with the U.S. Patent and Trademark Office (“USPTO”):

Mark	Registration Date	Registration Number	Register
	12/11/2018	5,628,428	Principal

Mark	Registration Date	Registration Number	Register
	3/26/2019	5,710,224	Principal
Museum of Illusions	8/27/2019	5,847,380	Supplemental

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, and no pending opposition or cancellation proceedings involving any of the Marks that may significantly affect the ownership or use of any Mark listed above. There are no agreements currently in effect which limit our right to use or to license others to use the Marks in the United States, except for a Trademark License Agreement between us and our Parent, dated December 1, 2023. The Trademark License Agreement provides for a 10-year term, automatically renews for successive 10-year terms, and may not be modified without both parties' written agreement. We know of no superior prior rights or other infringing uses that could materially affect the use of the Marks.

Your right to use the Marks is derived solely from the Franchise Agreement and is limited to your operation of a Museum of Illusions business in compliance with the Franchise Agreement and all applicable standards, specifications and operating procedures we prescribe during the term of the Franchise Agreement. Any unauthorized use of the Marks by you constitutes a material breach of the agreement and a serious infringement of our rights in and to the Marks. Your use of the Marks and any goodwill established by your use will be for our exclusive benefit. All provisions of the Franchise Agreement applicable to the Marks will apply to any other trademarks, service marks, commercial symbols and trade dress we authorize in writing for use by and licensed to you after you sign the Franchise Agreement.

You must use the Marks as the sole trade identification of the Franchised Business and must identify yourself in the form we prescribe as the independent owner of the Franchised Business. You may not use any Mark or any variation of a Mark as part of any corporate name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form. We do authorize and require you to use the Marks in establishing and maintaining your own website. You may not use any Mark or any variation of it in connection with the performance or sale of any unauthorized services or products, or in any other manner we have not expressly authorized in writing. You must display the Marks prominently in the manner we prescribe. You must give notices of trademark and service mark registrations that we specify and obtain business name registrations as required under applicable law.

You must immediately notify us of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights in any Mark. You may not communicate with anyone except us and our counsel with respect to any infringement, challenge or claim unless instructed by us in writing to do so. We will have sole discretion to take any action we deem appropriate in connection with any infringement, challenge or claim, and we have the sole right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You must sign any and all instruments and documents, give assistance, and do any acts and things as may in the opinion of our counsel be necessary or advisable to protect and maintain our interests in any litigation or proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for the reasonable out-of-pocket expenses you incur and pay in complying with these requirements.

The Franchise Agreement does not require us to take affirmative action when notified of any infringements of or challenges to the Marks, but we intend to vigorously defend the Marks. We have the right to control any litigation or administrative proceedings involving the Marks. We will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of your use of any Mark pursuant to and in compliance with the agreement, and for all costs you reasonably incur in the defense of any claim in which you are named as a party, if you have promptly notified us of the claim, have given us sole control of the defense and settlement of the claim and have otherwise complied with your Franchise Agreement.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue the use of any Mark and/or for Museum of Illusions businesses to use one or more additional or substitute trade or service marks, you must immediately comply with our directions to modify or otherwise discontinue the use of the Marks and/or to use one or more additional or substitute trademarks, service marks, logos or commercial symbols or substitute trade dress after our notice to you. We are not obligated to reimburse you for any expenses you incur in connection with any discontinuance or modification of any Mark.

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

1. To grant other licenses for the use of the Marks in addition to those licenses already granted or to be granted to franchisees;
2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and

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

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Copyrighted Works

We do not have an ownership interest in any patents or copyrights that are material to the franchise.

We claim common law copyrights in the Manual, advertising materials, computer works, and similar items used in operating Museum of Illusions businesses. We have not registered these copyrighted works with the United States Registrar of Copyrights, and we are not required to do so to protect them.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted works. No agreement limits our right to use or license the copyrighted works. Finally, we do not know of any infringing uses which could materially affect your use of the copyrighted works in any state. We are not required by any agreement to protect or defend the copyrighted works except as described below.

In the Franchise Agreement, you acknowledge and agree (1) that we may authorize you to use certain copyrighted or copyrightable works in our discretion, (2) that the copyrighted works are the valuable property of us or our affiliates and of which we or our affiliates are the owner, and (3) that the rights granted to you are solely on the condition that you comply with the terms of the Franchise Agreement. You must acknowledge and agree that we own or are the licensee of the owner of the copyrighted works and will further create, acquire or obtain licenses for certain copyrights in various works of authorship used in connection with the operation of Museum of Illusions businesses. Copyrighted works include the Manual and may include all or part of the Marks, trade dress, optical illusions and other exhibits, and other portions of the System. We intend that all works of authorship related to the System and created in the future will be owned by us or our affiliates and copyrighted.

Your right to use the copyrighted works is derived solely from the Franchise Agreement and is limited to the use of the copyrighted works in compliance with the agreement and all applicable standards, specifications, and operating procedures we prescribe. You must make sure that all copyrighted works used bear an appropriate copyright notice under the Universal Copyright Convention or other copyright laws we prescribe specifying that we or an affiliate are the owner of the copyright. The Franchise Agreement does not grant you any interest in the copyrighted works, other than the right

to operate Franchised Business in compliance with the Franchise Agreement.

You must immediately notify us in writing of any actual or apparent infringement of or challenge to any of the copyrighted works or claim by any person of any rights in the copyrighted works, and you may not communicate with any person other than us and our counsel in connection with any infringement, challenge or claim unless instructed by us in writing to do so. We will have the sole discretion to take any action we deem appropriate and the right to control exclusively any settlement, litigation, arbitration or administrative proceeding arising out of any alleged infringement, challenge or claim or otherwise relating to the copyrighted works.

In the unlikely event that it becomes advisable at any time for you to modify or discontinue use of any of the copyrighted works and/or for you to use one or more additional or substitute copyrighted or copyrightable items, you agree to immediately comply with our directions to modify or otherwise discontinue the use of the copyrighted materials and/or to use one or more substitute materials, at your sole expense.

We may defend you against any third-party claim, suit or demand arising out of your use of a copyrighted work. If we, in our sole discretion, determine that you have used the copyrighted work in accordance with your Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be paid by us. If we determine that you have not used the copyrighted work in accordance with your Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. In the event of any litigation relating to your use of the copyrighted work, you must sign any and all documents and do any acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if this litigation is the result of your use of the copyrighted work in a manner inconsistent with the terms of your Franchise Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

Confidential Information

We possess and will further develop and acquire certain confidential and proprietary information and trade secrets (the “Confidential Information”) including System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of Museum of Illusions businesses, the terms of your Franchise Agreement with us, the Manual, graphic designs and other intellectual property, and your customer list.

Under the Franchise Agreement we will disclose to you, during training and in guidance and assistance furnished to you, parts of the Confidential Information that you need for the development and operation of a Museum of Illusions business. You may learn or otherwise obtain from us additional Confidential Information during the term of your Franchise Agreement. You may disclose the Confidential Information to your Owners and employees only as reasonably necessary to successfully operate your Franchised Business.

You and your Owners must acknowledge and agree that the Confidential Information is confidential to and a valuable asset of us and our affiliates, is proprietary, includes trade secrets of us and our affiliates and is disclosed to you on the condition that you, your Owners and your employees who have access to the Confidential Information agree that during and after the term of the Franchise Agreement you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; (4) will adopt and implement all reasonable procedures we prescribe to prevent unauthorized use or disclosure of the Confidential Information; and (5) will require all principal owners and all employees and owners who have access to the Confidential Information to sign confidentiality and non-competition agreements in the form we prescribe and provide us, at our request, with signed copies of each agreement. We will be a third-party beneficiary of these agreements with the independent right to enforce their terms.

Nothing contained in the Franchise Agreement will be construed to prohibit you from using the Confidential Information in connection with the operation of other Museum of Illusions businesses under valid Franchise Agreements with us.

If you have obtained our prior written consent, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information, methods, procedures, techniques and knowledge which are or become generally known within your Territory, other than through deliberate or inadvertent disclosure by you; and (b) the disclosure of the Confidential Information in judicial or administrative proceedings if you are legally compelled by subpoena to disclose this information, provided you have notified us in writing before disclosure and used your best efforts to obtain, and afforded us the opportunity to obtain, an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be disclosed.

You must disclose to us all ideas, concepts, promotional materials, methods, techniques and products relating to the development and operation of Museum of Illusions businesses conceived or developed by you, your Owners or your employees during the term of the Franchise Agreement. You must grant to us and agree to obtain from your affiliates, Owners or employees a perpetual, non-exclusive and worldwide right to use these new ideas, concepts, promotional materials, methods, techniques and products in all Museum of Illusions businesses or other businesses operated by us, our affiliates and franchisees on an unlimited and unrestricted basis. We have no obligation to make any payment to you with respect to any idea, concept, method, technique or product. You agree that you will not use, nor will you allow any other person or entity to use, any concept, method, technique or product without obtaining our prior written approval.

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

You must use your good faith and best efforts to develop and expand the market for products and services offered by your Franchised Business and to cooperate with us to accomplish these purposes.

We do not require you to personally supervise the operation of the Franchised Business or to participate in its day-to-day operations, but you must designate and retain at all times an individual to serve as your Museum Director, who will oversee your Franchised Business operations. If you are an individual, we recommend that you be the Museum Director. Your Franchised Business must at all times be under the direct, on-site supervision of a Museum Director whose identity has been disclosed to us, who has completed our training program to our satisfaction, and of whom we have approved. If your Museum Director is no longer employed by you, you must designate a replacement within 30 days after the first Museum Director's employment ends, and the replacement Museum Director must be sent to us for training, at your expense (unless we have approved you to provide training), and must complete our training program to our satisfaction within 30 days after appointment by you. There are no other restrictions on whom you may hire as your Museum Director and we do not require that your Museum Director have an ownership interest in your Franchised Business. If you are not actively participating in the daily operation of your Franchised Business, you must still make sure that the Franchised Business is operated according to the terms of the Franchise Agreement you sign with us, our Manual, and our System standards.

You must maintain other personnel for adequate staffing of the Franchised Business, including a Sales Manager, Museum Manager, Events Manager, receptionist, and other staff. You must keep us informed of the identity of all managers at all times. We may require you to obtain confidentiality and/or non-competition agreements from the key employees, management, supervisory and/or exempt employees we designate, including your Museum Director, Sales Manager and Museum Manager. Your Franchised Business must be open and operating on the days and during the times we specify in the Manual, unless applicable law, community standards or the terms of your lease require different hours.

If you are a corporation, limited liability company or partnership, each person who directly or indirectly owns an equity or voting interest in you 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 according to the Guaranty and Assumption of Obligations attached to the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must sell or offer for sale all products and services we require, in the manner and style we require. You must sell and offer for sale only the products and services that we have expressly approved in writing. You must not deviate from our standards and specifications without first obtaining our written consent. We can, and expect to, modify our standards and specifications as we deem necessary, including periodic modification of the optical illusions and exhibits your Franchised Business presents. We will provide you notice in the Manual or other methods (such as by email) of any changes in the standards and specifications. You must stop selling and offering for sale any products or services that we may disapprove in writing at any time. We have the right to change the types of products and services offered by you at your Franchised Business at any time, and there are no limits on our right to make those changes.

You must keep your Franchised Business very sanitary to our specifications and maintain it in good repair and condition. You must make any additions, alterations, repairs and replacements, including repainting or replacement of obsolete signs, furnishings, equipment, décor, and exhibits, as we may reasonably direct. You must not make any changes to the premises without obtaining our written consent before you make the changes. You must obtain and pay for any new or additional equipment, including computer hardware and software, fixtures, supplies and other products and materials that you must have to offer and sell new products and services from your Franchised Business.

You have the right to set the prices at which you sell your products, services and programs provided that we may set maximum prices you may charge to the extent permitted by law. You must comply with the prices required by us, but we make no guarantees or warranties that offering the products or merchandise at the required price will enhance your sales or profits.

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

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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	Article or Section in Franchise Agreement	Summary
(a) Length of the franchise term	Section 3.1	10 years.
(b) Renewal or extension of the term	Section 17.1	One successor term of 10 years.
(c) Requirements for franchisee to obtain a renewal franchise	Article 17	<p>The successor term is granted automatically. Within the last six months of the term of your Franchise Agreement, if you have been in compliance with the Franchise Agreement and otherwise meet our criteria, we will send you any documents that you must sign for the successor term, which may include a successor Franchise Agreement and a general release. If you do not wish to enter into a successor agreement, you must provide us with notice of this election no later than 90 days before your agreement expires. If you do not sign the documents we require and return them to us in the timeframe we require, you will not be extended for a successor term. We may require you to remodel your Franchised Business for the successor term, and if you do not complete the required remodeling within a specific timeframe, we may terminate your successor Franchise Agreement.</p> <p>You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees in the successor agreement will not be greater than the fees that we then impose on similarly situated franchisees with successor agreements.</p>
(d) Termination by franchisee	None	You may seek termination upon any grounds available by state law.
(e) Termination by franchisor without cause	Not applicable	Not applicable.
(f) Termination by franchisor with cause	Article 18	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.

Provision	Article or Section in Franchise Agreement	Summary
(g) "Cause" defined – curable defaults	Section 18.1	10 days for monetary and reporting defaulting and 30 days for all other curable defaults, but if it cannot be cured within 30 days, begin efforts to cure within 10 days and continue cure efforts until completion.
(h) "Cause" defined – non-curable defaults	Section 18.2	(1) Fail to obtain possession of the accepted site or develop the Franchised Business and begin operations within time provided; (2) abandon, surrender or transfer control without our prior written approval; (3) make material misrepresentation or omission on application; (4) conviction or pleas (including diversion) of you or any of your owners of a felony or other crime, offense or misconduct which adversely affects your or our reputation or the goodwill of the Marks or any crime against a child; (5) unauthorized transfer; (6) you or your affiliates or owners make any unauthorized use, duplication or disclosure of Confidential Information, the Marks, the Copyrighted Works, the Manual or challenge or seek to challenge our rights in any of these items; (7) lose the right to possess the premises and fail to relocate in accordance with the Franchise Agreement; (8) insolvency, receivership or a judgment against you is unsatisfied for more than 30 days; (9) violation by you, or members of your immediate families of the in-term non-compete provision or other non-compete agreement; (10) knowingly maintain false records or submit false reports to us; (11) permit a lease default to go uncured; (12) three or more defaults within 12 months, whether or not cured; (13) fail to purchase or maintain required insurance; (14) pose a threat to public health or safety; (15) refuse us permission to inspect the Franchised Business or your books and records; (16) you or any of your affiliates or owners interfere with our ability to license the Marks or the System to others; (17) you or any of your affiliates or owners interfere with our

Provision	Article or Section in Franchise Agreement	Summary
		contractual relations with others; or (18) a Franchise Agreement with you or your affiliates is terminated by us, or is terminated by you in a way that is not in compliance with the Franchise Agreement.
(i) Franchisee's obligations on termination/non- renewal	Article 19	Pay all amounts owed; stop all use of Marks; remove all signs; return to us or destroy all materials containing any Marks; cancel assumed or fictitious name registrations; transfer all domain names, internet listings, telephone numbers and telephone listings to us; stop using all copyrighted works; if we do not purchase the Franchised Business, then you must make any modifications necessary to avoid confusion (de-identify the premises); furnish us evidence of compliance with the above; stop use of Confidential Information; return the complete Manual and all related materials; comply with post-term covenant not to compete.
(j) Assignment of contract by franchisor	Section 16.1	No restriction on our right to assign
(k) "Transfer" by franchisee – defined	Section 16.2	Includes transfer of any material interest in the Agreement, the Franchise, you, the Franchised Business and some or all of its assets.
(l) Franchisor approval of transfer by franchisee	Section 16.2	We have the sole right to approve all transfers.

Provision	Article or Section in Franchise Agreement	Summary
(m) Conditions for franchisor approval of transfer	Section 16.3	You and your owners must be in full compliance with the Franchise Agreement; transferee meets our criteria; transferor signs required documents, including a general release. If the transfer is of the Franchise Agreement, a principal owner's interest in you or a controlling interest in you, transferee may not engage in a competitive business; all amounts due from you and the transferee are paid in full; required personnel of transferee sign non-compete and confidentiality agreement; completion of training by transferee's personnel; transferee and its owners agree to be bound by all obligations under the Franchise Agreement or sign our then-current form of Franchise Agreement, at our option; pay transfer fee and all related fees in full; lessor consents to assignment of lease; we approve the terms and conditions of the transfer; all obligations of the transferee to you are subordinate to us; transferor and you sign non-competition covenant; transferee agrees to upgrade the Franchised Business to then-current standards; transferee signs guarantee of obligations under Franchise Agreement; transfer is made in compliance with all laws.
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 16.7	We have the right to match offers from third parties including all terms to buy an interest in the Franchise Agreement, the Franchise, the Franchised Business and its assets, or ownership interests in you.
(o) Franchisor's option to purchase franchisee's business	Section 19.7	We have the right to purchase the assets of the Franchised Business for fair market value on termination in compliance with the Franchise Agreement or on non-extension.
(p) Death or disability of franchisee	Section 16.5	Interest must be transferred to approved party within six months.

Provision	Article or Section in Franchise Agreement	Summary
(q) Non-competition covenants during the term of the franchise	Article 9	No involvement by you and members of your immediate families in a competitive business anywhere. If you are a corporate entity, you may not engage in any business other than the development and operation of a Museum of Illusions business. A competitive business is a business that features the same or very similar optical illusions, or that offers the same or substantially similar products and services.
(r) Non-competition covenants after the franchise is terminated or expires	Article 9 and Section 19.4	No involvement by you or members of your immediate families in a competitive business for two years within 100 miles of any Museum of Illusions business in the System.
(s) Modification of the agreement	Section 22.8	No modifications unless in writing and signed by an authorized officer of the corporation, but our Manual is subject to change.
(t) Integration/merger clause	Section 22.9	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable federal and/or state law). No other representations or promises will be binding. No claim made in any Franchise Agreement is intended to disclaim the express representations we made in this Disclosure Document.
(u) Dispute resolution by arbitration or mediation	Article 20	Arbitration in Maricopa County, Arizona, subject to state law.
(v) Choice of forum	Section 22.5	Maricopa County, Arizona, subject to state law.
(w) Choice of law	Section 22.5	Arizona, subject to state law.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

Total Sales By Location

The following table represents the Total Sales reported by each of our 8 franchised locations and 6 corporate locations for the years 2018 through 2024. The below table does not include results from the 4 locations that opened during 2024.

Museum	Opening Date	2018	2019	2020	2021	2022	2023	2024
#1**	9/2018	\$1,224,613	\$5,607,914	\$1,877,179	\$3,937,015	\$4,243,125	\$4,918,003	\$4,822,203
#2	10/2018	\$278,470	\$518,144	\$198,692	\$382,207	\$469,936	\$461,317	\$351,941
#3	12/2019	n/a	\$136,524	\$1,462,032	\$2,417,784	\$2,742,522	\$2,914,906	\$2,539,724
#4	11/2020	n/a	n/a	\$23,047	\$3,207,438	\$2,671,377	\$2,566,701	\$4,396,105
#5	1/2021	n/a	n/a	n/a	\$4,331,339	\$4,703,264	\$4,114,784	\$3,526,025
#6	03/2022	n/a	n/a	n/a	n/a	\$3,271,611	\$3,291,123	\$3,390,271
#7**	12/2022	n/a	n/a	n/a	n/a	\$433,745	\$5,026,060	\$5,097,863
#8	12/2022	n/a	n/a	n/a	n/a	\$270,939	\$4,264,535	\$3,936,337
#9	3/2023	n/a	n/a	n/a	n/a	n/a	\$2,689,229	\$2,939,627
#10**	5/2023	n/a	n/a	n/a	n/a	n/a	\$623,365	\$2,019,747
#11**	5/2023	n/a	n/a	n/a	n/a	n/a	\$2,685,876	\$4,503,295
#12**	8/2023	n/a	n/a	n/a	n/a	n/a	\$2,574,267	\$9,893,080
#13**	9/2023	n/a	n/a	n/a	n/a	n/a	\$1,158,539	\$5,483,013
#14	12/2023	n/a	n/a	n/a	n/a	n/a	\$288,562	\$3,278,518

*In this financial performance representation, Total Sales includes sales of merchandise, less any applicable taxes.

** These locations are corporate locations. #1 became a corporate outlet in July of 2023. The corporate locations are similar to the franchise being offered under this Disclosure Document in terms of operations and product offerings.

2023 Gross Revenue and Expenses of Franchised Locations

Museum	Date of Opening	Total Sales	EBITDA	EBITDA as % of Total Sales
#2	Oct-18	\$351,941	\$10,095	3%
#3	Dec-19	\$2,539,724	\$1,404,592	55%
#4	Nov-20	\$4,396,105	\$2,112,478	48%
#5	Jan-21	\$3,526,025	\$1,297,334	37%
#6	Mar-22	\$3,390,271	\$1,743,567	51%
#8	Dec-22	\$3,936,337	\$1,878,827	48%
#9	Mar-23	\$2,939,627	\$1,368,993	47%
#14	Dec-23	\$3,278,518	\$1,515,383	46%

For franchise locations, we obtained this information from data submitted by our franchisees. Neither we nor an independent certified public accountant has independently verified or audited this information.

EBITDA stands for earnings before interest, taxes, depreciation, and amortization.

Some outlets have sold these amounts. Your individual results may differ. There is no assurance that you'll sell as much.

This financial performance representation is based on the historical data for franchised outlets and corporate outlets. Total Sales does not reflect the costs of sales, payroll, rent, operating expenses, royalty fees, advertising expenses, or other costs or expenses that must be deducted from gross sales figures to obtain your net income or profit.

These outlets offered the same products and services to the public as you will. The outlets report gross sales information to us based on a uniform reporting system. Written substantiation for the financial performance representation will be made available to you upon reasonable request. The data presented above has not been audited.

Other than the preceding financial representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Luka Novak at 7975 N. Hayden Road, Suite D-280, Scottsdale, Arizona 85258, and +38591 3003 370, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary For years 2022, 2023, 2024

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	5	7	+2
	2023	7	10	+3
	2024	10	11	+1
Company-Owned	2022	0	1	+1
	2023	1	6	+5
	2024	6	9	+3
Total Outlets	2022	5	8	+3
	2023	8	16	+8
	2024	16	20	+4

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022, 2023, 2024

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

Table No. 3
Status of Franchised Outlets For years 2022, 2023, 2024

Col 1 State	Col 2 Year	Col 3 Outlet s at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewal s	Col 7 Reacquire d by Franchisor	Col 8 Ceased Operation s – Other Reasons	Col 9 Outlet s at End of the Year
Arizona	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Massachusetts	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Missouri	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New York	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	1	0	0
	2024	0	0	0	0	0	0	0
Pennsylvania	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Texas	2022	1	0	0	0	0	0	1
	2023	1	2	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Washington DC	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	2022	5	2	0	0	0	0	7
	2023	7	4	0	0	1	0	10
	2024	10	1	0	0	0	0	11

Table No. 4
Status of Company-Owned Outlets
For years 2022, 2023, 2024

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
Colorado	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
	2024	1	0	0	0	0	1
Georgia	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
	2024	1	0	0	0	0	1
Minnesota	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
	2024	1	0	0	0	0	1
Missouri	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
Nevada	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
	2024	1	0	0	0	0	1
New York	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
	2024	1	0	0	0	0	1
North Carolina	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Ohio	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
Washington	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
Total	2022	0	1	0	0	0	1
	2023	1	4	1	0	0	6
	2024	6	3	0	0	0	9

Table No. 5
Projected Openings as of December 31, 2024

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company- Owned Outlets in the Next Fiscal Year
California	0	0	2
Louisiana	0	0	1
Michigan	0	0	1
Utah	0	0	1
Total	0	0	5

A list of the names of all franchisees and the addresses and telephone numbers of their businesses will be provided in Exhibit C to this Disclosure Document when applicable.

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

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

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

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit D are our audited financial statements for the fiscal years ended December 31, 2024, December 31, 2023, and December 31, 2022. Our fiscal year end is December 31st.

Also attached to this Disclosure Document in Exhibit D are our unaudited financial statements as of May 31, 2025.

ITEM 22

CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

1. Franchise Agreement Exhibit B
2. General ReleaseExhibit G
3. Acknowledgment Statements Exhibit H

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

ITEM 23

RECEIPTS

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

EXHIBIT A TO THE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, 14 th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Securities Division 1511 Pontiac Avenue, Building 68-2 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of South Dakota Division of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

RP ILLUSIONS, CORP.

FRANCHISE AGREEMENT

FRANCHISEE

DATE OF AGREEMENT

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- 2 – Site and Territory
- 3 – Internet Advertising, Social Media, Software, and Telephone Listing Agreement
- 4 – Collateral Assignment of Lease
- 5 – Confidentiality and Non-Competition Agreement
- 6 – Guaranty and Assumption of Obligations
- 7 – Electronic Funds Transfer Authorization

RP ILLUSIONS, CORP.
FRANCHISE AGREEMENT

THIS AGREEMENT is made and entered into on this day of _____ (the “Effective Date”) by and between RP Illusions, Corp., a Delaware corporation, whose principal office is at located at 7975 N. Hayden Road, Suite D-280, Scottsdale, Arizona 85258 (“we”, “us” or “our”), and _____, a _____, whose principal address is at _____ (“you” or “your”).

ARTICLE 1
INTRODUCTION

1.1 We and our affiliates have developed and continue to develop methods of operating a facility offering interactive, immersive and fun experiences driven by illusions and tricks that teach you about vision, perception, the human brain, and science (“Approved Products and Services”), operating under the name “Museum of Illusions”. Museum of Illusions Businesses operate at locations that feature the “System”, which consists of distinctive signage, interior and exterior design, décor and color scheme; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures; training and assistance; and advertising and promotional programs, all of which we may modify from time to time.

1.2 We grant to certain qualified persons or entities, and who meet our qualifications and who are willing to undertake the investment and effort, the right to own and operate a Franchised Business at the Site. Pursuant to this Agreement, we will grant rights to you to own and operate a Franchised Business at the Site and according to the terms of this Agreement.

1.3 Certain terms that are capitalized in this Agreement are defined in Article 2 or at the places in this Agreement where they first appear.

ARTICLE 2
DEFINITIONS

2.1 For purposes of this Agreement, the terms listed below have the meanings that follow them. Other terms used in this Agreement are defined and construed in the context in which they occur.

2.1.1 “**Affiliate**” – Any person, entity or company that directly or indirectly owns or controls a party, that is directly or indirectly owned or controlled by a party, or that is under common control with a party. For purposes of this definition,

“control” means the power to direct or cause the direction of the management and policies of an entity.

2.1.2 “**Competitive Business**” – A business other than a Museum of Illusions Business that: (a) features the same or very similar optical illusions, or that offers the same or substantially similar products and services; or (b) grants or has granted franchises or licenses or establishes or has established joint ventures for the development and/or operation of a business described in the foregoing clause (a).

2.1.3 “**Controlling Interest**” – If you are a:

(a) corporation, then such number of the voting shares of you as (i) shall permit voting control of you on any issue and (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; and

(b) general partnership, then a managing partnership interest or such percentage of the general partnership interests in you as (i) shall permit determination of the outcome on any issue and (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; and

(c) limited partnership, then a general partnership interest or such percentage of limited partnership interests as shall permit the replacement or removal of any general partner; and

(d) limited liability company, then such percentage of the membership interests as (i) shall permit determination of the outcome on any issue and (ii) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

2.1.4 “**Domain Name**” – The internet domain name selected or used in connection with a Museum of Illusions Business and any other domain names that may be utilized by us or which we may authorize you to use.

2.1.5 “**Franchised Business**” or “**Museum of Illusions Business**” – A business that: (a) offers the Approved Products and Services for sale as well as certain complementary products and services; (b) meets our standards and specifications; (c) operates using the Marks and the System; and (d) is either operated by us or our Affiliates or pursuant to a valid license from us.

2.1.6 “**Marks**” – The trademarks, service marks, logos, other commercial symbols and any Domain Name which we authorize you to use to identify the services and/or products offered by your Franchised Business, including the mark “Museum of Illusions” and the “Trade Dress”; provided that such trademarks, service

marks, logos, other commercial symbols, and the Trade Dress are subject to modification and discontinuance and may include additional or substitute trademarks, service marks, logos, commercial symbols and trade dress as provided in this Agreement.

2.1.7 “**Owners**” – All persons or entities holding direct or indirect legal or beneficial ownership interests in you and all persons who have other direct or indirect property rights in you, this Agreement, the Franchise or the Franchised Business. All current Owners are listed on Attachment 1 to this Agreement. At our request, you shall have your Owners execute and deliver to us our form of Guaranty and Assumption of Obligations, attached to this Agreement as Attachment 6.

2.1.8 “**Ownership Interests**” – In relation to a: (a) corporation, the legal or beneficial ownership of shares in the corporation; (b) partnership, the legal or beneficial ownership of a general or limited partnership interest; (c) limited liability company, the legal or beneficial ownership of units of membership interests in the limited liability company; or (d) trust, the ownership of a beneficial interest of such trust.

2.1.9 “**Principal Owners**” – Each Owner having an equity ownership interest in you of five percent (5%) or more (regardless of whether such Owner is entitled to vote thereon) and any other Owner designated as a Principal Owner on Attachment 1 to this Agreement.

2.1.10 “**Products**” – The products which we authorize from time to time for sale or use at your Franchised Business.

2.1.11 “**Services**” – The services which we authorize from time to time for sale at or from your Franchised Business.

2.1.12 “**Site**” – The location identified in Attachment 2 to this Agreement. As used herein the term “Site” also refers to the interior and exterior of the structure housing the Franchised Business.

2.1.13 “**Trade Dress**” – The design, décor, and image elements that we authorize you to use in connection with the operation of the Franchised Business as they may be revised and further developed by us from time to time and as further described in the Operations Manual.

2.1.14 “**Website**” – An interactive electronic document contained in a network of computers linked by communications software.

ARTICLE 3

GRANT OF FRANCHISE

3.1 Grant of Franchise; Initial Term

Subject to the provisions of this Agreement, we hereby grant to you a “Franchise” to operate the Franchised Business at the Site and to use the Marks and the System in the operation thereof for a term that commences on the Effective Date of this Agreement and expires ten (10) years following the date that Franchised Business opens for business (“Initial Term”). Termination or expiration of this Agreement shall constitute a termination or expiration of the Franchise and any and all licenses granted herein. You agree that you will at all times faithfully, honestly, and diligently perform your obligations hereunder and that you will continuously exert your best efforts to promote and enhance the business of the Franchised Business and the goodwill of the Marks. This grant applies only to a single location within a territory that is designated in Attachment 2 attached hereto and incorporated herein (the “Territory”). You shall not operate the Franchised Business from any location other than the Site unless we approve your request to relocate the Franchised Business as described herein.

3.2 Territory

This Agreement grants you the right to operate the Franchised Business at a single location and from within the Territory. Subject to Section 3.3 below, we agree that during the Initial Term of this Agreement and any successor term, we will not operate, and will not authorize any other franchisees to operate, a Museum of Illusions outlet in the Territory using the same Marks as licensed to you in this Agreement so long as you are not and have not been in default under this Agreement or this Agreement has not been terminated. Except as otherwise specified in this Agreement, we reserve the right to open, operate or franchise Museum of Illusion franchises bordering and adjacent to the Territory. Except as set forth in this Agreement, you are prohibited from utilizing alternative methods of distribution as more fully specified herein.

3.3 Rights Retained by Us

We retain all rights with respect to Museum of Illusions Businesses, the Marks and the sale of Approved Products and Services, and any other products and services anywhere in the world including, without limitation:

(a) to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Museum of Illusions Businesses and any other goods through alternative channels of distribution, including the internet, catalog sales, telemarketing, or other direct marketing sales, both within and outside the Territory, under trade and service marks including the Marks and under any terms and conditions we deem appropriate; and

(b) to operate and to grant others the right to operate Museum of Illusions Businesses located outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Franchised Business.

You expressly acknowledge and agree that we shall have the unbridled right to exercise all of the rights reserved to us in this Section 3.3 at any location, regardless of the proximity of such location to the Franchised Business.

3.4 Limitations on Sale of Products and Services

This license does not include any right to provide any Product or Service at or from any location except from the Site. Your use, directly or indirectly, of the System, the Marks licensed hereunder, or the sale of any Product or Service at any location other than from the Site, except as we may specifically approve, shall be a material breach of this Agreement and shall give us, in addition to all other rights and remedies hereunder, the right to terminate this Agreement. You may engage in promotional activities and are not restricted from promoting your Franchised Business in any area. You are strictly prohibited from selling any product at wholesale.

ARTICLE 4

DEVELOPMENT AND OPENING OF FRANCHISED BUSINESS

4.1 Acceptance of Site

4.1.1 You shall obtain our acceptance of any proposed site for the Franchised Business in accordance with our procedures within one hundred-eighty (180) days from the date hereof. If you are diligently searching for a suitable site and wish to request an extension of the timeframe for finding a potential site, you must submit a written request, and we will grant you an additional ninety (90) days. You will submit to us weekly progress reports documenting your efforts to locate a proposed site. Upon locating a proposed site, you will submit such demographic, commercial, and other information and photographs as we may require in order to evaluate the proposed site. You acknowledge that in accepting a proposed site we may consider such matters as we deem material including, without limitation, demographic characteristics of the proposed site; traffic patterns; parking; the predominant character of the neighborhood; competition from other businesses providing similar services within the area (including other Museum of Illusions Businesses); the number of households, income levels, and population in the local area; the purchase price or lease terms for the proposed site and other commercial characteristics; and the size of the premises, appearance, and other physical characteristics of the proposed site. You understand and acknowledge that we are not required to conduct an on-site evaluation of the site you propose for your Franchised Business and, therefore, you agree to provide us with a comprehensive and complete package of information we require in order to properly evaluate the site you propose.

4.1.2 We will accept or not accept each site you propose for the operation of Franchised Business by giving written notice to you. We agree to use reasonable efforts to deliver such notice to you within fifteen (15) days after we receive the complete site documentation and any other materials we request regarding the proposed site. We will not unreasonably withhold our acceptance of a proposed site that meets our standards and specifications for a Museum of Illusions Business. Upon our acceptance of a proposed site for the Franchised Business, the address of the Franchised Business will be inserted in Attachment 2 to this Agreement and the boundaries of your Territory will be identified. If you are unable to find a suitable location for your Franchised Business within the timeframe described in Section 4.1.1, we may terminate this Agreement, or we may provide you with an extension of this timeframe.

You hereby acknowledge and agree that our acceptance of the Site does not constitute an express or implied assurance, representation, or warranty of any kind as to the suitability of the Site for a Museum of Illusions Business or for any other purpose. Our acceptance of the Site indicates only that we believe the Site complies with acceptable minimum criteria established by us solely for our purposes as of the time of evaluation. You and we acknowledge that the application of criteria that have been effective with respect to other sites may not be predictive of the potential for the Franchised Business and that, subsequent to our acceptance of the Site, demographic and/or economic factors included in or excluded from our criteria could change. Such factors are unpredictable and beyond our control. We shall not be responsible for the failure of the Site to meet your expectations as to revenue, operational performance, or other measures. You further acknowledge and agree that your acceptance of a Franchise for the operation of the Franchised Business at the Site is based on your own independent investigation of the suitability of the Site.

4.2 Approval of Lease

4.2.1 Upon our acceptance of the Site, you will attempt to obtain lawful possession of the Site through your direct purchase, lease, or sublease. The lease or sublease for the Site shall be in a form satisfactory to us and: (a) provide for concurrent, written notice to us of your default under said lease or sublease; (b) provide for our right, in our sole discretion, to cure your default under said lease or sublease; (c) provide for your right to assign your interest under said lease or sublease to us without the lessor's or sublessor's consent; (d) authorize and require the lessor or sublessor to disclose to us upon our request sales and other information furnished to the lessor or sublessor by you; (e) provide that we shall have the right, in our sole discretion, upon termination of this Agreement or expiration of this Agreement, without the grant of a successor franchise, to assume said lease or sublease; (f) provide for the lessor's or sublessor's consent to your display of the Marks in accordance with our specifications, subject only to applicable law; (g) provide that it may not be materially modified without our prior written consent and that we will receive copies of such modifications when proposed and when executed; and (h) include an executed copy of the Collateral Assignment of Lease, which is attached hereto as Attachment 4, or a substantially similar form. Failure to obtain possession of the

Site for the Franchised Business within one (1) year following the date of this Agreement shall be deemed a material event of default under this Agreement.

4.2.2 You will deliver to us for review a copy of the lease, sublease, or purchase agreement for the Site. You agree that you will not execute a lease, sublease, or purchase agreement without our prior written approval of its terms. If we do not approve a proposed lease, sublease, or purchase agreement within fifteen (15) days after we receive it, it shall be deemed disapproved by us. You shall deliver a copy of the signed lease, sublease, or purchase agreement to us within fifteen (15) days of its execution. You further agree that you will not execute or agree to any modification of the lease, sublease, or purchase agreement that would affect our rights without our prior written approval.

4.3 Design Specifications

4.3.1 You acknowledge and agree that our requirements for design, decoration, layout, equipment, furniture, fixtures, color scheme, and signs for Museum of Illusions Businesses (the "Design Specifications") are an integral part of the System and form a part of the Trade Dress and that, therefore, the Franchised Business will be developed, constructed, and designed in accordance with the Design Specifications we will furnish to you.

4.3.2 You are required to use the architect designated by us to develop construction plans for the Site in order to ensure compliance with our Design Specifications. You will submit to us the basic dimensions and layout of the Site so that our architect may develop construction plans and specifications that are specific to the Site. The construction plans developed by our architect will be submitted to an architect that is local to the Franchised Business so that the local architect can verify compliance with all applicable ordinances and building codes. You shall not begin development of the Franchised Business until the construction plans and specifications have been finalized. Any changes to your construction plans and specifications must be approved by us before the changes may be implemented.

4.4 Development of the Franchised Business

As soon as practicable after you obtain possession of the Site by signing a lease, sublease or purchase agreement, you agree, at your expense, to do or cause to be done the following: (a) obtain all required zoning changes, planning consents, building, utility, sign, health, sanitation and business permits, licenses and approvals and any other consents, permits and licenses necessary to lawfully open and operate the Museum of Illusions Business; (b) construct all required improvements in compliance with construction plans and specifications approved by us; (c) decorate the Franchised Business in compliance with Design Specifications and the construction plans and specifications approved by us; (d) purchase and install all required equipment, furniture, fixtures and signs; and (e) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services. During development of the Franchised Business, beginning with your search for a Site and until you open for business,

you shall provide weekly progress reports, in a form we designate.

4.5 Equipment, Fixtures, and Signs

You agree to use in the development and operation of the Franchised Business only those brands, types, and/or models of equipment, fixtures, and signs displaying the Marks which meet our specifications, and the optical illusion exhibits that we designate. You will purchase approved brands, types, and/or models of equipment, fixtures, signs, and exhibits which meet our specifications from the suppliers we designate. We will, from time to time, provide you with a list of suppliers who sell merchandise that meet our specifications. All computer equipment used in the operation of the Franchised Business must be of a brand, type, and/or model authorized by us.

4.6 Initial Inventory

You agree to stock the initial inventory of the Franchised Business to our specifications and standards. The initial inventory of the Franchised Business will include your purchase of Products from our designated suppliers, including certain Products that must be purchased from us or our Affiliate.

4.7 Opening

You agree not to open the Franchised Business for business until: (a) we determine that all of your obligations pursuant to Sections 4.1 through 4.6 have been fulfilled; (b) pre-opening training of required personnel has been completed to our satisfaction; (c) all amounts then due to us have been paid; (d) we have been furnished with copies of all insurance policies required pursuant to this Agreement or such other evidence of insurance coverage and payment of premiums as we request, and (e) we have given our approval for your Franchised Business to open. You agree to comply with these conditions and to be prepared to open the Franchised Business to the public not later than twenty-four (24) months after this Agreement is signed. If you are unable to open your Franchised Business within this timeframe, subject to force majeure, we may terminate this Agreement.

4.8 Grand Opening Advertising Campaign

You agree to spend between Twenty Thousand Dollars (\$20,000) and One Hundred Thousand Dollars (\$100,000) on a grand opening advertising and promotional program during the period that includes ten (10) days before your Franchised Business is scheduled to open and thirty (30) days following your grand opening to promote the opening of your Franchised Business. Your grand opening advertising and promotional program must be approved by us before you begin it and must include the giveaways and other promotions we require. You shall hire a public relations firm to assist you in conducting the grand opening advertising campaign, and we reserve the right to designate or approve of the public relations firm you use. Such advertising and promotion program shall be in addition to advertising and promotion conducted pursuant to this Agreement, as described in Article 12 below. We reserve the right to collect some or all of your grand opening funds and implement grand opening campaign activities on your behalf.

4.9 Relocation of Franchised Business

If during the term of this Agreement, you wish to relocate your Franchised Business, or if the Site is damaged or destroyed and cannot be repaired within sixty (60) days, unless mutually agreed, you must submit to us in writing the materials we require to consider your relocation request, including information concerning the proposed new location for the Franchised Business. Any such relocation shall be at your sole expense. Our review of your request to relocate will consider factors such as your compliance with this Agreement, the location meets our then-current requirements for a Museum of Illusions Business and is located within your Territory. We shall issue a revised Attachment 2, in accordance with Section 4.1.2, to reflect the new address of the Site. We reserve the right to require you to sign our then-current Franchise Agreement as a condition of your relocation.

4.10 System Updates; Refurbishment

4.10.1 During the Initial Term of this Agreement, but not more than once in any twenty- four (24)-month period unless otherwise mutually agreed to by the parties, you will be required to periodically update and/or change out optical illusion exhibits at your Franchised Business and/or to make other changes to your Franchised Business to comply with any updates to the System that we prescribe. All such changes will be at your sole expense.

4.10.2 In addition to any System updates and/or changes in optical illusion exhibits as described above, and at our request, we may require you to remodel or refurbish your Franchised Business to meet our then-current image for all Museum of Illusions Businesses. You shall refurbish the Franchised Business at your sole cost and expense so that it conforms to the Trade Dress, Design Specifications and presentation of the Marks in a manner consistent with the image then in effect for new Museum of Illusions Businesses under the System, including, without limitation, remodeling, redecoration and modifications to existing improvements. Refurbishment does not include (a) regular maintenance of your Franchised Business and its equipment and furnishings, (b) any System update as described in Section 4.10.1 above; (c) additions, modifications, substitution or discontinuation of the Marks; and (d) any technological upgrades we may require during the term of this Agreement. We shall not require such remodeling and/or refurbishment more frequently than every five (5) years during the term of this Agreement.

4.10.3 In the event we notify you of any additions, alterations, repairs, replacements, and/or refurbishment required to be made to your Franchised Business as described in this Section 4.10 and you fail to make such additions, alterations, repairs, replacements, or refurbishment within the timeframe we require, we shall have the right, without liability for trespass or tort, to enter the Site and make the additions, alterations, repairs, replacements and/or refurbishment, and you agree to promptly reimburse us for our expenses in so acting.

ARTICLE 5

TRAINING AND GUIDANCE

5.1 Initial Training and Opening Assistance

5.1.1 We will provide a mandatory initial training program for museum management. The training program lasts approximately two (2) days and will be provided at the Site together with up to three (3) days of opening assistance. You shall reimburse us for our expenses in sending three (3) representatives to your Site to provide such training and opening assistance.

5.1.2 Your trainees must complete the initial training program to our satisfaction. If any of your trainees do not complete the initial training program to our satisfaction, we may retrain them, but you will pay any additional expenses incurred by our trainer for conducting the training program a second time, including additional travel and living expenses and our then-current per diem fee for additional on training. If your trainees do not complete our training program to our satisfaction a second time, we may terminate this Agreement. Any management personnel subsequently designated by you must also receive and complete the initial training to our satisfaction, even if this requires sending that manager to our headquarters, at your expense. We reserve the right to charge a reasonable fee for the initial training we provide to a replacement or successor employee if we have not approved you to provide the training.

5.2 Additional On-Site Training; Refresher Training

5.2.1 At your request or if we determine it is necessary, and subject to the availability of our personnel, we may provide remedial assistance and/or training on-site at your Franchised Business. You agree to pay our then-current per diem fee for each trainer we send to your Franchised Business and to reimburse each trainer's expenses while providing the on-site assistance, including, but not limited to, travel, lodging and meals. We reserve the right to provide additional assistance and/or training remotely.

5.2.2 In addition to the initial training program and any additional on-site assistance or training you request, or we require, as described above, we will provide periodic refresher training regarding new exhibits, products, advertising campaigns, and similar items. We may designate that attendance is mandatory for you, your General Manager, Sales and Marketing Manager, and/or other personnel. We anticipate conducting any refresher training remotely.

5.2.3 You shall implement a training program for your employees in accordance with training standards and procedures that we may prescribe. You shall maintain, at all times, a staff of trained employees sufficient to operate the Franchised Business in accordance with this Agreement, the Operations Manual and our System standards.

5.3 Guidance and Assistance

We shall furnish guidance to you with respect to: (a) specifications, standards and operating procedures utilized by Museum of Illusions Businesses and any modifications thereof; (b) purchasing approved equipment, fixtures, signs, inventory, and operating materials and supplies; (c) development and implementation of local advertising and promotional programs; (d) administrative, bookkeeping, accounting, inventory control and general operating and management procedures; and (e) establishing and conducting employee training programs at the Franchised Business. Such guidance shall, in our discretion, be furnished in the form of our Operations Manual, bulletins, written reports and recommendations, other written materials (including by email), refresher training programs and/or periodic telephonic consultations, or in-person consultations at our offices or at your Franchised Business.

5.4 Operations Manual

We will loan to you for your sole use during the term of this Agreement one (1) copy of an “Operations Manual”, which may consist of one (1) or more handbooks or manuals as may be modified, replaced or supplemented by us from time to time, in our sole discretion. We reserve the right to provide the Operations Manual electronically, or a password-protected Website. The Operations Manual shall contain mandatory specifications, standards, policies and procedures prescribed from time to time by us for Museum of Illusions Businesses. The Operations Manual may be modified by us from time to time (a) to reflect changes in the System, including, without limitation, changes in specifications, standards, policies and procedures of Museum of Illusions Businesses; (b) to specify brands, types and/or models of equipment which must be used by you in the operation of the Franchised Business; and (c) to specify changes in the décor, format, image, Products, Services and operations of a Museum of Illusions Business prescribed by us. Any such modifications shall be binding upon you upon being mailed or otherwise delivered to you, as if originally set forth herein. You shall keep your copy of the Operations Manual current by immediately inserting all modified pages furnished by us. In the event of a dispute about the contents of the Operations Manual, the master copy maintained by us at our principal office shall be controlling. You acknowledge that the Operations Manual is proprietary and confidential to us, and you agree that you will not at any time copy or distribute any part of the Operations Manual. Upon termination of this Agreement or expiration of this Agreement without grant of a successor franchise, you shall return to us all copies of the Operations Manual.

ARTICLE 6

MARKS

6.1 Goodwill and Ownership of Marks

We are the owner or the licensee of the owner of the Marks. All references in this Agreement to our right, title and interest in and to the Marks shall be deemed to include the owner's right, title and interest in and to the Marks. You acknowledge that your right to use the Marks is derived solely from this Agreement and is limited to the operation of the Franchised Business by you pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by us from time to time during the term of the Franchise. Any unauthorized use of the Marks by you shall constitute a material breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that all usage of the Marks by you and any goodwill established thereby shall inure to our exclusive benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you other than the right to operate the Franchised Business in compliance with this Agreement. All provisions of this Agreement applicable to the Marks shall apply to any other trademarks, service marks and commercial symbols hereafter authorized in writing for use by and licensed to you by us.

You understand and agree that the limited license to use the Marks granted hereby applies only to such proprietary marks as are designated by us, and which are not subsequently designated by us as being withdrawn from use, together with those which may hereafter being designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of our Marks by virtue of the limited license granted hereunder, or by virtue of your use of any of the Marks.

During the term of this Agreement and any successor term or extension hereof, you shall identify yourself as the independent owner of the Franchised Business in conjunction with any use of the Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as we may designate in writing.

6.2 Limitations on Your Use of Marks

You agree to use the Marks as the sole trade identification of the Franchised Business, provided that you shall identify yourself as the independent owner of the Franchised Business in the manner prescribed by us. You shall not use any Mark or any variation thereof (a) as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form; (b) in connection with the performance or sale of any unauthorized services or products; (c) as part of the Domain Name or electronic address of any Website; or (d) in any other manner not expressly authorized in writing by us. You agree to display the Marks prominently in the manner prescribed by us at the Franchised Business and in connection with advertising

and marketing materials. You agree to give such notices of trademark and service mark registrations as we specify and to obtain such business name registrations as may be required under applicable law.

6.3 Notification of Infringements and Claims

You shall immediately notify us of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights in any Mark, and you shall not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We shall have sole discretion to take such action as we deem appropriate in connection with the foregoing and the right to control exclusively any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks. We will reimburse you for the reasonable out-of-pocket expenses incurred and paid by you in complying with the requirements imposed by this Section.

6.4 Discontinuance of Use of Marks

If it becomes advisable at any time, in our sole judgment, for the Franchised Business to modify or discontinue the use of any Mark or of any aspect of the Trade Dress and/or for the Franchised Business to use one or more additional or substitute trademarks or service marks or substitute trade dress, you agree to immediately comply with our directions to modify or otherwise discontinue the use of such Mark and/or to use one or more additional or substitute trademarks, service marks, logos or commercial symbols or substitute trade dress after notice thereof by us. We shall have no obligation to reimburse you for any expenditures made by you to modify or discontinue the use of a Mark or to adopt substitutes for a discontinued Mark including, without limitation, any expenditures relating to advertising or promotional materials or to compensate you for any goodwill related to the discontinued Mark. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.

6.5 Indemnification of You

We agree to indemnify you against, and to reimburse you for, all damages for which you are held liable in any proceeding arising out of your use of any Mark pursuant to and in compliance with this Agreement and for all costs reasonably incurred by you in the defense of any such claim brought against you or in any such proceeding in which you are named as a party, provided that you have timely notified us of such claim or proceeding, have given us sole control of the defense and settlement of any such claim, and have otherwise complied with this Agreement.

ARTICLE 7

COPYRIGHTS

7.1 Ownership of Copyrights

You and we acknowledge and agree (a) that we may authorize you to use, in connection with the operation of the Franchised Business, certain copyrighted or copyrightable works which shall be referred to herein as the “Copyrighted Works”; (b) that the Copyrighted Works are our valuable property or the property of the copyright owner, who may not be us; and (c) that the rights herein are granted to you solely on the condition that you comply with the terms of this Section. You acknowledge and agree that we own or are the licensee of the owner of the Copyrighted Works and will further create, acquire or obtain licenses for certain copyrights in various works of authorship used in connection with the operation of Museum of Illusions Businesses. Such Copyrighted Works include the Operations Manual and may include all or part of the Marks, Trade Dress, Design Specifications and other portions of the System. We intend that all works of authorship related to the System and created in the future will be owned by us or our Affiliate.

7.2 Limitation on Your Use of Copyrights

You acknowledge that your right to use the Copyrighted Works is derived solely from this Agreement and is limited to the use of such Copyrighted Works pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by us from time to time during the term of this Agreement. You shall ensure that all Copyrighted Works used hereunder shall bear an appropriate copyright notice under the Universal Copyright Convention or other copyright laws prescribed by us specifying that we are the owner of the copyright. You acknowledge that this Agreement does not confer any interest in the Copyrighted Works upon you other than the right to operate the Franchised Business in compliance with this Agreement. If we authorize you to prepare any adaptation, translation or derivative work of the Copyrighted Works, you hereby agree that such adaptation, translation or derivative work shall be our property and you hereby assign all your right, title and interest therein to us. You agree to execute any documents in recordable form which we determine are necessary to reflect such ownership. You shall submit all such adaptations, translations or derivative works to us for approval prior to use.

7.3 Notification of Infringements and Claims

You shall immediately notify us of any actual or apparent infringement of or challenge to any of the Copyrighted Works or claim by any person of any rights in the Copyrighted Works. You shall not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We shall have the sole discretion to take such action as we deem appropriate in connection with the foregoing and the right to control exclusively any settlement, litigation, arbitration or administrative proceeding arising out of any such alleged infringement, challenge or claim or otherwise

relating to the Copyrighted Works.

7.4 Discontinuance of Use

If it becomes advisable at any time in our sole judgment for you to modify or discontinue use of any of the Copyrighted Works and/or for you to use one or more additional or substitute copyrighted or copyrightable items, you agree to immediately comply with our directions to modify or otherwise discontinue the use of the copyrighted materials and/or to use one or more substitute materials, at your expense.

ARTICLE 8 **CONFIDENTIAL INFORMATION**

8.1 Definition of “Confidential Information”

We possess and will further develop and acquire “Confidential Information” including, but not limited to, the following categories of information, methods, techniques, procedures, and knowledge developed or to be developed by us, our Affiliates and/or franchisees: System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of Museum of Illusions Businesses, the terms of your agreement with us, the Operations Manual, graphic designs and other intellectual property, and your customer list.

8.2 Sales and Operations Data Deemed Confidential

All data relating to the sales and operations of the Franchised Business shall also be deemed to be Confidential Information for purposes of this Agreement.

8.3 Disclosure of Confidential Information

We will disclose such parts of the Confidential Information as are required for the operation of a Museum of Illusions Business to you during training and in guidance and assistance furnished to you during the term of this Agreement, and you may learn or otherwise obtain from us additional Confidential Information during the term of this Agreement. You acknowledge and agree that neither you nor any other person or entity will acquire any interest in or right to use the Confidential Information, other than your right to utilize it in the operation of the Franchised Business, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition with us and other Museum of Illusions franchisees. You agree to disclose the Confidential Information to your Owners and to employees of the Franchised Business only to the extent reasonably necessary for the operation of the Franchised Business.

8.4 Non-Disclosure of Confidential Information

You acknowledge and agree that the Confidential Information is confidential to us and a valuable asset of ours, is proprietary, includes our trade secrets, and is disclosed to you solely on the condition that you, your Owners and your employees who have access to it agree, and you do hereby agree, that during and after the term of this Agreement, you, your Owners and such employees:

- (a) will not use the Confidential Information in any other business or capacity;
- (b) will maintain the absolute secrecy and confidentiality of the Confidential Information;
- (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form;
- (d) will adopt and implement all reasonable procedures prescribed from time to time by us to prevent unauthorized use or disclosure of or access to the Confidential Information; and
- (e) will require all Principal Owners and all employees and Owners who will have access to Confidential Information, including, without limitation, managers and other personnel who attend our training programs, to execute Confidentiality and Non-Competition Agreements in the form attached hereto as Attachment 5. We shall be a third-party beneficiary of such agreements with the independent right to enforce their terms. You shall provide, at our request, copies of each such executed Confidentiality and Non-Competition Agreement. Failure to procure execution of a Confidentiality and Non-Competition Agreement shall be a material breach of this Agreement.

8.5 Use of Confidential Information

Nothing contained herein shall be construed to prohibit you from using the Confidential Information in connection with the operation of a Museum of Illusions Business, provided such operation is pursuant to a valid franchise agreement between you and us.

8.6 Restrictions on Use

Notwithstanding anything to the contrary contained in this Agreement, and provided you shall have obtained our prior written consent, the restrictions on your disclosure and use of the Confidential Information shall not apply to the following: (a) information, methods, procedures, techniques and knowledge which are or become generally known in the business of the offer and sale of Approved Products and Services in the United States, other than through deliberate or inadvertent disclosure by you; and (b) the disclosure of the Confidential Information in judicial or administrative proceedings to

the extent that you are legally compelled to disclose such information, provided you have notified us prior to disclosure and shall have used your best efforts to obtain, and shall have afforded us the opportunity to obtain, an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

8.7 New Ideas and Concepts

You agree to disclose to us all ideas, concepts, methods, techniques and products relating to the development and operation of a Museum of Illusions Business conceived or developed by you, your Affiliates, Owners or your employees during the term of this Agreement. You hereby grant to us and agree to procure from your Affiliates, Owners or employees a perpetual, non-exclusive and worldwide right to use same. We shall have no obligation to make any payment with respect to any such idea, concept, method, technique or product. You agree that you will not use, nor will you allow any other person or entity to use, any such concept, method, technique or product without obtaining our prior written approval.

ARTICLE 9

EXCLUSIVE RELATIONSHIP; NON-COMPETITION

9.1 You acknowledge and agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Museum of Illusions Businesses if franchisees, their Principal Owners, or members of any of their immediate families were permitted to engage in, hold interests in, or perform services for a Competitive Business. You further acknowledge and agree that the restrictions contained in this Section will not hinder your activities or the activities of your Principal Owners under this Agreement or in general. We have entered into this Agreement with you on the express condition that, with respect to the operation of Competitive Businesses, you and your Principal Owners and members of their respective immediate families will deal exclusively with us. You therefore agree that during the term of this Agreement neither you nor any of your Principal Owners nor any member of your or their immediate family shall, directly or indirectly:

(a) have any interest as a disclosed, undisclosed or beneficial owner in any Competitive Business; or

(b) perform services as a director, officer, manager, employee, consultant, representative, agent, landlord or otherwise for any Competitive Business.

9.2 These restrictions of clause (a) of Section 9.1 shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market (a publicly owned company) that represents less than five percent (5%) of the number of shares of that class of securities issued and outstanding.

9.3 The restrictions of Section 9.1 shall not be construed to prohibit you, any of your Principal Owners, or any member of your or their immediate family from having a direct or indirect ownership interest in any Museum of Illusions Franchise Agreement for the operation of any Museum of Illusions Business, or any entity owning, controlling or operating a Museum of Illusions Business, or from providing services to any such Museum of Illusions Business pursuant to other agreements with us.

ARTICLE 10

FEES

10.1 Initial Fees

10.1.1 You agree to pay to us upon execution of this Agreement an “Initial Franchise Fee” in the amount of One Hundred Thousand Dollars (\$100,000). The Initial Franchise Fee shall be fully earned by us upon execution of this Agreement and is non-refundable.

10.1.2 Within ten (10) days after notification from us of the amount required, you further agree to pay us for travel and living expenses for three (3) of our representatives to provide initial training and opening assistance at your Franchised Business for up to five (5) days. As described in Section 5.1, if our representatives must re-train any of your initial trainees, thereby requiring additional days being spent at your Franchised Business, you agree to reimburse any additional travel and living expenses required.

10.2 Royalty Fee

10.2.1 During the term of this Agreement, you shall pay to us, in partial consideration for the rights herein granted, a continuing monthly royalty fee equal to (a) fifteen percent (15%) of Ticket Sales, plus (b) fifteen percent (15%) of revenue generated from event rentals, plus (c) five percent (5%) of merchandise sales (“Royalty Fee”). Such Royalty Fee shall be due and payable each month based on the Total Sales generated in the previous calendar month so that it is received by us by electronic funds transfer on or before the tenth (10th) day of each month, provided that such day is a business day. If the date on which such payments would otherwise be due is not a business day, then payment shall be due on the next business day. “Ticket Sales” shall mean sales derived from sales of entrance tickets to the Franchised Business. “Total Sales” is the total of Ticket Sales, event rentals, and merchandise sales, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, Total Sales will be determined based on the records of the point-of-sale system and any cash shortage will not be considered in the determination. Total Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments.

10.2.2 Each such Royalty Fee shall be preceded by a royalty report itemizing the Ticket Sales, sales from event rentals, and merchandise sales for the preceding calendar month (“Royalty Report”) and any other reports required hereunder.

Notwithstanding the foregoing, you shall provide us with such Royalty Report on a daily basis by email, facsimile transmission or such other method of delivery as we may reasonably direct. You understand and acknowledge that although we have the right to access your computer system to view sales and other information, you are still required to provide us with the Royalty Report and such other reports and financial information as we require.

10.2.3 If the state in which your Franchised Business is located imposes upon us a sales or other tax on Royalty Fees paid to us, then we shall have the right to collect this tax from you.

10.3 Interest on Late Payments

All Royalty Fees, amounts due for purchases by you from us, and other amounts which you owe to us or our Affiliates shall bear interest after the due date at a rate equal to one and one-half percent (1.5%) per month or the maximum interest rate permitted by law, whichever is less. Interest shall accrue from the original due date until payment in full is received by us. You acknowledge that this Section shall not constitute our agreement to accept such payments after same are due or a commitment by us to extend credit to or otherwise finance your operation of the Franchised Business. You acknowledge that failure to pay all such amounts when due shall constitute grounds for termination of this Agreement as provided herein, notwithstanding the provisions of this Section.

10.4 Application of Payments

Notwithstanding any designation by you, we shall have sole discretion to apply any payments received from you or any indebtedness of yours to us or our Affiliates to any past due indebtedness of yours for Royalty Fees, purchases from us or our Affiliates, interest, or any other indebtedness of yours to us.

10.5 Electronic Funds Transfer

10.5.1 At our request, you must sign and deliver to us any documents required by us, our bank and/or your bank to authorize us to debit your bank account automatically for the Royalty Fee and other amounts due under this Agreement, including, without limitation, our form of Electronic Funds Transfer Authorization, attached as Attachment 7 hereto. You agree to make the funds available for withdrawal by electronic transfer before each due date.

10.5.2 If you fail to provide the Royalty Report as required so that we are unable to determine your monthly Ticket Sales and Total Sales amounts, we may debit your account for one hundred twenty percent (120%) of the last Royalty Fee that we debited. If the Royalty Fee debited from your account is less than the Royalty Fee you actually owe to us (once we have determined true and correct Ticket Sales and Total Sales), we will debit your account for the balance of the Royalty Fee due on the day we specify. If the Royalty Fee debited from your account is greater than the Royalty Fee actually owed, we will credit the excess against the amount we otherwise would debit from your account for the next payment due.

10.6 Insufficient Funds Fee

If there are not sufficient funds in your account to permit us to debit the account for the payments you owe us, you will pay to us an insufficient funds fee equal to One Hundred Dollars (\$100). This fee is in addition to interest on any overdue amount, as described in Section 10.4 above, and any fees charged by your bank. If you incur three (3) insufficient funds fees within any twelve (12) month period, we may terminate this Agreement without providing you the opportunity to cure the default.

10.7 Payment of Additional Fees

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

ARTICLE 11

MUSEUM OF ILLUSIONS BUSINESS IMAGE AND OPERATION

11.1 Condition and Appearance of the Franchised Business

11.1.1 You agree that: (a) neither the Franchised Business nor the Site will be used for any purpose other than the operation of a Museum of Illusions Business in compliance with this Agreement; (b) you will maintain the condition and appearance of the Franchised Business, its equipment, fixtures, signs, exhibits, and the Site in accordance with our specifications and standards and consistent with the image of a Museum of Illusions Business; and (c) you will perform such maintenance with respect to the décor, equipment, fixtures, signs, and exhibits of the Franchised Business and the Site as may be required from time to time to maintain good condition, appearance, and efficient operation including, without limitation: (i) thorough cleaning, exterminating, repainting and redecorating of the interior and exterior of the Site on a daily basis or at reasonable intervals, as applicable; (ii) interior and exterior repair of the Site; (iii) repair or replacement of damaged, worn out or obsolete equipment, fixtures, signs, and exhibits, provided that (except for our right to require you to remodel and refurbish your Franchised Business as described in Section 4.10.2 above) we will not require you to replace any obsolete equipment unless we have initiated a program to replace such equipment as it becomes necessary in the Museum of Illusions Businesses that we operate; (iv) you will not make any material alterations to the Site or to the appearance of the Franchised Business as originally developed without our prior approval in writing; (v) subject to our

approval of plans, layouts and designs, you will remodel, expand, redecorate, reequip and refurnish the Site and the Franchised Business when required by us, but no more often than once every five (5) years, to reflect changes in the operation of Museum of Illusions Businesses prescribed by us and required of new franchisees, as described in Section 4.10.2 above. You shall have a reasonable time period remaining under this Agreement to amortize the costs of such improvements. Notwithstanding the provisions above, we can require you to change and/or upgrade equipment at any time to comply with new specifications and standards; and (vi) you will place or display at the interior and exterior of Site only such signs, emblems, lettering, logos, and display and advertising materials that are from time to time approved by us.

11.1.2 In addition to our rights to terminate this Agreement as set forth herein, if you do not maintain the condition and appearance of the Franchised Business as herein required, we may, upon not less than ten (10) days' notice to you, or immediately in cases of health or sanitation hazards or other public endangerment: (a) arrange for the necessary cleaning, sanitation, repair, remodeling, upgrading, painting or decorating; or (b) replace the necessary fixtures, furnishings, equipment, or signs. You shall promptly pay the entire cost thereof following the receipt of a bill for such work from us.

11.2 Products and Services Offered at the Franchised Business

You agree that the Franchised Business will offer for sale all Approved Products and Services and related products and other services that we from time to time prescribe and that the Franchised Business will make available all services that we prescribe from time to time for Museum of Illusions Businesses. You agree that the Franchised Business will not offer for sale or sell at the Site or any other location in conjunction with the Marks or any other marks any other products or services which have not been approved by us.

11.3 Approved Products, Distributors, and Suppliers

11.3.1 The reputation and goodwill of the Museum of Illusions Businesses are based upon and can be maintained only by the sale of distinctive, high-quality Products and the presentation and packaging of such Products in an efficient and appealing manner. We have developed standards and specifications for the Products, materials, and supplies incorporated in or used in the delivery of our Approved Products and Services authorized for sale at the Museum of Illusions Businesses. We have and will periodically approve suppliers and distributors of the foregoing Products that meet our standards and requirements including, without limitation, standards and requirements relating to quality, prices, consistency, reliability, financial capability, labor relations, and customer relations. You agree that the Franchised Business will: (a) purchase the Products only from designated suppliers (which may include us and/or our Affiliates) and sell such Products; and (b) purchase from distributors and other suppliers approved by us all other products, materials, and supplies used in the preparation or sale of Products, and equipment, forms, packaging or other materials that meet our standards and specifications for the same. We may from time to time modify the list of approved brands and/or suppliers and you shall not, after receipt in writing of such modification, reorder any brand from any

supplier which is no longer approved.

We may approve a single distributor or other suppliers for any Product and may approve a distributor or other supplier only for certain Products. We may concentrate purchases with one (1) or more distributors or suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Museum of Illusions Businesses, whether franchised or operated by us. Approval of a distributor or other supplier may be conditioned on requirements relating to the frequency of delivery, standards of service, prompt attention to complaints, or other criteria and concentration of purchases as set forth above and may be temporary pending a further evaluation of such distributor or other suppliers by us. You also understand and acknowledge that we may periodically receive payments from approved suppliers, such as in the form of rebates, based on such approved suppliers' sales of products and services to our franchisees. We reserve the right to direct that any supplier rebates, refunds, advertising allowances or other consideration payable or paid as a result of your purchases of proprietary or non-proprietary goods, services or equipment be paid to us or any affiliate that we may designate. If we do so, then you hereby acknowledge that you will not assert any interest in such monies.

11.3.2 If you wish to purchase, lease, or use any unapproved products or other items, or you wish to purchase or lease from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so. We must approve any product or supplier in writing before you make any purchases of that product or from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our product or supplier approval procedure does not obligate us to approve any particular product or supplier. However, we will notify you within a reasonable time after we complete the inspection and evaluation process of our approval or disapproval of any proposed product or supplier. We are not required to make available to you or to any supplier our criteria for product or supplier approval.

11.3.3 In the event you sell any products, novelty items, clothing, souvenirs or perform any services that we have not prescribed, approved, or authorized, you shall, immediately upon notice from us: (i) cease and desist offering or providing the unauthorized or unapproved product, premium, novelty item, clothing, souvenir or from performing such services and (ii) pay to us, on demand, a prohibited product or service fine equal to One Thousand Dollars (\$1,000) per day for each day such unauthorized or unapproved product, premium, novelty item, clothing, souvenir or service is offered or provided by you after written notice from us. The prohibited product or service fine shall be in addition to all other remedies available to us under this Agreement or at law.

11.4 Pricing

Where permitted by applicable law, we may provide you with written advice regarding the maximum prices which you may charge your customers for the Approved Products and Services provided or sold under the System. Any such advice, if given at all, will be binding on you and you agree to comply with our pricing guidelines. Nothing contained herein shall be deemed a representation by us that if you follow such guidelines you will, in fact, generate a profit. You are obligated to inform us of all prices charged for Approved Products and Services sold by you and to inform us of any modifications of your prices. We may exercise rights with respect to pricing programs and products to the fullest extent permitted by then-applicable law. These rights may include (without limitation) establishing the maximum retail prices which you may charge customers for the programs or products offered and sold at your Franchised Business; recommending retail prices; advertising specific retail prices for some or all programs, products or services sold by your Franchised Business, which prices you agree to observe (sometimes known as “price point advertising campaigns”); engaging in advertising, promotional and related programs which you must participate in and which may directly or indirectly impact your retail prices (such as “buy one, get one free”); and otherwise mandating, directly or indirectly, the maximum retail prices which your Franchised Business may charge the public for the programs, products and services it offers. We may engage in any such activity at any time throughout the term of this Agreement. Further, we may engage in such activity only in certain geographic areas (towns, cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. You acknowledge and agree that any maximum or other prices we establish or suggest may or may not optimize the revenues or profitability of your Franchised Business. You entirely waive any and all claims related to our establishment of prices charged at your Franchised Business.

11.5 Specifications, Standards and Procedures

11.5.1 You acknowledge that the operation of the Franchised Business in compliance with our high standards is important to us and other Museum of Illusions Businesses and you agree to maintain such high standards in the operation of the Franchised Business. You agree to comply with all mandatory specifications, standards, and operating procedures relating to the appearance, function, cleanliness, days and hours of operation (subject to applicable law or the terms of your lease), number of telephone lines, and operation of a Franchised Business, number and placement of security cameras in your Franchised Business, our right to have independent access to the security camera system, and with our requirements for the décor, equipment, format, and image of a Museum of Illusions Business as they may be developed or changed by us from time to time. You acknowledge and agree that all mandatory specifications, standards, and operating procedures prescribed from time to time by us in the Operations Manual or otherwise shall constitute binding obligations on your part, and any failure by you to adhere to such mandatory specifications, standards and operating procedures shall constitute grounds for termination of this Agreement by us as provided for herein. All references herein to this Agreement shall include all such mandatory specifications, standards, and operating procedures.

11.5.2 You acknowledge that due to peculiarities of particular market areas and circumstances, complete and detailed uniformity may not be practical or in the best interests of all Museum of Illusions Businesses. We reserve the right to vary, in our sole discretion, standards and procedures as they relate to a particular franchisee or group of franchisees. Nothing in this Agreement shall be construed to require us to grant you a like variance, or to permit you to modify the standards and procedures required for the operation of your Franchised Business. Any such variances or modifications shall be in our sole and absolute discretion.

11.6 Modification of the System

You understand and agree that the System may not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer; modifying or substituting entirely all other unit construction, design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying or substituting the Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations hereunder.

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

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

11.7 Compliance with Laws and Good Business Practices

You shall secure and maintain in force in your name all required licenses, permits, and certificates relating to the conduct of your business pursuant to this Agreement. You shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations including, without limitation, immigration law, worker's compensation insurance, unemployment insurance, and withholding and payment of all taxes. All advertising by you shall be completely factual, in good taste in our judgment, and shall conform to high standards of ethical advertising. You shall in all dealings with your customers, suppliers, us, and public officials adhere to high standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks and other Museum of Illusions Businesses. You shall notify us in writing within five (5) days of your learning of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of you or the Franchised Business.

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 is 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" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by 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.

11.8 Management and Personnel of the Franchised Business

11.8.1 You shall maintain, at all times a Sales and Marketing Manager and General Manager, who have completed our training program to our satisfaction and of whom we approve. Your General Manager will be the individual primarily responsible for the daily operation of your Franchised Business, and we shall have the right to deal directly with such General Manager on matters pertaining to day-to-day operations of and reporting requirements for the Franchised Business; provided, however, that you shall at all times ensure that the operation of your Franchised Business is in compliance with the terms of this Agreement, our Operations Manual and our System standards. We recommend, but do not require, that you be the General Manager for your Franchised Business.

11.8.2 Upon the death, disability or termination of employment of your General Manager, you shall immediately notify us and designate a successor or acting General Manager who meets our then- current criteria. In no event shall the appointment

of a successor or acting General Manager be more than thirty (30) days after the death, disability or termination of the predecessor General Manager. Each successor General Manager must satisfactorily complete our initial training program within thirty (30) days of appointment by you.

11.8.3 You shall hire all employees of the Franchised Business and shall be exclusively responsible for the terms of their employment, compensation and for the proper training of such employees in the operation of the Franchised Business. In no event will any of your employees be deemed to be employees of ours. We may require you to obtain confidentiality and non-competition agreements from certain of your employees. You shall establish at the Franchised Business for all employees a training program meeting the standards prescribed by us.

11.9 Insurance

11.9.1 During the term of this Agreement, you shall maintain in force under policies of insurance issued by licensed insurers approved by us the categories and amounts of insurance coverage specified by us in the Operations Manual. You acknowledge and understand that we have the right to change our insurance requirements, and you shall comply with such changes. Your insurance coverage must be obtained from a responsible, duly licensed carrier or carriers acceptable to us and having a rating of at least "A-" with a minimum financial category of VII per A.M. Best Company. All insurance must be on an "occurrence" basis. As of the date of this Agreement, our current insurance requirements include:

(a) general commercial liability insurance with limits of not less than One Million Dollars (\$1,000,000);

(b) any insurance required by the laws of the state where the Franchised Business is located, including workers' compensation insurance;

(c) any insurance required by the terms of the lease for the premises; and

(d) any insurance we may require in the future.

11.9.2 You shall also maintain such additional insurance as is necessary to comply with all legal requirements concerning insurance. We may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

11.9.3 The insurance policies required herein shall:

(a) name us as an additional named insured and contain a waiver of all subrogation rights against us, our Affiliates, and our respective successors and assigns;

(b) provide for thirty (30) days' prior written notice to us of any material modification, cancellation, or expiration of such policy;

(c) provide that the coverage applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;

(d) contain no provision which in any way limits or reduces coverage for you in the event of a claim by any one or more of the parties indemnified under this Agreement;

(e) be primary to and without right of contribution from any other insurance purchased by the parties indemnified under this Agreement; and

(f) extend to and provide indemnity for all obligations assumed by you hereunder and all other items for which you are required to indemnify us under this Agreement.

11.9.4 You shall provide us with evidence of the insurance required hereunder not later than fifteen (15) days before the Franchised Business opens. You shall provide us with a complete copy of each insurance policy no more than thirty (30) days after our request for same. Thereafter, prior to the expiration of the term of each insurance policy, you shall furnish us with evidence of each renewal or replacement insurance policy to be maintained by you for the immediately following term and evidence of your payment of the premiums. If you fail or refuse to maintain required insurance coverage or to furnish satisfactory evidence thereof and the payment of the premiums, we may, at our option, and in addition to our other rights and remedies hereunder, obtain such insurance coverage on your behalf and you shall fully cooperate with us in our effort to obtain such insurance policies, promptly execute all forms or instruments required to obtain or maintain any such insurance, allow any inspections of the Franchised Business which are required to obtain or maintain such insurance and pay to us on demand any costs and premiums incurred by us for such insurance plus a ten percent (10%) administrative fee. If you fail to purchase or maintain any insurance required by this Agreement or fail to reimburse us for our purchase of insurance on your behalf within fifteen (15) days of delivery to you of our written demand for reimbursement, then we may terminate this Agreement upon notice of termination without opportunity to cure.

11.9.5 The maintenance of sufficient insurance coverage shall be your responsibility. Your obligations to maintain insurance coverage as herein described shall not be affected in any manner by reason of any separate insurance maintained by us nor shall the maintenance of such insurance relieve you of any indemnification obligations

under this Agreement.

11.10 Credit Cards and Other Methods of Payment

If we require, you shall, at all times, have arrangements in existence with a full range of credit and debit card issuers or sponsors, check verification services and electronic fund transfer systems as we designate from time to time in order that the Franchised Business may accept customers' credit and debit cards, checks and other methods of payment.

11.11 Best Efforts, Sole Purpose

11.11.1 You and your Principal Owners agree to use their best efforts to develop and expand the market for the Approved Products and Services offered by the Franchised Business and to cooperate with us to accomplish the purposes of this Agreement.

11.11.2 If you are a corporation, partnership, limited liability company or other legal entity, you will not, directly or indirectly, engage in any business or other activity other than the development and operation of Museum of Illusions Businesses pursuant to agreements with us.

11.12 Websites and Social Media

11.12.1 We have the sole right to establish, maintain, modify or discontinue all internet, world wide web and all electronic commerce activities pertaining to the System in every manner. We have established a Website and provide for the benefit of your Franchised Business a "click through" subpage at our Website for the promotion of your Franchised Business. You must routinely provide us with updated copy, photographs and news stories about your Franchised Business suitable for posting on your "click through" subpage, which we will review and approve, prior to it being made visible on the internet. We reserve the right to specify the content, frequency and procedure you must follow for updating your "click through" subpage. You will be required to participate in any electronic commerce platform that we establish or maintain.

11.12.2 Any Websites or other modes of electronic commerce that we establish or maintain, including but not limited to, any mobile applications ("apps") that we may introduce, may – in addition to advertising and promoting the products, programs or services available at Museum of Illusions Businesses – also be devoted in part to offering Museum of Illusions franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

11.12.3 In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee email, System discussion forums and System-wide communications (among other activities) can be done. You may not (i) maintain your own Website or use a private email address to conduct any business related to the Franchised Business; (ii) otherwise maintain

a presence or advertise on the internet or use any other mode of electronic commerce in connection with your Franchised Business; (iii) establish a link to any Website we establish at or from any other Website or page; or (iv) at any time establish any other Website, electronic commerce presence or URL which in whole or in part incorporates the “Museum of Illusions” name or any name confusingly similar to the Marks.

11.12.4 We have the sole right to establish, maintain, modify or discontinue all social media accounts and accounts on all social networking Websites to promote the Franchised Business, including Facebook, Instagram, and Trip Advisor, on your behalf. We reserve the right to control all social media and social networking accounts. If we establish one or more social media or social networking accounts for the promotion of your Franchised Business, you must routinely provide us with updated copy, photographs and news stories about your Franchised Business suitable for posting on your social media and social networking accounts, which we will review and approve, prior to posting it on the social media or social networking accounts. We reserve the right to specify the content, frequency and procedure you must follow for updating your social media and social networking accounts.

11.12.5 We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any Website, intranet, social media accounts, social networking accounts, and any other modes of electronic commerce we establish and maintain, including any and all material you may furnish to us for your “click through” subpage, social media accounts and social networking accounts.

ARTICLE 12

ADVERTISING

12.1 Participation in Marketing; Brand Development Programs

12.1.1 We may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all Museum of Illusions Businesses operating under the System. You shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final and binding upon you.

12.1.2 We may, from time to time, incorporate into the System programs, products or services which we either develop or otherwise obtain rights to, which are offered and sold under names, trademarks and/or service marks other than the Marks and which your Franchised Business, along with other Museum of Illusions Businesses, will be required to offer and sell. This activity, referred to as “cobranding”, may involve changes to the Marks and may require you to make modifications to your premises and the furniture, fixtures, equipment, signs and Trade Dress of your Franchised Business. If you receive written notice that we are instituting a cobranding program, you agree promptly to

implement that program at your Franchised Business at the earliest commercially reasonable time and to execute any and all instruments required to do so. Under no circumstance will any cobranding program increase your Royalty Fees or local advertising expenditure obligations under this Agreement.

12.2 Local Advertising

12.2.1 You are required to spend for local advertising and promotion of the Franchised Business during each month not less than five percent (5%) of Total Sales. You must submit an accounting of your local advertising expenditures to us on a quarterly basis. In addition, within thirty (30) days after our request, you shall submit verification of your expenditures for advertising and promotion, including such information as we require. Amounts spent for local advertising and promotion of the Franchised Business do not include any reimbursed expenses or direct expenses made by a supplier of your Franchised Business. We reserve the right to collect some or all of your local advertising expenditure and implement local advertising on your behalf.

12.2.2 Before you may utilize any advertising or promotional materials not prepared by us or not approved by us within the immediately preceding one (1) month period, you must submit samples thereof to us and we must approve both the sample and its proposed placement. We will have fifteen (15) days after receipt of these materials to approve or disapprove of them. If we do not provide our specific approval of your materials, they are deemed not approved. Any advertising or promotional materials you submit to us for our review will become our property, and there will be no restriction on our use or dissemination of these materials.

12.2.3 We or our Affiliate may periodically provide you, at no charge, with advertising that you may use within your Territory to promote your Franchised Business.

12.3.4 In addition, we may require you to conduct periodic promotional campaigns, including promoting a new exhibit or optical illusion, prize contests and/or special offers. You must bear all expenses related to these additional promotional campaigns, which may be counted toward your local advertising requirement.

12.3 Test Marketing

We may from time to time conduct market research to determine consumer trends and test new products and services. You agree to participate in such market research in the manner we request, which may include purchasing reasonable amounts of test products or services from us and offering and selling such test products or services from the Franchised Business.

12.4 Testimonials and Endorsements

You agree to permit us or our agents or representatives to communicate with customers of the Franchised Business on or off the premises of the Franchised Business for the purpose of procuring testimonials and/or endorsements of Museum of Illusions Business and the Approved Products and Services. You further agree that we may make any or no use of such testimonials without compensation to you.

ARTICLE 13

ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS

13.1 Record Keeping

You shall establish and maintain, at your own expense, a bookkeeping, accounting, record keeping and records retention system conforming to the requirements prescribed by us from time to time, which includes you obtaining and maintaining a computer system, including point-of-sale system, hardware and software, that we specify or approve (the "Computer System"). Each transaction of the Franchised Business shall be processed on the Computer System in the manner we prescribe. We reserve the right to change all or a portion of the designated Computer System in the future, and you shall comply with any changes we designate, at your sole cost and expense. We shall have at all times the right to access the Computer System and all data processed on the Computer System with respect to the Franchised Business. You shall take such action as may be necessary to provide such access to us, at your expense.

13.2 Reports

With respect to the operation and financial condition of the Franchised Business, you shall furnish to us, in the form we prescribe, from time to time: (a) the Royalty Report, as described in Section 10.2; (b) within thirty (30) days of the end of each calendar quarter, a statement of profit and loss for that quarter and a balance sheet as of the end of such quarter; (c) upon our request, such other data, information, and supporting records for such periods as we, from time to time, require; and (d) within ninety (90) days after the end of your fiscal year, a fiscal year-end balance sheet, a statement of profit and loss for such fiscal year reflecting all year-end adjustments and a statement of changes in cash flow. We reserve the right to require you to follow our fiscal year end. All reports and statements must be prepared in accordance with U.S. generally accepted accounting principles consistently applied and shall be in such form and contain such information as we may from time to time reasonably designate. Each report and financial statement submitted by you to us shall be signed by you and verified as correct in the manner we prescribe. Your annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct. We reserve the right to require you, at your expense, to engage the services of a third-party accounting services firm for bookkeeping, payroll and accounting services, designated and approved by us, in the event that (i) you fail to keep books and records in accordance with our standards or (ii) we, in our sole discretion, determine that use of a third-party accounting services firm by all System franchisees is

beneficial to the System. You hereby authorize us to use and/or publish information derived from your financial statements including, without limitation, our Disclosure Document and related documents, without compensation to you.

13.3 Tax Returns

You agree to maintain and to furnish to us, within 10 days of our request, complete copies of all income, sales, value added, use and service tax returns filed by you reflecting activities of the Franchised Business.

13.4 Maintenance of Financial Records

You shall preserve for three (3) years all business, accounting, tax, inventory, financial, legal, operations and other records relating to the Franchised Business and to you. We shall have the right with or without prior notice to inspect, audit and copy such records during business hours. You shall make such records available for examination at the Franchised Business.

ARTICLE 14 **INSPECTIONS AND AUDITS**

14.1 Our Right to Inspect the Franchised Business

To determine whether you and the Franchised Business are complying with this Agreement and with specifications, standards and operating procedures we prescribe for the operation of Museum of Illusions Businesses, we or our agents or representatives shall have the right at any reasonable time before or after the Franchised Business opens to: (a) inspect the Site and the equipment, fixtures, signs, exhibits, inventory and supplies of the Franchised Business; (b) observe, photograph and video tape the operations of the Franchised Business for such consecutive or intermittent periods as we deem necessary; (c) remove samples of any Products without payment therefor for testing and analysis; (d) interview personnel of the Franchised Business; (e) interview customers of the Franchised Business; and (f) inspect and copy any books, records and documents relating to the operation of the Franchised Business. You agree to cooperate fully with us and/or our agents in connection with any such inspections, observations, photographing and videotaping, Product removal and interviews. You shall present to your customers such evaluation forms as we periodically prescribe and shall participate and/or request your customers to participate in any surveys performed by us or on our behalf.

You shall install and maintain the communications equipment and software necessary to permit us to electronically access your Computer System and security system, thereby permitting us to inspect and monitor information concerning your inventory, sales of the Franchised Business, and such other information as may be contained or stored in the Computer System. We shall have electronic access as provided herein at such times and in such manner as we shall from time to time specify.

14.2 Our Right to Audit

We shall have the right, at any time during business hours and with reasonable notice to you, to inspect and audit or cause to be inspected and audited the business records, bookkeeping and accounting records, value added, sales, use and service and income tax records and returns and other records of the Franchised Business, and the books and records of any corporation, partnership, limited liability company or other entity which holds the Franchise. Any such audit may be performed by independent accountants hired by us. You shall fully cooperate with our representatives and independent accountants hired by us to conduct any such inspection or audit. Our right to audit shall also include our right to access the Computer System electronically, as provided in this Agreement.

In the event any such inspection or audit shall disclose an understatement of the Total Sales of the Franchised Business, you shall pay to us, within fifteen (15) days after receipt of the inspection or audit report, the Royalty Fees due on the amount of such understatement plus interest at the rate and on the terms provided for herein from the date originally due until the date of payment. In the event an understatement of Total Sales for any period included in any audit is determined by any such audit or inspection to be two percent (2%) or more, then (a) you must pay any understated amount together with interest thereon, and (b) you shall reimburse us for the cost of such inspection or audit including, without limitation, reasonable legal fees and accountants' fees, and the travel expenses, room and board and applicable per diem charges for our representatives or agents. The foregoing remedies shall be in addition to all our other remedies and rights hereunder or under applicable law.

ARTICLE 15

INDEPENDENT LICENSEE; INDEMNIFICATION

15.1 No Fiduciary Relationship

The parties acknowledge and agree that you shall be an independent licensee and this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. You understand and agree that you are and will be an independent licensee under this Agreement. Nothing in this Agreement may be interpreted as creating a partnership, joint venture, agency, employment or fiduciary relationship of any kind. Your employees are not our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or by implication, shall be considered our employee for any purpose, regardless of inclusion in mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or terminate the employment of your employees.

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

15.2 Independent Licensee

During the term of this Agreement, you shall hold yourself out to the public as an independent licensee conducting your Franchised Business operations pursuant to the Franchise granted by us. You agree to take such action as shall be reasonably necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Site established for the purposes hereunder and on all letterhead, business cards, forms, and as further described in the Operations Manual. We reserve the right to specify in writing the content and form of such notice.

You acknowledge and agree that any training we provide for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Franchised Business and in no fashion reflects any employment relationship between us and such employees. If it is ever asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, appearing at any venue requested by us to testify on our behalf; participating in depositions or other appearances; or preparing affidavits rejecting any assertion that we are the employer, joint employer or co-employer of any of your employees.

15.3 Sole and Exclusive Employer of Your Employees

You hereby irrevocably affirm, attest and covenant your understanding that your employees are employed exclusively by you and in no fashion are any such employee employed, jointly employed or co- employed by us. You further affirm and attest that each of your employees is under your exclusive dominion and control and never under our direct or indirect control in any fashion whatsoever. You alone hire each of your employees; set their schedules; establish their compensation rates; and pay all salaries, benefits and employment-related liabilities (such as workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums). You alone have the ability to discipline or terminate your employees to the exclusion of us, and you acknowledge that we have no such authority or ability. You further attest and affirm that any minimum staffing requirements established by us are solely for the purpose of ensuring that the Franchised Business is at all times staffed at those levels

necessary to operate the Franchised Business in conformity with the System and the products, services, standards of quality and efficiency, and other Museum of Illusions brand attributes known to and desired by the consuming public and associated with the Marks. You affirm, warrant and understand that you may staff the Franchised Business with as many employees as you desire at any time so long as our minimal staffing levels are achieved. Moreover, you affirm and attest that any training provided by us for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Franchised Business and in no fashion reflects any employment relationship between us and such employees. Finally, should it ever be asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, including (if necessary) appearing at any venue requested by us to testify on our behalf (and, as may be necessary, submitting yourself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer or co-employer of any of your employees).

15.4 No Liability for Acts of Other Party

You shall not employ any of the Marks in signing any contract, application for any license or permit, or in a manner that may result in our liability for any indebtedness or obligation of yours, nor will you use the Marks in any way not expressly authorized herein. Except as expressly authorized in writing, neither we nor you shall make any express or implied agreements, warranties, guarantees or representations, or incur any debt in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. Neither we nor you shall be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We shall not be obligated for any damages to any person or property directly or indirectly arising out of your operation of the Franchised Business or your business authorized by or conducted pursuant to the Franchise.

15.5 Taxes

We shall have no liability for any sales, value added, use, service, occupation, excise, gross receipts, income, property, payroll or other taxes whether levied upon this Agreement, you, the Franchised Business, your property, or upon us in connection with the sales made or business conducted by you, except any taxes that we are required by law to collect from you with respect to purchases from us. Payment of all such taxes shall be your responsibility.

15.6 Indemnification

You agree to indemnify, defend and hold us, our Affiliates, and our respective shareholders, directors, officers, employees, agents, successors and assignees harmless against and to reimburse them for (a) all claims, obligations and damages described in this Section, (b) any and all taxes described above, and (c) any and all claims and liabilities

directly or indirectly arising out of the operation of the Franchised Business, the use of the Marks, or the transfer of any interest in this Agreement, the Franchise, the Franchised Business, some or all of the assets of the Franchised Business, other than the sale of inventory items in the ordinary course of business, or you in any manner not in accordance with this Agreement. Your indemnification obligations do not apply to the extent that such claims, obligations, damages, taxes, losses or liabilities arise from our negligence or wrongful conduct. For purposes of this indemnification, "claims" shall mean and include all obligations, actual and consequential damages, and costs incurred in the defense of any claim against us including, without limitation, reasonable accountants', attorneys', attorney assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses. We shall have the right to defend any such claim in such manner as we deem appropriate or desirable in our sole discretion. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration, termination or refusal of a successor option of this Agreement.

ARTICLE 16

TRANSFER

16.1 Transfer by Us

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be responsible for performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of RP Illusions, Corp. as Franchisor. Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

16.2 You May Not Transfer Without Our Approval

16.2.1 You understand and acknowledge that the rights and duties created by this Agreement are personal to you and your Owners and that we have granted the rights hereunder to you in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners.

Accordingly, neither (a) this Agreement nor (b) any interest in the ownership of you, the Franchise, the Franchised Business or some or all of the assets of the Franchised Business, other than inventory items in the ordinary course of business, may be transferred without our prior written approval. Any such transfer without such approval shall constitute a breach hereof and convey no rights to or interests in this Agreement, the Franchise, you, the Franchised Business or in the assets thereof.

16.2.2 As used in this Agreement, the term “transfer” shall mean and include the voluntary, involuntary, conditional, direct or indirect assignment, sale, gift or other transfer by you or any of your Owners of any interest in or grant of any security interest in (a) this Agreement; (b) the Franchise; (c) you; (d) the Franchised Business; or (e) some or all of the assets of the Franchised Business, other than inventory items in the ordinary course of business.

16.2.3 As used above, an assignment, sale or other transfer shall include the following events:

(a) the transfer of ownership of shares, partnership interest, or other Ownership Interests;

(b) merger or consolidation or issuance of additional securities representing Ownership Interests;

(c) any sale of Ownership Interests carrying voting rights of you or any security convertible to voting Ownership Interests of you or any agreement granting the right to exercise or control the exercise of the voting rights of any holder of an Ownership Interest; or

(d) transfer in a divorce, insolvency, corporate or partnership dissolution proceeding, or in the event of the death of you or one of your Owners, by will, declaration of or transfer in trust, or under the laws of intestate succession or otherwise by operation of law.

16.3 Conditions for Approval of Transfer

16.3.1 We will not unreasonably withhold our approval of a transfer of an interest in this Agreement, you, the Franchise, the Franchised Business, or any of the Franchised Business’s assets that meets all the applicable requirements of this Section. All of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(a) you and your Owners shall be in full compliance with this Agreement;

(b) the proposed transferee and its owners must be individuals of good moral character and otherwise meet our then-applicable standards for Museum of Illusions franchisees, and if the proposed transferee, its owners or Affiliates have any other franchise agreements with us, they are in full compliance with any such agreements and comply with clause (f) of Section 16.3.2;

(c) a transfer of ownership in the Franchised Business or the assets of the Franchised Business, other than inventory in the ordinary course of business, may only be made in conjunction with a transfer of this Agreement. If the transfer is of an Owner's interest in you, then the transferee's name and relevant information shall be added on Attachment 1 hereto and the transferee shall then be bound by all provisions applicable to Owners;

(d) you and your Owners or the transferring Owner(s) and the transferee (if it is then a franchisee of ours) must execute a general release in form satisfactory to us of any and all claims against us, our Affiliates and our respective shareholders, officers, directors, employees and agents; and

(e) you have complied with the provisions of Section 16.7 below relating to our right of first refusal.

16.3.2 In addition to the above, if the transfer is of this Agreement, a Principal Owner's interest, or a Controlling Interest in you, or is one of a series of transfers which, in the aggregate, constitute the transfer of this Agreement or a Controlling Interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(a) the transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and perform the obligations of the transferor under this Agreement, and neither the transferee nor its owners may be engaged in or intend to engage in a Competitive Business;

(b) you and the transferee (if it is then a franchisee of ours) must pay such Royalty Fees, amounts owed for purchases by you (or such transferee) from us and our Affiliates, and all other amounts owed to us or our Affiliates which are then due and unpaid;

(c) the transferee and its personnel who will have access to the Confidential Information must have signed the Confidentiality and Non-Competition Agreement and have completed our training program to our satisfaction;

(d) the transferee and its owners, at our option, must agree in a manner satisfactory to us to be bound by all terms and conditions of this Agreement for the remainder of its term or execute our then-current form of franchise agreement and such ancillary documents, including guarantees, as are then customarily used by us in the grant of franchises for Museum of Illusions Businesses, modified as necessary to provide for a

term equal to the remaining term of this Agreement;

(e) you or the transferee must have paid us a transfer fee equal to fifty percent (50%) of our then-current Initial Franchise Fee;

(f) we must approve the material terms and conditions of such transfer including, without limitation, that the price and terms of payment are not so burdensome as to adversely affect our rights and interests under this Agreement, and you must furnish to us a copy of the executed contract of assignment;

(g) if you and/or your transferring Owner(s) finances any part of the sale price of the transferred interest, you and/or your transferring Owner(s) must agree in a manner satisfactory to us that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by you and/or your transferring Owner(s) in the assets of the Franchised Business shall be subordinate to the obligations of the transferee to pay Royalty Fees and other amounts due to us and our Affiliates, and otherwise to comply with this Agreement or the franchise agreement executed by the transferee;

(h) if this Agreement is being transferred, you and your Principal Owners must execute a non-competition agreement in favor of us and the transferee. If a Principal Owner is transferring his/her interest, such Principal Owner must execute a non-competition agreement in favor of us and the transferee. In either case, the non-competition agreement shall provide that neither you, your Principal Owner(s) nor your transferring Principal Owner(s) (whichever is applicable) nor any member of their immediate families shall directly or indirectly for a period of two (2) years commencing on the effective date of such transfer:

(1) have any interest as a disclosed, undisclosed or beneficial owner in any Competitive Business located or operating within one hundred (100) miles of your Franchised Business or any other Museum of Illusions Business in the System; or

(2) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for any Competitive Business located or operating within one hundred (100) miles of your Franchised Business or any other Museum of Illusions Business in the System;

(i) the proposed transferee must furnish the information and references we require of potential franchisees and must present himself/herself at his/her own expense for a personal interview at our office;

(j) the lessor or sublessor of the Franchised Business must consent in writing to the assignment of your lease to the proposed transferee;

(k) if the proposed transferee is acquiring a portion of the interest in the legal entity that is you, then the proposed transferee must execute our form of guaranty;

(l) except in the case of a transfer of a Principal Owner's interest that does not constitute a Controlling Interest, the transferee, at its expense, must upgrade the Franchised Business to conform to the then-current standards and specifications for new franchises; and

(m) the transfer must be made in compliance with all applicable laws.

(n) Clauses (h) and (i) of Section 16.3.2 shall not apply to transfers by gift, bequest, or inheritance. The restrictions of Section 16.3.2(h)(1) shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five percent (5%) of the number of shares of that class of securities issued and outstanding.

16.3.3 The rights of you and your Owners to transfer interests in this Agreement, the Franchise, you, the Franchised Business or the assets of the Franchised Business may be exercised only by you or your Owners and shall not be exercisable by a receiver, executor, trustee, liquidator or other person acting in a comparable capacity with respect to the assets or ownership of you.

16.4 Transfer to a Wholly Owned Corporate Entity

If you are in full compliance with this Agreement, then we shall not unreasonably withhold our approval of a one (1) time transfer, in the case of a proposed assignment or transfer of this Agreement, of the Franchise and the Franchised Business from one or more individuals to a corporation or comparable legal entity which conducts no business other than the Franchised Business, which is actually managed by you, in which such individual(s) maintain management control, and such individual(s) shall own and control the same percentage of the equity and voting power of all issued and outstanding Ownership Interests of such entity. Such one (1) time transfer shall not require payment of the transfer fee described in Section 16.3.2(e). All certificates or other documents representing Ownership Interests of such legal entity must be endorsed with a legend in form we approve reciting that the transfer of shares in you are subject to the restrictions of this Agreement. Such an assignment shall not relieve you of your obligations hereunder. You shall remain jointly and severally liable to us for all obligations hereunder.

16.5 Your Death or Incapacity

16.5.1 Upon your death or disability, or if you are a corporation, limited liability company, partnership, or other legal entity, upon the death or disability of a Principal Owner of you, all of such person's interest in this Agreement or such interest in

you shall be transferred to a transferee reasonably approved by us. Such disposition of this Agreement or such interest in you, including, without limitation, transfer by bequest or inheritance, shall be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and shall be subject to all the terms and conditions applicable to transfers contained in this Section. Failure to so transfer the interest in this Agreement or such interest in you within said period of time shall constitute a breach of this Agreement.

16.5.2 If, upon the death or disability of you or a Principal Owner, the Franchised Business is not being managed by a trained General Manager, your or that Principal Owner's executor, administrator, conservator, guardian or other personal representative must, within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a General Manager to operate the Franchised Business. The General Manager must complete training at your expense. Pending the appointment of a General Manager as provided above, or if in our judgment the Franchised Business is not being managed properly any time after your or the Principal Owner's death or disability, we may, but need not, assume management of the Franchised Business. All funds from the Franchised Business's operation during the period we are managing it will be kept in a separate account and all of the Franchised Business's expenses will be charged to this account. We may charge a reasonable management fee plus our out-of-pocket costs. Our operation of the Franchised Business during any such period will be solely on your behalf but we only have a duty to utilize reasonable efforts and will not be liable to you or the Owners for any debts, losses or obligations the Franchised Business incurs or to any creditors for any products, materials, supplies or services the Franchised Business purchases during any period when we manage the Franchised Business hereunder.

16.6 Effect of Consent to Transfer

Our consent to a transfer of this Agreement or any interest in you, the Franchised Business, or the assets of the Franchised Business shall not constitute a waiver of any claims we may have against you or your Owners, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the transferee.

16.7 Our Right of First Refusal

If you or any of your Owners shall at any time determine to sell an interest in this Agreement, the Franchise, the Franchised Business, some or all of the assets of the Franchised Business, other than inventory items in the ordinary course of business, or an Ownership Interest in you, you or your Owner(s) shall obtain a bona fide, arms-length, executed written offer and earnest money deposit in the amount of five percent (5%) or more of the offering price from a qualified, responsible, bona fide and fully disclosed purchaser. A true and complete copy of the offer and any proposed ancillary agreements shall immediately be submitted to us by you, such Owner(s) or both. The offer must apply only to an interest in this Agreement, the Franchise, the Franchised Business, the assets of

the Franchised Business or you. It must not include the purchase of any other property or rights of you or such Owner(s). If the offeror proposes to buy any other property or rights from you or such Owner(s) under a separate, contemporaneous offer, the price and terms of purchase offered to you or such Owner(s) for the interest in this Agreement, the Franchise, the Franchised Business, the assets of the Franchised Business or you shall reflect the bona fide price offered therefor and shall not reflect any value for any other property or rights. We shall have the right, which we may exercise by written notice delivered to you or such Owner(s) within forty-five (45) days from the date of delivery of an exact copy of such offer to us, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that (a) we may substitute cash, a cash equivalent, or marketable securities of equal value for any form of payment proposed in such offer, (b) our credit shall be deemed equal to the credit of any proposed purchaser, and (c) we shall have not less than sixty (60) days to prepare for closing. We shall be entitled to all customary representations and warranties given by the seller of a business including, without limitation, representations and warranties as to (i) ownership, condition and title to Ownership Interests and/or assets; (ii) liens and encumbrances relating to the Ownership Interests and/or assets being purchased; and (iii) validity of contracts and contingent or other liabilities of the corporation whose stock is purchased. If we exercise our right of first refusal hereunder, you shall take all action necessary to cause the lease or sublease for the Franchised Business to be assigned to us. If we do not exercise our right of first refusal, you or such Owner(s) may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided for herein, provided that if the sale to such purchaser is not completed within one hundred eighty (180) days after delivery of such offer to us or if there is a change in the terms of the sale, we shall have an additional right of first refusal on the same terms and conditions as are applicable to the initial right of first refusal.

16.8 Ownership Structure and Initial Capitalization

You represent and warrant that your ownership structure and initial capitalization are as set forth on Attachment 1 hereto and covenant that you will not vary from that ownership structure without our prior written approval.

16.9 Security Interests to Lender

If you are in full compliance with this Agreement, you may pledge or give a security interest in your interest in the assets and the Franchised Business to a lender of the funds needed for your initial investment, provided that the security interest is subordinate to your obligations to us, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that you obtain from the lender a written acknowledgement to us of these restrictions. Notwithstanding the foregoing, in the event you obtain financing whereby funding is provided with the assistance of the United States Small Business Administration (“SBA Financing”), you shall be permitted to grant the lender of such SBA Financing a senior lien on any Uniform Commercial Code collateral you use to secure the SBA

Financing, and we agree to (i) subordinate our interest in any lien on your Uniform Commercial Code collateral to that of the lender of the SBA Financing and (ii) waive the requirement of the written acknowledgement referenced in this Section.

ARTICLE 17

GRANT OF SUCCESSOR FRANCHISES

17.1 Successor Option

You shall have the right, but not the obligation, to enter into a successor franchise agreement for one (1) additional term of ten (10) years, as set forth in this Section 17.1 conditioned upon the following:

17.1.1 You shall have been, throughout the Initial Term of this Agreement, in substantial compliance, and at the expiration of such Initial Term are in full compliance, with this Agreement, your lease or sublease and all other agreements between you and us or companies associated or affiliated with us.

17.1.2 We shall, within six (6) months before the expiration of the Initial Term, provide you with any documents that you are required to execute for the successor term, which documents may include, but are not limited to, a general release, our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of Museum of Illusions franchises (all of which will contain terms substantially the same as those herein contained, except with respect to fees to be paid to us, which fees shall be the same as those Franchise Agreements being executed at the expiration of the Initial Term, which will indicate that no further successor option will be permitted, and which will not obligate you to pay a further Initial Franchise Fee).

17.1.3 You shall execute the successor Franchise Agreement and all other documents and instruments that we require in order to exercise the successor option. You shall return the executed documents to us, together with payment of our then-current successor agreement fee, by no later than the expiration date of this Agreement. If we do not receive the executed documents by such expiration date, then this Agreement shall expire, you shall have no further rights under this Agreement, and you shall comply with the provisions of Article 19 and any other provisions that survive termination or expiration of this Agreement.

17.1.4 After we have received from you all executed documents to exercise the successor option, we may inspect your Franchised Business to determine whether any updating, remodeling, redecorating or other refurbishment is required for the Franchised Business. If, after such inspection, we require any such updating, remodeling, redecorating or refurbishment, we will provide notice to you of the modifications you shall be required to make and you shall have six (6) months from the date of such notice to effectuate such modifications. If you fail or refuse to make the required modifications, we

shall have the right to terminate the successor Franchise Agreement.

17.2 Refusal to Grant Successor Term

We can refuse to grant a successor term for your Franchise if your lease, sublease or other document by which you have the right to occupy the Site is not extended before your successor term is to take effect to cover the period of the successor term or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the successor term. We may also refuse to grant you a successor term for your Franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the Initial Term, if applicable. We reserve the right not to enter into a successor franchise agreement for this Franchise as a result of a decision to withdraw from a marketing area or the Territory in which your Franchised Business is located

17.3 Successor Term Under Law

Even though we decline the grant you a successor term for your Franchise, it is possible that we can be required to grant you a successor term under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your successor term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the successor period begins. If we are not then offering new franchises, your successor period will be subject to the terms in the Franchise Agreement that we indicate. If for any reason that is not allowed, the successor term will be governed by the terms of this Agreement.

17.4 Your Election Not to Sign a Successor Franchise Agreement

For the purposes hereof, you shall be deemed to have irrevocably elected not to enter into a successor franchise agreement for the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard Franchise Agreement and other ancillary documents required by us for a successor franchise together with the successor agreement fee, or if you provide written notice to us within the final ninety (90) days of the Initial Term indicating that you do not wish to sign a successor franchise agreement.

ARTICLE 18

TERMINATION OF THE FRANCHISE

18.1 Our Right to Terminate – Opportunity to Cure

Except as set forth in Section 18.2 below, if you or any of your Owners fail to comply with any provision of this Agreement or any mandatory specification, standard, or operating procedure prescribed by us, we may terminate this Agreement effective immediately upon delivery of written notice of termination to you; provided however that

we will give you written notice and 10 days to cure a breach for failing to pay amounts owed to us, and we will give you written notice and 30 days to cure any other breach of this Agreement.

18.2 Termination Upon Notice – No Opportunity to Cure

Notwithstanding Section 18.1, we may immediately terminate this Agreement upon delivery of notice of termination to you without opportunity to cure if you commit any of the following breaches:

18.2.1 You fail to (i) locate a suitable Site; (ii) obtain lawful possession of the Site; (iii) develop the Franchised Business; or (iv) commence operation of business, within the times provided in this Agreement;

18.2.2 You or any of your Owners abandon, surrender or transfer control of the operation of the Franchised Business without our prior written approval. For purposes hereof, “abandon” shall be the closure of your Franchised Business for five (5) consecutive days without our prior written consent;

18.2.3 You or any of your Owners has made any material misrepresentation or omission in the application for the Franchise;

18.2.4 You or any of your Owners (i) are convicted by a trial court of or plead guilty or no contest to a felony or to another crime or offense, including a crime against a child, that may adversely affect the reputation of you, the Franchised Business or the goodwill associated with the Marks; (ii) receive an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim; or (iii) engage in any conduct which is injurious or prejudicial to the goodwill associated with the Marks or the System or which adversely affects the reputation of us or any Museum of Illusions Business;

18.2.5 You or your Owners make any unauthorized use or disclosure of or duplicate any copy of any Confidential Information, make any unauthorized use of the Marks or Copyrighted Works, or use, duplicate or disclose any portion of the Operations Manual, or challenge or seek to challenge the validity of the Marks or Copyrighted Works;

18.2.6 You lose the right to possession of the Site (as determined by your landlord or a court) and do not relocate the Franchised Business to another site in accordance with this Agreement or fail to restore the Franchised Business location to full operation within a reasonable period time but not more than one hundred twenty (120) days from the date the Franchised Business location is rendered inoperable by any casualty, as may be extended by Franchisor in Franchisor’s reasonable discretion;

18.2.7 You or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable;

18.2.8 You, your Principal Owners, or members of their immediate families violate the restrictions of Article 9 of this Agreement (Exclusive Relationship) or of any Confidentiality and Non- Competition Agreement;

18.2.9 You fail to report or fail to accurately report the sales of Franchised Business on two (2) occasions or more, whether or not cured on any or all of these occasions, or fail to make payments of any amounts due us or our Affiliates for Royalty Fees, purchases from us or our Affiliates or any other amounts due to us or our Affiliates, and do not correct such failure within ten (10) days after written notice thereof;

18.2.10 You knowingly maintain false books or records, or knowingly submit any substantially false report to us;

18.2.11 You cause or permit to exist a default under the lease or sublease for the Site and fail to cure such default within the applicable cure period set forth in the lease or sublease;

18.2.12 You or any of your Owners fail on three (3) or more separate occasions within any period of twelve (12) consecutive months to comply with this Agreement or any mandatory specification, standard or procedure we prescribe, whether or not such failures to comply are corrected and whether or not notice of such default is given;

18.2.13 You fail to purchase or maintain any insurance required by this Agreement or fail to reimburse us for our purchase of insurance on your behalf within fifteen (15) days of delivery to you of our written demand for reimbursement;

18.2.14 A threat or danger to public health or safety results from the construction, maintenance or continued operation of the Franchised Business;

18.2.15 You refuse us permission to inspect the Franchised Business, or your business, books, records or other documents pursuant to this Agreement;

18.2.16 You or any of your Owners interfere or attempt to interfere with our ability to franchise or license others to use and employ the Marks or System;

18.2.17 You or any of your Owners interfere or attempt to interfere with our contractual relations with other franchisees, customers, suppliers, employees, advertising agencies or other third parties;

18.2.18 A Franchise Agreement between us or any of our Affiliates and you or any of your Affiliates, is terminated by us pursuant to such agreement;

18.2.19 You fail to comply with all applicable laws and ordinances relating to the Franchised Business, including failure to pay taxes as well as Anti-Terrorism Laws, or if your or any of your Owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your Owners otherwise violate any such law, ordinance, or regulation;

18.2.20 You fail, or your legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon your death or permanent disability or the death of any Principal as required by Section 16.5; or

18.2.21 We perform corrective work on your Franchised Business for health and/or safety purposes and you do not reimburse us when so required.

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

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

In each of the foregoing cases, we (and any Affiliate of ours) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our Affiliates') obligations. No right or remedy which

we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

18.4 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of default pursuant to this Article 18, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we or an Affiliate are an approved supplier to you and/or suspension of your “click through” subpage on our Website, and suspension of any social media accounts we maintain on your behalf, until such time as you correct the breach.

18.5 Amendment Pursuant to Applicable Law

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute “good cause” for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

18.6 Reimbursement of Costs

You shall reimburse us for all costs and expenses, including but not limited to attorneys’ fees, incurred by us as a result of your default, including costs in connection with collection of any amounts owed to us and/or enforcement of our rights under this Agreement.

ARTICLE 19 **RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF** **THE AGREEMENT**

19.1 Payment of Amounts Owed to Us

You shall immediately pay to us and our Affiliates upon termination or expiration of this Agreement such Royalty Fees, amounts owed for purchases by you from us or our Affiliates, interest due on any of the foregoing and all other amounts owed to us or our Affiliates which are then unpaid.

19.2 Marks, Copyrighted Works, and Trade Dress

19.2.1 Upon the termination or expiration of this Agreement, you shall:

(a) not thereafter, directly or indirectly, at any time or in any manner identify yourself or any business as a current or former Museum of Illusions Business or as a current or former franchisee of ours or otherwise associated with us, or use any Mark, any colorable imitation thereof or any mark substantially identical to or deceptively similar to any Mark in any manner or for any purpose, or utilize for any purpose any trade name, trademark or service mark, domain name, or other commercial symbol or trade dress that suggests or indicates a connection or association with us;

(b) remove all signs containing any Mark and return to us or destroy forms and materials containing any Mark or otherwise identifying or relating to a Museum of Illusions Business;

(c) take such action as may be required to cancel or, at our option, to transfer to us or our designee all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(d) immediately take all such actions as may be necessary to transfer any internet Domain Names, Websites, internet listings, telephone numbers and telephone directory listings associated with the Marks to us. You acknowledge that as between us and you, we have the sole right to and interest in all telephone numbers and all related telephone directory listings and other business listings, and all internet listings, Domain Names, internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages associated with the Marks. You, concurrently with the execution of this Agreement, shall execute such forms and documents as we deem necessary to authorize us and hereby appoint us and any of our officers as your attorney-in-fact, with full power and authority, for the sole purpose of assigning to us, your telephone numbers and listings; and provide us with passwords and administrator rights for all email, software, social media, or other such accounts used or created by you in order to operate the Franchised Business. By executing this Agreement, and such forms and documents we deem necessary, you authorize us to direct your internet service provider, the telephone company and all listing agencies to transfer the same to us, should you fail or refuse to do so. The internet service provider, telephone company and all listing agencies may accept this Agreement and/or the Internet Advertising, Social Media, Software, and Telephone Listings Agreement, attached hereto as Attachment 3, as conclusive evidence of our exclusive right in such Domain Names, Websites, internet listings, telephone numbers and directory listings and our authority to direct their transfer;

(e) immediately cease all use of Copyrighted Works which were furnished to you by us pursuant hereto and return to us or destroy all forms, advertising and promotional materials or other materials containing such Copyrighted Works;

(f) assign to us or terminate, as we require, any Website that identifies you as currently or formerly associated with us or that displays any Mark as well as terminate any Domain Name and/or URL of such Website; and

(g) if we do not purchase the Franchised Business as provided in Section 19.7, at your expense make such modifications and alterations, including removal of all distinctive physical and structural features associated with the Trade Dress of Museum of Illusions Businesses, as may be necessary to distinguish the Site of the Franchised Business so clearly from its former appearance and from other Museum of Illusions Businesses as to prevent any possibility that the public will associate the Site with a Museum of Illusions Business and any confusion created by such association.

19.2.2 You shall furnish to us (a) within thirty (30) days after the effective date of termination or expiration, evidence satisfactory to us of your compliance with Subparagraphs (a) and (c) of the foregoing obligations, and (b) within thirty (30) days after the later of expiration of our option to purchase the Franchised Business as provided in Section 19.7 or receipt of notice that we elect not to purchase the Franchised Business pursuant to Section 19.7, evidence satisfactory to us of your compliance with the foregoing obligations.

19.3 Confidential Information

You agree that, upon termination of the Franchise or expiration of the Franchise without grant of a successor term: (a) you will immediately cease to use any of our Confidential Information disclosed to or otherwise learned or acquired by you in any business or otherwise; and (b) you will return to us all copies of the Operations Manual and any other confidential materials which have been loaned or made available to you by us.

19.4 Covenant Not to Compete

19.4.1 Upon termination of this Agreement by us in accordance with its terms and conditions, or upon expiration of this Agreement without the grant of a successor term, neither you nor any of your Principal Owners shall directly or indirectly, through a member of the immediate family of you or a Principal Owner or otherwise for a period of two (2) years commencing on the effective date of such termination or expiration or the date on which you cease to operate the Franchised Business, whichever is later:

(a) have any interest as a disclosed, undisclosed or beneficial owner in any Competitive Business located or operating within a one hundred (100) mile radius of the Franchised Business or any other Museum of Illusions Business in the System; or

(b) perform services as a director, officer, manager, employee, consultant, representative, agent, landlord or otherwise for any Competitive Business located or operating within a one hundred (100) mile radius of the Franchised Business or any other Museum of Illusions Business in operation or under construction on the effective date of such termination or expiration.

19.4.2 The restrictions of clause (a) of Section 19.4.1 will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five percent (5%) of the number of shares of that class of securities issued and outstanding.

19.4.3 The restrictions of Section 19.4.1 shall not be construed to prohibit you, any Principal Owner of yours or any member of your respective immediate families from having a direct or indirect ownership interest in any Franchise Agreement for the operation of any Museum of Illusions Business, or any entity owning, controlling or operating a Museum of Illusions Business or from providing services to a Museum of Illusions Business.

19.5 Liquidate Damages

If we terminate this Agreement, you shall pay to us a lump sum (as liquidated damages and not as a penalty) as compensation for the early closure of the Franchised Business calculated as follows: (x) the average monthly Royalty Fees and Brand Development Fees that you owed to us under this Agreement for the 12 full months preceding the earlier of the closure of the Franchised Business or the effective date of termination; multiplied by (y) the lesser of (1) 24 or (2) the number of months remaining in the then-current term of this Agreement. If you had not operated the Franchised Business for at least 12 months, (x) shall equal the average monthly Royalty Fees and Brand Development Fees that you owed to us during the period that you operated the Franchised Business. You acknowledge that a precise calculation of the full extent of our damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is a reasonable estimate. Your payment to us under this Section shall be in addition to all other amounts owed by you as set forth in this Agreement or as permitted by law, and in addition to any attorneys' fees and other costs and expenses to which we are entitled pursuant to this Agreement. Except as provided in this Section, your payment of this lump sum shall be in addition to any other right or remedy that we may have under this Agreement.

19.6 Continuing Obligations

All obligations of ours and yours which expressly or by their nature survive or are intended to survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

19.7 Our Right to Purchase Assets of the Franchised Business

Upon termination of this Agreement by us in accordance with its terms and conditions or upon expiration of this Agreement without the grant of a successor term, we shall have the option to purchase from you all or a portion of the assets used in the Franchised Business. We may exercise this option by giving written notice thereof within sixty (60) days from the date of such expiration or termination. Assets shall include, without limitation, leasehold improvements, equipment, furniture, fixtures, signs, inventory and the lease or sublease for the Site. We shall have the unrestricted right to assign this option to purchase. We or our assignee shall be entitled to all customary warranties and representations given by the seller of a business including, without limitation, representations and warranties as to (a) ownership, condition and title to assets; (b) liens and encumbrances relating to the assets; (c) validity of contracts inuring to us or affecting the assets; and (d) contingent or other liabilities.

The purchase price for the assets of the Franchised Business shall be the fair market value determined as of the date of termination or expiration of this Agreement in a manner consistent with reasonable depreciation of leasehold improvements owned by you and the equipment, furniture, fixtures, signs and inventory of the Franchised Business. The purchase price shall not contain any factor or increment for any trademark, service mark or other commercial symbol used in connection with the operation of the Franchised Business, or goodwill or “going concern” value for the Franchised Business. We may exclude from the assets purchased hereunder any equipment, furniture, fixtures, signs and inventory that are not approved as meeting quality standards for Museum of Illusions Businesses. The length of the remaining term of the lease or sublease for the Site of the Franchised Business shall also be considered in determining the fair market value hereunder. If we and you are unable to agree on the fair market value of the assets, the fair market value shall be determined by an independent appraiser selected by us and you. If we and you are unable to agree on an appraiser, we shall each select one (1) appraiser who shall select a third appraiser and the fair market value shall be deemed to be the average of the three (3) independent appraisals. Nothing contained herein shall restrict the manner in which the appraisers so selected value the leasehold improvements, equipment, furniture, fixtures, signs and inventory.

The purchase price shall be paid in cash, a cash equivalent, or marketable securities of equal value at the closing of the purchase, which shall take place no later than ninety (90) days after receipt by you of our notice of exercise of this option to purchase. At that time you shall deliver instruments transferring to us or our assignee: (a) good and merchantable title to the assets purchased free and clear of all liens and encumbrances, other than liens and security interests acceptable to us or our assignee, with all sales and other transfer taxes paid by you; (b) all licenses and permits of the Franchised Business which may be assigned or transferred; and (c) the lease or sublease for the Site. In the event that you cannot deliver clear title to all of the purchased assets as aforesaid or in the event there shall be other unresolved issues, the closing of the sale shall be accomplished through an escrow. Prior to closing, you and we shall comply with all applicable legal requirements

including the bulk sales provisions of the Uniform Commercial Code of the state in which the Franchised Business is located.

We shall have the right to set off against, and reduce the purchase price by, any and all amounts owed by you to us and the amount of any encumbrances or liens against the assets or any obligations assumed by us. If we or our assignee exercise this option to purchase, we shall have the right to appoint a General Manager to maintain the operation of the Franchised Business pending the closing of such purchase. Alternatively, we may require you to close the Franchised Business during such time period without removing any assets from the Site. You shall maintain in force all insurance policies required pursuant to this Agreement until the date of closing. If the Site is leased, we agree to use reasonable efforts to effect a termination of the existing lease for the Site and enter into a new lease on reasonable terms with the landlord. In the event we are unable to enter into a new lease, we will indemnify and hold you harmless from any ongoing liability accruing under the lease from the date we assume possession of the Site.

ARTICLE 20

DISPUTE RESOLUTION

20.1 Arbitration

20.1.1 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration before one arbitrator with the American Arbitration Association (“AAA”). The Arbitration will take place in the city of our then-current headquarters. The arbitrator will be selected in accordance with the AAA’s rules. The arbitrator will have the right to award specific performance of this Agreement. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association. The decision of the arbitrator will be final and binding on all parties. This Section will survive termination or any non-extension or refusal of a successor term under any circumstances. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

20.1.2 If we desire to seek specific performance or other extraordinary relief including, but not limited to, injunctive relief under this Agreement, and any amendments thereto, then at our election, any such action shall not be subject to arbitration and we shall have the right to bring such action as described in Section 20.2.

20.1.3 At our election, the following claims shall not be subject to arbitration: (i) disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law; (ii) disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks; (iii) disputes and controversies relating to actions to obtain possession of the premises of the Franchised Business; and (iv) enforcement of your post-termination obligations, including but not limited to, your non-competition covenants.

20.1.4 In proceeding with arbitration and in making determinations hereunder, the arbitrator shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by us in good faith. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement.

20.2 Injunctive Relief and Court Actions

20.2.1 Notwithstanding anything to the contrary contained in Section 20.1 above, we have the right to seek injunctions, restraining orders and orders of specific performance from a court of competent jurisdiction. In the event that we elect to seek relief in court, then all other claims and counterclaims will be subject to the court's jurisdiction and not subject to arbitration. For all claims not subject to arbitration, such claims will be brought in the state or federal court system where our then-current headquarters are located, and you here by consent to such jurisdiction and venue and waive all objections to jurisdiction and venue including those based on forum non-conveniens; provided however that we may bring claims in the state or federal court system where your Franchised Business is located.

20.2.2 You agree that we will not be required to post a bond to obtain any injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction if warranted upon due hearing. All claims for damages by reason of the wrongful issuance of such injunction are hereby expressly waived. If we secure any such injunction or order of specific performance, you agree to pay to us an amount equal to the aggregate of our costs of obtaining such relief including, without limitation, reasonable legal fees, costs and expenses as provided in this Section and any damages incurred by us as a result of the breach of any such provision.

ARTICLE 21

SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

21.1 If any provision of this Agreement relating to the covenants to refrain from operating, owning or assisting a Competitive Business during the term of this Agreement is declared or made invalid or unenforceable by judicial action, legislation or other government action, we, if we believe in our sole discretion that the continuation of this Agreement would not be in our best interests, may terminate this Agreement upon sixty (60) days' written notice to you.

21.2 All other provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. To the extent the post-transfer restrictive covenants or post-termination restrictive covenants contained herein are deemed unenforceable by virtue of their scope in terms of geographic area, business activity prohibited and/or length of time, but may be made enforceable by reductions of either or any thereof, you and we agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement or refusal to grant a successor term than is required hereunder, or requires the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction any provision of this Agreement or any specification, standard or operating procedure we prescribe is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof. In such case, we shall have the right in our sole discretion to modify such invalid or unenforceable provision, specification, standard, or operating procedure to the extent required to be valid and enforceable. Such modifications to this Agreement shall be effective only in such jurisdiction and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

ARTICLE 22

MISCELLANEOUS

22.1 Waiver of Obligations

22.1.1 We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement. Such waiver shall be effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Whenever this Agreement requires our prior approval or consent, you shall make a timely written request therefor and such approval shall be obtained in writing.

22.1.2 We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you by granting any waiver, approval, or consent to you or by reason of any neglect, delay, or denial of any request therefor. Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to continuing review by us and may be revoked in our sole discretion at any time and for any reason effective upon delivery to you of ten (10) days' prior written notice.

22.1.3 We and you shall not be deemed to have waived or impaired any right, power, or option reserved by this Agreement including, without limitation, the right to demand exact compliance with every term, condition, and covenant herein, or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term by virtue of any (a) custom or practice of the parties at variance with the terms

hereof; (b) any failure, refusal, or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder including, without limitation, any mandatory specification, standard or operating procedure; (c) any waiver, forbearance, delay, failure, or omission by us to exercise any right, power, or option, whether of the same, similar or different nature, with respect to any other Museum of Illusions Business or any franchise agreement therefor; or (d) our acceptance of any payments from you after any breach by you of this Agreement.

22.2 Force Majeure

We shall be liable for loss or damage or deemed to be in breach of this Agreement if our failure to perform our obligations results from any of the following and is not caused or exacerbated by the non-performing party: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy, or the voluntary forgoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any federal, state, or municipal government or any department or agency thereof; (b) compliance with any law, ruling, order, regulation, requirement, or instruction of any federal, state, or municipal government or any department or agency thereof; (c) acts of God; (d) acts of war or insurrection; (e) strikes, lockouts, boycotts, fire and other casualties; or (f) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance in whole or in part as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of Royalty Fees or other fees thereafter and as soon as performance is possible the non-performing party shall immediately resume performance, nor shall such period of excused non-performance exceed six (6) months.

22.3 Rights of Parties are Cumulative

Our and your rights hereunder are cumulative and no exercise or enforcement by us or you of any right or remedy hereunder shall preclude the exercise or enforcement by us or you of any other right or remedy hereunder or which we or you are entitled by law to enforce.

22.4 Costs and Legal Fees

If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

22.5 Governing Law; Consent to Jurisdiction

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or other federal law, this Agreement and the relationship between the parties hereto shall be governed by the internal laws of the State of Arizona without regard to its conflicts of law principles.

22.6 Limitations of Claims

Any and all claims asserted by you arising out of or relating to this Agreement or the relationship of you and us shall be barred unless an action or proceeding is commenced within one (1) year from the date on which you knew or should have known in the exercise of reasonable diligence of the facts giving rise to such claims.

22.7 Waiver of Punitive Damages and Jury Trial

We and you hereby waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that in the event of a dispute between us, except as otherwise provided herein, each shall be limited to the recovery of actual damages sustained by it. We and you hereby irrevocably waive trial by jury on any action, proceeding or counterclaim, whether at law or in equity, brought by either of us.

22.8 Class Action Waiver

YOU AND WE WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS.

22.9 Binding Effect

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest and shall not be modified except by written agreement signed by both you and us.

22.10 Construction

22.10.1 The preambles and attachments to this Agreement are a part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Except as expressly stated herein, nothing in this Agreement is intended nor shall be deemed to confer any rights or remedies upon any person or legal entity not a party hereto. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit, or construe the contents of such sections or paragraphs. This Agreement may be executed in multiple copies, each of which shall be

deemed an original.

22.10.2 The term “You” as used herein is applicable to one (1) or more persons or entities, as the case may be, and the singular usage includes the plural, and the masculine and neuter usages include each other and the feminine. References to “ownership interests” shall include: (a) in relation to a corporation or limited liability company, the ownership of shares or membership interests; (b) in relation to a partnership, the ownership of a general or limited partnership interest; or (c) in relation to a trust, the ownership of a beneficial interest of such trust. References to “immediate family” as used herein shall mean your parents, spouses, natural and adopted children, siblings and their spouses, their parents, children and siblings and spouses of these siblings. References to a “controlling interest” in you shall mean (a) if you are a corporation or limited liability company, thirty-three and one-third percent (33-1/3%) or more of the voting shares or membership interests of you if you are owned by three (3) or more persons, otherwise fifty percent (50%) or more of the voting control of you, and (b) if you are a partnership, thirty-three and one-third percent (33-1/3%) of the general partnership interest in you if you have three (3) or more general partners, otherwise fifty percent (50%) or more of the general partnership interest. If you are two (2) or more persons at any time hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us shall be joint and several. References to “we” shall include our agents and employees. You hereby acknowledge that certain of our obligations under this Agreement may be performed by a third part appointed by us.

22.11 Reasonableness

We and you agree to act reasonably in all dealings with each other pursuant to this Agreement. Whenever the consent or approval of either party is required or contemplated hereunder, the party whose consent is required agrees not to unreasonably withhold the same unless otherwise permitted to do so in this Agreement.

22.12 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

22.13 Step-In Rights

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

We shall keep in a separate account all monies generated by the operation of your Franchised Business, less the expenses of the Franchised Business, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. If we temporarily operate the Franchised Business on your behalf, you also agree to pay us the then-current fee for the management and maintenance of Franchised Business in your absence. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

22.14 Consent to Do Business Electronically

The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Arizona, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its Addenda, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.

ARTICLE 23

SECURITY INTEREST

23.1 Collateral

You grant to us a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Franchised Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchised Business. All

items in which a security interest is granted are referred to as the “Collateral”.

23.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the “Indebtedness”):

23.2.1 All amounts due under this Agreement or otherwise by you;

23.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

23.2.3 All expenses, including reasonable attorneys’ fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

23.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any successor term or extension of this Agreement, whether or not you execute any extension agreement or successor instruments.

23.2.5 Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Franchised Business, including, but not limited to, a real property mortgage and equipment leases.

23.3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

23.4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

23.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Arizona (or other applicable law), including,

without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

23.6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

ARTICLE 24

NOTICES AND PAYMENTS

All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Operations Manual shall be deemed so delivered at the time delivered by hand, one (1) business day after transmission by facsimile with machine-generated evidence of receipt, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, one (1) business day after transmission by electronic mail provided that a hard copy is sent by another method provided in this Section, or five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party.

ARTICLE 25

YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

25.1 Your Representations

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

25.1.1 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and are in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Franchised Business.

25.1.2 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon

you and your successors and assigns when executed.

25.1.3 You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements, which you have furnished to us before the execution of this Agreement.

25.1.4 As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, principal shareholders, proprietors, partners or Principal Owners (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use your assets, properties or rights to carry on your business; and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

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

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

ARTICLE 26 SUBMISSION OF AGREEMENT

The submission of this Agreement to you does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both us and you.

THIS AGREEMENT WILL NOT BE BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF OURS. YOU ACKNOWLEDGE THAT NO REPRESENTATIONS OR PROMISES WERE MADE TO YOU OTHER THAN THOSE SET FORTH IN OUR DISCLOSURE DOCUMENT, OR THAT IF ANY OTHER REPRESENTATIONS OR PROMISES WERE MADE TO YOU, YOU ARE NOT RELYING ON THEM. YOU HAVE READ ALL OF THE FOREGOING AGREEMENT AND ACCEPT AND AGREE TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT.

The parties hereto have executed and delivered this Agreement in multiple counterparts on the day and year first above written.

FRANCHISOR:
RP ILLUSIONS, CORP.

FRANCHISEE:

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

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

**ATTACHMENT 1 TO THE FRANCHISE AGREEMENT
JOINDER AND OWNERS**

The undersigned Owners and Principal Owners of you hereby agree to be bound by the restrictions on transfers of interests in the ownership of you contained in the foregoing Franchise Agreement.

COMPANIES

INDIVIDUALS

(Name of Company)

(Name)

By: _____
Name: _____
Title: _____

(Signature)

(Name of Company)

(Name)

By: _____
Name: _____
Title: _____

(Signature)

(Name of Company)

(Name)

By: _____
Name: _____
Title: _____

(Signature)

OWNERS

1. **Owners:** List the full name and mailing address of each person or entity who directly or indirectly owns an equity or voting interest in You and describe the nature of the interest.

Name: _____
Address: _____

Number of Ownership Interests Owned: _____
% of Total Ownership Interests: _____
Number of Ownership Interests Owner is
Entitles to Vote: _____
Other Interest (Describe): _____

Name: _____
Address: _____

Number of Ownership Interests Owned: _____
% of Total Ownership Interests: _____
Number of Ownership Interests Owner is
Entitles to Vote: _____
Other Interest (Describe): _____

Name: _____
Address: _____

Number of Ownership Interests Owned: _____
% of Total Ownership Interests: _____
Number of Ownership Interests Owner is
Entitles to Vote: _____
Other Interest (Describe): _____

Name: _____
Address: _____

Number of Ownership Interests Owned: _____
% of Total Ownership Interests: _____
Number of Ownership Interests Owner is
Entitles to Vote: _____
Other Interest (Describe): _____

Name: _____
Address: _____

Number of Ownership Interests Owned: _____
% of Total Ownership Interests: _____
Number of Ownership Interests Owner is
Entitles to Vote: _____
Other Interest (Describe): _____

2. **Designated Principal Owners:** The following individuals named in Paragraph 1 are designated as Principal Owners, although they do not hold five percent (5%) or more of the equity ownership interests in You:

Name: _____	Name: _____
Name: _____	Name: _____
Name: _____	Name: _____
Name: _____	Name: _____

3. **Management:** As required pursuant to this Agreement, the following Principal Owners shall have supervisory responsibilities in connection with the operation of the Franchised Business:

Name: _____

Name: _____

Name: _____

FRANCHISOR:
RP ILLUSIONS, CORP.

FRANCHISEE:

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

ATTACHMENT 2 TO THE FRANCHISE AGREEMENT
SITE AND TERRITORY

[If there is no Site on the Effective Date, insert: **SITE ADDRESS AND TERRITORY TO BE DETERMINED AND INSERTED AFTER PREMISES IS IDENTIFIED BY YOU AND APPROVED BY US FOR THE MUSEUM OF ILLUSIONS BUSINESS, IN ACCORDANCE WITH SECTIONS 3.2 AND 4.1.2 OF THE FRANCHISE AGREEMENT, IN THE SITE SEARCH AREA OF _____.]

The Site of the Franchised Business will be located at:

The Territory shall be as follows:

FRANCHISOR:

RP ILLUSIONS, CORP.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

**ATTACHMENT 3 TO THE FRANCHISE AGREEMENT
INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND
TELEPHONE LISTING AGREEMENT**

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT (the “Agreement”) is made and entered into as of _____ (the “Effective Date”), by and between RP Illusions, Corp., a Delaware corporation (the “Franchisor”), and _____, a _____ (the “Franchisee”).

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Museum of Illusions business (“Franchise Agreement”) which may allow Franchisee to conduct internet-based advertising, maintain social media accounts, use software, and use telephone listings linked to the Museum of Illusions brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. Internet Advertising and Telephone Listings

2.1 Interest in Websites, Social Media Accounts, Other Electronic Listings and Software. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, the right to hyperlink to certain websites and listings on various internet search engines, and the right to use certain software (collectively, “Electronic Advertising and Software”) related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, other listing agencies and software companies (collectively, the “Internet and Software Companies”) with which Franchisee has Electronic Advertising and Software: (i) to transfer all of Franchisee’s interest in such Electronic Advertising and Software to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Software, Franchisee will immediately direct the Internet and Software Companies to terminate such Electronic Advertising and Software or will take such other actions with respect to the Electronic Advertising and Software as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet and Software Companies to transfer all Franchisee's interest in and to the Electronic Advertising and Software to Franchisor, or alternatively, to direct the Internet and Software Companies to terminate any or all of the Electronic Advertising and Software;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet and Software Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet and Software Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet and Software Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and Software and/or Telephone Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet and Software Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet and Software Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders,

partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Arizona, without regard to the application of Arizona conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:
RP ILLUSIONS, CORP.

FRANCHISEE:

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

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

ATTACHMENT 4 TO THE FRANCHISE AGREEMENT
COLLATERAL ASSIGNMENT OF LEASE

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

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

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

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

ASSIGNEE:
RP ILLUSIONS, CORP.

ASSIGNOR:

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

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

**CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF
LESSOR**

The undersigned Lessor under the Lease:

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

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

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

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

LESSOR:

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT 5 TO THE FRANCHISE AGREEMENT
CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees, shareholders, officers, directors, general partners,
members and managers of Franchisee)

In consideration of my being a _____ of _____ (“Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated _____ (the “Franchise Agreement”), Franchisee has acquired the right and franchise from RP Illusions, Corp. (the “Company”) to establish and operate a Museum of Illusions business (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Company’s trade names, service marks, trademarks, logos, emblems, and indicia of origin (the “Proprietary Marks”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and approved location: _____ (the “Approved Location”).

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the “System”) relating to the establishment and operation of Franchised Businesses, which offer interactive, immersive and fun experiences driven by illusions and tricks that teach you about vision, perception, the human brain, and science. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the “Confidential Information”).

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company’s Confidential Operations Manuals (the “Manuals”), and other general assistance during the term of the Franchise Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business or e-commerce business which: (a) is the same as, or substantially similar to, a Franchised Business; or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products or services offered by a Franchised Business (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

7.1 Franchisee's Territory, as defined in the Franchise Agreement ("Franchisee's Territory");

7.2 One hundred (100) miles of Franchisee's Territory; or

7.3 One hundred (100) miles of any Franchised Business operating under the System and the Proprietary Marks.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of Arizona. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature: _____

Name: _____

Address: _____

Title: _____

ACKNOWLEDGED BY FRANCHISEE

By: _____

Name: _____

Title: _____

ATTACHMENT 6 TO THE FRANCHISE AGREEMENT
GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement, and any revisions, modifications and amendments thereto (hereinafter collectively the "Agreement") dated

_____, by and between RP Illusions, Corp., a Delaware corporation (hereinafter the "Franchisor"), and

_____(hereinafter the "Franchisee"), each of the undersigned Guarantors agrees as follows:

1. The Guarantors do hereby jointly and severally unconditionally guaranty the full, prompt and complete performance of the Franchisee under the terms, covenants and conditions of the Agreement, including, without limitation, the complete and prompt payment of all indebtedness to the Franchisor under the Agreement. The word "indebtedness" is used herein in its most comprehensive sense and includes, without limitation, any and all advances, debts, obligations and liabilities of the Franchisee, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Guarantors are independent of the obligations of the Franchisee and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against the Franchisee or whether the Franchisee is joined in any such action.

3. If the Franchisee is a corporation, partnership or limited liability company, the Franchisor shall not be obligated to inquire into the power or authority of the Franchisee or its partners or the officers, directors, agents, members or managers acting or purporting to act on the Franchisee's behalf and any obligation or indebtedness made or created in reliance upon the exercise of such power and authority shall be guaranteed hereunder. Where the Guarantors are corporations or partnerships, it shall be conclusively presumed that the Guarantors and the partners, agents, officers and directors acting on their behalf have the express authority to bind such corporations or partnerships and that such corporations or partnerships have the express power to act as the Guarantors pursuant to this Guaranty and that such action directly promotes the business and is in the interest of such corporations or partnerships.

4. The Franchisor, its successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the indebtedness; (b) release or compromise any

indebtedness of any of the undersigned hereunder or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the indebtedness; or (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. The undersigned further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Franchisee and the Franchisor resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Guaranty shall be enforceable by and against the respective administrators, executors, successors and assigns of the Guarantors and the death of any Guarantor shall not terminate the liability Guarantor or limit the liability of the other Guarantors hereunder.

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

8. In each case where the spouse of a Franchisee has executed any documents in connection with the granting of the Agreement, and the Franchisee subsequently divorces from such spouse, then, in the event that the Franchisee subsequently remarries, the new spouse of such Franchisee must execute, and agree to be bound by the provisions of, each of the documents previously executed by the Franchisee’s original spouse.

9. The undersigned each agree to be personally bound by the dispute resolution provisions in the Franchise Agreement, including those provisions related to arbitration, jurisdiction, venue and choice of law.

[Signatures on next page]

Each of the undersigned has executed this Guaranty under seal effective as of this date inserted below.

GUARANTOR:

GUARANTOR SPOUSE:

Signature

Signature

Printed Name

Printed Name

Home Address

Home Address

Home Telephone Number

Home Telephone Number

Business Telephone Number

Business Telephone Number

Date:

Date:

ATTACHMENT 7 TO THE FRANCHISE AGREEMENT
ELECTRONIC FUNDS TRANSFER AUTHORIZATION

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO
RP ILLUSIONS, CORP. ("COMPANY")**

Depositor hereby authorizes and requests

(the "Depository") to initiate debit and credit entries to Depositor's Y checking or Y savings account (select one) indicated below drawn by and payable to the order of Company by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

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

Depository Name: _____

City: _____ State: _____ Zip Code: _____

Transit/ABA Number: _____ Account Number: _____

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

Depositor: (Please Print)

Date Signed

Signature(s) of Depositor, as Printed Above

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

EXHIBIT C TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

(As of December 31, 2024)

ARIZONA	
Franchisee	Location
Phoenix Illusions, LLC 24 West Elizabeth Lane Richboro, Pennsylvania 18954 c/o LOL Entertainment, LLC Robert Cooper 850 New Burton Road Dover, Delaware 19904 267-721-3190	9500 East Vía de Ventura Scottsdale, AZ 85256
FLORIDA	
Franchisee	Location
MOI Miami LLC c/o MOI Holdings LLC Pierre Charalambides 305-469-1178 Harry Benitah 305-573-8888	Orlando Icon Park 8375 International Drive Space B6/B7b Orlando, Florida 32819 386-256-1001
ILLINOIS	
Franchisee	Location
Chicago Illusions, LLC 410 South Dunton Avenue Arlington Heights, Illinois 60005 c/o LOL Entertainment, LLC Robert Cooper	East Washington Street Chicago, Illinois 60602 312-722-6780
MASSACHUSETTS	
Franchisee	Location
<u>Boston Illusions, LLC</u> 45 School Street, Suite 202 Boston, Massachusetts 02108 <u>c/o LOL Entertainment, LLC</u> Robert Cooper 850 New Burton Road Dover, Delaware 19904 267-721-3190	200 State Street Boston, MA 02109
MISSOURI	
Franchisee	Location
Illusions LLC Alekssejs Doroskovs	Union Station 30 West Pershing Road Kansas City, MO 64108 816-216-7387

PENNSYLVANIA	
Franchisee	Location
Philadelphia Illusions, LLC c/o LOL Entertainment, LLC Robert Cooper 850 New Burton Road Dover, Delaware 19904 267-721-3190	Philadelphia, Pennsylvania 19106 267-703-2270
Pittsburgh Illusions, LLC c/o LOL Entertainment, LLC Robert Cooper 850 New Burton Road Dover, Delaware 19904 401 Market Street	267 N Shore Drive Pittsburgh, PA 15212
TEXAS	
Franchisee	Location
SMMH LLC Subhi Gharbieh	701 Ross Avenue Dallas, Texas 75202 214-432-1582
MOI Austin LLC 508 Centennial Boulevard, Suite 102 Richardson, Texas 75081 SMMH, LLC Subhi Gharbieh	11010 Domain Dr #100 Austin, TX 78758
MOI Houston LLC 508 Centennial Boulevard Suite 102 Richardson, Texas 75081 SMMH, LLC Subhi Gharbieh	5060 W Alabama St Suite 2D Houston, TX 77056

WASHINGTON DC	
Franchisee	Location
Tubbly & Company, LLC Ghida Al Juburi 7819 Montvale Way McLean, Virginia 22102	CityCenter DC 927 H Street, NW Washington, D.C. 202-993-5992
Tubbly & Company, LLC c/o Mark Strong EY Lim Kim 1775 Tysons Boulevard McLean, Virginia 22102 855-296-6989	

Franchise Agreements signed before December 31, 2024, but unit not yet open:

None.

FRANCHISEES WHO HAVE LEFT THE SYSTEM
(During 2024)

None.

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

EXHIBIT D TO THE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

RP Illusions, Corp., and Subsidiaries

Consolidated and Combined Financial Statements

Years Ended December 31, 2024 and 2023

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Anthony J. Cucciniello, CPA
Certified Public Accountant

P.O. Box 552
Florham Park, NJ 07932
anthony@ajc-cpa.com
973.214.7909

Independent Auditor's Report

**The Shareholders and Members
RP Illusions, Corp., and Subsidiaries**

Report on the Financial Statements

We have audited the consolidated and combined financial statements of RP Illusions Corp., and Subsidiaries (the Company), which comprise the consolidated and combined balance sheets as of December 31, 2024 and 2023, the related consolidated and combined statements of operations and owner's equity, and the consolidated and combined statements of cash flows for the years then ended, and the related notes to the consolidated and combined financial statements.

In our opinion, the accompanying consolidated and combined financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated and Combined Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and combined 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 consolidated and combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and Combined Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated and combined 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 consolidated and combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated and combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Anthony Cucciniello, CPA LLC

Florham Park, NJ

Anthony J. Cucciniello, CPA LLC

July 21, 2025

RP Illusions, Corp., and Subsidiaries

Consolidated and Combined Balance Sheets

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,237,305	\$ 1,700,255
Accounts receivable	2,166,314	1,307,230
Inventory	2,032,888	521,699
Deferred tax assets	3,121,708	2,281,199
Prepaid taxes	-	278,358
Prepaid expenses & accrued income	718,907	318,774
Total Current Assets	<u>12,277,122</u>	<u>6,407,515</u>
PROPERTY AND EQUIPMENT - NET	28,396,914	16,584,729
OTHER ASSETS		
Loan receivable	102,323	101,893
Right of Use Assets	46,982,146	44,138,813
Security deposits	5,164,287	3,317,681
Goodwill	4,451,234	4,451,234
Reacquired rights	4,185,023	5,506,609
Total Other Assets	<u>60,885,013</u>	<u>57,516,230</u>
TOTAL ASSETS	<u>\$ 101,559,048</u>	<u>\$ 80,508,474</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 6,779,348	\$ 4,359,721
Taxes payable - current	866,717	235,463
Income tax payable	351,214	-
Short term loans	-	1,928,930
Other short-term liabilities	4,748	632,002
Short term lease liability	6,598,690	1,796,468
Accrued expenses and deferred income	2,779,985	1,539,664
Total Current Liabilities	<u>17,380,702</u>	<u>10,492,248</u>
LONG-TERM LIABILITIES		
Long term loan	28,249,415	16,728,187
Lease liability	49,334,716	48,753,291
Deferred tax liability	3,431,363	3,159,937
Total Long-Term Liabilities	<u>81,015,495</u>	<u>68,641,415</u>
	<u>98,396,196</u>	<u>79,133,662</u>
EQUITY		
Shareholders' Equity attributable to RP Illusions Corp.	(9,553,429)	(7,337,787)
Shareholders' Equity attributable to noncontrolling interests	12,716,281	8,712,598
Total Equity	<u>3,162,852</u>	<u>1,374,811</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 101,559,048</u>	<u>\$ 80,508,474</u>

See accompanying Notes to Consolidated and Combined Financial Statements.

RP Illusions, Corp., and Subsidiaries

Consolidated and Combined Statements of Operations and Shareholders' Equity (Deficit)

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
REVENUES		
Royalty fee income	\$ 4,077,090	\$ 3,538,157
Franchise fee income	100,000	350,000
Sales of tickets	35,810,813	13,847,492
Sales of merchandise	2,405,722	810,990
Other income	364,546	88,179
Total Revenues	<u>42,758,171</u>	<u>18,634,818</u>
EXPENSES		
Ticket costs	1,646,679	618,685
Material and Supplies	1,064,806	422,699
Franchise fee expense	190,000	705,000
Royalty fee expense	4,985,172	4,731,608
Cost of revenues	<u>7,886,657</u>	<u>6,477,992</u>
Gross Profit	<u>34,871,514</u>	<u>12,156,826</u>
Rent	6,598,690	6,017,709
Intellectual services	3,662,845	1,280,436
Advertising and promotion	5,615,620	2,819,651
Payroll & taxes	9,852,750	5,033,900
Depreciation expenses	4,427,417	1,711,591
Other operating expenses	4,337,309	1,949,245
Total Operating Expenses	<u>34,494,631</u>	<u>18,812,532</u>
Income (Loss) From Operations	<u>376,884</u>	<u>(6,655,706)</u>
Interest income	1,778	18,443
Interest expense	(1,253,056)	(542,390)
Foreign exchange Gain/(Loss)	98,812	(8,034)
	<u>(1,152,466)</u>	<u>(531,981)</u>
(Loss) Before Income Taxes	<u>(775,582)</u>	<u>(7,187,687)</u>
Income Taxes Benefit (Expense)	(5,663)	385,787
Net Loss	<u>(781,245)</u>	<u>(6,801,900)</u>
Add (loss): net income attributable to the non-controlling interests	1,434,397	(1,537,735)
Net loss attributable to RP Illusions Corp	<u>\$ (2,215,642)</u>	<u>\$ (5,264,165)</u>
Shareholders' Equity - noncontrolling interests - Beginning		
Capital contributions - non-controlling interests	8,712,598	4,514,501
Net income (loss) attributable to the non-controlling interests	2,569,286	5,735,832
	<u>1,434,397</u>	<u>(1,537,735)</u>
Shareholders' Equity - noncontrolling interest - Ending	<u>12,716,281</u>	<u>8,712,598</u>
Shareholders' (Deficit) - Beginning,		
Net loss attributable to RP Illusions Corp	(7,337,787)	(2,073,622)
	<u>(2,215,642)</u>	<u>(5,264,165)</u>
Shareholders' (Deficit) - Ending	<u>(9,553,429)</u>	<u>(7,337,787)</u>

See accompanying Notes to Consolidated and Combined Financial Statements

RP Illusions, Corp., and Subsidiaries

Consolidated and Combined Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Net loss	\$ (781,245)	\$ (6,801,900)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities		
Depreciation	4,427,417	1,711,591
(Increase) decrease in assets		
Accounts receivable	(859,084)	(978,694)
Inventory	(1,511,189)	(315,772)
Deferred tax assets	(840,509)	(1,842,093)
Prepaid taxes	278,358	(275,882)
Prepaid expenses	(400,133)	327,308
Increase (decrease) in liabilities		
Accounts payable	2,419,627	742,716
Taxes payable - current	631,254	204,826
Income tax payable	351,214	-
Short term loan	(1,928,930)	1,020,800
Other short term loan	(627,255)	632,002
Short term lease liability	4,802,227	1,796,468
Accrued expenses and deferred income	1,240,322	1,131,110
Net Cash used for Operating Activities	<u>7,202,072</u>	<u>(2,647,519)</u>
INVESTING ACTIVITIES		
Loan receivable	(430)	(101,893)
Property & equipment	(11,812,185)	(15,717,900)
Right of Use asset	(2,843,332)	(8,691,620)
Security deposits	(1,846,606)	1,053,462
Goodwill	-	(4,451,234)
Reacquired rights	1,321,586	(5,506,609)
Net Cash Used by Investing Activities	<u>(15,180,967)</u>	<u>(33,415,793)</u>
FINANCING ACTIVITIES		
Lease liability	581,425	12,215,026
Long term loan	11,521,228	13,656,314
Deferred tax liability	271,427	3,159,936
Capital contribution-non-controlling interests	(1,858,136)	5,735,832
Net Cash Provided by Financing Activities	<u>10,515,944</u>	<u>34,767,109</u>
Net increase (decrease) in cash and cash equivalents	2,537,050	(1,296,203)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>1,700,255</u>	<u>2,961,951</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 4,237,305</u>	<u>\$ 1,665,748</u>
Cash paid during the year for Interest	<u>\$ 1,253,056</u>	<u>\$ 542,390</u>
Cash paid during the year for Taxes	<u>\$ 518,580</u>	<u>\$ 33,200</u>

See accompanying Notes to Consolidated and Combined Financial Statements.

Notes to the Consolidated and Combined Financial Statements

RP Illusions, Corp., and Subsidiaries
Notes to Consolidated and Combined Financial Statements
Years Ended December 31, 2024 and 2023

1. Summary of significant accounting policies

a. Nature of the organization

RP Illusions, Corp. and its subsidiaries offer franchise opportunities and operate facilities offering interactive, immersive, and fun experiences driven by illusions and tricks that educate visitors on vision, perception, the human brain, and science, operating under the name "Museum of Illusions" (MOI) in the states of California, Colorado, Georgia, Minnesota, Missouri, Nevada, New York, North Carolina, Ohio and Washington.

The consolidated and combined financial statements include the activities of RP Illusions, Corp.'s Subsidiaries and Partnerships, which includes the accounts of MOI Atlanta LLC, MOI Charlotte LLC, MOI Cleveland LLC, MOI Denver LLC, MOI Las Vegas I LLC, MOI Minneapolis LLC, MOI San Diego LLC, MOI Seattle LLC, MOI St. Louis LLC, Beyond Illusion LLC and MOI New York Holdings, LLC (collectively the "Subsidiaries and Partnerships").

RP Illusions, Corp. is a Delaware corporation formed in November 2017.

The subsidiaries were formed in 2022, 2023, and 2024 as single member limited liability companies under the state laws of California, Georgia, Minnesota, Missouri, North Carolina, Ohio and Washington and as multi member-limited liability companies under the state laws of Colorado, Nevada, and New York.

All intercompany transactions and accounts have been eliminated in consolidation.

b. Basis of accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

RP Illusions, Corp., and Subsidiaries
Notes to Consolidated and Combined Financial Statements
Years Ended December 31, 2024 and 2023

c. Franchise arrangements

The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a Museum of Illusions for a specified number of years. As of both December 31, 2024, and 2023 ten franchisees were operating under such agreements.

d. Operations

The Company formed four single member limited liability companies and seven multi-member limited liability companies by the end of 2024 to operate museums in various locations inside the U.S. At the end of December 31, 2024, nine locations were opened to the public. Three more locations have been opened to the public in 2025.

e. Use of estimates

The preparation of consolidated and combined 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, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RP Illusions, Corp., and Subsidiaries
Notes to Consolidated and Combined Financial Statements
Years Ended December 31, 2024 and 2023

f. Evaluation of subsequent events

The Company evaluated subsequent events through July 21, 2025, the date the consolidated and combined financial statements were available to be issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment. However, the Company elected to disclose the following non-recognized events:

As of July 21, 2025, there were ten franchisees operating and nine corporate operated locations were opened.

g. Lease standard

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease respectively. A lessee is also required to record a right of use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for lessees using an approach that is substantially equivalent to existing guidance for sales type leases, direct financing lease and operating leases.

The standard is effective for fiscal years beginning after December 31, 2021, with early adoption permitted. The Company implemented this standard effective January 1, 2022.

h. Cash and cash equivalents

The Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

RP Illusions, Corp., and Subsidiaries
Notes to Consolidated and Combined Financial Statements
Years Ended December 31, 2024 and 2023

2. Property, plant and equipment

Property, plant and equipment consist of the following:

	Estimated useful lives in years	
	Leasehold improvements	10 years
	Plant and equipment	5 years
	2024	2023
Leasehold Improvements	\$ 21,945,914	\$ 16,489,726
Plant and Equipment	5,084,294	1,806,594
Subtotal	27,030,208	18,296,320
Less: Accumulated Depreciation	4,427,417	1,711,591
Total	\$ 22,602,791	\$ 16,584,729

Depreciation expense from property and equipment for the year ended December 31, 2024 was \$4,427,417 and for the year ended December 31, 2023 was \$1,711,591.

3. Related party transactions

During 2023 The Company has a trademarking licensing agreement whereas in exchange for the nonexclusive, nontransferable license to use the Trademark Rights, the Company agrees to pay 100% of all franchise fees and 88% of all royalty fees to the licensor, which is a related entity. Termination of previous trademark licensing agreement between Metamorfoza Hungary and RPI effective as of December 1st, 2024. An amendment to the trademark license agreement between (CRO) and RPI effective as of September 1st 2024. For the year ended December 31, 2024, the Company expensed \$4,177,090 of which there was no payable as of December 31, 2024. For the year ended December 31, 2023, the Company expensed \$5,436,608 of which there was no payable as of December 31, 2023.

RP Illusions, Corp., and Subsidiaries
Notes to Consolidated and Combined Financial Statements
Years Ended December 31, 2024 and 2023

4. Letter of credit

As of December 31, 2024, RPI's total investment in the Las Vegas partnership amounted to \$6,917,500. This included a cash investment of \$2,361,900 and a corporate and bank guarantee totaling \$4,555,600. Based on these contributions, RPI holds a 53.62% ownership interest in the entity.

5. Taxes on income

The Company is a wholly owned subsidiary of Metamorfoza d.o.o., a Croatian company, and files as a U.S. Corporation. Income taxes for calendar year 2023 represent the tax benefit for the year, offset by the impact of the change in deferred tax assets and liabilities. In contrast, income taxes for calendar year 2024 represent a tax expense, primarily attributable to current year taxable income and the net effect of changes in deferred tax assets and liabilities.

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences, operating loss, and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest, and penalties on income taxes, and accounting in interim periods.

The Company files an income tax return in the U.S. federal and state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2019

RP Illusions, Corp., and Subsidiaries
Notes to Consolidated and Combined Financial Statements
Years Ended December 31, 2024 and 2023

6. Provisions for (Benefit from) income taxes

The provision for (benefit from) income taxes consist of the following:

Description	2024	2023
Current expense (benefit)	\$ (846,171)	\$ 1,456,306
Deferred expense (benefit)	\$ 840,508	\$ (1,842,093)
Income tax expense (benefit)	\$ 5,663	\$ (385,787)

Management believes that the tax-deferred asset will be fully utilized, so a valuation allowance is determined not necessary.

7. Commitments and Contingencies

Operating Leases

The Company has operating leases for certain buildings expiring through December 2034. Total operating lease expense for the year ended December 31, 2024, was \$6,598,690

Operating Leases	2024
Operating Lease Cost (Cost resulting from lease payments)	\$ 6,598,690
Total Lease Cost	\$ 6,598,690

RPI Consolidated - Operating Leases as of December 31, 2024:

Year 1	\$ 6,083,126
Year 2	7,796,116
Year 3	7,794,991
Year 4	7,681,020
Year 5	7,488,965
Thereafter	30,159,196
Net Minimum Lease Payments	67,003,413
Less Interest	(11,070,007)
Present Value of Lease Liabilities	\$ 55,933,407

RP Illusions, Corp., and Subsidiaries
Notes to Consolidated and Combined Financial Statements
Years Ended December 31, 2024 and 2023

Supplemental cash flow information related to leases was as follows:

Average lease terms and discount rates were as follows:

Weighted- average remaining lease term (in years)

Operating leases 8.57 yrs

Weighted-average discount rate (%)

Operating leases 4.11%

8. Special events

During 2024, the Company experienced several significant developments:

- Three new corporate owned Museum of Illusions locations were opened in the United States: Cleveland, St. Louis, and Seattle.
- RP Illusions, Corp. appointed a new Chief Executive Officer of the Company.
- The U.S. headquarters relocated from Atlanta, Georgia to Scottsdale, Arizona.

RP Illusions, Corp., and Subsidiaries

Consolidated and Combined Financial Statements

Years Ended December 31, 2023 and 2022

Museum of Illusions, Corp., and Subsidiaries
Consolidated and Combined Financial Statements
Years Ended December 31, 2023 and 2022

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Anthony J. Cucciniello, CPA

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Independent Auditor's Report

The Shareholders and Members
RP Illusions, Corp and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated and combined financial statements of RP Illusions, Corp. and Subsidiaries, (the "Company", RP Illusions"), which comprise the consolidated and combined balance sheet as of December 31, 2023, the related consolidated and combined statements of operations and shareholders' equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated and combined financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 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.

The financial statements of RP Illusions, Corp. Group and Subsidiaries as of December 31, 2022, and for the year then ended were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated September 5, 2023.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

*Tax * Accounting * Incorporations * Outsourced Financial Management * Accounting Systems*

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Anthony J. Cucciniello, CPA LLC

Anthony J Cucciniello, CPA
Livingston, New Jersey
August 31, 2024

RP Illusions, Corp., and Subsidiaries
Consolidated and Combined Balance Sheets
December 31, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,700,255	\$ 2,961,951
Accounts receivable	1,307,230	328,536
Inventory	521,699	205,927
Deferred tax assets	2,281,199	439,106
Prepaid taxes	278,358	2,476
Prepaid expenses & accrued income	318,774	646,082
Total Current Assets	<u>6,407,515</u>	<u>4,584,078</u>
PROPERTY AND EQUIPMENT - NET	16,584,729	2,578,421
OTHER ASSETS		
Loan receivable	101,893	-
Right of Use Assets	44,138,813	35,447,194
Security deposits	3,317,681	4,371,144
Goodwill	4,451,234	-
Reacquired rights	5,506,609	-
Total Other Assets	<u>57,516,230</u>	<u>39,818,337</u>
TOTAL ASSETS	<u>\$ 80,508,474</u>	<u>\$ 46,980,836</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	4,325,214	3,582,498
Payroll and related liabilities	34,507	-
Taxes payable - current	235,463	30,637
Short term loans	1,928,930	908,130
Other short-term liabilities	632,002	-
Short term lease liability	1,796,468	-
Accrued expenses and deferred income	1,539,664	408,554
Total Current Liabilities	<u>10,492,248</u>	<u>4,929,819</u>
LONG-TERM LIABILITIES		
Long term loan	16,728,187	3,071,873
Lease liability	48,753,291	36,538,265
Deferred tax liability	3,159,936	-
Total Long-Term Liabilities	<u>68,641,415</u>	<u>39,610,138</u>
	<u>79,133,663</u>	<u>44,539,957</u>
EQUITY		
Shareholders' Equity attributable to RP Illusions Corp.	(7,337,787)	(2,073,622)
Shareholders' Equity attributable to noncontrolling interests	8,712,598	4,514,501
Total Equity	<u>1,374,811</u>	<u>2,440,879</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 80,508,474</u>	<u>\$ 46,980,836</u>

See accompanying Notes to Consolidated and Combined Financial Statements.

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RP Illusions, Corp., and Subsidiaries

Consolidated and Combined Statements of Operations and Shareholders' Equity (Deficit) Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Royalty fee income	3,538,157	2,073,262
Franchise fee income	350,000	200,000
Sales of tickets	13,847,492	413,984
Sales of merchandise	810,990	19,760
Other income	88,179	-
Total Revenues	<u>18,634,818</u>	<u>2,707,007</u>
EXPENSES		
Ticket costs	618,685	16,875
Material and Supplies	422,699	9,376
Franchise fee expense	705,000	300,000
Royalty fee expense	4,731,608	1,954,470
	<u>6,477,992</u>	<u>2,280,721</u>
	<u>12,156,826</u>	<u>426,286</u>
Rent	6,017,709	1,501,328
Intellectual services	1,280,436	380,988
Advertising and promotion	2,819,651	215,335
Payroll & taxes	5,033,900	291,210
Depreciation expenses	1,711,591	-
Other operating expenses	1,949,245	211,808
	<u>18,812,532</u>	<u>2,600,668</u>
Loss From Operations	<u>(6,655,706)</u>	<u>(2,174,382)</u>
Interest income	18,443	-
Interest expense	(542,390)	(33,403)
Foreign exchange loss	(8,034)	-
	<u>(531,981)</u>	<u>(33,403)</u>
(Loss) Before Income Taxes	<u>(7,187,687)</u>	<u>(2,207,785)</u>
Income Taxes Benefit	385,787	294,635
Net Loss	<u>(6,801,900)</u>	<u>(1,913,150)</u>
Less: net loss attributable to the non-controlling interests	(1,537,735)	(235,499)
Net loss attributable to RP Illusions Corp	<u>(5,264,165)</u>	<u>(1,677,651)</u>
Shareholders' Equity - noncontrolling interests - Beginning	\$ 4,514,501	\$ -
Capital contributions - noncontrolling interests	5,735,832	4,750,000
Net loss attributable to the non-controlling interests	(1,537,735)	(235,499)
Shareholders' Equity - noncontrolling interest - Ending	<u>\$ 8,712,598</u>	<u>\$ 4,514,501</u>
Shareholders' (Deficit) - Beginning,	\$ (2,073,622)	\$ (395,970)
Net loss attributable to RP Illusions Corp	(5,264,165)	(1,677,652)
Shareholders' (Deficit) - Ending	<u>\$ (7,337,787)</u>	<u>\$ (2,073,622)</u>

See accompanying Notes to Consolidated and Combined Financial Statements.

RP Illusions, Corp., and Subsidiaries
Consolidated and Combined Statements of Cash flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Net loss	(6,801,900)	(1,913,151)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities		
Depreciation	1,711,591	-
(Increase) decrease in assets		
Accounts receivable	(978,694)	(321,252)
Inventory	(315,772)	(205,927)
Deferred tax assets	(1,842,093)	(295,188)
Prepaid taxes	(275,882)	(5,810)
Prepaid expenses	327,308	(219,585)
Increase (decrease) in liabilities		
Accounts payable	742,716	2,033,112
Income tax payable - current	204,826	(108,043)
Payroll payable	34,507	-
Short term loan	1,020,800	7,020,169
Other short term loan	632,002	-
Short term lease liability	1,796,468	-
Accrued expenses and deferred income	1,131,110	(8,043)
Net Cash used for Operating Activities	<u>(2,613,012)</u>	<u>5,976,282</u>
INVESTING ACTIVITIES		
Loan receivable	(101,893)	-
Property & equipment	(15,717,900)	(6,915,128)
Right of Use asset	(8,691,620)	(35,515,770)
Security deposits	1,053,462	-
Goodwill	(4,451,234)	-
Reacquired rights	(5,506,609)	-
Investment	-	(25,000)
Shareholder loan	-	(3,298,943)
Net Cash Used by Investing Activities	<u>(33,415,793)</u>	<u>(45,754,841)</u>
FINANCING ACTIVITIES		
Lease liability	12,215,026	36,538,265
Long term loan	13,656,314	780,925
Deferred tax liability	3,159,936	-
Retained earnings & additional paid-in-capital	-	52,128
Capital contribution-non-controlling interests	5,735,832	4,775,000
Net Cash Provided by Financing Activities	<u>34,767,109</u>	<u>42,146,318</u>
Net decrease in cash and cash equivalents	<u>(1,261,696)</u>	<u>2,367,759</u>
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>2,961,951</u>	<u>594,192</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>1,700,255</u>	<u>2,961,951</u>
 Cash paid during the year for Interest	 \$ 542,390	 \$ 33,403
Cash paid during the year for Taxes	\$ 33,200	\$ 144,204

See accompanying Notes to Consolidated and Combined Financial Statements.

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RP Illusions, Corp. and Subsidiaries
Notes to Consolidated and Combined Financial Statements
Years Ended December 31, 2023 and 2022

Note 1 - Organization and Summary of Significant Accounting Policies

a. Nature of the Organization

RP Illusions, Corp. and its subsidiaries offer franchise opportunities and operate facilities offering interactive, immersive, and fun experiences driven by illusions and tricks that teach visitors about vision, perception, the human brain, and science, operating under the name "Museum of Illusions" in the states of California, Colorado, Georgia, Minnesota, Missouri, Nevada, New York, North Carolina, Ohio and Washington.

The combined and consolidated financial statements include the activities of its Subsidiaries and Partnerships, which includes the accounts of MOI Atlanta LLC, MOI Charlotte LLC, MOI Cleveland LLC, MOI Denver LLC, MOI Las Vegas I LLC, MOI Minneapolis LLC, MOI San Diego LLC, MOI Seattle LLC, MOI St. Louis LLC, Beyond Illusion LLC and MOI New York Holdings, LLC (collectively the "Subsidiaries and Partnerships").

RP Illusions, Corp is a Delaware corporation formed in November 2017.

The subsidiaries were formed in 2022 & 2023 as single member limited liability companies under the state laws of California, Colorado, Georgia, Minnesota, Missouri, Nevada, New York, North Carolina, Ohio and Washington.

All intercompany transactions and accounts have been eliminated in consolidation.

b. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

c. Franchise Arrangements

The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a Museum of Illusions for a specified number of years. At December 31, 2023, there were ten franchisees operating. At December 31, 2022 there were seven franchisees operating.

d. Operations

The Company formed seven single member limited liability companies and three limited liability companies by the end of 2023 to operate museums in various locations inside the U.S. At the end of December 31, 2023, six locations were opened to the public. Three more locations have been opened to the public in 2024.

e. Cash and Cash Equivalents

The Company considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

RP Illusions, Corp. and Subsidiaries
Notes to Consolidated and Combined Financial Statements
Years Ended December 31, 2023 and 2022

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

a. Accounts Receivable and Bad Debts

Accounts receivable represent collectable current balances due from franchisee and retail businesses.

Revenue earned from franchisees is reduced by an allowance based on collection experience and a review of the collectability of specific accounts. Accounts deemed uncollectable would be charged against this allowance. Management has determined that no allowance is necessary at December 31, 2023 and 2022.

b. Property, Equipment, and Depreciation

Property and equipment are stated at cost and are depreciated under straight-line methods. Depreciation is provided in amounts sufficient to write off the cost of depreciable assets over their estimated useful lives.

c. Deferred Franchise Fees

Deferred franchise fees represent fees collected for museums that have not been opened yet. This income will be realized as the museums are opened.

d. Concentration of Credit Risk

Financial instruments that potentially expose the company to concentration of credit risk primarily consist of cash and cash equivalents. At various times, the balances in the Company's cash accounts did exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000. At December 31, 2023 the Company had \$467,264 of uninsured deposits at one financial institution. At December 31, 2022 the Company had \$2,953,023 of uninsured deposits at one financial institution.

e. Use of Estimates

The preparation of consolidated and combined 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, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

f. Taxes on Income

The Company is a wholly owned subsidiary of Metamorfoza d.o.o., a Croatian company, and files as a US Corporation. Income taxes represent the tax benefit for calendar year 2023 offset by the impact of the change in the deferred tax assets and liabilities.

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences, operating loss, and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

RP Illusions, Corp. and Subsidiaries
Notes to Consolidated and Combined Financial Statements
Years Ended December 31, 2023 and 2022

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

The Company has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest, and penalties on income taxes, and accounting in interim periods.

The Company files an income tax return in the U.S. federal and state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2018.

g. Evaluation of Subsequent Events

The Company evaluated subsequent events through August 31, 2024 updated, the date the consolidated and combined financial statements were available to be issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment. However, the Company would like to disclose the following events in the consolidated and combined financial statements.

At the end of August 31, 2024, there were ten franchisees operating and nine corporate operated locations were opened.

m. Lease Standard

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease respectively. A lessee is also required to record a right of use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for lessees using an approach that is substantially equivalent to existing guidance for sales type leases, direct financing lease and operating leases.

The standard is effective for fiscal years beginning after December 31, 2021, with early adoption permitted. The Company implemented this standard effective January 1, 2022.

RP Illusions, Corp. and Subsidiaries
Notes to Consolidated and Combined Financial Statements
Years Ended December 31, 2023 and 2022

Note 2 – Property and Equipment

Property and equipment is summarized as follows at December 31, 2023.

	<u>Estimated Useful Lives in Years</u>	
Leasehold Improvements	10	\$ 16,489,726
Plant and Equipment	5	1,806,594
Subtotal		<u>18,296,320</u>
Less: Accumulated Depreciation		1,711,591
		<u>\$ 16,584,729</u>

Depreciation expense from property and equipment for the year ended December 31, 2023 was \$1,711,591 and for the year ended December 31, 2022 was \$0.

Note 3 - Related Party Transactions

The Company has a trademark licensing agreement whereas in exchange for the nonexclusive, nontransferable license to use the Trademark Rights, the Company agrees to pay 100% of all franchise fees and 88% of all royalty fees to the licensor, which is a related entity. For the year ended December 31, 2023, the Company expensed \$5,436,608 of which there was nothing payable as of December 31, 2023. For the year ended December 31, 2022, the Company expensed \$2,314,470 of which \$1,486,140 was payable as of December 31, 2022.

Note 4 – Provision for (Benefit from) Income Taxes

The provision for (benefit from) income taxes consist of the following:

2023

Current expense (benefit)	\$1,456,306
Deferred expense (benefit)	\$(1,842,093)
Income tax expense (benefit)	\$(385,787)

2022

Current expense (benefit)	\$267
Deferred expense (benefit)	\$(295,188)
Income tax expense (benefit)	\$(294,921)

Management believes that the tax-deferred asset will be fully utilized, so a valuation allowance is determined not necessary,

RP Illusions, Corp. and Subsidiaries
Notes to Consolidated and Combined Financial Statements
Years Ended December 31, 2023 and 2022

Note 5 – Commitments and Contingencies

Operating Leases

The Company has operating leases for certain buildings expiring through November 2033. Total operating lease expense, for the year ended December 31, 2023, was \$6,017,709

Maturities of lease liabilities as of December 31, 2023, are as follows:

Fiscal Year Ending December 31,	
2024	\$ 1,796,498
2025	4,625,236
2026	5,056,702
2027	5,278,530
2028	5,425,929
Thereafter	28,366,894
Net minimum lease payments	<u>\$ 50,549,789</u>

Supplemental cash flow information related to leases was as follows:

Average lease terms and discount rates were as follows:

Weighted-average remaining lease term (in years)	
Operating leases	9.5
Weighted-average discount rate (%)	
Operating leases	3.95

RP Illusions, Corp. and Subsidiaries
Notes to Consolidated and Combined Financial Statements
Years Ended December 31, 2023 and 2022

Note 6 – Letter of Credit

On August 31, 2022, RPI formed a limited liability company (partnership) in the state of Nevada. RPI used a corporate guaranty for its lease agreement as a substitute for its initial 52.5% ownership's contribution or \$5,250,000.

Note 7 – Special Events

On April 21, 2023, RPI restructured MOI Denver LLC from a single member LLC to a partnership through a capital contribution from Exceede Investments, LLC, a Colorado limited liability company as a minority investor. In this conversion, RPI applied its existing inter-company loan of \$364,423 with MOI Denver LLC as a part of its capital contribution to the new partnership.

On July 1, 2023, RPI purchased its NY franchisee, Beyond Illusions LLC for \$9,705,497 with a 100% seller financed agreement. On December 1, 2023, RPI restructured the NY entity from a single member owner to a partnership by selling 44.4815% of its ownership to minority owners for \$4,003,333.

On July 15, 2023, RPI increased its ownership percentage in MOI Las Vegas from 52.5% to 53.1%

Note 8 – Report on 2022 Financial Statements

The financial statements of RP Illusions as of December 31, 2022, were audited by other accountants whose report dated September 3, 2023, stated that based on their procedures, they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. Management has made modifications to the account groupings to improve the clarity and comparability of the financial statements.

**ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED
THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO
THE CONTENT OR FORM.**

RP Illusions Corp.

As of May 31, 2025

USD	
Balance sheet	US CONSOLIDATED
Assets	97,659,392
Current assets	11,435,911
Cash & Cash Equivalents	2,984,019
Current financial assets	3,476,468
Inventory	3,182,497
Tax Prepayment	31,259
Trade and other receivables	1,761,667
Non-current assets	85,508,605
Fixed assets	83,125,083
Non-current financial assets	102,323
Deferred tax assets	2,281,199
Prepayments and accrued income	714,875
Equity and reserves	(4,324,878)
Retained earnings sum	8,809,528
Retained earnings	8,809,528
Dividend Payment	-
Share capital sum	(13,134,406)
Equity reserves	-
Share capital	(25,000)
Minority interest	(13,109,406)
FX translation difference	-
Liabilities	(94,217,745)
Accrued expenses and deferred income	(1,270,157)
Current liabilities	(65,259,267)
Other Liabilities	(54,162,238)
Short term loans	-
Trade payables	(11,097,029)
Short term financial lease liabilities sum	-
Non-current liabilities	(27,688,321)
Long term loans	(24,978,166)
Long term financial lease liabilities sum	-

Deferred tax liability	(2,710,155)
Net profit / loss	(883,232)

THESE FINANCIAL STATEMENTS ARE 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.

RP Illusions Corp.

For January 1, 2025 through May 31, 2025

USD	
Income Statement	US Consolidated
Royalty fees	2,050,901
Franchise fees	-
Merchandise Sales	1,229,093
Sale of Exhibits	-
Tickets Sales	16,623,058
Other Income	231,948
Total Revenue	20,134,999
COGS	(411,660)
Ticketing Costs	(645,785)
Royalty fee Expenses	(1,822,669)
Franchise fee Expenses	-
Gross profit	17,254,885
<i>margin</i>	86%
Intellectual services	(1,140,689)
Staff expense	(4,361,405)
Rent Costs	(3,722,731)
Travel Expense	(241,146)
R&D Costs	-
Transportation costs	(49,612)
Marketing costs	(2,952,914)
Other Costs	(1,082,593)
Total Costs	(13,551,090)
Reported EBITDA	3,703,796
<i>margin</i>	18%
Adjusted EBITDA	4,615,849
Depreciation	(2,434,764)
Rent depreciation	-
Net Financial Result	(1,965,139)
Profit Before Taxes	(696,108)

Taxes sum	(187,123)
Net Income	(883,232)

EXHIBIT E TO THE DISCLOSURE DOCUMENT

OPERATIONS MANUAL TABLE OF CONTENTS

MUSEUM OF ILLUSIONS OPERATIONS MANUAL

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EXHIBIT F TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

CALIFORNIA APPENDIX

1. 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 provisions that are inconsistent with the law, the law will control.
2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.
6. The Franchise Agreement requires binding arbitration. The arbitration will occur at Arizona with the costs being borne equally by the parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
7. The Franchise Agreement requires application of the laws of Arizona. This provision may not be enforceable under California law.

8. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
9. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
10. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
11. OUR WEBSITE, www.museumofillusions.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.
12. The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.
13. The highest interest rate allowed by law in California is 10% annually.
14. Spousal Risk Factor
 - a. Spousal liability: Your spouse will be liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

**ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY THE
STATE OF HAWAII**

SINCE THE FRANCHISOR’S AUDITED FINANCIAL STATEMENTS, AS OF DECEMBER 31, 2022, INDICATE THE FRANCHISOR HAS A STOCKHOLDERS’ DEFICIT OF \$2,073,622, A DEFERRAL OF THE PAYMENT OF THE INITIAL FRANCHISE FEE AND ANY OTHER INITIAL PAYMENTS MADE BY THE FRANCHISEE TO THE FRANCHISOR WILL NOT BE REQUIRED UNTIL ALL OF THE PRE-OPENING OBLIGATIONS OF THE FRANCHISOR HAVE BEEN SATISFIED AND THE FRANCHISE HAS OPENED FOR BUSINESS.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____.

FRANCHISOR:
RP ILLUSIONS, CORP.

FRANCHISEE:

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

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

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement which designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In Illinois, payment of the Initial Franchise Fees owed to Franchisor/affiliate will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of _____.

FRANCHISOR:

RP ILLUSIONS, CORP.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement: There are presently no arbitration proceedings to which the Franchisor is a party.
2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.
3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).
4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 19 of the Franchise Agreement.
5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of _____.

FRANCHISOR:
RP ILLUSIONS, CORP.

FRANCHISEE:

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

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

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this day of _____, and effectively amends and revises said Disclosure Document and Franchise Agreement as follows:

1. Item 13 of the Disclosure Document and Article 6 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding such use.”

2. Item 17 of the Disclosure Document and Articles 16, 17, and 18 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subds.3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.”

3. Item 17 of the Disclosure Document and Article 22 of the Franchise Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

“Minn. Stat. Sec. 80C.21 and Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

4. Item 17 of the Disclosure Document and Articles 16 and 17 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release.”

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. Section 22.7 of the Franchise Agreement is hereby deleted as it pertains to waiver of a jury trial in accordance with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. Article 22.6 of the Franchise Agreement regarding Limitations of Claims is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

8. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of \$30 on an NSF check. This applies to everyone in Minnesota who accepts checks except banks.

9. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required. The appropriate sections of the Franchise Agreement are hereby amended accordingly.

10. Item 5 of the Disclosure Document and Article 10 of the Franchise Agreement are amended to state: “In the State of Minnesota, we will defer the payment of the initial franchise fee and any other initial payment until all of our material pre-opening obligations have been satisfied and your business is open and operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.”

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of _____.

FRANCHISOR:
RP ILLUSIONS, CORP.

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Disclosure Document for «Client_Name» for use in the State of Washington is amended as follows:

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

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

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

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

«CLIENT_NAME»

FRANCHISEE

By: _____

Name: _____

Title: _____

Date Signed: _____

By: _____

Name: _____

Title: _____

Date Signed: _____

EXHIBIT G TO THE DISCLOSURE DOCUMENT

GENERAL RELEASE

_____(“Franchisee”) and its
principal(s):

(a) Franchisee and Franchisee’s Principal(s) do, for themselves and their successors and assigns, hereby release and forever discharge generally Franchisor and any affiliate, wholly owned or controlled limited liability company, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, agent, executor, administrator, estate, trustee or heir of any of them (the “Released Franchisor Party”), from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Franchisee or Franchisee’s Principal(s) may now have, or may hereafter claim to have or to have acquired of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and antitrust statutes, rules or regulations, in any way arising out of or connected with the Franchise Agreement or this General Release, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against any Released Franchisor Party, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this General Release. In the event Franchisee or Franchisee’s Principal(s) breaches any of the promises, covenants, or undertakings made herein by any act or omission, Franchisee and Franchisee’s Principal(s) shall pay, by way of indemnification, all costs and expenses of any Released Franchisor Party caused by the act or omission, including reasonable attorneys’ fees and costs.

(b) Waiver Under Section 1542. Franchisee waives all rights he or she may have under section 1542 of the California Civil Code. Section 1542 provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor

or released party.

Being fully informed of this provision of the Civil Code, Franchisee waives any rights under that section, and acknowledges that this Agreement extends to all claims Franchisee has or might have against Franchisor, whether known or unknown.

(c) Franchisee and Franchisee's Principal(s) represent and warrant that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Franchisee or Franchisee's Principal(s) to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand, or suit shall be made or institute against any Released Franchisor Party because of any such purported assignment, transfer or subrogation, Franchisee and Franchisee's Principal(s) agree to indemnify and hold such Released Franchisor Party free and harmless from and against any such claim, demand, or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

(d) THIS RELEASE IS A GENERAL RELEASE AND THE PARTIES INTEND AND AGREE THAT IT SHALL BE INTERPRETED, CONSTRUED AND ENFORCED AS SUCH.

(e) Franchisee and Franchisee's Principal(s) acknowledge, warrant, and represent that no promises, representations, or inducements, except as set forth in this General Release, have been offered or made by any Franchisor Released Party to secure the execution of this General Release, and that this General Release is executed without reliance on any statements or any representations not contained herein. Franchisee and Franchisee's Principal(s) knowingly waive (1) any claim that this General Release was induced by any misrepresentation or nondisclosure, and (2) any right to rescind or avoid this General Release based upon presently existing facts, known or unknown.

FRANCHISEE AND FRANCHISEE'S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. Franchisee and Franchisee's Principal(s) also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Released Franchisor Party with respect to any Franchisee Released Claim, and Franchisee and Franchisee's Principal(s) shall defend, indemnify, and hold harmless each of Franchisor Releasees against same.

Executed as of _____.

FRANCHISEE:

By: _____

Name: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

EXHIBIT H TO THE DISCLOSURE DOCUMENT

ACKNOWLEDGEMENT STATEMENTS

FRANCHISEE ACKNOWLEDGMENT STATEMENT

THIS DOCUMENT WILL NOT BE SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

Do not sign this Questionnaire if you are a resident of Maryland or the business is to be operated in Maryland.

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement. Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

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

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received the RP Illusions, Corp. Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

9. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

10. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

11. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE RP ILLUSIONS, CORP., METAMORFOZA D.O.O., AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

Initial

OWNER:

FRANCHISEE:

Signature

Name: _____

By: _____

Name: _____

Title: _____

State Effective Dates

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

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

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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

RECEIPT

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

If RP Illusions, Corp. offers you a franchise, it must provide this disclosure document to you: (a) 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; (b) in New York, at the earlier of: (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; (c) in Iowa, at the earlier of: (i) your first personal meeting to discuss the franchise; or (ii) 14 days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or (d) in Michigan, at least 10 business days before the earlier of when you sign a binding franchise or other agreement or pay any consideration to us (or an affiliate of ours).

If RP Illusions, Corp. 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, DC, 20580, and to your state authority listed on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is:

Luka Novak 7975 N. Hayden Road Suite D-280 Scottsdale, Arizona 85258 +385995099155	Domagoj Duvnjak METAMORFOZA d.o.o., Radnička cesta 43, Zagreb, 10000 Croatia +385 91 603 7645
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Issuance Date: July 30, 2025

I received a Disclosure Document dated July 30, 2025, that included the following Exhibits:

EXHIBIT A: List of State Administrators/Agents for Service of Process

EXHIBIT B: Franchise Agreement with Attachments

EXHIBIT C: List of Franchisees and Franchisees Who Have Left the System

EXHIBIT D: Financial Statements

EXHIBIT E: Operations Manual Table of Contents

EXHIBIT F: State-Specific Addenda

EXHIBIT G: General Release

EXHIBIT H: Acknowledgment Statements

Date Received: _____
(If other than date signed)

DATE: _____
Print Name: _____
Print Address: _____
City, State: _____

(Signature of recipient)

KEEP FOR YOUR RECORDS

RECEIPT

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Date Received: _____
(If other than date signed)

DATE: _____
Print Name: _____
Print Address: _____
City, State: _____

(Signature of recipient)

Please return signed Receipt to: RP Illusions, Corp.
7975 N. Hayden Road, Suite D-280, Scottsdale, Arizona 85258