

## FRANCHISE DISCLOSURE DOCUMENT



Doner Shack Franchising LLC  
A Delaware limited liability company,  
1688 Meridian Ave., Suite 600  
Miami Beach, Florida 33139  
Tel: (305) 447-7663  
franchising@donershack.com  
www.donershack.com

The franchise that we offer is for Doner Shack, a fast casual restaurant serving a variety of German inspired street food items such as kebabs, fried chicken, fries, sliders, beverages and other menu items (each, a “**Franchised Business**” or “**Restaurant**”). We offer individual unit Restaurant franchises as well as area development franchises for the development of multiple Restaurants within a designated territory.

The estimated total investment necessary to begin operation of a single Doner Shack Restaurant ranges from \$498,000 to \$1,007,000. This includes \$40,000 to \$50,000 that must be paid to the franchisor or its affiliate(s).

The total investment necessary to operate multiple Franchised Businesses under our form of area development agreement depends on the number of franchises we grant you the right to open. The total investment necessary to enter into a development agreement for the right to develop three (3) Franchised Businesses and to begin operation of a Doner Shack Restaurant under the development agreement is \$578,000 to \$1,087,000. This includes \$80,000 to \$90,000 that must be paid to the franchisor or its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Sanjeev Sanghera, Doner Shack Franchising, LLC at 1688 Meridian Ave., Suite 600, Miami Beach, Florida 33139 or (305) 447-7663.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire 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-FTCHELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://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: April 29, 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
<b>How much can I earn?</b>	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 Exhibits I and J.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Doner Shack business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchise have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a Doner Shack franchisee?</b>	Item 20 or Exhibits I and J list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 that franchise or has verified the information in this document. To find out if your state has a registration requirements, 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 and/or litigation only in Florida. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Florida than in your own states.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and our spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History.** The franchisor is at an early stage of development and has limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Supplier Control:** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
5. **Unregistered Trademark:** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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

**NOTICE REQUIRED BY  
STATE OF MICHIGAN**

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

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 the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms 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 six (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 or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that mediation or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of mediation, to conduct mediating 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.

**The fact 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 the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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

To simplify the language of this Disclosure Document, Doner Shack Franchising, LLC (the “**Franchisor**”) is sometimes referred to in this Disclosure Document as “we,” “us” or “our.” We refer to the person interested in buying the franchise as “franchisee,” “you” or “your.” If you are a corporation, partnership, limited liability company or other business entity, the terms “franchisee,” “you” and “your” also refer to your owners.

The Franchisor

We were organized under the laws of Delaware as a limited liability company on November 24, 2020. Our principal United States business address is 1688 Meridian Ave., Suite 600, Miami Beach, Florida 33139, and our telephone number is (305) 447-7663. We only do business under our corporate name and under the Doner Shack trade name.

Our business is operating the Doner Shack Restaurant franchise system and granting franchises to third parties like you to develop and operate a Restaurant. We began offering franchises as of September 5, 2024. Other than as discussed above, we are not in any other business, we have not conducted business in any other line of business, we do not conduct or operate a Franchised Business of the type to be operated by a franchisee, and we have not offered or sold franchises in any other line of business. We do not have any predecessors.

Our registered agents for service of process are disclosed in Exhibit A of this Disclosure Document.

Predecessors, Parents and Affiliates

The following entities are required to be disclosed in this Item:

Our parent company is Franchise Brands International Inc., a company formed in the British Virgin Islands in February 2021. Its principal business address is 1 Eagle Street, Glasgow, Scotland G4 9XA.

Our affiliate is Haus Hospitality Ltd., a company formed in the United Kingdom in November 2022. Its principal business address is 1 Eagle Street, Glasgow, Scotland G4 9XA. Haus Hospitality offers Doner Shack franchises in the United Kingdom. As of the Issue Date of this Disclosure Document, there were four Doner Shack franchises in active development in the United Kingdom. Haus Hospitality, Ltd. also owns the Doner Shack trademarks described in Item 13 and other intellectual property associated with the Doner Shack System and licenses this intellectual property to us.

Additionally, our affiliate Doner Shack Holdings Ltd. operates Doner Shack company-owned Restaurants in the United Kingdom and was formed in November 2022. The first company-owned Doner Shack Restaurant opened in April 2019, and there were three Restaurants open in the United Kingdom as of the Issue Date of this Disclosure Document.

The Franchised Business

We license a system (the “**System**”) for the operation of a Doner Shack Restaurant, a fast casual restaurant serving a variety of German inspired street food items such as kebabs, fried chicken, fries, sliders, beverages (including beer), and other menu items for on-premises dining, carryout, catering and delivery (the “**Approved Services and Products**”).

The System is presently identified by the Doner Shack trademark, the Doner Shack logo and other trademarks, service-marks, logotypes, and commercial symbols as we may designate, modify and adopt from time to time for use in the System and as same may or may not be registered with the United States Patent and Trademark Office (collectively referred to as the “**Licensed Marks**”). The System features the prominent display of the Licensed Marks and our trade dress.

We refer to Restaurants in our System as “Restaurants” and we refer to the Restaurant that you will develop and operate as either “your Restaurant” or the “Franchised Business”. You may enter into a Franchise Agreement in the form attached to this Disclosure Document as Exhibit E (the “**Franchise Agreement**”) to develop and operate a Restaurant from a single fixed location (the “**Restaurant Location**”) within a designated territory. Under the Franchise Agreement you will develop and operate your Restaurant in conformity with the requirements of our System. The System includes Approved Services and Products that we currently designate and that we may modify, add to or discontinue from time to time, and our specifications, methods and procedures for the preparation, service, marketing and sale of Approved Services and Products by the Franchised Business. The System also features and requires, as designated by us, your exclusive use of certain food ingredients including raw, partially prepared and prepared seasonings, sauces, mixes, beverages, and food products used to prepare Approved Services and Products, supplies and equipment designated by us (collectively, the “**System Supplies**”). You must operate your Restaurant in conformity with the specifications, procedures, criteria and requirements that we designate in our confidential operations manual and other proprietary manuals that we may designate and loan to you and, as we may from time-to-time supplement and modify other manuals and communications (collectively, the “**Manuals**”). The Approved Services and Products do include the service of alcohol and, if authorized in the future, will be optional.

### Multi-Unit Offering

We also offer qualified individuals and entities the right to open and operate multiple Franchised Businesses within a designated geographical area (the “**Development Area**”) under our current form of area development agreement that is attached to this Disclosure Document as Exhibit C (the “**Development Agreement**”), which will also outline a schedule or defined period of time in which you must open and commence operating each Franchised Business (a “**Development Schedule**”). Failure to comply with the Development Schedule is grounds for immediate termination of the Development Agreement.

At our option, you will be required to sign a Franchise Agreement for your initial Franchised Business at the same time you sign your Development Agreement, and you will eventually need to sign our then-current form of franchise agreement for each of the Franchised Businesses you open under the Development Schedule that is different from the form of franchise agreement in this offering.

### Market and Competition

Your Restaurant will offer and sell the Approved Products to the general public, and such sales are not seasonal in nature. The Restaurant will compete primarily with local quick casual restaurants and other regional, national, and international chains offering similar menu items as a Franchised Business, as well as other fast food and sit-down restaurants. The quick casual restaurant industry is mature and highly competitive. Your competitive advantage in the marketplace will be based on your adherence to our standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service.

## Industry-Specific Regulations

Your Restaurant will be subject to laws and regulations in your state, county, or municipality regarding the operation of a restaurant generally, including but not limited to laws and regulations relating to the preparation and dispensation of food products such as the Approved Products, as well as occupational hazards and health laws, sanitation laws, and consumer protection laws.

You will also be subject to laws or regulations that are not specific to the restaurant industry, but applicable to businesses in general, including zoning laws, labor laws and the Fair Labor Standards Act, workers' compensation laws, business licensing laws, tax regulations, and the Americans with Disabilities Act.

We have not investigated the laws or regulations applicable to your Restaurant. You are solely responsible for investigating and adhering to all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to purchasing a franchise from us. Applicable laws and regulations are subject to change.

You will also be solely responsible for obtaining all licenses necessary to sell beer and wine from the Premises of your Franchised Business prior to opening or serving alcohol in any manner and must maintain all such licenses during the term of your Franchise Agreement. The difficulty and cost of obtaining licenses to offer and sell beer and wine, and the procedures for securing such licenses, vary greatly from jurisdiction to jurisdiction. There is also a wide variation in state and local laws and regulations governing the sale of alcoholic beverages, including laws related to "dram shop" and related liability. You must ensure you comply with all laws and regulations regarding the minimum insurance levels necessary to legally offer and sell alcohol, if any, imposed in the jurisdiction where your Franchised Business is located. Your Franchised Business may also be subject to alcoholic beverage control (ABC) regulations. You are responsible for investigating and complying with all ABC and other regulations that may affect your Franchised Business.

Please be advised that you must investigate and comply with all of these applicable laws and regulations. You alone are responsible for complying with all applicable laws and regulations, despite any advice or information that we may give you. We have not researched any of these laws to determine their applicability to your Franchised Business.

## **ITEM 2 BUSINESS EXPERIENCE**

**Sanjeev Sanghera: CEO** - Sanjeev Sanghera has served as CEO since co-founding Doner Shack in July 2016. In addition to this role, Mr. Sanghera has served as Managing Director for Haus Hospitality group in the UK from November 2017. Prior to these roles, Mr. Sanghera worked in the hospitality industry in various roles with a hospitality career spanning 30+ years since starting as a Kitchen Porter in 1994. He worked through to Executive Chef of IQ Restaurants group before starting his own restaurant in 2012. Mr. Sanghera is based out of Glasgow, Scotland.

**Laura Bruce: COO** - Laura Bruce has served as Chief Operating Officer since co-founding Doner Shack in July 2016. In addition to this role, Ms. Bruce has served as Marketing Director for Haus Hospitality group in the UK from November 2017 and later went on to become Head of Operations in the same business. Prior to these roles, Ms. Bruce worked in the hospitality industry in various roles since 2010 and is based out of Glasgow, Scotland.

**Jason Steele of Steele Advisory Group, LLC: North American Development Director** – Jason Steele has served as North American Development Director since September 2024. In addition to this role, Mr. Steele is the Founder and CEO of Steele Advisory Group, LLC. From September 2024 to present, Mr. Steele worked as an independent salesperson for Doner Shack and is responsible for the growth and development for the company. Since 2022, Steele Advisory Group (Jason Steele) has been an independent salesperson for Movita Juice Bar, handling the company's franchise sales and real estate department. From June 2020 to January 2023, Steele Advisory Group (Jason Steele) was the acting Chief Development Officer for PrimoHoagies Franchising.

### **ITEM 3 LITIGATION**

No litigation must be disclosed in this Item.

### **ITEM 4 BANKRUPTCY**

#### Concluded Matters:

On August 23, 2024, Haus Holdings Limited, a U.K.-based company with an address of 30 Cloth Market, Newcastle Upon TYNE, NE1 1EE, at which our CEO, Sanjeev Sanghera, served as Director, filed a Petition to Wind Up pursuant to Insolvency (England and Wales) Rules 2016 (In the matter of Haus Holdings Limited, Court #CR-2024-LDS-000909). On November 12, 2024, the Court issued the Wind-Up order.

Other than the above, no bankruptcy information is required to be disclosed in this Item.

### **ITEM 5 INITIAL FEES**

#### Franchise Agreement:

##### *Initial Franchise Fee*

You must pay us an initial franchise fee amounting to \$40,000 (the “**Initial Franchise Fee**”) immediately upon execution of your Franchise Agreement, which will be deemed fully earned and non-refundable upon payment. Except as provided for in this Item, the Initial Franchise Fee is uniformly imposed.

##### *Veterans Discount*

If you are an honorably discharged veteran who meets our qualifications for purchasing a franchise, we will discount your Initial Franchise Fee by 20% in connection with the first franchise you are awarded. This reduced Initial Franchise Fee must be paid immediately upon execution of your Franchise Agreement.

##### *Grand Opening Advertising Requirement*

You must spend \$10,000 on advertising campaign designed to promote the grand opening of your Doner Shack Restaurant, which must be expended in the period of time beginning thirty (30) days before the contemplated opening of your Franchised Business and ending sixty (60) days after your opening (the “**Grand Opening Advertising Requirement**”). If we do not approve of your proposed campaign, we have

the right to collect your Grand Opening Advertising Requirement and implement an advertising campaign on your behalf (as we deem appropriate). The amounts we collect in connection with your Grand Opening Advertising Requirement will be deemed fully earned and non-refundable upon payment.

Development Agreement

If we grant you the right to open multiple Franchised Businesses under a Development Agreement, you must pay us a development fee that is based on the number of franchises we grant you the right to open within your Development Area (the “**Development Fee**”). The Development Fee will be equal to the \$40,000 initial franchise fee, plus \$20,000 for each additional Franchised Businesses that you are granted the right and undertake the obligation to open under the Development Agreement. The Development fee is due at the time of entering into the Development Agreement.

**ITEM 6  
OTHER FEES**

<b>TYPE OF FEE<sup>(1)</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty	6% of Gross Sales generated by your Franchised Business (the “ <b>Royalty Fee</b> ”) over the prior reporting period	Weekly via EFT. Currently due on Sunday for Gross Sales generated during the prior week.	Your Royalty Fee will begin once your Franchised Business opens. Please note that “EFT” means Electronic Funds Transfer program.  See Notes 1, 2 and 3.
Brand Fund Contribution	Up to 2% of Gross Sales generated by your Franchised Business (the “ <b>Fund Contribution</b> ”).  Currently, we do not collect a Fund Contribution	Weekly via EFT. Currently due on Sunday for Gross Sales generated during the prior week.	We have established a brand fund to promote, market and otherwise develop our brand, Proprietary Marks, System and/or Approved Products (the “Fund”), and we expect to collect your Fund Contribution at the same time and in the same manner as we collect your Royalty Fee.  See Notes 1, 2 and 3.
Local Advertising Requirement	Minimum expenditures amounting to 2% of the Gross Sales generated by your Franchised Business	Must be expended monthly	All advertising materials must be approved by us prior to use/publication. We may require you to provide us with monthly reports detailing your local advertising expenditures.
Technology Fees	Then-current fees charged by us or our Approved Suppliers for certain technology-related services	As incurred	Currently, all technology fees are paid to third parties, though we reserve the right to collect technology fees directly as our System technology evolves. The total of all third-party technology fees currently total approximately \$1,000 per month.
Initial Training	Expenses, including travel, lodging and wages	As incurred	We will provide our Initial Training Program for up to two (2) individuals tuition-free, but you will be required to pay for all expenses incurred in attending the Initial Training Program, such as travel, lodging and salary for your employee. We also reserve the right to charge our then-current initial training fee (the “ <b>Initial Training Fee</b> ”), which is currently \$300/day, for each additional trainee that attends our Initial Training Program.

TYPE OF FEE <sup>(1)</sup>	AMOUNT	DUE DATE	REMARKS
Additional/ Refresher Training	\$300/day per trainee, plus expenses	As incurred	You and any individual you designate to manage the day-to-day operations of your Franchised Business (a “ <b>Designated Manager</b> ”), if any, may be required to attend annual refresher training for up to five (5) days each year.
Transfer Fee	\$10,000	Prior to our approval of the Transfer	There are other conditions that you and the proposed transferee must meet in order for us to approve any proposed transfer/assignment.
Renewal Fee	\$5,000	Upon renewal	You must also satisfy certain conditions enumerated in the Franchise Agreement in order to renew.
Relocation Fee	\$3,500	Upon relocation	If you intend to relocate your Restaurant, you will be required to pay this Relocation Fee.
Insurance	Will vary according to circumstances	Upon demand	If you fail to obtain required insurance, we may obtain such insurance at your expense (but are not required to do so) and charge you a service fee to do so. Otherwise, these payments are made directly to you third-party insurance provider.
Indemnification	Amount of claim or judgment	When incurred	You must reimburse us for our attorneys’ fees and other costs that we incur in connection with any third-party claims brought against us that arise out of, or are related to, the operation of your Franchised Business.
Supplier Testing Costs	The greater of the actual costs we incur in evaluating any proposal you submit, or \$1,000 per proposal	As incurred	As discussed more fully in Item 8, you may propose a non-approved item or non-approved supplier that you would like to use in connection with your Franchised Business. If you make such a proposal, we reserve the right to be reimbursed for the actual expenses/costs we incur in evaluating your proposal, or \$1,000, whichever is greater.
De-identification and Post-term Compliance	All amounts incurred by us related to de-identification and post-term compliance	As incurred	Payable if we must de-identify your Franchised Business or perform any of your post-term obligations upon termination, relocation or expiration.
Audit Fees	Actual cost of audit	Upon billing after audit	Payable if audit reveals that you have underreported the Gross Sales of your Franchised Business by 2% or more for any designated reporting period. See Note 4.
Management Fee	10% of the Gross Sales of the Franchised Business over time period that we operate the business on your behalf, plus the costs/expenses we incur in connection with taking over operations	When incurred	Payable if you are in material default of your Franchise Agreement and we choose to step in and operate your Restaurant for you. We will not charge any Management Fee unless we exercise our “step-in” rights under the Franchise Agreement.
Interest	1.5% per month or highest rate permitted under applicable law	Upon demand	Payable on all delinquent payments due to us for more than 30 days. See Note 5.
Insufficient Funds, Interest, and Collection Costs	\$100 insufficient funds fee, plus interest at 18% per annum or highest lawful interest rate for commercial transactions	As incurred	You must pay all collection charges associated with our efforts in collecting any amounts owed to you or us under the Franchise Agreement and/or Development Agreement.

TYPE OF FEE <sup>(1)</sup>	AMOUNT	DUE DATE	REMARKS
Late Fee (Reports)	\$10 per day, starting the 11th day after a report is due to us.	As incurred	Payable only if you fail to timely provide us with any report you are required to provide under your Franchise Agreement and fail to cure that default within 10 days of the report's due date.
Regional Advertising Cooperative	An amount determined by the Cooperative	As required by the Cooperative	<p>Payable to us if we assign your Restaurant to a Regional Advertising Cooperative. Any payment for a Regional Advertising Cooperative will be credited against your monthly Local Advertising Requirement. If there is an Affiliate-Owned Restaurant in your Cooperative, then our Affiliate will be able to vote on all matters that you and the other Cooperative members have the right to vote on.</p> <p>The minimum amount you might be required to pay to the Cooperative will be zero and the maximum monthly contribution will be your Local Advertising Requirement for the month at issue.</p>
Liquidated Damages	Up to 24 months of Royalty Fees due under your Franchise Agreement	Upon termination of the Franchise Agreement due to your default	If the Franchise Agreement is terminated by us due to your default, you must pay us liquidated damages. The amount of liquidated damages will be the average Royalty Fee and Fund Contribution payable by you over the 24-month period immediately preceding the date of termination, multiplied by the lesser of 24 months or the number of months remaining in term of the Franchise Agreement.

**Explanatory Notes**

**Generally.** Except as otherwise stated in this Item, all fees listed in this Item 6 Chart are imposed by, and payable to, us and are uniformly imposed on all of the franchisees in our System who sign under the same form of disclosure document. These fees are payable in U.S. dollars and are non-refundable unless otherwise stated in this Item. Unless otherwise stated, the fees outlined in the Chart above apply to the Franchise Agreement only (and not the Development Agreement).

1. **Royalty Fee and Other Fees.** Your Royalty Fee, as well as any other fees payable to us or our affiliates under the Franchise Agreement, may be collected by us via EFT from the bank account you are required to designate solely for use in connection with your Franchised Business (your “**EFT Account**”). You must provide us with the details of your EFT Account prior to opening and execute all documents necessary to authorize us to make withdrawals from this account throughout

the term of your Franchise Agreement, including our then-current EFT Withdrawal Authorization form that is attached as an Exhibit to your Franchise Agreement. You must provide us with advance written notice of any change to the information related to your EFT Account.

2. **Collection Interval.** We currently require our franchisees to pay us on or before Sunday of each week based on the Gross Sales of the Franchised Business from the preceding business week starting when the Franchised Business opens on Monday and ending when the Franchised Business closes on Sunday (each, a “**Business Week**”). We reserve the right to change the interval at which we collect your Royalty Fee, Fund Contribution and other recurring fees payable to us or our affiliates under the Franchise Agreement upon written notice to you. For example, we may collect these recurring fees on a monthly rather than weekly basis. You are also required to provide us with a weekly Gross Sales report detailing your Gross Sales from the preceding Business Week, along with your calculated Royalty Fee, Fund Contribution (if appropriate) and other information that we reasonably require (the “**Gross Sales Report**”).
3. **Definition of Gross Sales.** “**Gross Sales**” means the total revenue generated by your Franchised Business, including all revenue generated from selling Approved Products and any services we authorize offered at from or through your Franchised Business, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange. Gross Sales also includes any amounts received by you in connection with business interruption insurance associated with your Franchised Business. Gross Sales does not include (a) tips received by employees of the Franchised Business, (b) any sales and equivalent taxes that are collected by you and paid to any governmental taxing authority, or (c) the value of any refund issued or granted to any client of the Franchised Business that is credited in good faith.
4. **Right to Inspect/Audit.** We have the right to inspect your books and other financial information associated with your Franchised Business during the term of the Franchise Agreement as well as inspect the Premises for compliance with our System standards of food and service quality. If we conduct an audit and it reveals that you have underreported your Gross Sales by two percent (2%) or more, than we may require you to pay the costs we incur in connection with conducting the audit of your Franchised Business (including any fees paid to auditors and/or attorneys). If we conduct an inspection of your Premises and we find that you are in default of our System standards, you will be responsible for our costs in conducting such inspection.
5. **Interest on Late Payments.** Interest begins to accrue on the due date of any payment that has not been timely received or is not paid in full.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**

**A. TRADITIONAL RESTAURANT**

<b>TYPE OF EXPENDITURE:</b> <u>Traditional Restaurant</u>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee <sup>1</sup>	\$40,000	Lump Sum	When Signing your Franchise Agreement	Us
Training Expenses <sup>2</sup>	\$3,500 to \$10,000	As Arranged	As Incurred	Third-Party Vendor
Estimated Rent (3 Months) <sup>3</sup>	\$15,000 to \$37,500	As Arranged	As Incurred	Third-Party
Civil & Architectural Drawings / Professional Fees <sup>4</sup>	\$12,000 to \$25,000	As Arranged	As Incurred	Third-Party Vendor
Zoning Expenses <sup>5</sup>	\$0 to \$12,500	As Incurred	As Incurred	Third-Party Vendor
Improvements / Construction <sup>6</sup>	\$165,000 to \$395,000	As Arranged	As Incurred	Contractor
Equipment <sup>7</sup>	\$155,000 to \$265,000	As Arranged	As Incurred	Third-Party Vendor
Décor Package <sup>8</sup>	\$2,500 to \$10,000	As Arranged	As Incurred	Third-Party Vendor
Interior & Exterior Signage <sup>9</sup>	\$10,000 to \$20,000	As Arranged	As Incurred	Third-Party Vendor
Drive Thru <sup>10</sup>	\$0 to \$25,000	As Arranged	As Incurred	Third-Party Vendor
Grand Opening Advertising <sup>11</sup>	\$10,000	As Arranged	As Incurred	Third-Party Vendor or Us
Cash, Inventory Control and Order Taking System <sup>12</sup>	\$25,000 to \$45,000	As Arranged	As Incurred	Third-Party Vendor
Insurance <sup>13</sup>	\$14,000 to \$25,000	As Arranged	As Incurred	Third-Party Broker
Initial Inventory <sup>14</sup>	\$6,000 to \$12,000	As incurred	As Agreed	Third-Party Supplier
Business Licenses, Utility Deposits, Lease Deposits and Payments <sup>15</sup>	\$10,000 to \$30,000	As Arranged	As Arranged	Third-Party Vendors
Working Capital / Additional Funds (3 Months) <sup>16</sup>	\$30,000 to \$45,000	As Arranged	As Incurred	Various
<b>Total<sup>17</sup></b>	<b>\$498,000 to \$1,007,000</b>			

**Explanatory Notes**

- Initial Franchise Fee.** The details of the Initial Franchise Fee are described in Item 5.
- Training Expenses.** We will provide portions of our initial training program at our designated training facility, free of charge for up to two (2) trainees (including you). The low amount in this range assumes one (1) person will attend the initial training program, while the high estimate assumes that two (2) persons will attend training. This is the estimated range of costs to cover the travel and living expenses, including airfare, lodging and meals that you and your designated

trainee might incur in connection with attending this initial training program. The cost you incur will vary depending upon factors such as distance traveled, mode of transportation, travel preferences (such as air travel or ground transportation), nature of accommodations, per diem expenses actually incurred, and the number of persons who attend training. This estimate does not include any wages or salary for you or your trainee(s) during training.

3. **Estimated Rent (3 Months):** You will need to rent or acquire a building for your franchise business. Rent varies considerably from market to market, and from location to location in each market. The estimated range here assumes that you will be renting the Premises of your Franchised Business and is designed to cover the rent for the first three months of your lease. This estimated range assumes that the Premises will be 1,200 to 1,800 square feet. You may be able to obtain rent concessions (in the form of “free rent,” “deferred rent” or “tenant concessions”) from your landlord. If you choose to purchase your Premises, the costs will likely be significantly higher than the estimated range set forth in the Chart above for this item.
4. **Civil and Architectural Drawings and Professional Fees.** You will need to employ an architect or civil engineer to modify our standard plans for your site. Prices will vary depending on the amount of revision requested by you or your municipality, county or state.
5. **Zoning Expenses.** You may need to request a zoning variance or otherwise alter current zoning conditions.
6. **Improvements/Construction.** These are expenses to lease and improve the Premises of your Restaurant in accordance with brand-specific standards representing a 1,200 to 1,800 square foot building. You will likely need to construct, improve or otherwise “build-out” the Premises at which you will operate your Franchised Business, which will include paying for the necessary materials associated with such build-out and the third-party architects and contractors to implement the plans we have approved for your Franchised Business. You may be able to negotiate various terms with your landlord, including paying or reimbursing you for some of the build out costs for your space through “tenant allowance/improvement credits” or similar concession.

With a tenant allowance/improvement credit, your landlord may credit some of the costs you incur in building out the Premises towards your monthly rent – but the estimated range in the Item 7 Chart above does not assume any such concessions have been provided by the landlord of your Premises. You may also seek to finance some or all of your build-out costs through your landlord or other financing sources. A variety of factors may affect the availability of your landlord or other third party to provide financing, the monthly overall costs of the financing, and other terms relevant to your decision whether to pay or finance the build out costs.

7. **Equipment.** You will also need to purchase certain equipment that meets our System standards and specifications before you can open or commence operations of your Franchised Business. Some of the primary equipment you must purchase includes, but is not limited to, a grill, a spit-roast, walk-in cooler and freezer. This estimate does not include the cost to purchase the point-of-sale system (“**POS System**”) and other computer hardware that we have designated for use in connection with your Franchised Business. Further, you may be able to lease certain equipment rather than purchase it outright. The same factors that affect your ability to lease those furniture and fixture items (and the costs associated with such leasing activity), may likewise affect your ability to lease certain equipment (and the costs associated therewith). Our estimate assumes that

you will be purchasing the necessary equipment to open and operate your Franchised Business, some of which we may require you to purchase from us or our Approved Supplier(s).

8. **Décor Package.** After you sign your Franchise Agreement, we may provide you with our current design/layout plans for the décor package for a prototypical Store to assist you in finding a suitable location. You must engage a third-party architectural services provider to prepare the plans concerning the design and layout of your Franchised Business, which we must approve.
9. **Interior and Exterior Signage.** The cost of signage and graphics will vary from location to location depending on lease requirements, local ordinances and restrictions, store frontage, and related factors. We may provide you with a rendering of our prototypical signage used at a Restaurant and require you to use the same at your Franchised Business. Regardless, the final design must be submitted to us for review and approval, which will not be unreasonably withheld so long as you comply with our standards and specifications for these items.
10. **Drive Thru.** This estimate assumes that the Premises of your Franchise Business already has a drive-thru and these expenses include point-of-sale ordering systems and signage for the prior existing drive-thru.
11. **Grand Opening Advertising.** You must spend \$10,000 on advertising campaign designed to promote the grand opening of your Franchised Business, which must be expended in the period of time beginning thirty (30) days before the contemplated opening of your Franchised Business and ending sixty (60) days after your opening. If we do not approve of your proposed campaign, we have the right to collect your Grand Opening Advertising Requirement and implement an advertising campaign on your behalf (as we deem appropriate).
12. **Cash, Inventory Control and Order Taking System.** This estimate covers the integrated technology system that you will use to operate your Restaurant, which connects ordering kiosks, your kitchen management system, and inventory system. The high-end estimate assumes your Restaurant has a drive-thru and includes additional technology such as pressure pads and a radio system.
13. **Insurance.** This is an estimate of insurance premiums for the initial three (3) months of business operation. Your costs will vary depending on your market, the amount of coverage you select, your insurance carrier, and other factors.
14. **Initial Inventory.** This estimate covers the inventory and supply items you will need to open and operate your Franchised Business for a period of three (3) months, including the costs of all foods and other ingredient necessary to prepare and serve the Approved Products to meet customer demand over this time period. You may be required to obtain certain inventory/supplies from us or our Approved Supplier(s). Your costs will vary based on the market your Franchised Business is located in, as well as the overall customer demand associated with your Franchised Business.
15. **Business Licenses, Utility Deposits, Lease Deposits and Payments.** This estimate includes the security deposit paid in connection with the utilities necessary to operate the Franchised Business, and the actual cost of those utilities over the first three (3) months of operation. These amounts will vary in each market and may be refundable (as determined by the payee). Further, you are required to obtain all business licenses, permits, certificates or approvals before you start business. Local, municipal, county, and state regulations vary on what licenses and permits are required by you to

operate. Although not part of our standard franchise offering, you may, at your option, decide to purchase a liquor license.

16. **Working Capital/Additional Funds (3 Months).** Prior to opening, you will be required to provide us with a bank approval letter showing sufficient start up working capital and additional funds. Credit terms will be negotiated by you directly with each vendor. You should have a 3-month cash reserve to cover the operations of the franchised Restaurant. Your cash reserves should be based on the total monthly cost of operating the franchised Restaurant. You should consider rent, salaries, utilities, maintenance, supplies, payroll, taxes, loan payments and other related operating costs to arrive at your 3-month reserves. Your costs will be affected by factors in the local market, local economic conditions, local competition where your franchised Restaurant is located, which we cannot predict.

All figures in the Item 7 Chart above are estimates and we cannot guarantee that you will not have additional expenses in the first (3) months you are operating your Franchised Business. The actual additional expenses you incur during the start-up period may depend on factors such as how much you follow our methods and procedures, your management skills, your experience and business acumen, location of your franchise, local economic conditions and market for your product, prevailing wage rate, competition, and sales level reached during this initial period.

17. **Total.** The figures in this table are only estimates. In calculating these estimates, we relied on the experience of our franchisees opening and operating Restaurants in the United Kingdom, as communicated to us, of our Affiliates in opening and operating affiliate-owned DONER SHACK Restaurants that are similar to the Franchised Business being offered in this Disclosure Document, and estimates we have received from certain third-party vendors. We do not guarantee that you will not have greater start-up expenses other than these estimates or that you will not need more operating funds other than these estimates. We do not imply or guarantee that you will “break even” by any particular time. We do not offer direct or indirect financing to you for any items. The availability of financing through third-party lenders, if any, will depend on factors such as the lending policies of such financial institutions, the collateral you may have, your creditworthiness, and the general availability of financing.

**B. Development Agreement (Using 3 Doner Shack Restaurants as an Example)**

**YOUR ESTIMATED INITIAL INVESTMENT<sup>1</sup>**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Initial Development Fee <sup>2</sup>	\$80,000	Lump Sum	Upon execution of Development Agreement	Franchisor
Initial Investment to Open Initial Franchised Business <sup>3</sup>	\$498,000 to \$1,007,000	See Chart A of this Item 7.		
<b>TOTALS</b>	<b>\$578,000 to \$1,087,000</b>	This is the total estimated initial investment to enter into a Development Agreement for the right to own a total of three (3) Franchised Businesses, as well as the costs to open and commence operating your initial Franchised Business for the		

		first three (3) months (as described more fully in Chart A of this Item 7).
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**Explanatory Notes**

1. **General Note.** All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Development Agreement for the right to own and operate three (3) Franchised Businesses, as well as the initial investment to open your first Franchised Business under your Development Schedule.
2. **Initial Development Fee.** The Initial Development Fee is described in greater detail in Item 5 of this Disclosure Document, and this Initial Development Fee is for the right to open and operate a total of three (3) Franchised Businesses (provided you comply with your development obligations under the Development Agreement). The Initial Development Fee will be equal to \$20,000 multiplied by the number of Restaurants that you are granted the right to open under the Development Agreement.
3. **Initial Investment to Open Initial Franchised Business.** This figure represents the total estimated initial investment required to open a Doner Shack Restaurant. The range includes all the items outlined in Chart 7.A. of this Item, except for the Initial Franchise Fee (because you are not required to pay any Initial Franchise Fee for those Franchised Businesses you open under the Development Agreement). It does not include any of the costs you will incur in opening any additional Franchised Business(es) that you are granted the right to open and operate under your Development Agreement.

**ITEM 8  
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must operate all aspects of your Franchised Business in strict conformance with the methods, standards and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manuals and other proprietary guidelines and writings that we prepare for your use in connection with the Franchised Business and System. We may periodically change our System standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

**Approved Products and Services**

You may only market, offer, sell and provide the Approved Products, as well as any services we authorize, from or through your Franchised Business in a manner that meets our System standards and specifications. We will provide you with a list of our then-current Approved Products, along with their corresponding proprietary recipes and standards and specifications for storage/preparation/presentation, as part of the Manuals or otherwise in writing prior to the opening of your Franchised Business. We may update or modify this list in writing at any time.

If you wish to offer any product or service in your Franchised Business other than our Approved Products or use any item in connection with your Franchised Business that does not meet our System standards and specifications, then you must obtain our prior written approval as described more fully in this Item.

## Approved Suppliers

We have the right to require you to purchase any items or services necessary to operate your Franchised Business from a supplier that we approve or designate (each, an “**Approved Supplier**”), which may include us or our affiliate(s) (whether existing or otherwise formed in the future). We will provide you with a list of our then-current Approved Suppliers in writing as part of the Manuals or otherwise in writing, and we may update or modify this list as we deem appropriate.

We require you to use our Approved Suppliers for: (i) certain pre-opening architectural/design services that must be performed in connection with the construction/build-out of your Franchised Business; (ii) certain signage, equipment, furniture and fixtures you must purchase in connection with your Franchised Business, including our designated POS System and certain paper goods, menus, and other items bearing the Proprietary Marks that you must use in connection with your Franchised Business; and (iii) certain other inventory and supply items that you must purchase to establish and continue operations of your Franchised Business, including food and ingredients necessary to prepare the Approved Products, including mandatory meat and bread suppliers. We also maintain preferred suppliers for other equipment and site location services.

We reserve the right to require you to purchase or lease any other item or services necessary to establish or operate your Franchised Business from Approved Suppliers at any time in the future.

We may develop proprietary products for use in your Franchised Business, including private-label products that bear our Proprietary Marks, and require you to purchase these items from us or our Affiliate(s) for resale to customers at your Franchised Business.

If you wish to purchase a product or service that we require you to purchase from an Approved Supplier from an alternate source, then you must obtain our prior written approval as outlined more fully in this Item. We may provide our standards and specifications for our Approved Products and Services directly to our Approved Suppliers and may provide these standards and specifications to an alternative supplier you propose if we approve the supplier in writing as outlined more fully in this Item, and the alternative supplier agrees to sign our prescribed form of non-disclosure agreement with respect to any confidential information we disclose.

Neither we nor any of our affiliates are currently an Approved Supplier for any items you are required to purchase in connection with your Franchised Business. None of our officers currently own an interest in any Approved Suppliers. We reserve the right to designate us or any of our Affiliates as an Approved Supplier with respect to any item you must purchase in connection with your Franchised Business in the future.

## Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your “Required Purchases.” We estimate that your Required Purchases will account for approximately 85% to 95% of your total costs incurred in establishing your Franchised Business, and approximately 70% to 80% of your ongoing costs to operate the Franchised Business after the initial start-up phase. Please be advised that these percentages do not include your lease payments you make in connection with your Premises.

We reserve the right to derive revenue from any of the purchases (items or services) that our System

franchisees are required to make in connection with the Franchised Business.

During our fiscal year ending December 31, 2024, we did not derive any revenue on account of our franchisees' required purchases.

#### Non-Approved Product/Service and Alternate Supplier Approval

We may, but are not obligated to, grant your request to offer any products or services in connection with your Franchised Business that are not Approved Products and Services, or purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier.

If you wish to undertake either of these actions, you must request and obtain our approval in writing before using or offering the non-approved product or service in connection with your Franchised Business or purchasing from a non-approved supplier. You must pay our then-current supplier or non-approved product evaluation fee when submitting your request. If you make such a proposal, we reserve the right to charge you an evaluation fee, which is currently \$1,000. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier's production and delivery capability, overall business reputation and financial condition. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier's facilities and test its products, and request that you reimburse our actual costs associated with the testing/inspection.

We will notify you in writing within 30 days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed item and/or supplier. The criteria we use in approving or rejecting new suppliers is proprietary, but we may (but are not required to) make it available to you upon request. Each supplier that we approve of must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure. If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances. We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our System and Proprietary Marks. The revocation of a previously-approved product or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier.

#### Purchasing Cooperatives and Right to Receive Compensation

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. 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 System Restaurant(s). If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use for some or all products, equipment, and services, and 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.

We and/or our Affiliates may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Franchised Businesses in the

System, such as rebates, commissions, or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. 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.

We do not currently have any purchasing or distributing cooperatives, but we reserve the right to create such cooperatives in the future.

### Franchisee Compliance

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. Otherwise, you do not receive any further benefit as a result of your compliance with these requirements.

### Advertising

All advertising and promotional materials and other items we designate must bear the Proprietary 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 we prescribe in the Manuals or otherwise. You must obtain our approval before you use any advertising and promotional materials or plans in connection with your Franchised Business if we have not prepared or approved them during the 12 months prior to the date of your proposed use.

### Approved Location and Lease

You must obtain our approval of the Premises for your Franchised Business before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Premises before you execute the contract or lease, and we may condition our approval of any such lease on you and your landlord's execution of our prescribed form of Collateral Assignment of Lease and lease addendum. You must also ensure that you comply with all of our System standards and specifications related to the build-out, remodeling and/or construction of your Franchised Business at the Premises. In the future, we may provide you with a template form of Letter of Intent or proposed Lease to use in connection with your Lease negotiations.

As previously discussed, we currently have Approved Suppliers for certain architectural/design services, as well as construction/build-out services, which we may require you to use in the establishment of your Franchised Business.

### Insurance

You must purchase and maintain the types and amounts of insurance that we designate in our Manuals or otherwise in writing, including a general liability policy with \$2,000,000 in total coverage and \$1,000,000 per incident, all of which we may modify from time to time as we deem appropriate in our reasonable discretion. We do not have an Approved Supplier for insurance, but you must furnish us with certificates of insurance (or, at our request, copies of all insurance policies), evidencing the existence and continuation of the insurance coverage required by the Franchise Agreement. All policies must contain a waiver of subrogation in our favor, and must name us and any additional parties we designate as additional insureds (except with regards to workers' compensation insurance). All policies must be underwritten by companies having an A.M. Best rating of A or higher. You must maintain these insurance levels, as described more fully in this paragraph, throughout the term of your Franchise Agreement.

## Computer Hardware and Software

You must purchase any and all computer hardware, software and peripherals in accordance with our System standards and specifications. We may require you to purchase any of these items from one of our Approved Suppliers. Currently, you must purchase our designated POS System that will use the software we designate.

### **ITEM 9 FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the franchise agreement. It will help you find more detailed information about your obligations in the franchise agreement and in other items of this disclosure document.**

	<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Section in Development Agreement</b>	<b>Disclosure Document Item</b>
a.	Site selection and acquisition/lease	Sections 2, 5 and 6	Section 1 and Exhibit A of the Development Agreement	Item 11
b.	Pre-opening purchases/leases	Sections 5 and 6	Nothing Additional (see Franchise Agreements signed)	Items 7, 8, 11
c.	Site development and other pre-opening requirements	Sections 2, 5 and 6	Sections 1, 5 and Exhibit A of the Development Agreement	Items 6, 7, 11
d.	Initial and ongoing training	Sections 5 and 6	Nothing Additional (see Franchise Agreements signed)	Item 11
e.	Opening	Sections 5 and 6	Nothing Additional (see Franchise Agreements signed)	Item 11
f.	Fees	Sections 3(B), 4, and 13(E)	Section 2	Items 5, 6, 7, 11
g.	Compliance with standards and policies/Confidential Operations Manual	Sections 5 and 8	Nothing Additional (see Franchise Agreements signed)	Items 6, 11
h.	Trademarks and proprietary information	Section 7	Nothing Additional (see Franchise Agreements signed)	Items 13, 14
i.	Restrictions on products/services offered	Section 6	Nothing Additional (see Franchise Agreements signed)	Items 8, 11, 16
j.	Warranty and customer service requirements	Not Applicable	Not Applicable	Not Applicable
k.	Territorial development and sales quotas	Not Applicable	Section 1 and Exhibit A of the Development Agreement	Item 12
l.	Ongoing product/service purchases	Section 6	Nothing Additional (see Franchise Agreements signed)	Items 8, 16
m.	Maintenance, appearance and remodeling requirements	Section 6	Nothing Additional (see Franchise Agreements signed)	Items 8, 11
n.	Insurance	Section 11	Nothing Additional (see Franchise Agreements signed)	Items 6, 11
o.	Advertising	Sections 5, 7 and 9	Nothing Additional (see Franchise Agreements signed)	Items 6, 11
p.	Indemnification	Section 11	Nothing Additional (see Franchise Agreements signed)	Item 9

	<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Section in Development Agreement</b>	<b>Disclosure Document Item</b>
q.	Owner’s participation/management/staffing	Section 6	Nothing Additional (see Franchise Agreements signed)	Item 15
r.	Records and reports	Sections 4 and 10	Nothing Additional (see Franchise Agreements signed)	Items 6, 9, 21
s.	Inspections and audits	Section 5 and 10	Nothing Additional (see Franchise Agreements signed)	Items 6, 11, 21
t.	Transfer	Section 13	Section 8	Item 17
u.	Renewal	Section 3	Nothing Additional (see Franchise Agreements signed)	Item 17
v.	Post-termination obligations	Sections 14(B) and 16	Nothing Additional (see Franchise Agreements signed)	Item 17
w.	Non-competition covenants	Section 14 and Exhibit E	Nothing Additional (see Franchise Agreements signed)	Item 17
x.	Dispute resolution	Sections 19 and 21	Sections 11 through 19	Item 17

**ITEM 10  
FINANCING**

**We do not offer direct or indirect financing, nor do we guarantee your obligations.**

**ITEM 11  
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS and TRAINING**

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

**A. Pre-Opening Obligations**

1. If you have entered into a Development Agreement for the right to operate multiple Franchised Businesses, we will designate your Development Area where you will have the right to secure a Premises (each of which we must approve) for each of your Franchised Businesses. (Development Agreement, Section 4);

2. We will provide site selection guidelines and assistance (as described more fully below in this Item 11), as we deem appropriate in our discretion, in connection with selecting the Premises for each of your Franchised Business(es). We will also review, and subsequently approve/reject, any proposed lease or purchase agreement for each location that you propose as a Premises for any Franchised Business. (Franchise Agreement, Sections 2(B) and 5(F));

3. Once you secure a Premises that we approve for a Franchised Business, we will define your Designated Territory for that Franchised Business and include its boundaries in a Data Sheet attached as an Exhibit to your Franchise Agreement. (Franchise Agreement, Section 2(D));

4. Up to seven (7) days before your grand opening in connection with the initial Franchised Business you are awarded the right to open and operate under a Franchise Agreement with us, we reserve the right – within our sole discretion – to provide up to seven (7) days of on-site assistance and training at your Premises (the “**On-Site Assistance**”), but we have no obligation to do so. (Franchise Agreement, Section 5(B)).

5. We will loan or provide you with access to a copy of our confidential and proprietary Manuals. You must operate your Franchised Business in accordance with the Manuals and all applicable laws and regulations. The Manuals may be amended or modified by us to reflect changes in the System. You must keep the Manuals confidential and current, and you may not copy any part of the Manuals. You are required to keep a copy of the Manuals at your Premises, and if there is a dispute relating to the contents of the Manuals, then the master copy (which we maintain at our corporate headquarters) will control. We reserve the right to disclose updates to the Manuals in writing in any manner, including electronic means such as e-mail, our website and any intranet or extranet that we establish in connection with the System. The table of contents for our Operations Manual is attached to this Disclosure Document as Exhibit F and is a total of approximately 230 pages (Franchise Agreement, Section 5(E));

6. We will provide you with a list of our Approved Products, Required Items and Approved Suppliers (to the extent we have designated them), either as part of the Manuals or otherwise in writing. (Franchise Agreement, Section 5(E));

7. We will review and approve your signage, the proposed layout and design of your Premises (which must be prepared by our Approved Supplier unless we agree otherwise in writing), as well the equipment, furniture and fixtures used in connection with your Franchised Business, as we deem appropriate and advisable in our discretion. (Franchise Agreement, Section 6(F));

8. We will provide assistance and guidance in establishing prices for products and services. The Operations Manual shall provide you with a list of suggested minimum and maximum prices (subject to restrictions imposed under applicable law) for the sale of products and services to be offered by you. (Franchise Agreement, Section 6(R)).

9. We will provide you, at least one (1) of your management personnel, as well as any other management personnel you designate with our proprietary initial training program (the “**Initial Training Program**”) regarding our System methods and techniques related to the establishment and operation of a System franchise. We will provide this training to you and one (1) other person tuition-free, but you are solely responsible for all costs and expenses you (and all other attendees) incur in connection with attending the Initial Training Program at our training facility in the Miami Beach, FL (or other training facility we designate), over a period of time that typically lasts approximately three (3) to five (5) weeks (including travel, lodging, meals and employee wages). You must complete our Initial Training Program to our satisfaction at least sixty (60) days prior to opening your Franchised Business. If you are a partnership, corporation or limited liability company, at least one of the trainees must be your general partner, principal shareholder, or managing member as appropriate. If you have appointed a manager to run the day-to-day operations of the Franchised Business (the “**Designated Manager**”), then this Designated Manager must also attend the Initial Training Program. (Franchise Agreement, Sections 5(A) and 6(N)). If you have an Operating Manager under an Area Development Agreement, they will be required to attend the Initial Training Program as well.

Below is a Training Chart providing the details of our Initial Training Program.

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom or On-Line Training</b>	<b>Hours of On-the-Job/In-Restaurant Training</b>	<b>Location</b>
Franchisee Introduction	18 to 24 hours	0	Miami Beach, FL, or another location we designate
In Restaurant Program • DONER SHACK Academy Training Program  Including all aspects of Store Management, Front of House and Kitchen Training	15 to 20 hours	120 to 160 hours	Miami Beach, FL, or another location we designate
• ServSafe® Food Safety & Compliance Training (National Restaurant Association Food Safety training) (“ServSafe®”)	6 to 8 hours	0	On-Line or Field/Classroom
<b>TOTALS</b>	39 to 52 hours	120 to 160 hours	

The ServSafe Essentials course may be taken in a venue and format approved and certified by the National Education Foundation and our training department.

We may require additional training programs for owners, Designated Managers, and/or Operating Managers to implement current operations, standards, and procedures and to facilitate the growth and changes of the Franchisee. We also may make available and sometimes require periodic workshops and seminars, which may include management courses and updating of operational skills.

We may provide On-Site Assistance as we deem appropriate.

If the Designated Manager or Operating Manager leaves, the position must be filled with an individual that has completed all operations training requirements.

The Initial Training Program will be supervised by Tiago Vilas Boas, who has 20+ years of relevant industry experience and has been with Doner Shack since 2019. You are solely responsible for all aspects of employment decisions and functions for the Restaurant, such as those related to hiring, firing, promoting, demoting, discharging, establishing wages, hours, benefits, employment policies, and other terms and conditions of employment of employees. The people that you hire to work in your Restaurant will be your agents and employees. They are not our agents or employees, and we are not a joint employer of those persons. You must implement a training program for your employees that complies with our current training program. These training obligations may change from time to time. At a minimum, we presently require that your team members are trained using the *DONER SHACK Academy Team Member Training Program* and that any person designated to run a shift at your Restaurant must, before running a shift, complete and be certified in the *DONER SHACK Shift Management Program*, including, ServSafe®.

Your performance and qualifications to become a franchisee will be evaluated by us throughout the training program. We may terminate your application and approval process to become a Franchisee at any time if your performance in training (or that of your Designated Manager, as applicable) is unacceptable.

For certain training courses, you must pay a course or materials fee to us or third parties. We may make changes and revisions to the training program, locations or materials at any time.

#### B. Site Selection

You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a Premises for your Franchised Business, and constructing, equipping, remodeling and/or building out the Premises for use as a Franchised Business, all in accordance with our System standards and specifications. We may provide you with our current written site selection guidelines, to the extent such guidelines are in place, and any other site selection counseling and assistance we believe is advisable. Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location. We may then use these factors in determining the suitability of your proposed site for the Premises of your Franchised Business. Further, Doner Shack can, upon request, provide you with a third-party company to assist with site selection.

In deciding whether to approve a site, we may also consider, among other things, the demographic characteristics, traffic patterns, allowed design and building, parking, visibility, allowed signage, and the predominant character of the neighborhood surrounding the proposed site. We may also consider competition from other businesses selling similar products and services within the area and the proximity of the site to these businesses, as well as the nature of all other businesses in proximity to the site, zoning restrictions, soil and environmental issues, and other commercial characteristics, as well as the size, appearance, and other physical characteristics of the proposed site.

We must also have the opportunity to review any lease or purchase agreement for a proposed Premises before you enter into such an agreement. We may condition our approval of any site your proposed as your future Premises on a number of conditions, including (i) you and the landlord of the Premises agreeing to enter into our prescribed form of Collateral Assignment of Lease and our then-current form of lease addendum (if any), and (ii) receiving a written representation from the landlord of the Premises that you will have the right to operate the Franchised Business, including subleasing/renting certain portions of the Premises to different beauty and wellness practitioners, throughout the term of your Franchise Agreement. (Franchise Agreement, Sections 5(F) and 6(A)). Under the Collateral Assignment of Lease, we will have the option, but not the obligation, to assume or renew the Lease for all or part of the remaining term of the Lease only if your Franchise Agreement or Lease is terminated, or subject to termination, for cause, or

either your Franchise Agreement or Lease expires (and you do not renew in accordance with the respective terms of those agreements).

We will use reasonable efforts to approve or reject any proposed location within 30 days of the date you provide us with all requested materials. If we determine that an on-site evaluation is necessary, then you must submit to us in the form we specify a description of the site prior to our representative conducting its on-site evaluation, including evidence that the site satisfies our site selection guidelines and any other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site, and reimburse us for the expenses incurred in connection with such an evaluation. If we do not provide our specific approval of a proposed location within this 30-day period, the proposed location will be deemed rejected. Our approval only means that the site meets our minimum requirements for a Franchised Business. (Franchise Agreement, Section 5(F)).

You must secure a Premises that we approve within six (6) months of executing your Franchise Agreement for that Franchised Business or we may terminate that Franchise Agreement. (Franchise Agreement, Section 6(A)).

C. Time to Open

*Traditional Restaurant*

Within six (6) months of signing your Franchise Agreement you must secure a Location and lease that we approve. Except as provided in this Item, you *must* open and commence operations of your Franchised Business within twelve (12) months of the date you execute your Franchise Agreement for that Franchised Business. We estimate that it will take between six (6) to nine (9) months to open your Franchised Business from the time you execute your Franchise Agreement. Your total timeframe may be shorter or longer depending on the time necessary to obtain an acceptable Premises, 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 fixtures, equipment and signs, and to complete preparation for operating the Franchised Business, including purchasing any inventory or supplies needed prior to opening. If you do not open or operate your Franchised Business within the 12-month period described above, then we may terminate your Franchise Agreement upon written notice (Franchise Agreement, Section 6(D)).

*Development Agreement*

If you have entered into a Development Agreement to open and operate multiple Franchised Businesses, your Development Agreement will include a Development Schedule containing a deadline by which you must have each of your Franchised Businesses open and operating. Your Development Schedule may depend on the number of Franchised Businesses you are granted the right to open and operate. (Development Agreement, Section 4).

If you fail to open any Franchised Business within the appropriate time period outlined in the Development Agreement, we may terminate your Development Agreement. You will not have any further development rights within the Development Area upon termination of your Development Agreement, except to continue operating the Franchised Business(es) that were already open and operating as of the termination date. We must approve the Premises you choose for each Franchised Business you are required to open under the Development Agreement.

#### D. Post-Opening Obligations

1. We may require you and your Designated Manager to attend annual additional/refresher courses, as we deem necessary in our sole discretion (“**Additional Training**”). You will be required to pay our then-current training tuition fee, which is currently \$300 per day (per trainee), for any Additional Training you and your employees attend. You will also be solely responsible for all expenses incurred in attending Additional Training. (Franchise Agreement, Section 5(D));

2. We may provide you with continuing consultation and advice, as we deem necessary in our sole discretion, regarding the management and operation of the Franchised Business. We may provide this assistance by telephone, facsimile, or intranet communication, as we deem advisable and subject to the availability of our personnel. (Franchise Agreement, Section 5(H));

3. We will approve or deny any advertising/marketing materials you wish to use in connection with your Franchised Business as described more fully below in this Item 11 under the heading “Advertising and Marketing.” (Franchise Agreement, Section 5(I));

4. We will approve or disapprove your requests to: (i) purchase and/or offer non-approved products or services in connection with the Franchised Business; and (ii) make Required Purchases from suppliers other than our then-current Approved Suppliers. (Franchise Agreement, Section 6(K));

5. We may schedule and hold an annual conference, as we deem advisable in our sole discretion, to discuss the current state of the System, improvements to the System, hold discussion forums for System franchisees and recognize certain franchisees. In the event we schedule a conference, we may require you to attend for up to five (5) days each year. You will be responsible for the costs and expenses you incur in connection with any annual conference/convention (lodging, travel, meals, etc.), but we will not charge you an attendance/registration fee. (Franchise Agreement, Section 5(Q));

6. We will display the contact information of your Franchised Business on the website that we or our designee maintains to advertise and promote our System, Proprietary Marks, our brand generally and other System Restaurant locations, provided you are in compliance with the terms of your Franchise Agreement. Please see below in this Item 11 under the heading “Advertising and Marketing” for further information. (Franchise Agreement, Section 5(J));

7. We may administer and maintain our brand development Fund for the benefit of the System and our brand generally, as we deem necessary in our sole discretion. (Franchise Agreement, Section 5(M));

8. We may conduct, as we deem advisable in our sole discretion, inspections of the premises and audits of the Franchised Business and your operations generally to ensure compliance with our System standards and specifications as well as to consult in the development and growth of your Franchised Business. We may also prepare written reports outlining any recommended or required changes or improvements in the operations of the franchise, as we deem appropriate in our sole discretion, and detail any deficiencies that become evident as a result of any inspection or audit. If any inspection reveals any deficiencies, you will be responsible for our costs in conducting such inspection. (Franchise Agreement, Section 5(L));

9. We may supplement, revise or otherwise modify the Manuals, as we deem necessary or prudent in our sole discretion, which may, among other things, provide new operations concepts and ideas.

We may provide you with these updates through various mediums, including mail, e-mail and our System-wide intranet. (Franchise Agreement, Section 2(G));

10. If we deem appropriate, establish and maintain a Mystery Shops Program and/or Quality Assurance/Food Audits Program, as we deem appropriate in our discretion. (Franchise Agreement, Section 5(L));

11. We may: (i) research new recipes, ingredients, equipment, products, services and methods of doing business and provide you with information we have developed as a result of this research, as we deem appropriate in our sole discretion; and (ii) create and develop additional products and services to be offered or provided as Approved Products and Services (including catering services) at or from a System Restaurant, including any proprietary products and services sold under the marks we determine to designate. (Franchise Agreement, Section 2(G) and 5(K)).

#### E. Advertising and Marketing

All advertising and promotion materials that you use in connection with your Franchised Business must be approved by us and conform to the standards and requirements that we specify. We may make available to you from time to time, at your expense, certain promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials. You must also participate in certain promotions and advertising programs that we establish as an integral part of our System, provided these activities do not contravene regulations and laws of appropriate governmental authorities. (Franchise Agreement, Section 9(A)).

If you wish to use any advertising or promotional materials other than those that we have previously approved or designated within the preceding twelve (12) months, then you must submit the materials you wish to use to us for our prior written approval at least ten (10) days prior to publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 30 days of the date we receive the materials from you. If you do not receive our written approval during that time period, however, the proposed materials are deemed disapproved and you may not use such materials. Once approved, you may use the proposed materials unless we: (i) prescribe a different time period for use; or (ii) require you to discontinue using the previously approved materials in writing. We may require you to discontinue the use of any advertising or marketing material, including materials we previously approved, at any time. (Franchise Agreement, Section 9(B)). Except as otherwise provided in this Item, we are not required to spend any amount on advertising in your Designated Territory.

*Grand Opening Advertising for Traditional Restaurant.* You are required to expend \$10,000 to promote and advertise the grand opening of your Traditional Restaurant within your Designated Territory (the “**Grand Opening Advertising Requirement**”), and this amount must be expended during the thirty (30) days immediately before and sixty (60) days immediately following the opening of your Restaurant. If we do not approve of your proposed campaign, we have the right to collect your Grand Opening Advertising Requirement and implement an advertising campaign on your behalf (as we deem appropriate). (Franchise Agreement, Section 9(C)).

*Local Advertising Requirement (or “LAR”).* Recognizing the importance of promoting your Franchised Business within your Designated Territory and surrounding area, you must expend a minimum of two percent (2%) of the Gross Sales of your Restaurant each calendar month (based on the Gross Sales of the Franchised Business during the preceding calendar month) on local advertising and marketing (which is what we refer to as your “**Local Advertising Requirement**” or “**LAR**”). You must use only those materials

that we have previously approved or designated, and we may require that you provide us with reports and other evidence of your local advertising expenditure each month. (Franchise Agreement, Section 9(D)).

*Brand Development Fund.* We may establish a System-wide Advertising and Marketing Fund (the “**Fund**”) for the benefit of the entire System of DONER SHACK Restaurants. We may use the Fund to meet certain costs related to maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System. We may require you to contribute up to two percent (2%) of the Gross Sales of your Restaurant towards the Fund of Gross Sales (the “**Fund Contribution**”), but we do not currently require any Fund Contribution. (Franchise Agreement, Section 9(E)). Our Affiliate-owned Restaurants may contribute to the Fund in the same manner that each franchised Restaurant is required to contribute, but we reserve the right to modify the terms on which these Affiliate-owned Restaurants are required to contribute to the Fund. Depending on the year a franchisee executed their franchise agreement, they may be required to contribute a different amount to the Fund. The Fund may be used for advertising materials/campaigns in printed materials or on radio or television for local, regional or national circulation, internet regional or national advertising, as we deem appropriate in our discretion. We and/or a regional or national advertising agency may be used to produce all advertising and marketing.

We will not be required to spend any of your Fund Contributions in the Designated Territory you are granted under your Franchise Agreement. Upon your written request, we may provide you with an unaudited financial statement accounting for the operation of the Fund. We are not required to have the Fund audited, but we may do so and use the Fund Contributions to pay for such an audit. We do not presently intend to use the Fund primarily to solicit new franchise sales. If we do not spend all Fund Contributions in a given year, any excess funds will rollover into the Fund for use during the following year. We will have the right to modify or discontinue the Fund (if established), as we deem appropriate in our sole discretion. In the past fiscal year, we did not collect any Fund Contributions because we had not yet established a Fund and, as a result, we cannot provide a breakdown of how such Fund Contributions were spent. (Franchise Agreement, Section 9(E)).

We did not collect any Fund Contributions as of December 31, 2024.

*Advertising Council.* Currently, we have not established an advertising council (the “**Advertising Council**”), but we reserve the right to do so in the future. If we establish an Advertising Council, it will serve in an advisory capacity to us with respect to certain advertising expenditures, including providing advice/guidance on how to administer the Fund (if established in the future). At our discretion, the Advertising Council may be comprised of our management representatives, employees, you and/or other franchisees in the System. We will have the right to modify or dissolve an Advertising Council (if created) at any time. (Franchise Agreement, Section 9(F)).

*Regional Advertising Cooperatives (“Cooperatives”).* We reserve the right to establish regional advertising cooperatives that are comprised of a geographical market area that contain two (2) or more Restaurants (whether a Franchised Business or Affiliate-owned) (each a “**Cooperative**”). If we assign your Franchised Business to a Cooperative we establish, you must work with the other Restaurant owners in your Cooperative and us to develop and implement regional advertising campaigns designed to benefit all the Restaurants within the geographical boundaries of the Cooperative. We have not established any Cooperatives as of the and have not contemplated how much a Franchised Business might be required to contribute to such a Cooperative. If a Cooperative is established, any payment for a Regional Advertising Cooperative will be credited against your monthly Local Advertising Requirement, and the minimum amount you might be required to pay to the Cooperative will be zero and the maximum monthly

contribution will be your Local Advertising Requirement for the month at issue. We will have the right to establish, modify, merge and dissolve Cooperative as we deem appropriate. Any amounts you expend on Cooperatives will be credited towards your Local Advertising Requirement. (Franchise Agreement, Section 9(H)).

*Online Directories.* As another means of advertising, you must ensure that the Franchised Business is listed in the appropriate Internet-based telephone directories that we designate. You must ensure that your Franchised Business has a dedicated telephone line that is not used for any other purpose. (Franchise Agreement, Section 9(G)).

#### F. Computer System

We have the right to specify or require that you use certain brands, types, makes, and/or models of computer hardware and software in connection with the Franchised Business, including, without limitation, a laptop or other computer that meets our System specifications and is capable of running our required systems, printers and other peripheral hardware/devices, equipment necessary to maintain a physical, electronic or other security system for the Franchised Business that we designate, and a point-of-sale system (collectively, the “**Computer System**”). We may also require you to use designated software in connection with the Computer System and Franchised Business (the “**Required Software**”). (Franchise Agreement, Sections 4(C) and 6(J)).

Currently, you must purchase, license and use the computer, point of sale, business management, and ordering systems that we designate, which include our POS system, inventory management, kiosks, integration aggregators and compliance/checklist systems. The costs will vary based on the number of kiosks required. We estimate the total initial costs to be between \$25,000 and \$45,000 for your Doner Shack Restaurant. We estimate the ongoing monthly technology fees to be approximately \$250-\$1,000 per month.

You must have the components necessary to ensure that the entire Premises of the Franchised Business has access to the Internet via Wi-Fi connection and that guests may access your Wi-Fi network. We may require that you comply with our standards and specifications for Internet access and speed, and the Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to us. We will also have the right to, at any time without notice, electronically and independently connect with your Computer System to monitor or retrieve data stored on the Computer System (or for any other purpose we deem necessary). There are no contractual limitations on our right to access the information and data on any component of your Computer System.

You are also required to participate in any System-wide area computer network, intranet system, or extranet system that we implement, and may be required to use such networks or system to, among other things, submit your reports due under the Franchise Agreement to us online, view and print portions of the Manuals, download approved local advertising materials, communicate with us and other System franchisees, and complete certain components of any ongoing training we designate. (Franchise Agreement, Section 8(J)).

#### G. Website and Internet Use

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on any social media and/or networking site. Any such Internet website or presence is considered “advertising” and must be approved by us prior to use, as described in this Item. If we do permit you to establish one or more of

the above presences on the Internet, you must establish and operate your website in accordance with System standards and any other policies we designate in the Manuals or otherwise in writing from time to time and utilize any templates that we provide to you to create and/or modify such site(s). (Franchise Agreement, Section 9(G)).

We have the right to establish and maintain a website, that may, without limitation, promote the Proprietary Marks and/or the System (the “**Website**”), including the contact information of your Franchised Business. We agree to establish an interior page on our corporate website to display the Premises and contact information associated with the Franchised Business for so long as the Franchised Business is open and actively operating, and the Franchise Agreement governing that Franchised Business is not subject to termination. We have sole control over all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. We also have the right to discontinue operation of the Website at any time without notice to you. We have the right to modify our policies regarding your use of social media and Internet websites in connection with your Franchised Business as we deem necessary or appropriate in the best interest of the System. We (or our affiliate) are the sole registrant of the Internet domain name [www.donershack.com](http://www.donershack.com), as well as any other Internet domain names that we or our affiliates register in the future. You must not register any Internet domain name that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

## **ITEM 12 TERRITORY**

You will receive a Protected Territory meaning that, as long as you comply with the Franchise Agreement, neither we nor our affiliates will open and operate, nor authorize a third party to open and operate, a Restaurant in the Protected Territory.

However, you will not receive an exclusive territory. You may face competition from other franchisees, from Restaurants that we own, or from other channels of distribution that we control.

There will be no minimum geographic size for your Protected Territory. The Protected Territory will be determined by the demographics and population size specific to your location. The minimum population size of the target demographic group within your Protected Territory is determined on a case-by-case basis. The boundaries of your Protected Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map. We do not guarantee a minimum territory size. Typically, Restaurants located in metropolitan areas will receive a smaller Protected Territory than Restaurants located in suburban/rural areas. You will negotiate and agree upon the size of your Protected Territory with us at the time you identify a site for your Restaurant.

You may not solicit orders from customers outside of your Protected Territory. Your Protected Territory does not ensure that other franchisees will not respond to unsolicited inquiries from customers in your Protected Territory. We cannot control or prevent this. Marketing activities (especially advertising in newspapers, magazines, radio and television) by us and others may be received by persons within your Protected Territory even though they are aimed principally outside your Protected Territory. You will not receive any compensation for our solicitation and/or acceptance of orders from within your Protected Territory.

You may not operate your DONER SHACK Restaurant from any other location except the site we approve, and you may not relocate your DONER SHACK Restaurant for any purpose without our express prior

written approval. Circumstances under which we may consider allowing you to relocate are your loss of possession of the premises for reasons out of your control or if we determine an alternative location will be better able to comply with our standards and specifications. If we consent to your DONER SHACK Restaurant's relocation, you must pay us a Relocation Fee.

Continuation of your Protected Territory is not dependent upon achievement of a certain sales volume or market penetration.

Unless specified in writing, you do not have options, a right of first refusal, or similar rights to acquire additional franchisees in the Protected Territory, or otherwise.

In addition to your Protected Territory, when you sign a Development Agreement, you will also receive a designated geographic area within which you will be required to develop (the "**Development Area**") a certain number of DONER SHACK Restaurants, which will be set forth in Exhibit A to the Multi-Site Development Agreement. The size of the Development Area for each Restaurant will depend on a number of factors, including: (1) population (including density and characteristics); (2) potential trade area population growth; (3) nature of the competition within the trade area; and (4) the number of Restaurants you agree to open, as well as other demographic factors.

As long as you are in compliance with your Development Agreement, neither we nor our affiliates will open and operate, nor authorize a third party to open and operate, a Restaurant in the Development Area.

However, you will not receive an exclusive territory. You may face competition from other franchisees, from Restaurants that we own, or from other channels of distribution that we control.

Continuation of your Development Area is not dependent upon achievement of a certain sales volume or market penetration. However, if you fail to fulfill your obligations to develop, open and continuously operate any DONER SHACK Restaurant when required by your development schedule, fail to obtain site approval by the date specified in your development schedule or have otherwise materially breached the Development Agreement or any separate Franchise Agreement, we may terminate the Development Agreement and the protections in the Development Area.

You may not establish a Restaurant anywhere outside of the Development Area. Other than your development rights granted under the Development Agreement, you are not granted any options, rights of first refusal or similar rights to acquire additional development rights or franchises within contiguous territories. There are no circumstances under which we can unilaterally modify the Development Area. You will not have the right to amend or modify your Development Area.

### Reserved Rights

We and our affiliates reserve the exclusive right to conduct the following activities under the Franchise Agreement and/or Development Agreement (as appropriate): (i) establish and operate, and license any third party the right to establish and operate, other Restaurants and Franchised Businesses using the Proprietary Marks and System at any location outside of your Designated Territory(ies) and, if applicable, Development Area; (ii) market, offer and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location, within or outside the Designated Territory(ies) and, if applicable, Development Area; (iii) use the Proprietary Marks and System, other such marks we designate, to distribute our Approved Products and/or Services in any alternative channel of distribution, within or outside the Designated Territory(ies) and, if applicable, Development

Area (including the Internet and other e-commerce channels, wholesale stores, grocery stores, etc.); (iv) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to those offered by you through your Franchised Business (but under different marks), within or outside your Designated Territory(ies) and, if applicable, Development Area; (v) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement and, and, if applicable, Development Agreement; and (vi) own and operate Restaurants in “Non-Traditional Sites” including, but not limited to shopping centers, amusement parks, military bases, college campuses, corporate centers, sports arenas train stations, and other locations, both within or outside your Designated Territory(ies) and, if applicable, Development Area.

The Franchise Agreement does not grant you any right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us, our affiliates or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders inside your territory. We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to operate Restaurants at Non-Traditional Sites, either directly or through our affiliates, licensees, or designees, and you will not be entitled to any compensation as a result of our operation of Restaurants at Non-Traditional Sites.


#### Additional Disclosures

Neither the Franchise Agreement nor the Development Agreement provide you with any right or option to open and operate additional Franchised Businesses (other than as specifically provided for in your Development Agreement if you are granted multi-unit development rights). Regardless, each Franchised Business you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement.

We have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. Neither we nor our Affiliate have established, or presently intend to establish, other franchised or company-owned businesses that sell our Approved Products and Services under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

### **ITEM 13 TRADEMARKS**

We grant you a limited, non-exclusive license to use our primary mark DONER SHACK and certain other Proprietary Marks in connection with the operation of your Franchised Business only at your Premises and within your Designated Territory, provided you use these Proprietary Marks as outlined in your Franchise Agreement and our Manuals. You do not obtain any additional rights to use any of our Proprietary Marks under any Development Agreement you execute. Our affiliate Franchise Brands International Inc. is in the process of applying for registration of our primary word and design marks with the World Intellectual Property Office (“WIPO”), and as a result we are currently in the process of applying for the registration of this mark on the Principal Register of the United States Patent and Trademark Office (“USPTO”).

MARK	REGISTRATION NO.	REGISTRATION DATE
	n/a, Serial No. 79/411,340	N/A, pending with a filing date of May 3, 2024

Currently, we do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Once we have secured a U.S. trademark registration, we will file all affidavits and other documents with the USPTO to maintain the federal registration described above.

You must strictly comply with our standards, specifications, rules, requirements, and instructions regarding the use of the Proprietary Marks. The goodwill associated with our Proprietary Marks will remain our exclusive property, and you will receive no tangible benefit from our goodwill, except from the operation or possible sale of the Franchised Business during the term of the Franchise Agreement. Any increase in the goodwill associated with our Proprietary Marks during the term of the Franchise Agreement will benefit us. All rights to use our Proprietary Marks will automatically revert to us without cost and without the execution or delivery of any documents, upon the expiration or termination of your Franchise Agreement.

There is no litigation pending arising out of our Proprietary Marks, and we are not aware of any superior rights in, or infringing uses of, our Proprietary Marks that could materially affect your right to use these marks. Presently, there are not any effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, province, territory, or region, or any court adverse to our rights in the Proprietary Marks, nor are there any pending infringement, opposition or cancellation proceedings, or any material litigation, involving the Proprietary Marks. Lastly, besides the license agreement described above, there are no agreements in effect that significantly limit our right to use, or license the use of, the Proprietary Marks that are material to the franchise.

You may not use all or any portion of our Proprietary Marks as part of your company name and, without our prior written consent, as part of your trade name or “d/b/a”. You may not modify the Proprietary Marks with words, designs or symbols, except those that we license to you. You may not use our Proprietary Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Proprietary Marks, trade secrets, methods, procedures, and advertising techniques that are part of our franchise System, or contest our sole right to register, use, or license others to use, our Proprietary Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the phrase “Doner Shack” or any similar word.

You must immediately notify us, in writing, if you become aware of any unauthorized use of our Proprietary Marks or other proprietary information, and you must permit us to participate in any litigation involving

you and our Proprietary Marks. We will take the action we think appropriate. We will indemnify, defend and hold you harmless in connection with any third-party claims that are brought against you that arise solely out of your authorized use of any Proprietary Marks in the manner we prescribe, provided you immediately notify us of the proceeding (within three (3) days) and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel, unless we approve of your use of such counsel in writing prior to you engaging counsel. We will not reimburse you for disputes where we challenge your use of our Proprietary Marks.

You must modify or discontinue using any of the Proprietary Marks, and add new names, designs, logos or commercial symbols to the Proprietary Marks as we instruct. We may, at our sole discretion, impose changes whenever we believe the change is advisable. We do not have to compensate you for any costs you incur to make the changes we require. You will receive written notice of any change and will be given a reasonable time to conform to our directions (including changing signage, marketing displays, trade dress and other advertising), at your sole expense.

#### **ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We do not own any registered patents or pending patent applications that are material to the franchise. We do, however, claim common law copyright and trade secret protection for several aspects of the franchise System including our Manuals, training materials, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement and/or Development Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement/Development Agreement or any time after that, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any of these trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the Franchised Business (the “**Confidential Information**”). You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations.

You must require your Designated Manager and any personnel having access to any of our Confidential Information to sign our then-current form of Confidentiality and Non-Competition Agreement that is attached to the Franchise Agreement as an Exhibit, where these individuals agree that they will maintain the confidentiality of information they receive in connection with their employment and restrict their right to work for a competitor while they are employed by you. This confidentiality agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

The Franchise Agreement and Development Agreement provide that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of any Franchised Business, you will promptly notify us and provide us with all necessary related information, without

compensation. Any new concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts. You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that these provisions in the Franchise Agreement and/or Development Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

We may revise any of our copyrighted materials at our discretion and may require that you cease using any outdated item or portion of the Manuals.

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

While we recommend that you personally participate and manage the day-to-day operations of your Restaurant, you may hire a Designated Manager to manage daily operations with our approval. Both you and your Designated Manager will be required to complete the Initial Training Program to our satisfaction (prior to undertaking any management responsibilities). We will not unreasonably withhold our approval of any Designated Manager you propose, provided the Designated Manager has (a) at least three (3) years of management experience in the quick casual restaurant industry, and (b) attended and successfully completed, to our satisfaction, our Initial Training Program to our satisfaction (“**Management Criteria**”). We may provide feedback on the performance of your Designated Manager, however, it is your sole responsibility to hire and/or fire the Designated Manager.

If you are operating multiple Restaurants under an Area Development Agreement, then in addition to the Designated Manager of each Restaurant, you must designate one of your owners as an operating manager (“**Operating Manager**”), and the Operating Manager must also meet our Management Criteria. The Operating Manager will be capable of taking over interim management of a Restaurant if the Designated Manager of that Restaurant leaves or is terminated.

We do not require your Designated Manager to own any interest in the Franchised Business or Franchisee (if Franchisee is a business entity), but any and all Designated Manager(s) must sign our prescribed form of Confidentiality and Non-Competition Agreement. If and when a Designated Manager leaves his or her employment at your Franchised Business, you must recruit a new Designated Manager within thirty (30) days and submit the replacement’s qualifications to us for our review and approval (which may be conditioned on completion of all Management Criteria) before substituting a new Designated Manager at any of your locations (unless you resume taking over the day-to-day operations of the Franchised Business on a full-time basis). Your Operating Manager must have at least a five percent (5%) ownership interest in the Franchised Businesses operated under an Area Development Agreement, but we do not currently.

Your Restaurant must, at all times, be managed and staffed with at least one (1) individual who has successfully completed our Initial Training Program. In the event that you operate more than one Restaurant, you must have a properly trained Designated Manager at each Restaurant you own and operate, and if a Designated Manager leaves his or her employment at any of your Restaurants, the Operations Manager must take over interim managed until you must recruit a new Designated Manager that we approve.

You and your managers and employees must comply with the confidentiality provisions described in Item 14. You must execute a personal guaranty concurrently with the signing of the Franchise Agreement. If you are a legal entity, having more than one owner, all owners, shareholders, partners, joint venturers, and any other person who directly or indirectly owns an interest in the Franchised Business (and their spouses) must execute a personal guaranty.

### **ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You may only offer the Approved Products and Services that we expressly approve through your Restaurant and may only offer these products and services at the Premises and in the manner prescribed in your Franchise Agreement and our Manuals. You may not use nor sell any products, materials, ingredients, supplies, paper goods, uniforms, fixtures, furnishings, signs, or equipment which does not meet our standards and specifications, unless approved in writing. We may supplement, revise and/or modify our Approved Products and Services as we deem appropriate from time to time, as well as our System standards and specifications associated with the provision of these products/services. These changes will be outlined in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.

You must offer and sell all private label food and beverage items which we may now or in the future designate for sale by System franchisees, including prepackaged or frozen food and beverage items, and related merchandise. You agree that failure to offer and sell only approved products and services through the Restaurant is grounds for default under the Franchise Agreement.

You will prepare and present all menu items in accordance with our standards and specifications, using the ingredients and preparation techniques we prescribe. We have the right to require you to offer and sell additional goods or services as we may designate. There are no limits on our right to do so. You will at all times maintain sufficient levels of inventory to adequately satisfy consumer demand.

If we discontinue any Approved Product or Service offered by the Restaurant, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us).

You may not use the Premises of your Restaurant for any other business purpose other than the operation of your Restaurant. In the event we authorize you to provide any catering services from your Restaurant, you will need to obtain any additional training we designate in connection with such catering services and provide such catering services in accordance with our System standards and specifications and only within your Designated Territory (unless we agree otherwise in writing).

**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.**

**A. Franchise Agreement**

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Term of the Franchise	Section 3	The initial term is for ten (10) years commencing on the Effective Date set forth in the Franchise Agreement.
b.	Renewal or extension of the term	Section 3	You have the right to be considered for 2 additional (and successive) five (5) year renewal terms.
c.	Requirements for franchisee to renew or extend	Section 3	In order to renew (which means renewing your franchise relationship with us), you must: not have any uncured material defaults under your Franchise Agreement (including any monetary defaults) or any other agreement between you and us or the landlord of the Premises; not have received more than three (3) separate, written notices of material default from Franchisor with respect to this Agreement in the 12-month period preceding the renewal request date or renewal date; be in good financial standing; have continued right of possession to the Premises; complete required renovation and modernization of your Franchised Business; pay us our then-current Renewal Fee; execute our then-current form of franchise agreement (which may contain materially different terms and conditions than your original franchise agreement); complete our then-current refresher training course (up to 5 days) and pay the appropriate tuition fee (currently, \$300/day per trainee); pay a renewal fee amounting to 10% of our then-current Initial Franchise Fee, and execute a general release in our favor (as well as related parties).
d.	Termination by franchisee	Not Applicable	Not Applicable
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with "cause"	Section 15	We may terminate your Franchise Agreement with cause as described in (g)-(h) of this Item 17 Chart.
g.	"Cause" defined – curable defaults	Section 15(B)  Section 15(C)	You must cure all monetary defaults under your Franchise Agreement within 10 days of being provided with notice by us, as well as the following defaults: failure to purchase any Required Item; failure to purchase from our Approved Suppliers; any purchase of a non-approved item or offering of a product/service at the Franchised Business that we have not authorized; failure to pay us, our Affiliates, or our Approved Suppliers any amount due, and failure to obtain any necessary permit/certificate/approval to operate the Franchised Business.  If you receive notice that you have failed to provide us with access to your POS system, you must cure such a default within 3 days.  Except as provided above and those defaults listed in (h) of this Item 17 Chart, you must cure all other defaults and violations of any provision of your Franchise Agreement or any other agreement with us or our affiliates within 30 days of being provided with notice of your default(s).

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
h.	“Cause” defined - defaults which cannot be cured	Section 15(A)  Section 15(B)	Your Franchise Agreement may be terminated automatically and without notice from us if: you become insolvent or make a general assignment for the benefit of creditors; a bankruptcy petition is filed by or against you and not dismissed within 30 days; a bill in equity or appointment of receivership is filed in connection with you or the Franchised Business; a receiver or custodian of your assets of property is appointed; a final judgment in the amount of \$10,000 or more is entered against you and not satisfied within 60 days (or longer period if we consent); you attempt to make an invalid transfer in violation of Section 13 of your Franchise Agreement.  Your Franchise Agreement may be terminated by us upon written notice and no opportunity to cure if: you commit and fraud or misrepresentation in connection with your Franchised Business; you or other required attendees fail to timely complete our Initial Training Program; you receive three (3) or more notices to cure the same or similar defaults under Section 15(C) of your Franchise Agreement in any 12-month period (whether or not subsequently cured); you violate any in-term restrictive covenants; you misuse the Proprietary Marks, Proprietary Information or other confidential information provided to you; misuse an proprietary software that might be developed; you fail to cure any default under any other agreement you have with our affiliates or any Approved Supplier within the appropriate cure period; you default under your lease for the Premises and fail to timely cure; you fail to open and commence operations within the required time period; you abandon your Franchised Business; you are convicted of a felony or any other crime of moral turpitude or offense that will adversely affect the System; you take any property of the Franchised Business for personal use; there are insufficient funds in your EFT Account on three (3) or more occasions in any 12-month period; or if you commit repeated violations of any applicable law.
i.	Franchisee’s obligations on termination/non renewal	Section 16	Upon termination or early expiration of the Franchise Agreement, your obligations include: immediately discontinuing the use of the Proprietary Marks and trade dress; cease doing business in a form or manner that may give the general public the impression that you are operating a Franchised Business; return of the Manuals of any other Proprietary Information to us; provide us with all customer information, lists and applicable contracts; cancel or, at our option, assign us all telephone/facsimile numbers and domain names (if permitted) used in connection with the Franchised Business (as well as all related listings) to us or our designee; comply with all post-term restrictive covenants; at our written option, assign the lease for the Premises to us; pay us all outstanding amounts; comply with our option to purchase the business, if we so choose; and provide us with written confirmation of compliance with these obligations within 30 days.
j.	Assignment of contract by franchisor	Section 13	No restrictions on our right to assign.
k.	“Transfer” by franchisee – defined	Sections 13(A) and 13(C)	Includes any transfer of Franchise Agreement, assets of the Franchised Business, or ownership change in you.
l.	Franchisor approval of transfer by franchisee	Section 13(A)	We must approve all transfers, but we will not unreasonably withhold our approval if you meet our conditions.
m.	Conditions for franchisor approval of transfer	Section 13(E)	We have the right to impose the following conditions on any transfer by you: all of your obligations under the Franchise Agreement have been satisfied; you cure all existing defaults; the new franchisee must meet our then-current

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
		Section 13(F)	<p>qualifications and criteria for a new franchisee; transferee must assume all of your obligations under the Franchise Agreement; transferee must complete our training program; transferee must execute our then-current form of franchise agreement; transferee must pay our Transfer Fee and successfully complete our Initial Training Program (and pay the applicable training fee); and you must execute a general release in our favor (as well as related parties).</p> <p>You will not be required to pay any transfer fee in the event: (i) you wish to transfer your rights under the Franchise Agreement to a newly-established legal business entity that is wholly owned by you and established solely for purposes of operating the Franchised Business under that Franchise Agreement; or (ii) you are required to encumber certain assets of the Franchised Business (or subordinate Franchisor's security interest with respect to the Franchised Business) in order to receive SBA or other traditional bank financing, provided we otherwise approve of the transfer.</p>
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 13(D)	<p>Except in certain circumstances (death/disability or transfer from individual franchisee to business entity), you must provide us with a period of 30 days to match any third-party bona fide offer to purchase any interest in the Franchise Agreement or Franchised Business. If we do not exercise this right, then you will have 60 days to effectuate the transfer to the third party that made the offer on those exact terms – if the transfer does not occur or the proposed terms of the offer change in any way, then we will have another 30 days to exercise our right of first refusal.</p>
o.	Franchisor's option to purchase franchisee's business	16(H)	<p>We have the right, but not the obligations, to purchase all or any portion of the assets of your Franchised Business upon expiration/termination of your Franchise Agreement at book value.</p>
p.	Death or disability of franchisee	Section 13(B)	<p>You will have a period of 90 days to find a suitable legal representative that we approve to continue the operation of your Franchised Business, provided that person completes our Initial Training Program and pays the appropriate tuition fee.</p> <p>During this 90-day period, we may step in and operate the Franchised Business on your behalf and pay ourselves a reasonable amount to reimburse our costs associated with this operation on your behalf. We are not under any obligation to step in and operate your business during this period.</p>
q.	Non-competition covenants during the term of the franchise	Section 14(A)	<p>Neither you, your principals, guarantors, owners, or Designated Managers, nor any immediate family member of you, your principals, guarantors, owners, or Designated Managers, may: (i) own, operate, or otherwise be involved with, Competing Business (as defined in the Franchise Agreement); or (ii) divert, or attempt to divert, any prospective customer to a Competing Business.</p>
r.	Non-competition covenants after the franchise is terminated or expires	Section 14(B)(1)  Section 14(B)(2)	<p>For a period of two (2) years after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, Designated Managers, nor any immediate family member of you, your principals, guarantors, owners, Designated Managers, may own, operate or otherwise be involved with any business that is involved in the licensing or franchising of Competing Businesses at any location within the United States where we can demonstrate we have offered this franchise offering.</p> <p>For a period of two (2) years after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, Designated Managers, nor any immediate family member of you, your</p>

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			<p>principals, guarantors, owners, Designated Managers, may own, operate or otherwise be involved with and Competing Business within a five (5) mile radius of: (i) the perimeter of your Designated Territory; or (ii) any other Restaurant location that exists or is under development as of the date your Franchise Agreement is terminated, expires or is transferred.</p> <p>During this two (2) year period, these parties are also prohibited from: (i) soliciting business from customers of your former Franchised Business; or (ii) contacting any of our suppliers/vendors for a competitive business purpose.</p>
s.	Modification of the agreement	Section 18(D)	Your Franchise Agreement may not be modified, except by a writing signed by both parties. With that said, we may modify the System and Manuals as we deem appropriate in our discretion from time to time.
t.	Integration/merger clause	Sections 18 and 22	Only the terms of the Franchise Agreement and this Disclosure Document are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Section 21(B)  Section 21(C)	<p>You must first submit all dispute and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally.</p> <p>At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place near our headquarters in Florida. You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation.</p>
v.	Choice of forum	Sections 21(D) and 21(E)	Subject to Sections 21(C) and 21(D) of the Franchise Agreement, all claims and causes of action arising out of the Franchise Agreement must be initiated and litigated to conclusion (unless settled) in the state or federal court of general jurisdiction that is within or closest to our U.S. headquarters in Florida (subject to state law).
w.	Choice of law	Section 21(A)	The Franchise Agreement is governed by the laws of the state of Florida, without reference to this state's conflict of laws principles (subject to state law).

## **B. Development Agreement**

	<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
a.	Term of franchise	6.1	The Development Agreement will commence on the Effective Date set forth in the Agreement and end on the earlier of (a) the last day of the calendar month that the final Franchised Business is required to be opened and operating under the Development Schedule or (b) the day that the final Franchised Business is opened.
b.	Renewal or extension of the term	Not Applicable	Not Applicable.
c.	Requirements for you to renew or extend	Not Applicable	Not Applicable.
d.	Termination by you	Not Applicable	Not Applicable.

	<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
e.	Termination by us without cause	Not Applicable	Not Applicable.
f.	Termination by us with cause	6.2	We may terminate your Development Agreement with cause.
g.	Cause defined - default which can be cured	Not Applicable	Not Applicable.
h.	Cause defined - default which cannot be cured	6.2	Your Development Agreement can be terminated by us if: (i) you cease to actively engage in development activities in the Development Area or otherwise abandon your development business for three (3) consecutive months, or any shorter period that indicates an intent by you to discontinue development of the Franchised Businesses within the Development Area; (ii) you become insolvent or are adjudicated bankrupt, or if any action is taken by Franchisee, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed by you; (iii) you fail to meet your development obligations under the Development Schedule for any single Development Period, and fail to cure such default within 30 days of receiving notice thereof; and (iv) any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement.
i.	Your obligations on termination/non-renewal	Not Applicable	Not Applicable.
j.	Assignment of contract by us	8	We have the right to assign our rights under the Development Agreement.
k.	“Transfer” by you - definition	8	Any transfer in you (if you are an entity) or your rights/obligations under the Development Agreement.
l.	Our approval of transfer by franchisee	8	You may not transfer any rights or obligations under the Development Agreement without our prior written consent.
m.	Conditions for our approval of transfer	Not Applicable	Not Applicable.
n.	Our right of first refusal to acquire your business	Not Applicable	Not Applicable.
o.	Our option to purchase your business	Not Applicable	Not Applicable.
p.	Your death or disability	Not Applicable	Not Applicable.
q.	Non-competition covenants during the term of the franchise	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
s.	Modification of the Franchise Agreement	27	Any modification of the Development Agreement must be in writing and signed by both parties.
t.	Integration/ merger clauses	27	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises made outside of the disclosure document and the Development Agreement may not be enforceable.

	<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
u.	Dispute resolution by mediation	13	At our option, all claims or disputes between you and us must be submitted first to mediation in Florida in accordance with the American Arbitration Association’s Commercial Mediation Rules then in effect and if mediation is not successful, then by litigation.
v.	Choice of forum	15	Subject to Sections 13 and 14 of the Development Agreement, all claims must be brought before a court of general jurisdiction nearest to Florida, or the United States District Court for the District of Florida. You consent to the personal jurisdiction and venue of these courts (subject to state law).
w.	Choice of law	11	The Development Agreement is governed by the laws of Florida (subject to state law).

**ITEM 18  
PUBLIC FIGURES**

We do not use any public figures to promote our franchise, but we reserve the right to use one in the future.

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATION**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the 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) franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Sanjeev Sanghera, Doner Shack Franchising LLC at 1688 Meridian Ave., Suite 600, Miami Beach, Florida 33139 and (305) 447-7663, 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 2021 to 2024**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
<b>Total</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2024</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* We do not currently have any U.S. operations, but our affiliates operate 3 Restaurants in the United Kingdom and also have 4 franchises in the United Kingdom that are in active development.

**Table No. 2  
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For Years 2021 to 2024**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>Total</b>	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>0</b>

**Table No. 3  
Status of Franchised Outlets  
For years 2021 to 2024**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminations</b>	<b>Non-Renewals</b>	<b>Reacquired by Franchisor</b>	<b>Ceased Operations – Other Reasons</b>	<b>Outlets at End of the Year</b>
<b>Total</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For years 2021 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
<b>Total</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in The Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
Florida	0	0	1
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>

A list of the names of all franchisees and the addresses and telephone numbers of their respective businesses is provided in Exhibit H to this Franchise Disclosure Document, as well as a list of any franchisees that have been canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business, as well as any franchisees that have not communicated with us within the ten-week period immediately preceding the issue date of this Franchise Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, no franchisees have entered into confidentiality provisions that would restrict their ability to speak openly about their experience with the System.

There is presently no trademark specific franchisee organization associated with the System that requires disclosure in this Item.

## ITEM 21 FINANCIAL STATEMENTS

Exhibit D to this Disclosure Document contains our (i) audited financial statements as of December 31, 2024, (ii) our unaudited opening day balance sheet dated August 31, 2024, (ii) our unaudited balance sheet dated April 28, 2025, and (iv) our unaudited profit and loss statement dated April 28, 2025. Our fiscal year ends on December 31<sup>st</sup>. We have not been franchising for three (3) or more years and, as such, we are not able (and are not required) to provide three (3) years of audited financial statements.

**ITEM 22  
CONTRACTS**

The following agreements are attached as Exhibits to this Franchise Disclosure Document:

Franchise Agreement (and Exhibits)	Exhibit B
Area Development Agreement (and Exhibits)	Exhibit C
State Specific Addenda	Exhibit D
Sample Release Agreement	Exhibit G
Franchisee Questionnaire	Exhibit J

**ITEM 23  
RECEIPTS**

Exhibit L of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to: Sanjeev Sanghera at Doner Shack Franchising, LLC, 1688 Meridian Ave., Suite 600, Miami Beach, Florida 33139 or (305) 447-7663.

**EXHIBIT A**  
**TO THE DONER SHACK FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

**LIST OF STATE ADMINISTRATORS**

California Department of Financial  
Protection and Innovation  
TOLL FREE 1-(866) 275-2677

LA Office

320 West 4th Street, Suite 750  
Los Angeles, CA 90013-2344  
(213) 576-7500

Sacramento Office

2101 Arena Boulevard  
Sacramento, CA 95834  
(866) 275-2677

San Diego Office

1350 Front Street, Room 2034  
San Diego, CA 92101-3697  
(619) 525-4233

San Francisco Office

One Sansome St., #600  
San Francisco, CA 94104  
(415) 972-8559

Florida Department of Agricultural  
and Consumer Services  
Division of Consumer Services  
Mayo Building, Second Floor  
Tallahassee, Florida 32399-0800  
(904) 922-2770

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, HI 96813  
(808) 586-2722

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706  
(217) 782-4465

Indiana Secretary of State  
Securities Division  
302 West Washington Street, Room E-11  
Indianapolis, IN 46204

(317) 232-6681

Kentucky Office of the Attorney General Consumer  
Protection Division  
P.O. Box 2000  
Frankford, KY 40602  
(502) 573-2200

Maryland Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, MD 21202  
(410) 576-6360

Michigan Department of the Attorney General  
Consumer Protection Division  
Attn: Franchise Section  
525 W. Ottawa Street  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
Lansing, MI 48933  
(517) 373-7117

Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, MN 55101-2198  
(651) 296-6328

Nebraska Department of Banking and Finance  
1200 North Street, Suite 311  
P.O. Box 95006  
Lincoln, NE 68509-5006  
(402) 471-3445

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Floor  
New York, NY 10005  
(212) 416-8236

North Dakota Securities Department  
State Capital, 5<sup>th</sup> Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505-0510  
(701) 328-2910

Oregon Department of Consumer  
and Business Services  
Division of Finance and Corporate  
Securities labor and Industries  
350 Winter Street, NE, Room 410  
Salem, OR 97310-3881  
(503) 378-4140

Director, Department of Business Regulations  
Rhode Island Division of Securities  
233 Richmond Street, Suite 232  
Providence, RI 02903-4232

South Dakota Department of Labor and Regulation  
124 S. Euclid Ave.  
Pierre, SD 57501-2017  
(605) 773-3563

Statutory Document Section  
Texas Secretary of State  
P.O. Box 12887  
Austin, TX 78711  
(512) 475-1769

State of Utah  
Division of Consumer Protection  
P.O. Box 45804  
Salt Lake City, Utah 84145-0804  
(801) 530-6601

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, VA 23219  
(804) 371-9051

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

Wisconsin Commissioner of Securities  
345 W Washington Ave., 4<sup>th</sup> Floor  
Madison, WI 53703  
(608) 266-8550

**AGENTS FOR SERVICE OF PROCESS**

Attn: Sanjeev Sanghera  
Doner Shack Franchising, LLC  
1688 Meridian Ave., Suite 600  
Miami Beach, Florida 33139

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California Commissioner of the Department of  
Financial Protection and Innovation  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, CA 90013-2344

Commissioner of the Department of Financial  
Protection and Innovation  
One Sansome St., #600  
San Francisco, California 94104

Commissioner of the Department of Financial  
Protection and Innovation  
2101 Arena Boulevard  
Sacramento, CA 95834

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, HI 96813

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706

Indiana Secretary of State  
Securities Division  
302 West Washington Street, Room E-111  
Indianapolis, IN 46204

Maryland Securities Commissioner  
Office of Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, MD 21202-2020

Michigan Department of Attorney General  
Consumer Protection Division  
Antitrust and Franchise Unit  
P.O. Box 30054, 6546 Mercantile Way  
Lansing, MI 48909

Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, MN 55101-2198

New York Department of State  
Attention: UCC  
One Commerce Plaza,  
99 Washington Avenue, 6th Floor  
Albany, NY 12231  
(518) 473-2492

North Dakota Securities Commissioner  
State Capitol – 5<sup>th</sup> Floor  
600 E. Boulevard Avenue  
Bismarck, ND 58505

Director, Department of Business Regulation  
Division of Securities  
Suite 232  
233 Richmond Street  
Providence, RI 02903-4232

Department of Labor and Regulation  
Division of Securities  
445 East Capitol Avenue  
Pierre, SD 57501-3185

Clerk of the State Corporation Commission  
Tyler Building, 1<sup>st</sup> Floor  
1300 East Main Street  
Richmond, VA 23219

Director, Department of Financial Institutions  
Securities Division  
150 Israel Road, Southwest  
Olympia, WA 98501

Wisconsin Commissioner of Securities  
345 West Washington Avenue, 4<sup>th</sup> Floor  
Madison, WI 53703  
(608) 261-9555

**EXHIBIT B**  
**TO THE DONER SHACK FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**FRANCHISE AGREEMENT**

**DONER SHACK FRANCHISING, LLC**  
**FRANCHISE AGREEMENT**

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**Exhibit A: Data Sheet**

**Exhibit B: Form of Personal Guaranty**

**Exhibit C: Form of Landlord Consent and Agreement**

**Exhibit D: EFT Withdrawal Authorization Form**

**Exhibit E: Form of Confidentiality and Non-Competition Agreement**

**Exhibit F: Conditional Assignment of Telephone/Facsimile Numbers and Domain Names**

**DONER SHACK FRANCHISING, LLC**  
**FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into on this \_\_\_\_\_, by and between: (i) Doner Shack Franchising, LLC, a Delaware limited liability company with its principal place of business at 1688 Meridian Ave., Suite 600, Miami Beach, Florida 33139 (the “**Franchisor**”); and (ii) \_\_\_\_\_, a/an \_\_\_\_\_ with an address at \_\_\_\_\_ (the “**Franchisee**”).

**RECITATIONS**

A. Franchisor and its affiliate/principals, as a result of the expenditure of time, skill, effort, and money, have developed and own a unique system (the “**System**”) related to the development and operation of a fast casual restaurant serving a variety of German inspired street food items such as kebabs, fried chicken, fries, sliders, beverages and other menu items that Franchisor authorizes (collectively, the “**Approved Products**”), utilizing the System and proprietary marks (each, a “**Restaurant**”).

B. Franchisor’s System is comprised of various proprietary and, in some cases, distinguishing elements, including without limitation: proprietary methodology and procedures for the establishment and operation of a Restaurant; site selection guidance and criteria; specifications for the design, layout and construction of the interior of the Restaurant; standards and specifications for the furniture, fixtures and equipment located within a Restaurant; established relationships with approved or designated suppliers for certain products and services; and standards and specifications for advertising, bookkeeping, sales and other aspects of operating a Restaurant. The parties agree and acknowledge that Franchisor may change, improve, further develop, or otherwise modify the System from time to time as it deems appropriate in its discretion. Franchisee hereby acknowledges and agrees that: (i) while the System and Franchisor’s related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information which makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals that are proprietary and confidential.

C. The System and Restaurants are identified by the mark DONER SHACK, as well as certain other trade names, trademarks, service marks and trade dress that Franchisor designates for use in connection with each Restaurant (collectively, the “**Proprietary Marks**”), all of which Franchisor may modify, update, supplement or substitute in the future as Franchisor deems appropriate. The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.

D. Franchisor is in the business of granting qualified parties a franchise for the right to independently own and operate a single Restaurant utilizing the Proprietary Marks and System at a location that Franchisor approves in writing.

E. Franchisee recognizes the benefits derived from being identified with Franchisor, appreciates and acknowledges the distinctive and valuable significance to the public of the System and the Proprietary Marks, and understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, appearance, and service to the value of the System.

F. Franchisee desires to acquire a non-exclusive franchise for the right to operate a single Restaurant from an approved location and has submitted an application to obtain such a franchise from Franchisor.

G. Franchisor is willing to grant Franchisee the right to operate a Restaurant based on the representations contained in the franchise application and subject to the terms and conditions set forth in this Agreement.

## **AGREEMENT**

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

### **1. PREAMBLES, ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE**

- A. Franchisee acknowledges and represents that Franchisor, itself or through any officer, director, employee, or agent, has not made, and Franchisee has not received or relied upon, any oral, written, visual, express, or implied information, representations, warranties, guarantees, or promises regarding the amount of sales levels or income Franchisee might expect to earn from the franchise granted hereby, except as set forth in the Franchise Disclosure Document.
- B. The business venture contemplated by this Agreement involves business risks.
- C. Franchisee's success will be largely dependent upon Franchisee's ability as an independent businessperson.
- D. Franchisee has received, read, and does understand this Agreement and any attachments.
- E. Franchisee understands and agrees that the restaurant industry is highly competitive with constantly changing market conditions.
- F. Franchisee acknowledges and agrees that Franchisor has fully and adequately explained each provision of this Agreement to Franchisee's satisfaction.
- G. Franchisee has consulted with Franchisee's own advisors with respect to the legal, financial, and other aspects of this Agreement, the business franchised hereby, and the prospects for such business. Franchisee either has consulted with such advisors or has deliberately declined to do so.
- H. Any written inquiries made to Franchisor by Franchisee pertaining to the nature of this franchise were answered in writing to the satisfaction of Franchisee.
- I. Franchisee has had the opportunity and adequate time to independently investigate, analyze, and construe both the franchise being offered hereunder and the terms and provisions of this Agreement utilizing the services of legal counsel, accountants, and other advisors (if Franchisee so elects).
- J. Any and all applications, financial statements, and representations submitted to Franchisor by Franchisee, whether oral or in writing, were complete and accurate when submitted and are complete and accurate as of the date of execution of this Agreement unless the same has been otherwise amended in writing. Franchisee states that he/she is not (a) presently involved in any business activity that could be considered competitive in nature, unless

heretofore disclosed to Franchisor in writing, or (b) violating any existing contractual obligations by entering into this agreement.

- K. Franchisee agrees not to contest, directly or indirectly, Franchisor's ownership, title, right, or interest in its names or Proprietary Marks, trade secrets, methods, procedures, know-how, or advertising techniques which are part of Franchisor's business, or contest Franchisor's sole right to register, use, or license others to use such names or Proprietary Marks, trade secrets, methods, procedures, or techniques.
- L. Franchisee's signature to this Agreement has not been induced by any representation inconsistent with the terms of this Agreement or inconsistent with the Franchise Disclosure Document given to Franchisee by Franchisor.
- M. Franchisee represents and warrants that Franchisee is not a party to or subject to any order or decree of any court or government agency which would limit or interfere in any way with the performance by Franchisee of the obligations under this Agreement and that Franchisee is not a party, and has not within the last ten (10) years been a party, to any litigation, bankruptcy, or legal proceedings other than those heretofore disclosed to Franchisor in writing.
- N. Franchisee agrees and acknowledges that it is solely responsible for ensuring that: (i) it acquires and maintains all business licenses, permits and approvals, including those that are specifically required to offer and provide restaurant services that are necessary to operate the Franchised Business at the Premises (defined below) and within the Designated Territory (defined below); and (ii) the Franchised Business is otherwise operated in full compliance with all federal, state and local laws and regulations where the Franchisee is located.
- O. Franchisee agrees and acknowledges that: (i) Franchisor may enter into franchise agreements with other franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement, including without limitation, franchise agreements for the operation of a Restaurant; and (ii) the existence of different forms of agreement and the fact that Franchisor and other franchisees may have different rights and obligations does not affect the parties' duty to comply with the terms of this Agreement.

## 2. GRANT OF FRANCHISE

- A. **Grant of Franchise.** Franchisor hereby grants Franchisee, subject to the terms, conditions, and obligations of this Agreement, a non-exclusive right and license to use the Proprietary Marks and receive the other benefits of the System in connection with the establishment and operation of a single Restaurant (the "**Franchised Business**").
- B. **Approved Premises; Site Selection Area.** The Franchised Business must be operated from a single location that Franchisor reviews and approves (the "**Premises**"). If the parties have not agreed on a Premises as of the date this Agreement is executed, Franchisor will designate a general marketing area (the "**Site Selection Area**") on the data sheet attached to this Agreement as Exhibit A (the "**Data Sheet**") wherein Franchisee must locate and secure the Premises as detailed more fully in Section 6(A) of this Agreement. Franchisee acknowledges and agrees that: (i) it does not have any territorial rights within the Site Selection Area; (ii) Franchisor may permit other new franchisees to search for the location of their franchised Restaurant within the same Site Selection Area that is assigned to

Franchisee under this Agreement if Franchisor determines in its discretion that the Site Selection Area is large enough to contain additional franchises; and (iii) potential locations for each franchised Restaurant, and resulting Designated Territories (as defined below), within the Site Selection Area will be reviewed and rejected/granted on a first-to-propose basis.

- C. **Relocation of Premises.** Once the Franchisor approves the Premises of the Franchised Business, the location will be set forth in the Data Sheet. Franchisee may only use the Premises to operate the Franchised Business. Franchisee may not relocate the Franchised Business to any location other than the Premises without Franchisor's prior written consent, which Franchisor will not unreasonably withhold, provided: (i) Franchisee secures an alternate location for the Franchised Business within the Designated Territory (as defined below) that meets Franchisor's then-current site selection criteria for the premises of a Restaurant; and (ii) Franchisee pays Franchisor a relocation fee amounting to three thousand five hundred dollars (\$3,500) prior to Franchisor's approval of the relocation.
- D. **Designated Territory.** Upon locating and securing a Premises, Franchisor will designate a geographical area surrounding the Premises wherein Franchisor will not open or operate or license a third-party the right to open or operate, another Restaurant utilizing the System and Proprietary Marks (the "**Designated Territory**"), for so long as Franchisee is in compliance with this Agreement. The boundaries of the Designated Territory, once determined by Franchisor, will be described in the Data Sheet. Franchisee acknowledges that it does not have any other territorial rights within the Designated Territory.
- E. **Rights Not Granted.** Franchisee acknowledges and agrees that this Agreement does not afford Franchisee any rights or options to open any additional Restaurants and that Franchisee does not have any right to sub-license or sub-franchise any of the rights granted hereunder. Franchisee may not use the Proprietary Marks or System for any purpose other than promoting and operating the Franchised Business at the Premises. Franchisor will have sole discretion as to whether it decides to grant Franchisee the right to open any additional Restaurants, each of which will be governed by a separate form of Franchisor's then-current franchise agreement.
- F. **Reservation of Rights.** Notwithstanding anything contained in this Agreement, Franchisor and its affiliates hereby reserve the exclusive right to: (i) establish and operate, and license any third party the right to establish and operate, other Restaurants and Franchised Businesses using the Proprietary Marks and System at any location outside of your Designated Territory; (ii) market, offer and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location, within or outside the Designated Territory; (iii) use the Proprietary Marks and System, other such marks we designate, to distribute our Approved Products and/or Services in any alternative channel of distribution, within or outside the Designated Territory (including the Internet and other e-commerce channels, wholesale stores, grocery stores, etc.); (iv) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to those offered by you through your Franchised Business (but under different marks), within or outside your Designated Territory; (v) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement and, and, if applicable, Development Agreement; (vi) develop a catering program (discussed below);

and (vii) own and operate Restaurants in “Non-Traditional Sites” including, but not limited to, shopping centers, amusement parks, military bases, college campuses, corporate centers, seasonal locations, hospitals, hotels, kiosks, airports, sports arenas and stadia, train stations, travel plazas, toll roads and casinos, both within or outside your Designated Territory.

- G. **Modification of System.** Franchisor reserves the right to supplement, revise or otherwise modify the System or any aspect/component thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and make such reasonable expenditures as may be necessary to comply with any change that Franchisor makes to the System. Any change or modification that Franchisor makes to the System will not materially alter Franchisee’s fundamental rights under this Agreement. Moreover, Franchisor will provide Franchisee with a reasonable amount of time to comply with any change or modification to the System once Franchisee has been notified of such change/modification in writing (via the Operations Manual or otherwise).
- H. **Catering Services.** In the event Franchisor establishes a System-wide program for the provision of catering services by System franchisees, then Franchisor may grant Franchisee the right to provide such catering services within the Designated Territory, provided: (i) Franchisee completes any additional training that Franchisor establishes in connection with the provision of such catering services; (ii) Franchisee demonstrates that it has a vehicle that (a) bears Franchisor’s Proprietary Marks in the manner Franchisor prescribes, and (b) is otherwise adequately insured as part of the Franchised Business operations and meets any other reasonably-imposed standards for vehicles used in connection with such catering services; and (iii) Franchisee is otherwise in material compliance with the terms of this Agreement at the time Franchisee requests the right to provide such catering services.

### 3. **TERM AND RENEWAL**

- A. **Term.** Unless previously terminated pursuant to this Agreement, the term of this Agreement shall be for a period of ten (10) years (“**Initial Term**”) commencing as of the Effective Date set forth in the Data Sheet attached hereto as Exhibit A.
- B. **Renewal.** Franchisee may submit a request to renew this Agreement for up to two (2) additional, consecutive terms of five (5) years each, and must provide each request to renew no less than six (6) months and no more than twelve (12) months prior to the end of the then-current term. Failure to provide such notice to Franchisor will be deemed an indication that Franchisee does not wish to renew the franchise relationship. Franchisor shall not unreasonably withhold its approval of such requests for renewal, provided Franchisee complies with the following conditions:
1. Franchisee must not have: (i) any uncured material defaults under this Agreement (including any monetary defaults) or any other agreement between Franchisee and Franchisor or the landlord of the Premises, either at time of Franchisee’s renewal request or at the time of renewal; and (ii) received more than three (3) separate, written notices of material default from Franchisor with respect to this Agreement in the 12-month period preceding the renewal request date or renewal date.
  2. Franchisee must execute Franchisor’s then-current form of franchise agreement, which may contain materially different terms and conditions from those contained

in this Agreement, within thirty (30) days of the date Franchisee is provided with Franchisor's then-current form of franchise agreement.

3. Franchisee pays Franchisor a renewal fee of five thousand dollars (\$5,000), at least ninety (90) days prior to the expiration of the then-current term. Franchisee will not be required to pay an additional Initial Franchisee Fee (as defined in Section 4) upon renewal.
4. Franchisee and/or the Designated Manager (as defined in this Agreement and as applicable) attends any training refresher course prescribed by Franchisor at least thirty (30) days before the expiration of the then-current term of this Agreement and pays Franchisor's then-current refresher training tuition fee for each attending trainee. Franchisee will also be responsible for all expenses incurred in connection with attending this refresher training.
5. Franchisee executes a general release under seal, in a form satisfactory to Franchisor, of any and all claims it may have against Franchisor and its officers, directors, shareholders, and employees in their corporate and individual capacities, including without limitation, all claims arising out of or related to (a) this Agreement, or (b) any federal, state, or local law, rule, or ordinance.
6. Franchisee must have participated in and supported the training procedures, purchasing, marketing, advertising, promotional, and other operational and training programs recommended or provided by Franchisor to the satisfaction of Franchisor.
7. Franchisee or transferee agrees, at its sole cost and expense, to re-image, renovate, refurbish, and modernize the Premises and Franchised Business within the time frame required by Franchisor, including the design, equipment, signs, interior and exterior décor items, displays, inventory assortment and depth, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies, and other products and materials, as necessary to meet Franchisor's then-current System standards, specifications, and design criteria for a newly opened Doner Shack Restaurant.

#### 4. **FEES AND PAYMENTS**

- A. **Fees.** In consideration of the rights and license granted herein, Franchisee shall pay the following amounts:
  1. Upon execution of this Agreement, Franchisee must pay Franchisor an initial franchise fee of Forty Thousand Dollars (\$40,000) (the "**Initial Franchise Fee**"). The parties acknowledge and agree that the Initial Franchise Fee will be deemed fully earned and non-refundable under any circumstances upon payment.
  2. On or before the Sunday of each week the Franchised Business is open and operating (and/or required to be open and operating under this Agreement), Franchisee must pay Franchisor an ongoing royalty fee amounting to six percent (6%) of the Gross Sales (as defined in Section 4(D)) generated by the Franchised Business in the preceding week (the "**Royalty Fee**") beginning Monday when the

Franchised Business opens and ending Sunday when the Franchised Business closes (the “**Business Week**”).

3. Franchisor has established a System-wide marketing fund (the “**Fund**”), and Franchisee is required to make a weekly contribution to this Fund at the same time Franchisee pays the Royalty Fee amounting to up to two percent (2%) of the Gross Sales (as defined in this Section 4(D)) generated by the Franchised Business in the preceding Business Week.
4. In connection with the required computer software to be used in connection with the point-of-sale system at the Restaurant (the “**POS System**”), as well as the business management systems and ordering systems designated (collectively, the “**Third-Party Systems**”), Franchisee shall pay the then-current license and support fees charged by third party providers in connection with such Third-Party Systems.
5. All other training/tuition fees, evaluation fees, as well as all amounts necessary to purchase marketing materials, inventory or other supplies from Franchisor or its affiliates must be paid on an ongoing basis, as described more fully in this Agreement.

B. **Method of Payment.** With the exception of the Initial Franchise Fee, Franchisee shall pay all fees and other amounts due to Franchisor and/or its affiliates under this Agreement through an electronic funds transfer program (the “**EFT Program**”), under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the “**EFT Account**”). Franchisee shall immediately deposit all revenues from operation of the Franchised Business into this bank account immediately upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, Franchisee shall provide Franchisor with: (i) Franchisee’s bank name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee’s bank, all documents, including Franchisor’s form of EFT Authorization Form attached as Exhibit D to this Agreement, necessary to effectuate the EFT Program and Franchisor’s ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee’s banking relationship, including any change to the EFT Account. Franchisor reserves the right to change the day of the week upon which any of the aforementioned payments are due.

C. **Access to Computer System.** Franchisor may, without notice to Franchisee, have the right to independently and remotely access and view Franchisee’s computer system used in connection with the Franchised Business (the “**Computer System**”) via the Internet, other electronic means or by visiting the Restaurant, in order to obtain Gross Sales, tenant occupancy rates and other available information that Franchisor reasonably requests about the Franchised Business. Franchisee hereby consents to Franchisor using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by Franchisor or disclosed to Franchisor in accordance with this

Agreement. Franchisee must obtain and use the Computer System hardware, software and other components that Franchisor prescribed for use in connection with the Franchised Business, and utilize and participate in any intranet/extranet that Franchisor establishes in connection with the System.

- D. **Gross Sales.** “Gross Sales” means the total revenue generated by Franchisee’s Restaurant, including all revenue generated from the sale and provision of any and all Approved Products and Services offered at Franchisee’s Restaurant, as well as all proceeds from any business interruption insurance related to the non-operation of your Franchised Business. “Gross Sales” does not include (a) tips received by employees of the Franchised Business, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, or (c) the value of any refund issued or granted to any client of the Franchised Business that is credited in good faith by Franchisee in full or partial satisfaction of the price of the Approved Products or Services offered in connection with the Franchised Business.
- E. **Gross Sales Reports.** On or before Sunday of each week, Franchisee must send Franchisor a signed Gross Sales report (a “**Gross Sales Report**”) detailing the following information: (i) Gross Sales of the Franchised Business from the preceding Business Week; (ii) Franchisee’s calculated Royalty Fee and Fund Contribution (if appropriate) based on the Gross Sales from the preceding Business Week; and (iii) any other information Franchisor may require for that reporting period. Franchisor may, as it deems necessary in its sole discretion, change the form and content of the Gross Sales Reports from time to time. The parties agree and acknowledge that Franchisor may modify the interval at which it collects Franchisee’s Royalty Fee, Fund Contribution and other recurring fees under this Agreement upon written notice (i.e., Franchisor may provide Franchisee with notice that it will be collecting these fees on a monthly rather than weekly basis). In such event, Franchisee’s reporting obligations may also be modified by Franchisor accordingly.
- F. **Late Payments.** If any payment due under this Agreement is not received by Franchisor by the scheduled date due, Franchisee shall be in default under this Agreement. If any payment is overdue, Franchisee shall pay interest to the Franchisor, in addition to the overdue amount, at a rate of one and one-half percent (1.5%) per month, beginning from the date of non-payment or underpayment, until paid. Entitlement to collect such interest shall be in addition to any and all other remedies Franchisor may have. Franchisee agrees to pay one hundred dollars (\$100) for each check given or electronic transfer made to Franchisor that is dishonored, fails to process, or is returned.
- G. **Taxes Owed by Franchisee.** No payments to be made to Franchisor by Franchisee, whether for royalties, advertising, merchandise, special programs, or otherwise, may be reduced on account of the imposition by any federal, state, or local authority of any tax, charge, or assessment, or by any claim Franchisee may have against Franchisor. All taxes, charges, or assessments shall be paid by Franchisee to the taxing authorities when due, in addition to the amounts due to Franchisor.
- H. **Gross Sales Report Late Fee.** In the event Franchisee fails to provide to Franchisor any financial report, Gross Sales Report or other report which Franchisee is obligated by this Agreement to provide to Franchisor when such report is due and this failure continues for a period of ten (10) days after the date when due, regardless of the date when mailed, Franchisee shall pay to Franchisor a late fee with respect to each such report in the amount of ten dollars (\$10) per day beginning with the eleventh (11<sup>th</sup>) day after the date when the

report was due. The imposition of late reporting fees shall be in addition to, and not in lieu of, any other remedy available to Franchisor for failure to report.

- I. **Security Interest.** Franchisee hereby grants to Franchisor a security interest in all of Franchisee's interests in the real estate where the franchise is located (if Franchisee purchases its Premises), as well as all improvements to that real estate. Franchisee further grants to Franchisor a security interest in all furniture, furnishings, equipment, fixtures, inventory, and supplies located at or used in connection with the Franchised Business, whether now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions, and replacements therefore, as well as all cash and non-cash proceeds derived from insurance, the disposition of any such collateral to secure payment and performance of all debts, liabilities, and obligations of any kind of Franchisee to Franchisor under this Agreement, whenever and however incurred, any promissory note given by Franchisee to Franchisor, or any other agreement between them. Franchisee hereby authorizes Franchisor to file and record all financing statements, financing statement amendments, continuation financing statements, fixture filings, and other documents necessary or desirable to evidence, perfect, and continue the priority of the security interests granted herein. Franchisee agrees and understands that it must promptly execute and deliver any such documents to Franchisor upon request.
1. Notwithstanding anything contained in Section 4(I) of the Franchise Agreement to the contrary, Franchisee does not grant Franchisor any security interest in any real property associated with the Franchised Business if such real property is being leased by the Franchisee.
  2. The parties agree that Franchisor will not execute on any security interest granted to Franchisor under Section 4(I) of the Franchise Agreement unless Franchisee fails to cure a material default under the Franchise Agreement within the applicable time period for cure after Franchisor has provided Franchisee with proper notice of such default(s).
- J. **Inability to Operate Franchised Business.** If Franchisee is unable to operate the Franchised Business due to damage or loss to the Premises caused or created by a casualty, act of God, condemnation, or other condition over which Franchisee has no control, then Franchisor will waive the Royalty Fee due under this Agreement for a period of time that Franchisor reasonably determines is necessary for the Franchised Business to repair the damage/loss to the Premises and resume operations (or relocate the Franchised Business to a different approved location within the Designated Territory), with said waiver period not to exceed ninety (90) days commencing from the date Franchisee gives Franchisor notice of the damage or loss.
- K. **Compliance with Gift Card Redemption Policies.** Franchisee agrees and acknowledges that Franchisor has set forth policies and guidelines regarding Franchisee's redemption of gift cards at the Franchised Business that were purchased at a DONER SHACK Restaurant other than the Franchised Business (and vice versa), along with directives and guidelines for how any compensation will be allocated amongst the Franchised Business and the other DONER SHACK Restaurant(s) at issue. Franchisee agrees and acknowledges that such policies and guidelines may affect Franchisee's payment obligations under this Agreement, whether to Franchisor and/or to a different Restaurant location, but agrees to strictly comply with such directives, policies and guidelines as set forth and updated by Franchisor in the Manuals or otherwise in writing.

- L. **Technology Fee.** Franchisor reserves the right to charge Franchisee an on-going technology fee to pay for certain aspects of Franchisee’s computer system and/or software (“**Technology Fee**”). Franchisor may designate and/or change the amount, scope, or manner of payment of the Technology Fee, including the party to whom payment is made, at any time providing reasonable notice to Franchisee.

## 5. **DUTIES OF FRANCHISOR**

- A. **Initial Training Program.** Franchisor shall offer and make available an initial training program (the “**Initial Training Program**”) for Franchisee and other management personnel Franchisee designates, provided the parties attend at the same time. One of the trainees must be Franchisee (or one of Franchisee’s principals responsible for the Franchised Business if Franchisee is an entity) and, if applicable, one (1) of the other attendees must be Franchisee’s designated manager that will be responsible for the day-to-day management of the Franchised Business (the “**Designated Manager**”). The Initial Training Program will be conducted at Franchisor’s United States corporate headquarters or other facility that Franchisor designates, subject to the schedules and availability of Franchisor’s training personnel. Franchisor will provide the Initial Training Program to additional owners of Franchisee or managers of the Franchised Business (subject to the availability of Franchisor’s staff), provided Franchisee pays Franchisor its then-current additional training fee for each individual that attends in addition to the first two (2) individuals (as well as any expenses incurred). Franchisor reserves the right to charge Franchisee its then-current initial training fee (“**Initial Training Fee**”) which is currently \$300/day for each additional trainee that attends the Initial Training Program. If Franchisee is granted the right to operate multiple franchised businesses, then Franchisor may not, in its sole discretion, provide the same level of Initial Training with the second and each additional franchised business that Franchisor provided in connection with the first Franchised Business.
- B. **On-Site Assistance Training.** Subject to Franchisee and its appropriate personnel attending and completing all necessary training to commence operations of the Franchised Business Franchisor may, at its sole discretion, provide on-site assistance at the Franchised Business around the time that Franchisor approves Franchisee to commence operations of the Franchised Business.
- C. **Replacement Personnel Training.** Franchisor will also provide the Initial Training Program to any replacement personnel or those who attend but fail to complete the program as well, provided Franchisee pays Franchisor’s then-current additional training fee (as well as any expenses incurred).
- D. **Additional and Refresher Training.** Franchisor may, as it deems appropriate in its discretion, develop additional and refresher training courses, and require Franchisee and its management to attend such courses. Franchisor will require Franchisee and its designated attendees to pay an additional training fee amounting to three hundred dollars (\$300) per trainee per day (in addition to Franchisee’s obligation to pay for any expenses incurred). Franchisor will not require Franchisee and its management to attend more than five (5) days of additional/refresher training each year.
- E. **Manuals.** Franchisor will loan Franchisee one (1) copy of its proprietary and confidential operations manual prior to the opening of the Franchised Business, as well as any other

instructional manuals as Franchisor deems appropriate (collectively, the “**Manuals**”). Franchisor will also loan Franchisee a list of: (i) all furniture, fixtures, equipment, inventory, supplies and other items that Franchisee is required to purchase or lease in connection with the establishment and ongoing operation of the Franchised Business (collectively, the “**Required Items**”); (ii) a list of all suppliers from which Franchisee must purchase or lease any Required Items, which may be Franchisor or its affiliates (collectively, the “**Approved Suppliers**”); and (iii) a list of the Approved Products and Services that Franchisee is authorized to offer, sell or provide at and from the Franchised Business, including membership programs and services. The foregoing lists may be provided as part of the Manuals or otherwise in writing prior to opening, and Franchisor has the right to revise, supplement or otherwise modify these lists and the Manuals at any time upon written notice to you. Franchisor may also establish and maintain a DONER SHACK website portal, wherein Franchisor may post content that will automatically become part of, and constitute a supplement to, the Manuals, all of which Franchisee must strictly comply with promptly after such content is posted or otherwise listed as part of the manuals on such website portal.

- F. **Site Selection Assistance.** Franchisor will provide Franchisee with site selection assistance and guidance with regards to Franchisee’s selection of a Premises for the Franchised Business, including Franchisor’s then-current site selection criteria, as it deems appropriate in its sole discretion. Franchisor may require that Franchisee use an Approved Supplier for site selection assistance. Franchisor will also review and approve of any location the Franchisee proposes for the Franchised Business. Franchisor must approve of Franchisee’s proposed location, as well as the lease for the Premises (the “**Lease**”) or purchase agreement for the location, prior to Franchisee entering into any such agreement for that location to serve as the Premises of the Franchised Business. Franchisor may condition its approval of any Lease for the proposed Premises on the landlord’s execution of Franchisor’s form of Consent and Agreement of Landlord attached to this Agreement at Exhibit C. Franchisor will use reasonable efforts to review and approve of any proposed Premises location and corresponding Lease within thirty (30) days of receiving all reasonably requested information from Franchisee.
- G. **Grand Opening Advertising Assistance.** Franchisor may assist Franchisee, as it deems appropriate in its discretion, in developing and conducting the Grand Opening Advertising Program (as defined and described more fully in Section 9 of this Agreement), which program shall be conducted at Franchisee’s expense.
- H. **Opening Assistance/Continuing Assistance.** Franchisor may, as it deems appropriate and advisable in its sole discretion, provide opening assistance and continuing advisory assistance in the operation of the Franchised Business. Franchisor’s determination not to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.
- I. **Review of Advertising Materials.** Franchisor will review and approve/reject any advertising or marketing materials proposed by Franchisee in connection with the Franchised Business as described more fully in Section 9 of this Agreement.
- J. **Website.** For so long as Franchisor has an active website containing content designed to promote the Doner Shack brand, System and Proprietary Marks (collectively, the “**Website**”), Franchisor will list the contact information of the Franchised Business on this Website, provided Franchisee is not in material default under this Agreement. Franchisor

may also provide Franchisee with one or more email address(es), as it deems appropriate in its discretion, which Franchisee must use only in connection with the Franchised Business.

- K. **Private Label Products.** Franchisor may directly, or indirectly through Franchisor's affiliates or designated vendors, develop and provide Franchisee with private label products or other merchandise bearing the Proprietary Marks to be sold at the Franchised Business. Franchisee may be required to purchase these items from Franchisor or any other Approved Supplier Franchisor designates.
- L. **Inspections of the Franchised Business and Premises.** Franchisor will, as it deems appropriate in its sole discretion, conduct inspections and/or audits of the Franchised Business and Premises to ensure that Franchisee is operating its Franchised Business in compliance with the terms of this Agreement, the Manuals and the System standards and specifications. Such inspections may include inspections of the Premises, taking photographs and/or videotape of the Restaurant's common area, taking samples of any Approved Products for sale at the Restaurant, interviewing and surveying Franchisee's personnel and customers, inspecting any and all books and records, and conducting mystery shop services. Franchisor is not responsible for ensuring that the Franchised Business is being operated in compliance with all applicable laws and regulations.
- a. Franchisor may establish a mystery shops program ("**Mystery Shops Program**") whereby a third-party vendor will patronize the Franchised Business and grade its experience based on criteria established by Franchisor or the third-party vendor.
- b. Franchisor may also conduct quarterly service evaluations of the Franchised Business. Franchisee shall comply with any changes requested by Franchisor based on the quarterly evaluations.
- M. **Administration of Fund.** If and when established, Franchisor will administer the Fund as it deems advisable to the System in its sole discretion as described more fully in Section 9 of this Agreement.
- N. **No Assumption of Liability.** Franchisor shall not, by virtue of any approvals or advice provided to the Franchisee under this Agreement, including site selection or other approval provided under this Section 5, assume any responsibility or liability to Franchisee or to any third party to which it would not otherwise be responsible or liable. Franchisee acknowledges that any assistance (including site selection and project oversight) provided by Franchisor or its nominee in relation to the selection or development of the Premises is only for the purpose of determining compliance with System standards and does not constitute a representation, warranty, or guarantee, express, implied or collateral, regarding the choice and location of the Premises, that the development of the Premises is free of error, nor that the Franchised Business is likely to achieve any level of volume, profit or success.
- O. **Delegation of Duties.** Franchisee acknowledges and agrees that any designee, employee, or agent of Franchisor may perform any duty or obligation imposed on Franchisor by the Agreement, as Franchisor may direct.
- P. **Pre-Opening Obligations Acknowledgement.** If Franchisee believes Franchisor has failed to provide adequate pre-opening services as provided in this Agreement, Franchisee

shall notify Franchisor in writing within ninety (90) days following the opening of the Franchised Business. Absent such notice to Franchisor, Franchisee acknowledges, agrees and grants that Franchisor complied with all of its pre-opening and opening obligations set forth in this Agreement.

- Q. **Annual Conference.** Franchisor may establish and conduct an annual conference for all Doner Shack Restaurant owners and operators, and may require Franchisee to attend this conference for no more than five (5) days each year. Franchisee will be solely responsible for all expenses incurred in attending the annual conference (including any employee wages).

## 6. **DUTIES OF FRANCHISEE**

- A. **Secure a Premises.** Franchisee must secure a Premises within the Designated Territory within six (6) months of executing this Agreement, unless Franchisor agrees to an extension of time in writing. If Franchisor has designated an Approved Supplier for site selection assistance, then Franchisor may require that Franchisee use this Approved Supplier. If Franchisee is entering into a Lease for the proposed Premises, the form of Lease must be approved by Franchisor and Franchisee must ensure that the Lease contains the following terms as a condition to Franchisor's approval thereof:
1. The leased Premises will only be used as a Doner Shack Restaurant offering only the Approved Products and Services that Franchisor designates;
  2. Franchisor has the right to enter the Premises to make any modifications necessary to protect Franchisor's Proprietary Marks;
  3. Upon Franchisor's request, the landlord shall supply Franchisor with a current copy of the Lease;
  4. The landlord will notify Franchisor in writing of and upon the failure of Franchisee to cure any default by Franchisee under the Lease, and provide Franchisor with an opportunity to cure the default on behalf of Franchisee within a reasonable period of time;
  5. Franchisor will have the option, but not the obligation, to assume or renew the Lease and the occupancy of the business premises, including the right to sublease to another party operating a Doner Shack Restaurant, for all or any part of the remaining term of the Lease only if: (i) the Franchise Agreement or Lease is terminated for cause; (ii) Franchisee is in default under the Lease and, if applicable, fails to cure within the time period provided for in the Lease; (iii) Franchisee is in material default of the Franchise Agreement and fails to cure said default(s) within the applicable time period (if any) thereunder; or (iv) either the Franchise Agreement or Lease expires (and Franchisee does not renew in accordance with the respective terms of those agreements). Franchisor will not have the right to assume any Lease in the event Franchisee is relocating the Franchised Business from the Premises governed by the Lease in accordance with the terms of this Agreement. In the event Franchisor assumes the Lease under this Section, Franchisor will not be obligated to pay to the landlord past due rent, common area maintenance, and/or other charges attributable to more than one (1) month. The landlord shall give Franchisor thirty (30) days upon termination of Franchisee's

rights under the Lease to exercise this option, which Franchise must do in writing;  
and

6. The Lease may not be materially amended, assigned, or terminated without Franchisor's prior written approval.

- B. **Access to Franchisor for Inspection of Premises.** Upon the surrender of the Premises, Franchisee must conduct a physical inventory so that there is an accurate accounting of inventory, fixtures, furniture, supplies and equipment on hand, and shall provide a signed copy of this physical inventory to Franchisor as of the date of surrender of the Premises. Franchisor shall have the right to enter the Premises at its convenience and conduct said physical inventory on its own.
- C. **Compliance with Lease.** Franchisee must comply with both the Lease and any additional leasehold covenants and regulations of the building in which the Premises is located. In the event the landlord of the Premises terminates the Lease due to Franchisee's default thereunder, this termination will also constitute a material breach of this Agreement by Franchisee. In the event Franchisor provides appropriate notice as described in Section 6(A) above and assumes control of the Premises and the operation of the former Franchised Business upon the termination or expiration of the Lease, the future operation of that Restaurant by Franchisor shall not be as an agent of Franchisee and Franchisor shall not be required to account to Franchisee as a result thereof.
- D. **Construction and Build-Out.** Franchisee must complete all construction and build-out of the Premises in a manner consistent with Franchisor's System standards, specifications and any agreed-upon plans and open the Franchised Business to the public no later than twelve (12) months after the date this Agreement is executed. Franchisor may recommend that Franchisee use an Approved Supplier for construction management services. Franchisor must provide its prior written consent before Franchisee may open the Franchised Business, and Franchisor reserves the right to inspect the construction and/or build-out of the Franchised Business at any reasonable time prior to the opening date. Should Franchisee fail to open the Franchised Business for operation within the prescribed period (or, if applicable, within any extended period of time Franchisor approves in writing), this Agreement will be deemed terminated upon written notice from Franchisor to Franchisee without the necessity of further action or documentation by either party.
1. Notwithstanding anything contained in this Section, Franchisor will provide Franchisee with a reasonable extension of time not to exceed thirty (30) days to complete the build-out/construction of the Franchised Business and open to the public, provided: (i) Franchisee has already executed a lease for, or otherwise obtained, a Premises that Franchisor approves; and (ii) Franchisee notifies Franchisor of its need for such an extension no less than thirty (30) days prior to expiration of the one (1) year timeline to open and commence operations described herein.
  2. The parties further agree and acknowledge that if Franchisee is opening and operating the Franchised Business pursuant to its development obligations under an Area Development Agreement ("ADA") with Franchisor, then that ADA will control the timeline for opening and operating the Franchised Business in the event there is an inconsistency between the ADA and this Agreement. Franchisee must open and commence operations of the Franchised Business within the time period prescribed

in the development schedule set forth in the ADA (even if Franchisor does not require Franchisee to execute this Agreement until Franchisee has secured an approved Premises for the Franchised Business).

- E. **Required Licenses and Permits.** Prior to opening, Franchisee must obtain and maintain (throughout the term of this Agreement) all required licenses, permits and approvals to establish, open and operate the Franchised Business at the Premises in the Designated Territory, including all required licenses and permits related to operation of a restaurant or establishment offering food and the other Approved Products and Services provided at the Franchised Business.
- F. **Approved Products and Services.** Franchisee must only offer and sell only the Approved Products and Services at the Franchised Business. Franchisee may not offer or provide any other products/services and must not deviate from Franchisor's System standards and specification related to the manner in which the Approved Products and Services are offered and sold, unless Franchisor provides its prior written consent. Franchisor has the right to add additional, delete or otherwise modify certain of the Approved Products and Services from time to time in the Manuals and otherwise in writing, as it deems appropriate in its sole discretion. In the event of a dispute between Franchisee and Franchisor concerning Franchisee's right to carry any particular product or to offer any specific service, Franchisee will immediately remove the disputed products from inventory, remove the disputed service from those services offered at the Premises, or, if the same are not already in inventory or such services not yet being offered, will defer offering for sale such products and services pending resolution of the dispute.
- G. **Other Devices Prohibited at Premises.** Franchisee is specifically prohibited from installing, displaying, or maintaining any vending machines, gaming machines, automatic teller machines, internet kiosks, public telephones (or payphones), or any other electrical or mechanical device in the Restaurant other than those Franchisor prescribes or approves.
- H. **Fixtures, Furniture, Signs and Inventory.** Franchisee must maintain at all times during the term of this Agreement and any renewals hereof, at Franchisee's expense, the Premises and all fixtures, furnishings, signs, and inventory therein as necessary to comply with Franchisor's standards and specifications as prescribed in the Manuals or otherwise in writing. Franchisee must also make such additions, alterations, repairs, and replacements to the foregoing as Franchisor requires. Franchisor will not require Franchisee to make material renovations or refurbishments to the Premises of the Franchised Business more than once every seven (7) years, unless such renovation/refurbishment is in connection with a renewal or transfer of this Agreement. The parties agree and acknowledge, however, that the limitation set forth in the preceding sentence will not apply to any request to modify the Proprietary Marks as provided for in this Agreement. In addition, we reserve the right to require you to purchase and install a vehicle wrap approved by us for the vehicle to be used in connection with the catering services.
- I. **Compliance with Applicable Laws.** Franchisee must at all times conduct and operate the Franchised Business in accordance with all federal, state, and local laws, ordinances, and regulations applicable thereto, including any laws and regulations related to operating restaurants or businesses serving food and alcohol. Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and

functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

- J. **Required Items.** Franchisee must: (i) purchase any and all Required Items that Franchisor designates for use in connection with the Franchised Business, including without limitation, all products, supplies, inventory, fixtures, Computer System, parts, and materials required for the operation of the Franchised Business; (ii) ensure that all Required Items meet Franchisor's standards and specifications; and (iii) purchase all items Franchisor specifies from the Approved Supplier(s) that Franchise designates, which may include Franchisor or its affiliate(s). Franchisee agrees and acknowledges that Franchisor and/or its affiliates may derive revenue from the offer and sale of Required Items.
- K. **Alternative Supplier Approval.** If Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, to the extent known. Franchisee must then follow Franchisor's then-current procedure for evaluating and approving such request and pay Franchisor's then-current product/supplier evaluation fee (the "**Evaluation Fee**"). At Franchisor's request, Franchisee must also provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. If Franchisor incurs any costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, Franchisee must reimburse Franchisor for Franchisor's reasonable testing costs, regardless of whether Franchisor subsequently approves the item or supplier. Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within thirty (30) days of: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied. Franchisor may, but is not obligated to, provide Franchisee's proposed supplier with its specifications for the item that Franchisee wishes the third-party to supply, provided that third-party executes Franchisor's prescribed form of non-disclosure agreement. Each supplier that Franchisor approves must comply with Franchisor's usual and customary requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract. Franchisor may re-inspect and revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to

use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate.

- L. **Computer Issues.** Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders.
- M. **Promotional Materials Display.** Franchisee must openly and prominently display franchise promotional materials provided or designated by Franchisor and participate in any ongoing System-wide sales, specials or other promotions that Franchisor designates.
- N. **Initial Training Program.** Franchisee and each of its management personnel must attend and successfully complete the Initial Training Program prior to opening the Franchised Business, and pay Franchisor the appropriate additional training fees for any additional person(s) that attend the program other than the first two (2) individuals. Franchisee must also cover all costs associated with personnel of Franchisee attending the Initial Training Program. Franchisee must also complete any additional or refresher training the Franchisor is permitted to require Franchisee to attend each year, and Franchisee must attend Franchisor's annual conference if conducted.
- O. **Training of Employees.** Franchisee or at least one (1) of Franchisee's personnel that has successfully completed the Initial Training Program must conduct training classes for, and properly train, all of Franchisee's employees on sales, advertising, maintenance of the Premises, the POS and computer system, as well as any other information that is relevant to each employee's role with the Franchised Business, including Franchisor's standards and specifications for operating the Franchised Business, as Franchisor may set forth in the Manuals or otherwise in writing. Further, at least one person that has completed the Initial Training Program must manage the Franchised Business at all times.
- P. **Hours of Operation.** Franchisee shall keep the Franchised Business open and in normal operation for such minimum hours and days as Franchisor may prescribe in the Manuals or otherwise in writing, and must ensure that the Franchised Business is sufficiently staffed.
- Q. **Image.** Franchisee shall maintain the image of the Franchised Business at all times in accordance with Franchisor's standards and specifications, including: (i) ensuring that the Premises is maintained in a clean and orderly manner; and (ii) ensuring that all equipment, furniture and fixtures remain in good, clean condition and is properly displayed. Franchisor may require Franchisee to refurbish, renovate and/or otherwise substantively modify the interior of the Franchised Business, including the furniture, fixtures and equipment used at the Premises, no more than once every ten (10) years (unless the change is required in connection with a renewal or transfer of this Agreement) so that the Premises and Franchised Business conform with Franchisor's then-current System standards and specifications for a new DONER SHACK Restaurant.
- R. **Promotional/Maximum Prices; Pricing Guidelines.** To the extent permitted under applicable law, Franchisee must follow Franchisor's general pricing guidelines, including any promotional or maximum prices set by Franchisor for a particular Approved Product or Service. As an independent contractor, however, Franchisee may exercise flexibility in meeting competition, offering specials, and adapting to local market conditions. Franchisor

may request information from Franchisee that has been used to substantiate any reduction in pricing to meet market conditions.

- S. **Operation of Franchised Business and Customer Service.** Franchisee will be responsible for the day-to-day operation of the business. Franchisee shall manage and operate the Franchised Business in an ethical and honorable manner, and must ensure that all those working at the Franchised Business provide courteous and professional services to customers and always keep its customers' interests in mind while protecting the goodwill of the Proprietary Marks, System and the Franchised Business. Franchisee must handle all customer complaints and requests for returns and adjustments in a manner consistent with Franchisor's standards and specifications, and in a manner that will not detract from the name and goodwill enjoyed by Franchisor. Franchisee must consider and act promptly with respect to handling of customer complaints, and implement complaint response procedures that Franchisor outlines in the Manuals or otherwise in writing.
- T. **Access to Restaurant.** To determine whether Franchisee is complying with this Agreement, Manuals and the System, Franchisor and its designated agents or representatives may at all times and without prior written notice to Franchisee: (i) inspect the Premises; (ii) observe and monitor the operation of the Franchised Business for consecutive or intermittent periods as Franchisor deems necessary; (iii) interview personnel and customers of the Franchised Business; and (iv) inspect, audit and/or copy any books, records, and agreements relating to the operation of the Franchised Business, including all financial information. Franchisee agrees to cooperate with Franchisor fully in connection with these undertakings by Franchisor (if taken). If Franchisor exercises any of these rights, Franchisor will not interfere unreasonably with the operation of the Franchised Business.
- U. **Personal Participation by Franchisee.** Franchisee must personally participate in the direct management operation of the Franchised Business on a full-time basis, unless Franchisee engages a Designated Manager that Franchisor approves in writing to manage the day-to-day operations of the Franchised Business when Franchisee is not present. If Franchisee designates a manager at any time, that manager must successfully complete the Initial Training Program prior to assuming any management responsibilities in connection with the Franchised Business. Regardless, Franchisee is solely responsible for all aspects of the operation of the Franchised Business and ensuring that all the terms, conditions, and requirements contained in this Agreement and in the Manuals are met and kept.
- V. **Credit Cards.** Franchisee must accept credit cards at the Premises to facilitate sales, including Visa, MasterCard, American Express, Discover, and any other major credit cards designated by Franchisor.
- W. **Payments to Franchisor.** Franchisee agrees to promptly pay Franchisor all payment and contributions that are due to Franchisor, its affiliates or any Approved Supplier.
- X. **Employment Decisions.** Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. Franchisee's employees must be competent, conscientious, and properly trained.

## 7. PROPRIETARY MARKS AND OTHER INTELLECTUAL PROPERTY RIGHTS

- A. **Ownership of Proprietary Marks.** Franchisee acknowledges exclusive ownership and/or right to use the Proprietary Marks by Franchisor, and Franchisee agrees that during the term of this Agreement and after its expiration or termination Franchisee will not directly or indirectly contest or aid in contesting the validity of the Proprietary Marks or the ownership or rights of the Proprietary Marks by Franchisor. Furthermore, Franchisee intends and hereby concedes that any commercial use Franchisee may make of the Proprietary Marks shall contribute and inure to the commercial use and benefit of Franchisor, which Franchisor may claim to strengthen and further secure ownership of the Proprietary Marks.
- B. **Permitted Use.** It is understood and agreed that the use by Franchisee of Franchisor's Proprietary Marks applies only in connection with the operation of the Franchised Business at the Premises, and includes only such Proprietary Marks as are now designated, or which may hereafter be designated in the Manuals or otherwise in writing as part of the System (which might or might not be all of the Proprietary Marks pertaining to the System owned by the Franchisor), and does not include any other mark, name, or indicia of origin of Franchisor now existing or which may hereafter be adopted or acquired by Franchisor.
- C. **Use of Proprietary Marks in Advertising and Signage.** To develop and maintain high, uniform standards of quality and service and thereby protect Franchisor's reputation and goodwill, as well as that of the System, Franchisee agrees to:
1. Operate and advertise the Franchised Business only under the Proprietary Marks authorized by Franchisor as specified in this Agreement or the Manuals;
  2. Maintain and display signage and advertising bearing the Proprietary Marks that reflects the current commercial image of the System and, upon notice from Franchisor, to immediately discard and cease use of Proprietary Marks or other imagery that has become obsolete and no longer authorized by Franchisor.
  3. Upon Franchisor's request, Franchisee hereby covenants and agrees that it will affix in a conspicuous location in or upon the Premises, a sign containing the following notice: "This business is owned and operated independently by (*name of franchisee*) who is an authorized licensed user of the trademark, DONER SHACK™, under a license agreement with Doner Shack Franchising, LLC."
- D. **Proprietary Marks are Sole Property of Franchisor.** Franchisee acknowledges that the Proprietary Marks, System, Manual, and all other information and items delivered to Franchisee by Franchisor pursuant to this Agreement or in furtherance of the System, including without limitation, video and audio tapes or disks, information communicated by electronic means, and intellectual property, are the sole and exclusive property of Franchisor, and Franchisee's right to use the same are contingent upon Franchisee's continued full and timely performance under this Agreement. Franchisee acknowledges it acquires no rights, interests, or claims to any of said property, except for Franchisee's rights to use the same under this Agreement for the term hereof and strictly in the manner prescribed. Franchisee agrees that it will not, during the term of this Agreement or any time thereafter, contest or challenge the sole and exclusive proprietary rights of Franchisor (and, if appropriate, Franchisor's affiliates) to the Proprietary Marks, System, Manuals, special

recipes, ingredients, menu items, and other information, intellectual property, and items delivered or provided or to which Franchisee obtains access under this Agreement, nor shall Franchisee claim any proprietary interest in such property. Franchisee agrees that it will not adopt, display, attempt to register or otherwise use any names, marks, insignias, or symbols in any business that are or may be confusingly similar to the Proprietary Marks licensed under this Agreement.

- E. **Legal Action Involving Proprietary Marks**. Furthermore, Franchisee agrees to cooperate with and assist Franchisor in connection with any legal action brought by or against either of them regarding the protection and preservation of the Proprietary Marks, System, or the Manuals, special recipes, ingredients, menu items, and other information and intellectual property delivered to Franchisee or used by Franchisee under this Agreement.
- F. **Confidential Information**. Franchisee agrees that all documents, papers, notes, and other materials, as well as work products containing or derived from the proprietary information or from the knowledge of, or in connection with, the operation of the Franchised Business, will be Confidential Information (as defined in this Agreement) that is the exclusive property of Franchisor. Franchisee agrees that it will have no proprietary interest in any work product developed or used by it that arises out of the operation of the Franchised Business. Franchisee will, from time to time as may be requested by Franchisor, do all things that may be necessary to establish or document Franchisor's ownership of any such work product, including without limitation, the execution of assignments.
- G. **Improvements**. Franchisee agrees to disclose promptly to Franchisor any and all inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by Franchisee or its employees or agents that are in any way related to the establishment or operation of the Franchised Business (collectively, the "**Improvements**"), all of which shall be automatically and without further action owned by Franchisor without compensation to Franchisee (including all intellectual property rights therein). Whenever requested to do so by Franchisor, Franchisee will execute any and all applications, assignments, or other instruments that Franchisor may deem necessary to apply for and obtain intellectual property protection or to otherwise protect Franchisor's interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. If a court should determine that Franchisor cannot automatically own certain of the Improvements that may be developed, then Franchisee hereby agrees to grant Franchisor a perpetual, royalty-free worldwide license to use and sublicense others to use such Improvements.
- H. **No Representations/Warranties**. The parties agree and acknowledge that, except as provided in this Agreement, Franchisor does not make any representations or warranties regarding the Proprietary Marks or System.
- I. **Modification or Substitution of Marks by Franchisor**. If in Franchisor's reasonable determination, the use of Proprietary Marks in connection with the System will infringe or potentially infringe upon the rights of any third party, weakens or impairs Franchisor's rights in the Proprietary Marks, or it otherwise becomes advisable at any time in Franchisor's sole discretion for Franchisor to modify, discontinue, or to use one (1) or more additional or substitute trade or service Proprietary Marks then upon notice from Franchisor, Franchisee will terminate or modify, within a reasonable time, such use in the manner prescribed by Franchisor. If Franchisor changes the Proprietary Marks in any manner, Franchisor will not reimburse Franchisee for any out-of-pocket expenses that

Franchisee incurs to implement such modifications or substitutions. Franchisor is not obligated to reimburse Franchisee for any loss of goodwill or revenue associated with any modified or discontinued Proprietary Mark or good offered, nor is Franchisor responsible for reimbursing Franchisee for any other costs or damages

- J. **Modification or Substitution of Proprietary Marks by Franchisee.** Franchisee agrees not to make any changes or amendments whatsoever in or to the use of the Proprietary Marks unless directed by Franchisor in writing.
- K. **Cease Use of Marks on Termination/Non-Renewal.** Upon termination or expiration and non-renewal of this Agreement, Franchisee agrees to immediately cease use, in any manner whatsoever, of any of the Proprietary Marks or any other Proprietary Marks or trade names that may be confusingly similar to the Proprietary Marks.
- L. **Disconnection of Telephone Number upon Termination/Renewal.** Franchisee acknowledges that there will be substantial confusion among the public if, after the termination or expiration and non-renewal of this Agreement, Franchisee continues to use advertisements and/or the telephone number listed in the telephone directory or online under the name Doner Shack or any name similar to it. Thus, effective upon the termination or expiration and non-renewal of this Agreement, Franchisee agrees to direct the telephone company servicing Franchisee, per Franchisor's request, to disconnect the telephone number used in connection with the Franchised Business or transfer such number to Franchisor or to any person or location of Franchisor's choosing. If Franchisee fails to take these steps, Franchisee shall be deemed to have hereby irrevocably appointed Franchisor as Franchisee's attorney-in-fact for purposes of directing and accomplishing such transfer. Franchisee hereby agrees to release, indemnify, and hold such companies harmless from any damages or loss as a result of following Franchisor's instructions.
- M. **Non-Exclusive Use of Proprietary Marks.** Franchisee understands and agrees that its right to use the Proprietary Marks is non-exclusive, that Franchisor in its sole discretion has the right to grant licenses to others to use the Proprietary Marks and obtain the benefits of the System in addition to the licenses and rights granted to Franchisee under this Agreement, and that Franchisor may develop and license other trademarks or service marks in conjunction with systems other than the System on any terms and conditions as Franchisor may deem advisable where Franchisee will have no right or interest in any such other trademarks, licenses, or systems.
- N. **Acknowledgements.** With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee acknowledges and agrees that:
1. Franchisee shall not use the Proprietary Marks as part of Franchisee's corporate or any other business name, domain name, e-mail address or any social media or social networking profile/page;
  2. Franchisee shall not hold out or otherwise use the Proprietary Marks to perform any activity or incur any obligation or indebtedness in such a manner as might in any way make Franchisor liable therefor without Franchisor's prior written consent; and

3. Franchisee shall execute any documents and provide such other assistance deemed necessary by Franchisor or its counsel to obtain protection for Proprietary Marks or to maintain the continued validity of such Proprietary Marks.
- O. **No Unauthorized Use.** Franchisee acknowledges that the use of the Proprietary Marks outside the scope of this license without Franchisor's prior written consent is an infringement of Franchisor's exclusive right to use the Proprietary Marks and, during the term of this Agreement and after the expiration or termination hereof, Franchisee covenants not to directly or indirectly commit an act of infringement, contest or aid in contesting the validity or ownership of Franchisor's Proprietary Marks, or take any other action in derogation thereof.
- P. **Notification of Infringement.** Franchisee shall notify Franchisor within five (5) calendar days of any suspected infringement of, or challenge to, the validity of the ownership of, or Franchisor's right to use, the Proprietary Marks licensed hereunder. Franchisee will not communicate with any persons other than Franchisor or Franchisor's legal counsel in connection with any such infringement, challenge, or claim. Franchisee acknowledges that Franchisor has the right to control any administrative proceeding or litigation involving the Proprietary Marks. In the event Franchisor undertakes the defense or prosecution of any litigation relating to the Proprietary Marks, Franchisee agrees to execute any and all documents and to do such acts and things as may be necessary in the opinion of counsel for Franchisor to carry out such defense or prosecution.
- Q. **Indemnification Regarding Marks.** Franchisor will indemnify and defend Franchisee against any third-party claim brought against Franchisee that arises solely out of Franchisee's authorized use of the Proprietary Marks licensed under this Agreement in connection with the Franchised Business, provided: (i) such use is in full compliance with Franchisor's standards and specifications; and (ii) Franchisee notifies Franchisor in writing of this third-party claim within three (3) calendar days of receiving notice or otherwise learning of the claim. Franchisor will have complete control over the defense and, if appropriate, settlement negotiations and resolution regarding the claims described in this Section, including the right to select legal counsel Franchisor deems appropriate. Franchisee must fully cooperate with Franchisor in connection with Franchisor's defense or settlement of any third-party claim that Franchisor determines to take control of under this Section 7. Notwithstanding anything in this Section to the contrary, Franchisor's liability under this Section shall be limited to no more than the Initial Franchise Fee paid under this Agreement.
- R. **Other Obligations of Franchisee.** In addition to all other obligations of Franchisee with respect to the Proprietary Marks licensed herein, Franchisee agrees:
1. To feature and use the Proprietary Marks solely in the manner prescribed by Franchisor and not use the Proprietary Marks on the internet except as approved in writing by Franchisor; and
  2. To observe all such requirements with respect to service mark, trademark and copyright notices, fictitious name registrations, and the display of the legal name or other identification of Franchisee as Franchisor may direct in writing from time to time.

## 8. OPERATIONS MANUALS AND CONFIDENTIAL INFORMATION

- A. **Compliance with Manuals.** In order to protect the reputation and goodwill of Franchisor and the System, and to maintain uniform standards of operation under Franchisor's Proprietary Marks, Franchisee shall conduct the Franchised Business in strict accordance with Franchisor's Manuals.
- B. **Control of the Franchised Business.** Franchisee acknowledges the Manuals provided by Franchisor to Franchisee is intended to protect Franchisor's standards, systems, names, and marks and is not intended to control day-to-day operation of Franchisee's business. Franchisee further acknowledges and agrees that the Franchised Business will be under the control of the Franchisee at all times.
- C. **Confidential Information.** In connection with the operation of the Franchised Business, Franchisee will from time to time become acquainted with, work with, and even generate certain information, procedures, techniques, data, special recipes, ingredients, menu items, and materials that are and, by this Agreement, will become proprietary to Franchisor. Franchisee and all persons signing this Agreement agree to keep confidential any of Franchisor's trade secrets or proprietary information as defined below and will not use such for its or their own purpose or supply or divulge same to any person, firm, association, or corporation except as reasonably necessary to operate the Franchised Business.
- D. **Trade Secrets and Confidential Information.** The confidentiality requirements set forth in the preceding paragraph will remain in full force and effect during the term of this Agreement and in perpetuity after its termination or expiration and non-renewal. Franchisor's trade secrets and proprietary/confidential information include the following:
1. The Manuals, as well as information related to the following: (i) site-selection criteria for Restaurants; (ii) methods, techniques and trade secrets for use in connection with the System for the establishment and operation of a Restaurant; (iii) marketing research and promotional, marketing and advertising programs for the Franchised Business and Restaurants generally; (iv) knowledge of specification for and suppliers of, and methods of ordering, certain products, fixtures, furnishings, equipment and inventory used at the Franchised Business and Restaurants generally; (v) knowledge of the operating results and financial performance of any Restaurant utilizing the System; (vi) customer communication and loyalty programs, along with data used or generated in connection with those programs; (vii) Franchisor's other instructional manuals, as well as any training materials and information Franchisor has developed for use in connection with the System; (viii) information regarding the development of the Proprietary Marks; (ix) information generated by, or used or developed in, the operation of the Franchised Business, including customer names, addresses, telephone numbers and any other information contained in the Franchised Business's computer system; and (x) the design, build-out and any construction/remodeling plans for the interior and exterior of the Franchised Business and Restaurants generally;
  2. The special recipes, ingredients, menu items, and storage/preparation/cooking/presentation techniques and methodology associated with the Approved Products; and

3. Any other information that may be imparted to Franchisee from time to time and designated by Franchisor as confidential (collectively, the “**Confidential Information**”).
- E. **Confidential Information as Property of Franchisor.** Franchisee acknowledges and agrees that the Confidential Information and any business goodwill of the Franchise are Franchisor’s sole and exclusive property and that Franchisee will preserve the confidentiality thereof. Upon the termination or expiration and non-renewal of this Agreement, all items, records, documentation, and recordings incorporating any Confidential Information will be immediately turned over by Franchisee, at Franchisee’s sole expense, to Franchisor or to Franchisor’s authorized representative.
- F. **Information Not Proprietary.** Excepted from Confidential Information for purposes of non-disclosure to any third parties by Franchisee and/or its Restricted Persons (as hereinafter defined) is information that:
1. Becomes publicly known through no wrongful act of Franchisee or Restricted Persons; or
  2. Is known by Franchisee or Restricted Persons without any confidential restriction at the time of the receipt of such information from Franchisor or becomes rightfully known to them without confidential restriction from a source other than Franchisor.
- G. **Reasonable Efforts to Maintain Confidentiality.** Franchisee shall at all times treat the Confidential Information as confidential and shall use all reasonable efforts to keep such information secret and confidential. The Manuals must remain at the Premises and be kept in a secure location, under lock and key, except when it is being studied by Franchisee or Franchisee’s employees. Franchisee shall not, at any time without Franchisor’s prior written consent, copy, scan, duplicate, record, distribute, disseminate, or otherwise make the Manuals available to any unauthorized person or entity, in whole or in part.
- H. **Prevention of Unauthorized Use or Disclosure.** Franchisee shall adopt and implement all reasonable procedures as Franchisor may prescribe from time to time to prevent the unauthorized use or disclosure of any of the Confidential Information. Franchisee must ensure and require that all of its officers, agents, directors, shareholders, trustees, beneficiaries, partners, employees, spouses of employees, and independent contractors who may obtain or who are likely to obtain knowledge concerning the Confidential Information (collectively, “**Restricted Persons**”) execute Franchisor’s prescribed form of confidentiality agreement that will be in substantially the same form attached to this Agreement as Exhibit E (the “**Confidentiality and Non-Competition Agreement**”). Franchisee must obtain a signed copy of the Confidentiality and Non-Competition Agreement from any such person prior to, or at the same time of, that person undertaking its role and/or employment or association with Franchisee or the Franchised Business. Franchisee’s spouse or significant other shall also be bound by the same requirement and shall sign the same Confidentiality and Non-Competition Agreement. Franchisee must provide Franchisor with a copy of each signed Confidentiality and Non-Competition Agreement within ten (10) days of Franchisor’s request.

- I. **Loan of Manuals.** Franchisor will loan one (1) copy of the Manuals to Franchisee. The Manuals shall at all times remain the sole property of Franchisor and must be returned to Franchisor upon termination or expiration and non-renewal of this Agreement.
- J. **Modification of Manuals.** In order for Franchisee to benefit from new knowledge, information, methods, and technology adopted and used by Franchisor in the operation of the System, Franchisor may from time to time revise the Manuals, and Franchisee agrees to adhere to and abide by all such revisions (at its expense). Franchisee agrees at all times to keep its copy of the Manuals current and up-to-date. In the event of any dispute as to the contents of Franchisee's Manual, the terms of the master copy of the Manuals maintained by Franchisor at its home office shall be controlling. Out-of-date pages must be returned to Franchisor immediately upon replacement. Franchisor may provide any supplements, updates or revisions to the Manuals via the Internet, email, the System-wide intranet/extranet or any other electronic or traditional mediums it deems appropriate.

## 9. **ADVERTISING**

- A. **Advertising and Sales Promotion Programs.** Franchisor may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all or some of the Doner Shack Restaurants operating under the System. Franchisee must participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor for each program. In all aspects of these programs, including without limitation, the type/quantity/timing/placement and choice of media, and market areas and advertising agencies, the System standards and specifications established by Franchisor shall be final and binding upon Franchisee. Franchisor may also request that Franchisee purchase and/or make copies of (and Franchisee's expense) and subsequently use certain other advertising or promotional materials that Franchisor designates for use in connection with the Franchised Business.
- B. **Approval for all Advertising/Promotional Materials.** All advertising and promotion by Franchisee in any medium must be conducted in a professional manner and shall conform to Franchisor's standards and requirements as set forth in the Manuals or otherwise. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the twelve (12) months prior to their proposed use. Franchisee must submit unapproved plans and materials to Franchisor, and Franchisor will have thirty (30) days to notify Franchisee of its approval or disapproval of such materials. If Franchisor does not provide its specific approval of the proposed materials within this thirty (30) day period, the proposed materials will be deemed rejected. Any plans and materials that Franchisee submits to Franchisor for its review will become Franchisor's property and there will be no restriction on Franchisor's use or dissemination of such materials. Franchisor may revoke its approval of any previously-approved advertising materials upon notice to Franchisee. Franchisor reserves the right to require Franchisee to include certain language on all advertising to be used locally by Franchisee or to be used by a Cooperative, including, but not limited to, the phrase "Franchises Available" and references to Franchisor's telephone number and/or website.
- C. **Grand Opening Advertising.** Franchisee must spend ten thousand dollars (10,000) to promote and advertise the grand opening of the Franchised Business within the Designated Territory, which must be expended during the time period beginning approximately thirty

(30) days prior to the opening of the Franchised Business through the first sixty (60) days following the opening of the Franchised Business (the “**Grand Opening Advertising Requirement**”). If Franchisor does not approve of Franchisee’s proposed campaign, Franchisor has the right to collect the Grand Opening Advertising Requirement and implement an advertising campaign on Franchisee’s behalf (as Franchisor deems appropriate).

D. **Local Advertising Requirement.** In addition to Grand Opening Advertising, Franchisee must expend a minimum of two percent (2%) of Gross Sales each month the Franchised Business is open and operating on advertising and marketing the Franchised Business within the Designated Territory (the “**Local Advertising Requirement**”).

1. Upon Franchisor’s request, Franchisee must provide Franchisor with invoices or other proof of its monthly expenditures on local advertising and marketing.
2. Franchisee must ensure that: (i) the Franchised Business has a dedicated phone line for use in connection with the Franchised Business only (and no other business, including any other Doner Shack franchise); (ii) the Franchised Business is listed in the appropriate Internet-based directories that Franchisor designates.
3. Franchisee may not advertise and promote the Franchised Business outside of the Designated Territory, unless (a) the geographic area wherein Franchisee wishes to advertise is contiguous to the Designated Territory and that area has not been granted to any other Doner Shack location or Doner Shack franchisee/developer, or (b) Franchisor otherwise provides its prior written consent in writing.

E. **Advertising and Marketing Fund.** Franchisor has established a System-wide brand Fund designed to promote the System, Proprietary Marks and Doner Shack brand generally. Franchisee is required to contribute to this Fund on a weekly basis in an amount equal to up to two percent (2%) of the Gross Sales of the Franchised Business as described in Section 4. All payments by Franchisee to the Fund are non-refundable upon payment, and Franchisor will account separately for all sums paid to the Fund. The Fund will be maintained and administered by Franchisor or Franchisor’s designee as follows:

1. Franchisor will use Fund and all contributions to it and any earnings on it, exclusively for preparing, directing, conducting, placing, and administering advertising, marketing, public relations, and/or promotional programs and materials, and any other activities, that Franchisor believes would enhance the image of the System, Proprietary Marks, and Approved Products or Services.
2. Franchisor is not obligated to spend monies from the Fund in any particular Franchisee’s market in proportion to the payments to the Fund made by the Franchisee in that market. Franchisor does not represent that it will spend any particular amount of advertising funds locally, regionally, or nationally.
3. The Fund may be used to meet any and all costs of maintaining, administering, directing, and preparing advertising. This includes, among other things, direct mail advertising, marketing surveys and other public relations activities, developing and maintaining the Franchisor’s Website, employing advertising and public relations agencies, purchasing promotional items, and providing other marketing materials and services to the Doner Shack Restaurants operating under the System. These

costs may include the proportionate salary share of Franchisor's employees that devote time and render services for advertising and promotion or the administration of the Fund, including administrative costs, salaries, and overhead expenses related to administering the Fund and its programs. No part of the Fund shall be used by Franchisor to defray any of its general operating expenses, other than those reasonably allocable to the advertising described in this Section or other activities reasonably related to the administration or direction of the Fund.

4. Franchisor shall administratively segregate all contributions to the Fund on its books and records. All such payments to the Fund may be deposited in Franchisor's general operating account, may be commingled with Franchisor's general operating funds, and may be deemed an asset of Franchisor, subject to Franchisor's obligation to expend the monies in the Fund in accordance with the terms hereof. Franchisor may, in its sole discretion, elect to accumulate monies in the Fund for such periods of time, as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during that fiscal year. In the event Franchisor's expenditures for the Fund in any one (1) fiscal year shall exceed the total amount contributed to the Fund during such fiscal year, Franchisor shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Fund or to use such excess as a credit against its future contributions. The parties do not intend that the Fund be deemed a trust.
  5. Franchisor shall, on an annual basis, account for the operation of the Fund and prepare an unaudited financial statement evidencing such accounting, which will be available to Franchisee upon its written request ninety (90) days after the Franchisor's fiscal year end. Franchisor will not be required to provide an audit with respect to the Fund, and Franchisor may dissolve the Fund at any time after it is established.
- F. **Advertising Council.** Franchisor may establish, if and when it deems appropriate in its sole discretion, a council to provide advice and guidance regarding the administration of the Fund and various other advertising/marketing matters (an "Advertising Council"). If Franchisor establishes an Advertising Council, it may serve in only an advisory capacity and may consist of franchisees, personnel from Franchisor's affiliate-owned Restaurants, or other management/employees that Franchisor designates. If an Advertising Council is established, the membership of such Advertising Council, along with the policies and procedures by which it operates, will be determined by Franchisor. The recommendations of the Advertising Council shall not be binding on Franchisor.
- G. **Website.** Franchisor may establish an interior page on its corporate website to display the Premises and contact information associated with the Franchised Business for so long as (i) the Franchised Business is open and actively operating, and (ii) this Agreement is not subject to termination. Franchisee may not establish any separate website or other Internet presence in connection with the Franchised Business, System or Proprietary Marks without Franchisor's prior written consent. If approved to establish a separate website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such website. Franchisee specifically acknowledges and agrees that any website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval as described in this Section 9. Franchisee may

not promote or otherwise list its Franchised Business, or the Proprietary Marks or System, on any social media or networking site, including without limitation, Facebook, LinkedIn, Instagram, Pinterest, Twitter or YouTube, without Franchisor's prior written consent. Franchisor shall have the right to modify the provisions of this Section relating to Franchisee's use of separate websites and social media, as Franchisor determines necessary or appropriate.

- H. **Cooperatives.** Franchisor may establish regional advertising cooperatives that are comprised of multiple Restaurant owners located within a geographical region that Franchisor designates (each, a "**Cooperative**"). If Franchisor establishes a Cooperative and designates Franchisee as a member thereof, Franchisee may be required to contribute to the Cooperative in an amount not to exceed Franchisee's Local Advertising Requirement each month. All amounts paid to a Cooperative will be credited towards Franchisee's Local Advertising Requirement. Franchisor shall have the right to specify the governing rules, terms and operating procedures of any Cooperative.

## 10. **ACCOUNTING AND RECORDS**

- A. **Maintenance of Records.** Franchisee must, in a manner satisfactory to Franchisor and in accordance with generally accepted accounting principles, maintain original, full, and complete register tapes, computer files, back-up files, other records, accounts, books, data, licenses, contracts, and product vendor invoices which shall accurately reflect all particulars relating to the Franchised Business, as well as other statistical and financial information and records Franchisor may require. All of this information must be kept for at least three (3) years, even if this Agreement is no longer in effect. Upon Franchisor's request, Franchisee must furnish Franchisor with copies of any or all product or equipment supply invoices reflecting purchases by or on behalf of the Franchised Business. In addition, Franchisee shall compile and provide to Franchisor any statistical or financial information regarding the operation of the Franchised Business, the products and services sold by it, or data of a similar nature, including without limitation, any financial data that Franchisor believes that it needs to compile or disclose in connection with the sale of franchises or that Franchisor may elect to disclose in connection with the sale of franchises. All data provided to the Franchisor under this Section 10 shall belong to Franchisor and may be used and published by Franchisor in connection with the System (including in Franchisor's disclosure documents).
- B. **Examination and Audit of Records.** Franchisor and its designated agents shall have the right to examine and audit Franchisee's records, accounts, books, computer files, and data at all reasonable times to ensure that Franchisee is complying with the terms of this Agreement. If such audit discloses that Franchisee has underreported the Gross Sales of the Franchised Business or any amount due to Franchisor by two percent (2%) or more in any given reporting period (weekly, monthly or otherwise), then Franchisee must: (i) reimburse Franchisor any costs/expenses incurred in connection with conducting the inspection and audit; and (ii) pay any amount due and owing Franchisor as a result of Franchisee's underreporting, along with any accrued interest on said amounts.
- C. **Computer System for Records.** Franchisee shall record all transactions and Gross Sales of the Franchised Business on a Computer System that is approved by Franchisor, which must contain software that allows Franchisee to record accumulated sales without turning back, resetting or erasing such sales. Franchisor will, at all times and without notice to

Franchisee, have the right to independently and remotely access and view Franchisee's Computer System as described in Section 4 of this Agreement.

- D. **Computer System Files and Passwords.** Franchisee will not install or load any computer software on the hard disks of the Computer System used in connection with the Franchised Business without Franchisor's prior written consent. All computer and file passwords associated with the Computer System must be supplied as a list to Franchisor by Franchisee, along with any modifications or changes to that list. The passwords to access the Computer System located at the Premises or used by the Franchised Business, as well as all computer files and records related to the Franchised Business, are the exclusive property of Franchisor and Franchisee must provide Franchisor with these files and information upon the termination or expiration of this Agreement.
- E. **Current Contracts, Listings and Projects.** At any time and upon request of Franchisor, Franchisee shall provide Franchisor with a copy or summary listing, at Franchisor's discretion, of all current contracts, listings, agreements, and projects that Franchisee is involved in or working with.
- F. **Tax Returns.** Upon Franchisor's request, Franchisee shall furnish the Franchisor with a copy of each of its reports, returns of sales, use and gross receipt taxes, and complete copies of any state or federal income tax returns covering the operation of the Franchised Business, all of which Franchisee shall certify as true and correct.
- G. **Required Reports.** Franchisee must provide Franchisor with the following reports and information, all of which must be certified as true and correct by Franchisee and in the form and manner prescribed by Franchisor: (i) a signed Gross Sales Report as described more fully in Section 4 of this Agreement by Sunday of each week; (ii) on or before the twentieth (20<sup>th</sup>) of each month, an unaudited profit and loss statement for the Franchised Business for the preceding calendar month; (iii) within sixty (60) days of each calendar quarter, an unaudited balance sheet reflecting the financial position of the Franchised Business as of the end of that calendar quarter; (iv) within sixty (60) days of Franchisor's request, a financial statement that details the total assets and liabilities of the Franchised Business (and, if appropriate Franchisee and personal guarantors under this Agreement); (v) within ninety (90) days after the close of each fiscal year of Franchisee, financial statements which shall include a statement of income and retained earnings and a balance sheet of the Franchised Business, all as of the end of such fiscal year; and (vi) any other financial information or performance metrics of the Franchised Business that Franchisor may reasonably request.
- H. **Right to Require Audit if Franchisee Underreports.** In the event a prior audit or inspection conducted by Franchisor (or its designee) has revealed that Franchisee has underreporting the Gross Sales of the Franchised Business by two percent (2%) or more for any reporting period as described in Section 10(B), then Franchisor may require Franchisee to provide, at the Franchisee's expense, audited financial statements that comply with GAAP and GAAS for Franchisee's fiscal year within one hundred twenty (120) days of Franchisee's fiscal year end.
- I. **Change to Ownership of Franchisee.** In addition to the foregoing statements, Franchisee must provide Franchisor with written reports regarding any authorized change to: (i) the listing of all owners and other holders of any type of interest (legal or beneficial) in Franchisee or the Franchised Business; and (ii) Franchisee's partners, officers, directors,

as well as any of the Designated Managers that manage the day-to-day operations of the Franchised Business. Franchisee will notify Franchisor in writing within ten (10) days after any such change, unless Franchisor is required to first notify Franchisor and obtain its approval prior to making any such change.

## 11. INSURANCE AND INDEMNIFICATION

- A. **Required Insurance.** Franchisee shall, at its own expense and no later than the earlier of (a) the date on which Franchisee uses any of the Proprietary Marks, or (b) the date Franchisee begins building out the Premises, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance enumerated in the Manuals or otherwise in writing (whether the Franchised Business is open or not). This insurance shall be in such amounts Franchisor or the lessor of the Premises designates from time to time.

Franchisee must buy insurance only from carriers rated A-VIII or better by A.M. Best and Company, Inc. (or similar criteria as Franchisor periodically specifies), unless Franchisor designates specific carriers from which Franchisee must purchase coverage (in which case Franchisee may only purchase from the designated carrier(s)). Franchisor may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. All insurance policies Franchisee purchases must name Franchisor and any affiliate Franchisor designate as additional insureds, and provide for thirty (30) days' prior written notice to Franchisor of a policy's material modification or cancellation. The cost of Franchisee's premiums will depend on the insurance carrier's charges, terms of payment, and Franchisee's insurance and payment histories. Franchisee shall make timely delivery of certificates of all required insurance to Franchisor, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days' prior written notice to Franchisor. The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to Franchisor under any indemnity requirement of this Agreement.

- B. **Failure to Procure and Maintain Insurance.** If Franchisee fails for any reason to procure and maintain the required insurance coverage, Franchisor has the right and authority (without having any obligation to do so) to immediately procure such insurance coverage, in which case Franchisee must: (i) reimburse Franchisor for the costs incurred to obtain the required insurance (including any premium amounts paid); and (ii) pay Franchisor its then-current administrative fee, as may be reasonably charged by Franchisor as consideration for securing the required insurance on Franchisee's behalf.
- C. **Indemnification.** Franchisee, as a material part of the consideration to be rendered to Franchisor, agrees to indemnify, defend and hold Franchisor, as well as Franchisor's directors, officers, principals/owners, managers, shareholders, affiliates, subsidiaries, employees, servants, agents, successors and assignees (collectively, the "**Indemnitees**"), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "**Claims**") that arise out of or are otherwise related to Franchisee's ownership, construction, management, or operation of the Franchised Business in any manner. Notwithstanding the foregoing, at Franchisor's option, Franchisor may choose to engage

counsel and defend against any such Claim and may require immediate reimbursement from the Franchisee of all expenses and fees incurred in connection with such defense.

## 12. INDEPENDENT CONTRACTOR

- A. **No Fiduciary Relationship.** In all dealings with third parties, including without limitation, employees, suppliers, and customers, Franchisee shall disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Agreement is intended by the parties hereto either to create a fiduciary relationship between them or to constitute the Franchisee an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of Franchisor for any purpose whatsoever.
- B. **Independent Contractor Relationship.** It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation or to create any obligation on behalf of Franchisor. Upon Franchisor's request, Franchisee must display a sign in its Franchised Business displaying the following phrase (or something similar): "This DONER SHACK Restaurant is independently owned and operated pursuant to a license agreement." Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractor.

## 13. TRANSFER AND ASSIGNMENT

- A. **Franchisee Right to Transfer.** Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in this Agreement or the Franchised Business (or undertake any of the actions identified in Section 13(C) of this Agreement) without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.
- B. **Death or Disability.**
1. In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's principals/owners/guarantors), Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable, will have the right to continue the operation of the Franchised Business as "Franchisee" under this Agreement if: (i) within ninety (90) days from the date of death, disability or incapacity (the "**90 Day Period**"), such person has obtained Franchisor's prior written approval and has executed Franchisor's then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company Franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.

2. Franchisor is under no obligation to operate the Franchised Business, or incur any obligation on behalf of any incapacitated franchisee, during or after the 90 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Franchised Business during the 90 Day Period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor may (but is not required to) operate the Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines in Franchisor's sole discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorney's fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Business.
  3. Franchisor will not collect any transfer fee if there is a transfer under this Section 13(B) to an immediate family member of the Franchisee that Franchisor approves pursuant to Section 13(E).
- C. **Ownership.** In addition to those acts described in Section 13(A), a transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager owning having an ownership interest in the surviving entity after the proposed transfer will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 13(D).
- D. **Right of First Refusal.** If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in Franchisee's lease to any third party (other than a corporation or limited liability company as set forth in Section 13(C) hereof or in the event of Franchisee's death/disability as set forth in Section 13(B)), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("**Letter of Intent**"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 13(E) of this Agreement. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section. Any material change in the terms of the offer will be deemed

a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.

E. **Conditions for Approval.** Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchised Business or of Franchisee's interest in this Agreement or any other acts of transfer described in Section 13(C) upon satisfaction of the following occurrences:

1. All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;
2. Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;
3. Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities;
4. Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;
5. The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;
6. The transferee shall execute Franchisor's then-current franchise agreement (which may contain materially different terms than this Agreement) for the remaining balance of Franchisee's term under this Agreement, assuming all of Franchisee's obligations under this Agreement, with transferee's term commencing on the date the transferee executes the then-current franchise agreement;
7. Franchisee or transferee shall pay Franchisor a transfer fee equal to ten thousand dollars (\$10,000);

8. The transferee shall satisfactorily complete Franchisor's Initial Training Program at the transferee's expense within the time frame required by Franchisor (the transferee will also be responsible for all costs and expenses associated with attending the initial training program);
9. Franchisee (and Franchisee's principals/guarantors if Franchisee is a partnership, corporation or limited liability company) must comply with the post-termination provisions of this Agreement;
10. The transferee must demonstrate that is has obtained or maintained, within the time limits set by Franchisor, all permits and licenses required for the continued operation of the Franchised Business;
11. To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;
12. The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;
13. The purchase price and terms of the proposed transfer must not be so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement;
14. Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor shall not be liable for any representations not included in the disclosure document; and
15. Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchised Business as Franchisee has supplied Franchisor hereunder.

Franchisor will not unreasonably withhold its consent to a proposed transfer or assignment requested by Franchisee, provided the foregoing conditions are met. Franchisor's approval of a transfer shall not operate as a release of any liability of the transferring party nor shall such approval constitute a waiver of any claims Franchisor may have against the transferring party. Furthermore, Franchisor agrees that Franchisee will not be required to pay any transfer fee in the event: (i) Franchisee wishes to transfer its rights under the Franchise Agreement to a newly-established legal business entity that is wholly owned by Franchisee and established solely for purposes of operating the Franchised Business under the Franchise Agreement; or (ii) Franchisee is required to encumber certain assets of the Franchised Business (or subordinate Franchisor's security interest thereto) in order to receive SBA or other traditional bank financing, provided Franchisor otherwise approves of the transfer.

- F. **Transfer from an Individual Franchisee to Business Entity.** If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee or training tuition fees set forth in Section 13(E)(7)-(8), and such assignment will not be subject to Franchisor's right of first refusal in Section 13(D): (i) the corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Business; (ii) Franchisee is, and at all

times remains, the owner of 51% or more of the outstanding shares of the corporation or a controlling interest in the limited liability company; (iii) the corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and (iv) all stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and execute the Personal Guaranty attached to this Agreement as Exhibit B.

- G. **Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

#### 14. **COVENANTS**

Franchisee acknowledges that, as a participant in Franchisor's System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques that Franchisor has developed. As such, Franchisee agrees to the covenants in this Section to protect Franchisor, the System, Proprietary Marks and Franchisor's other franchisees.

- A. **During the Term of this Agreement.** During the term of this Agreement, neither Franchisee, its principals, owners, guarantors or Designated Manager(s), nor any immediate family of Franchisee, its principals, owners, guarantors or Designated Manager(s), may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lease space to, lend money or extend credit to, or have any other interest in or involvement with: (i) any other restaurant or business that offer doner kebabs, gyro, or similar items as a primary menu item (each, a "**Competing Business**"); or (ii) offers or grants licenses or franchises, or establishes joint ventures, for the ownership or operation of a Competing Business. For purposes of this Agreement, a Competing Business does not include the following: any business operated by Franchisee under a Franchise Agreement with Franchisor; or any business operated by a publicly-traded entity in which Franchisee owns less than two percent (2%) legal or beneficial interest; or
2. Divert, or attempt to divert, any prospective customer to a Competing Business in any manner.

- B. **After the Term of this Agreement.**

1. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any member of the immediate family of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, be involved with any business that competes in whole or in part with Franchisor by offering or granting licenses or franchises, or establishing joint ventures, for the ownership or operation of a Competing

Business. The geographic scope of the covenant contained in this Section is any location where Franchisor can demonstrate it has offered or sold franchises as of the date this Agreement is terminated or expires.

2. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement or assignment of this Agreement by Franchisee, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any immediate family member of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:
  - a. Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, or otherwise have any interest in or involvement with any other Competing Business: (i) within the Designated Territory; or (ii) within a five (5) mile radius of (a) the perimeter of the Designated Territory, or (b) any other Restaurant (whether franchised or company-owned) that is open or under development as of the date this Agreement is terminated or expires (or as of the date Franchisee assigns this Agreement); or
  - b. Solicit business from customers of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose.

C. **Intent and Enforcement.** It is the parties' intent that the provisions of this Section 14 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 14 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Business, other System franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 14 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 14, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 14 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 14 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Section 14 shall be tolled during any default under this Section 14.

D. **Confidentiality and Non-Competition Agreement.** Franchisee must ensure that all management personnel of the Franchised Business, as well as any officers and directors of Franchisee, execute Franchisor's then-current form of Confidentiality and Non-Competition Agreement (which will be in substantially the same form as the document attached to this Agreement as Exhibit E). Franchisee must furnish Franchisor a copy of each executed agreement.

- E. **No Defense.** Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 14. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 14.

## 15. **DEFAULT AND TERMINATION**

Franchisor may terminate this Agreement as described in this Section, and Franchisee agrees and acknowledges that the defaults, or failure to cure such defaults within the appropriate time period prescribed below (if any), shall constitute "good cause" and "reasonable cause" for termination under any state franchise laws or regulations that might apply to the operation of the Franchised Business.

- A. **Automatic Termination.** This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:
1. The Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, unless otherwise prohibited by law;
  2. A petition in bankruptcy is filed by Franchisee or such a petition is filed against and consented to by Franchisee and not dismissed within thirty (30) days;
  3. A bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian in connection with the Franchisee or Franchised Business (or assets of the Franchised Business) is filed and consented to by Franchisee;
  4. A receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed;
  5. A final judgment in excess of Ten Thousand Dollars (\$10,000.00) against Franchisee remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction), except that Franchisor may provide Franchisee with additional time to satisfy the judgment if Franchisee demonstrates that it is using commercially reasonable efforts to resolve the issues related to the judgment; or
  6. Franchisee attempts to sell, transfer, encumber or otherwise dispose of any interest in Franchisee, this Agreement or the Franchised Business in violation of Section 13 hereof.
- B. **Termination upon Notice.** Franchisor has the right to terminate this Agreement upon notice to Franchisee without providing Franchisee any opportunity to cure with respect to any of the following breaches or defaults:
1. If Franchisee or Franchisee's owners/principals commit any fraud or misrepresentation in the establishment or operation of the Franchised Business, including without limitation, any misrepresentation made in Franchisee's franchise application;

2. If Franchisee and any other required attendees fail to attend and complete the Initial Training Program within the time period prescribed in this Agreement;
3. If Franchisee receives from Franchisor three (3) or more notices to cure the same or similar defaults or violations set forth in Section 15(C) of this Agreement during any twelve (12) month period, whether or not these breaches were timely cured;
4. If Franchisee or Franchisee's owners/principals violate any of the in-term covenant not to compete or any of the other restrictive covenants set forth in Section 14 of this Agreement;
5. If Franchisee misuses the Proprietary Marks or Confidential Information in any manner, or otherwise violates any provision of this Agreement related to the use of the Proprietary Marks, Confidential Information and any other confidential materials provided by Franchisor (including those provisions related to non-disclosure of the Manuals and other confidential materials that Franchisor loans to Franchisee);
6. If Franchisee misuses any proprietary software that Franchisor designates for use in connection with the Franchised Business;
7. If Franchisee or any of Franchisee's principals default on any other agreement with Franchisor or any affiliate or Approved Supplier of Franchisor, and such default is not cured within the prescribed time period set forth in that other agreement;
8. If Franchisee defaults under the lease for the Premises and does not cure within the prescribed period of time thereunder, or if Franchisee otherwise loses its right to possess and control the Premises to operate the Franchised Business at any time during the term of this Agreement (except in cases of *force majeure* and cases where Franchisor has previously approved Franchisee's relocation request and Franchisee timely relocates);
9. If Franchisee fails to open and commence operations of the Franchised Business within the time period prescribed in Section 6 of this Agreement;
10. If Franchisee fails to cure any of the following violations under this Agreement within ten (10) days of being notified by Franchisor: (i) failure to offer only those Approved Products and Services that Franchisor authorizes at the Franchised Business; (ii) any purchase of any non-approved item or service for use in connection with the Franchised Business; or (iii) failure to purchase any Required Item that Franchisor designates as necessary for the establishment or operation of the Franchised Business from the appropriate Approved Supplier(s) that Franchisor designates;
11. If Franchisee voluntarily or otherwise abandons the Franchised Business. For purposes of this Agreement, the term "abandon" means: (i) failure to actively operate the Franchised Business for more than two (2) business days without Franchisor's prior written consent; or (ii) any other conduct on the part of Franchisee or its principals that Franchisor determines indicates a desire or intent to discontinue operating the Franchised Business in accordance with this Agreement or the Manuals;

12. If Franchisee fails to provide Franchisor with access to Franchisee's POS system, Computer System or registers located at the Franchised Business as required under this Agreement, and fails to remedy this default within three (3) business days of being notified by Franchisor;
13. If Franchisee fails to pay Franchisor, its affiliates or any of its Approved Suppliers any amount that is due and owing Franchisor within ten (10) days of the date that Franchisor (or other party owed the money) notifies Franchisee of the outstanding amount that is due and owed;
14. If Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business;
15. If Franchisee fails, for a period of ten (10) days after notification of non-compliance, to obtain any other licenses, certificates, permits or approvals necessary to operate the Franchised Business at the Premises;
16. If Franchisee, any person controlling, controlled by, or under common control with the Franchisee, any principal officer or employee of Franchisee, or any person owning an interest in Franchise is convicted of a felony or any other crime or offense (even if not a crime) that is reasonably likely in the sole opinion of Franchisor to adversely affect the System, any System unit, the Proprietary Marks, or the goodwill associated therewith;
17. If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including inventory, employee taxes, FICA, insurance or benefits;
18. If there are insufficient funds in Franchisee's EFT Account to cover a check or EFT payment due to Franchisor or its affiliates under this Agreement three (3) or more times within any twelve (12) month period; or
19. If Franchisee commits repeated violations of any health, zoning, sanitation, or other regulatory law, standard, or practice; operates the business in a manner that presents a health or safety hazard to its employees or customers; or if Franchisee loses its approval from any city, state, or other regulatory agency to operate a business that provides restaurant services or offers food.

C. **Termination upon Notice and 30 Days' Cure.** Except for those defaults set forth in Sections 15(A)-(B) of this Agreement, Franchisor may terminate this Agreement upon notice to Franchisee in the event Franchisee: (i) breaches or violates any other covenant, obligation, term, condition, warranty, or certification under this Agreement, including Franchisee's failure to comply with any of Franchisor's other System standards and specifications in the operation of the Franchised Business as set forth in the Manuals; and (ii) fails to cure such breach or violation within thirty (30) days of the date Franchisee is provided with notice thereof by Franchisor.

D. **Step-In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights hereunder, if this Agreement is subject to termination

due to Franchisee's failure to cure any default within the applicable time period (if any), then Franchisor has the right, but not the obligations, to enter the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time that Franchisor determines, in its reasonable discretion, that the default(s) at issue have been cured and that Franchisee is otherwise in compliance with the terms of this Agreement. In the event Franchisor exercises these "step-in rights," Franchisee must reimburse Franchisor for all reasonable costs and overhead that Franchisor incurs in connection with its operation of the Franchised Business, including without limitation, costs of personnel supervising and staffing the Franchised Business and any travel, lodging and meal expenses. Additionally, Franchisor will be entitled to a management fee amounting to ten percent (10%) of the Franchise Business's revenue generated during the period in which Franchisor has exercised its step-in rights. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee must indemnify, defend and hold Franchisor (and its representatives and employees) harmless from and against any Claims that may arise out of Franchisor's operation of the Franchised Business.

## 16. **POST-TERM OBLIGATIONS**

Upon the expiration or termination of this Agreement, Franchisee shall immediately:

- A. **Cease Operation of Franchised Business and Affiliation with Franchisor.** Cease to be a franchise owner of Franchised Business under this Agreement and cease to operate the former Franchised Business under the System. Franchisee shall not thereafter directly or indirectly represent to the public that the former Franchised Business is or was operated or in any way connected with the System or hold itself out as a present or former franchise owner of Franchise at or with respect to the Premises;
- B. **Return Manuals and Confidential Information.** Return to Franchisor the Manuals and all trade secrets, Confidential Information (including customer lists and information) and other confidential materials, equipment, software and property owned by Franchisor and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing; provided, however, that Franchisee may retain its copy of this Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law;
- C. **Assignment of Customer Contracts, Telephone/Facsimile Numbers and Domain Names.** Take such action as may that Franchisor designates to: (i) provide and assign to Franchisor the then-current and up-to-date customer list and any membership contracts to Franchisor; and (ii) transfer, disconnect, forward, or assign all telephone/facsimile numbers and domain names used in connection with the Franchised Business, as well as any white and yellow page telephone references, advertisements, and all trade and similar name registrations and business licenses to Franchisor or its designee and cancel any interest which Franchisee may have in the same (as Franchisor directs in its sole discretion). Franchisee agrees to execute all documents necessary to comply with the obligations of this Section, including the form Conditional Assignment of Telephone/Facsimile Numbers and Domain Names attached to this Agreement as Exhibit F;
- D. **Cease using Proprietary Marks.** Cease to use in advertising or in any manner whatsoever any methods, procedures, or techniques associated with the System in which Franchisor has a proprietary right, title, or interest; cease to use the Proprietary Marks and any other marks and indicia of operation associated with the System; and remove all trade dress,

physical characteristics, color combinations, and other indications of operation under the System from the Premises. Without limiting the generality of the foregoing, Franchisee agrees that, in the event of any termination or expiration and non-renewal of this Agreement, it will remove all signage bearing the Proprietary Marks, deliver the fascia for such signs to Franchisor upon Franchisor's request, and remove any items that are characteristic of the System "trade dress" from the Premises. Franchisee agrees that Franchisor or a designated agent may enter upon the Premises at any time to make such changes at Franchisee's sole risk and expense and without liability for trespass. Upon Franchisor's request, Franchisee must provide all materials bearing the Proprietary Marks to Franchisor upon expiration or termination of this Agreement for any reason, without cost to Franchisor;

- E. **Compliance with Post-Term Covenants.** Comply with the post-term covenants not to compete and other restrictive covenants set forth in Section 14 of this Agreement;
- F. **Written Evidence of Compliance.** Provide Franchisor with written evidence that they have complied with the post-term obligations, within thirty (30) days' notice of termination or scheduled expiration of the franchise; and
- G. **Payment of Outstanding Amount.** Pay Franchisor all amounts owed to Franchisor under the terms of this Agreement.
- H. **Purchase of Assets.** Franchisor shall have the option, but not the obligation, within thirty (30) days after the date of termination, expiration, and non-renewal of this Agreement to purchase any and all of Franchisee's assets from the Franchised Business at a purchase price equal to net depreciated book value. If Franchisor elects this option, Franchisor will deliver written notice to Franchisee. Franchisor will have the right to inspect equipment at any time during this thirty (30) day period. If Franchisor elects to purchase equipment as part of the asset purchase, Franchisor will be entitled to, and Franchisee must provide, all customary warranties and representations as to compliance with law, the maintenance, function, and condition of the equipment and Franchisee's good title to the equipment (including, but not limited to, that Franchisee owns the equipment free and clear of any liens and encumbrances).

## 17. **TAXES AND INDEBTEDNESS**

- A. **Taxes.** Franchisee must promptly pay when due any and all federal, state, and local taxes, including without limitation, unemployment, workers' compensation, and sales taxes which are levied or assessed with respect to any services or products furnished, used, or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business.
- B. **Debts and Obligations.** Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business.

## 18. **WRITTEN APPROVALS; WAIVERS; FORMS OF AGREEMENT; AMENDMENT**

- A. **Franchisor's Approval.** Whenever this Agreement requires or Franchisee desires to obtain Franchisor's approval, Franchisee shall make a timely written request. Unless a different period is specified in this Agreement, Franchisor shall respond with its approval

or disapproval within fifteen (15) days of receipt of such request. If Franchisor has not specifically approved a request within such fifteen (15) day period, such failure to respond shall be deemed as a disapproval of any such request.

- B. **No Waiver.** No failure of Franchisor to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. No waiver or approval by Franchisor of any particular breach or default by Franchisee; no delay, forbearance, or omission by Franchisor to act or give notice of default or to exercise any power or right arising by reason of such default hereunder; and no acceptance by Franchisor of any payments due hereunder shall be considered a waiver or approval by Franchisor of any preceding or subsequent breach or default by Franchisee of any term, covenant, or condition of this Agreement.
- C. **Terms of Other Franchise Agreements.** No warranty or representation is made by the Franchisor that all DONER SHACK franchise agreements heretofore or hereafter issued by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Franchisor may, in its reasonable business judgment due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other System franchise owners in a non-uniform manner.
- D. **Modification of System and Manuals.** Except as provided in Section 22 and Franchisor's right to unilaterally modify the System and Manuals, no amendment, change, or variance from this Agreement shall be binding upon either Franchisor or Franchisee unless set forth in writing and signed by both parties.
- E. **No Disclaimers of Franchise Disclosure Document.** Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

## 19. **ENFORCEMENT**

- A. **Full Access to Premises for Inspection.** In order to ensure compliance with this Agreement and enable Franchisor to carry out its obligation under this Agreement, Franchisee agrees that Franchisor and its designated agents shall be permitted, with or without notice, full and complete access during business hours to inspect the Premises and all records thereof, including but not limited to, records relating to Franchisee's customers, suppliers, employees, and agents. Franchisee shall cooperate fully with the Franchisor and its designated agents requesting such access.
- B. **Injunctive Relief.** The Franchisor or its designee shall be entitled to obtain without bond, declarations, temporary and permanent injunctions, and orders of specific performance in order to enforce the provisions of this Agreement relating to Franchisee's use of the Proprietary Marks, the obligations of Franchisee upon termination or expiration of this Agreement, and assignment of the franchise and ownership interests in Franchisee or in order to prohibit any act or omission by Franchisee or its employees which constitutes a violation of any applicable law or regulation, which is dishonest or misleading to prospective or current customers of businesses operated under the System, which constitutes a danger to other franchise owners, employees, customers, or the public or which may impair the goodwill associated with the Proprietary Marks.

- C. **No Withholding of Payments.** Franchisee agrees and acknowledges that it may not withhold payments or amounts of any kind due to Franchisor on the premise of alleged nonperformance by Franchisor of any of its obligations hereunder.
- D. **Costs and Attorneys' Fees.** If Franchisee is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must reimburse Franchisor for all costs/expenses incurred in connection with enforcing its rights under this Agreement including all reasonable attorneys' fees, court costs and litigation expenses. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.
- E. **Liquidated Damages Upon Termination Due to Franchisee's Default.** In the event this Agreement is terminated prior to the end of its term due to Franchisee's default hereunder, in addition to the amounts set forth in Section 19(D) above, Franchisee shall promptly pay to Franchisor a lump sum payment (as damages and not as a penalty) for breaching this Agreement in an amount equal to: (a) the average monthly Royalty Fee and Fund Contribution payable by Franchisee under Sections 4(A)(2) and 4(A)(3) over the twelve (12) month period immediately preceding the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (a) twelve (12) months or (b) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light of the damages Franchisor will incur for Franchisee's material default causing the premature termination of this Agreement. This lump sum payment shall be in lieu of any damages Franchisor may incur as a result of Franchisee's default, but it shall be in addition to all attorneys' and accountants' fees and other costs and expenses to which Franchisor is entitled under the terms of this Agreement. Franchisee's payment of this lump sum shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies to enforce Section 16 and the covenants set forth in Sections 8 and 14.

## 20. **NOTICES**

Any notice required to be given hereunder shall be in writing and shall be either mailed by certified mail, return receipt requested, or delivered by a recognized courier service, receipt acknowledged. Notices must be provided to each party at the respective addresses set forth below:

To Franchisor: Doner Shack Franchising, LLC  
Attn: Sanjeev Sanghera  
1688 Meridian Ave., Suite 600  
Miami Beach, Florida 33139

With a copy to: Lane J. Fisher, Esq.  
Fisher Zucker, LLC

21 South 21<sup>st</sup> Street  
Philadelphia, PA 19103

To Franchisee:

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Any notice complying with the provisions hereof will be deemed delivered at the earlier of: (i) three (3) days after mailing; or (ii) the actual date of delivery or receipt (as evidenced by the courier). Each party shall have the right to designate any other address for such notices by providing the other party(ies) with written notice thereof at the addresses above, and in such event, all notices to be mailed after receipt of such notice shall be sent to such other address.

**21. GOVERNING LAW AND DISPUTE RESOLUTION**

- A. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, without reference to this state’s conflict of laws principles.
  
- B. **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor’s management, after providing notice as set forth in Section 21(G) of this Agreement, and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee’s dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
  
- C. **Mediation.** At Franchisor’s option, all claims or disputes between Franchisee and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties’ respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 21(B) above, will be submitted first to mediation to take place in Florida under the auspices of the American Arbitration Association (“AAA”), in accordance with AAA’s Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor’s rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 21(C) if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an

imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information or other confidential information; (ii) any of the restrictive covenants contained in this Agreement; and (iii) any of Franchisee's payment obligations under this Agreement.

- D. **Injunctive Relief.** Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Proprietary Marks and Confidential Information (including any proprietary software used in connection with the Franchised Business); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Proprietary Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) to prohibit any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.
- E. **Venue.** Subject to Sections 21(C) and 21(D) of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state court of general jurisdiction closest to Miami Beach, Florida or, if appropriate, the United States District Court for the District of Florida (unless settled by the parties after such action is initiated). Franchisee acknowledges that this Agreement has been entered into in the State of Florida, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Florida, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Florida as set forth in this Section.
- F. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Section 21, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.
- G. **Notice Requirement.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.
- H. **No Withholding of Payments.** Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

- I. **Limitation of Actions.** Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.
- J. **Waiver of Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.
- K. **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.
- L. **WAIVER OF CLASS ACTIONS.** THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

## **22. SEVERABILITY AND CONSTRUCTION**

- A. Should any provision of this Agreement for any reason be held invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision shall be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this paragraph shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to make fully the provisions hereof. Franchisee understands and acknowledges that Franchisor shall have the right in its sole discretion on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable.
- B. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute the same instrument.
- C. The table of contents, headings, and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each Section of this Agreement shall be construed independently of any other Section or provision of this Agreement.

## **23. ACKNOWLEDGMENTS**

- A. Franchisee acknowledges that it received a complete copy of this Agreement for a period not less than fourteen (14) calendar days, during which time conducted an independent investigation of the business licensed hereunder to the extent of Franchisee's desire to do so. Franchisee recognizes and acknowledges that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of the Franchisee as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, that Franchisee will be successful in this venture or that the business will attain any level of sales volume, profits, or success. Franchisee acknowledges that this Agreement, the franchise disclosure document ("**FDD**"), and the exhibits hereto constitutes the entire Agreement of the parties. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter.
- B. Franchisee agrees and acknowledges that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. This is an

important part of this Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor’s representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

**IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement under seal on the date first written above.**

**FRANCHISOR:**

**FRANCHISEE:**

**DONER SHACK FRANCHISING, LLC**

\_\_\_\_\_

By: \_\_\_\_\_

**IF AN INDIVIDUAL:**

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A TO THE FRANCHISE AGREEMENT**  
**DATA SHEET AND STATEMENT OF OWNERSHIP**

1. EFFECTIVE DATE: \_\_\_\_\_

2. SITE SELECTION AREA

Pursuant to Section 2(B) of the Franchise Agreement, Franchisee must locate and secure a Premises for the Franchised Business within the following Site Selection Area:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. PREMISES

Pursuant to Section 2(C) of the Franchise Agreement, the Franchised Business shall be located at the following approved Premises:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. DESIGNATED TERRITORY

Pursuant to Section 2(D) of the Franchise Agreement, Franchisee's Designated Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Franchisee Contact Person. The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the Franchised Business:

Name: \_\_\_\_\_

Cellular Telephone No.: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

6. Statement of Ownership. If Franchisee is a corporation, limited liability company, partnership or other business entity, the undersigned agree and acknowledge that the following is a complete list of all of the shareholders, members, or partners of Franchisee and the percentage interest of each individual:

<u>Name</u>	<u>Position/Title</u>	<u>Interest (%)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**THE PARTIES SIGNING THIS DATA SHEET BELOW AGREE AND ACKNOWLEDGE THAT THIS DATA SHEET, BY ITSELF, DOES NOT CONSTITUTE A FRANCHISE AGREEMENT OR OTHERWISE CONFER ANY FRANCHISE RIGHTS UPON FRANCHISEE. THIS DATA SHEET PROVIDES CERTAIN DEAL-SPECIFIC INFORMATION IN CONNECTION WITH THE FRANCHISE THAT IS GOVERNED BY THE FRANCHISE AGREEMENT TO WHICH THIS DATA SHEET IS AN EXHIBIT.**

**THE PARTIES AGREE AND ACKNOWLEDGE THAT THE FOREGOING FRANCHISE AGREEMENT MUST BE EXECUTED PRIOR TO OR CONTEMPORANEOUS WITH THIS DATA SHEET FOR ANY RIGHTS TO BE CONFERRED.**

IN WITNESS WHEREOF, the undersigned has duly executed this Exhibit to the Franchise Agreement on this \_\_\_\_\_.

**FRANCHISEE**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISOR**

**DONER SHACK FRANCHISING, LLC**

By: \_\_\_\_\_  
Sanjeev Sanghera, CEO

## EXHIBIT B TO THE FRANCHISE AGREEMENT

### PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER BUSINESS ENTITY, THEN EACH INDIVIDUAL/ENTITY WITH AN OWNERSHIP INTEREST IN FRANCHISEE (PRINCIPALS/MEMBERS/SHAREHOLDERS/MANAGERS/PARTNERS/ETC.) AND THEIR RESPECTIVE SPOUSES MUST EXECUTE THIS FORM OF PERSONAL GUARANTY. IF FRANCHISEE IS AN INDIVIDUAL AND FRANCHISEE'S SPOUSE HAS NOT SIGNED THE FRANCHISE AGREEMENT DIRECTLY, THEN FRANCHISEE'S SPOUSE MUST EXECUTE THIS FORM OF PERSONAL GUARANTY.

### ARTICLE I PERSONAL GUARANTY

With respect to the foregoing Doner Shack Franchising, LLC Franchise Agreement (the "**Franchise Agreement**") entered into by and between Doner Shack Franchising, LLC ("**Franchisor**") and \_\_\_\_\_ ("**Franchisee**"), the undersigned persons (individually and collectively "**you**") hereby represent to Franchisor that: (i) if Franchisee is a business entity, you are all the owners/principals/members/shareholders/managers/partners, as applicable, of the business entity, as well as their respective spouses, as of the date this Personal Guaranty (the "**Personal Guaranty**" or "**Guaranty**") is executed; or (ii) if Franchisee is one or more individuals, you are the spouse of such individual(s) as of the date this Guaranty is executed.

In consideration of the grant by Franchisor to the Franchisee as herein provided, each of you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation: (i) any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement; (ii) the prohibition of any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer as set forth in the Franchise Agreement; (iii) those obligations related to confidentiality, non-disclosure and indemnification; (iv) the in-term and post-term covenants against competition, as well as all other restrictive covenants set forth in the Franchise Agreement; and (v) the dispute resolution provisions set forth in the Franchise Agreement.

### ARTICLE II GENERAL TERMS

1. **Acknowledgment.** You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's proprietary marks or its system.

2. **Third-Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of this Guaranty and the mediation and other dispute resolution provisions set forth in the Franchise Agreement and incorporated herein, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by you.

3. **JURY TRIAL AND CLASS ACTION WAIVER. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM,**

**WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS GUARANTY OR THE FRANCHISE AGREEMENT. FURTHERMORE, THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS GUARANTY OR THE FRANCHISE AGREEMENT WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.**

4. **Costs and Attorneys' Fees.** Whether or not formal legal proceedings are initiated, in the event either party incurs any legal fees or other costs associated with enforcing the terms of this Guaranty or the Franchise Agreement, then the prevailing party will be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred in enforcing the terms of this Guaranty or the Franchise Agreement.

5. **No Waiver.** Franchisor's failure to insist upon strict compliance with any provision of this Guaranty shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

6. **No Personal Liability.** You agree that fulfillment of any and all of Franchisor's obligations written in the Franchise Agreement or this Guaranty, or based on any oral communications which may be ruled to be binding in a court of law, shall be Franchisor's sole responsibility and none of Franchisor's owners, officers, agents, representatives, nor any individuals associated with Franchisor shall be personally liable to you for any reason. This is an important part of this Guaranty. You agree that nothing that you believe you have been told by us or our representatives shall be binding unless it is written in the Franchise Agreement or this Guaranty.

7. **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty 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 that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

8. **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

9. **Successors.** References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

**IN WITNESS WHEREOF, the parties hereto have executed and delivered this Guaranty on the date stated on the first page hereof.**

**PERSONAL GUARANTORS**

\_\_\_\_\_  
[Insert Name of Guarantor]

\_\_\_\_\_  
[Insert Name of Spouse]

\_\_\_\_\_  
[Insert Name of Guarantor]

\_\_\_\_\_  
[Insert Name of Spouse]

**EXHIBIT C TO THE FRANCHISE AGREEMENT**

**CONSENT AND AGREEMENT OF LANDLORD FORM AND  
COLLATERAL ASSIGNMENT OF LEASE FORM**

**CONSENT AND AGREEMENT OF LANDLORD**

The undersigned Landlord hereby:

- A. Agrees that the leased Premises will only be used in connection with the operation of Franchisee’s Doner Shack Restaurant franchised business;
- B. Agrees that Franchisor has the right to enter the Premises to (a) make any modifications necessary to protect Franchisor’s Proprietary Marks, or (b) otherwise exercise or enforce Franchisor’s rights under the Franchise Agreement;
- C. Agrees to allow Franchisee, upon written request from Franchisor, to provide Franchisor with a current copy of the lease;
- D. Agrees to notify Franchisor in writing of and upon the failure of Franchisee to cure any default by Franchisee under the Lease, and also provide Franchisor with the right to cure said default under the Lease within thirty (30) days of being notified (but Franchisor is under no obligation to do so);
- E. Agrees that Franchisor will have the option, but not the obligation, to assume or renew the lease and the occupancy of the business Premises, including the right to sublease to another Franchisee, for all or any part of the remaining term of the lease, upon Franchisee’s default or termination hereunder or upon Franchisee’s default or termination or expiration of the Franchise Agreement, and in connection with said assumption Franchisor will not be obligated to pay to the landlord past due rent, common area maintenance, and other charges attributable to more than one (1) month. The landlord shall give Franchisor thirty (30) days, upon termination of Franchisee’s rights under the lease, to exercise this option; and
- F. Agrees that the lease may not be materially amended, assigned, or sublet without Franchisor’s prior written approval.

Dated: \_\_\_\_\_

LANDLORD  
CORPORATE SIGNATURE:

a/an \_\_\_\_\_ corporation

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**COLLATERAL ASSIGNMENT OF LEASE**

**FOR VALUE RECEIVED**, the undersigned (“**Assignor**”) hereby assigns and transfers to Doner Shack Franchising, LLC (“**Assignee**”), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Schedule 1 (the “**Lease**”) respecting premises commonly known as \_\_\_\_\_ (the “**Premises**”).

This Assignment is for collateral purposes only and except as specified herein, Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless: (i) Assignee provides express, written notice to both Assignor and the landlord of the Premises under the Lease that Assignee is assuming all of Assignor’s rights, title and interest under the Lease pursuant to this assignment; and (ii) Assignee takes possession of the Premises demised by the Lease pursuant to the terms hereof, and assumes the obligations of Assignor thereunder.

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

Upon a default and failure to cure (within the appropriate time period) by Assignor under the Lease or under the franchise agreement for a Franchised Business between Assignee and Assignor (the “**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement, Assignee has the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than 120 days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

**ASSIGNOR:**

Dated: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT D TO THE FRANCHISE AGREEMENT**

**EFT AUTHORIZATION FORM**

Bank Name: \_\_\_\_\_  
ABA# : \_\_\_\_\_  
Acct. No.: \_\_\_\_\_  
Acct. Name: \_\_\_\_\_

Effective as of the date of the signature below, \_\_\_\_\_ (the “**Franchisee**”) hereby authorizes Doner Shack Franchising, LLC (the “**Company**”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Company or its affiliates under the franchise agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”) for the franchised business located at: \_\_\_\_\_ (the “**Franchised Business**”): (i) all Royalty Fees; (ii) Fund Contributions (if a Fund is established); and (iii) all other fees and amounts due and owing to Company or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Company (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. [Franchisee Name] shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

**AGREED:**

**FRANCHISEE**

[INSERT FRANCHISEE NAME]

By: \_\_\_\_\_

Name (Print): \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISOR APPROVAL**

**DONER SHACK FRANCHISING, LLC**

By: \_\_\_\_\_

Sanjeev Sanghera, CEO

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

## EXHIBIT E TO THE FRANCHISE AGREEMENT

### CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

*(for trained employees, officers, directors, general partners, members, Designated Managers and any other management personnel of Franchisee)*

In consideration of my being a [INSERT TITLE/ROLE WITH FRANCHISEE] of \_\_\_\_\_ (the “**Franchisee**”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from Doner Shack Franchising, LLC (the “**Company**”) to: (i) establish and operate a Doner Shack Restaurant franchised business (the “**Franchised Business**”); and (ii) use in the operation of the Franchised Business the Company’s trade names, trademarks and service marks (collectively, the “**Proprietary Marks**”) and the Company’s unique and distinctive format and system relating to the establishment and operation of Doner Shack Restaurant businesses (the “**System**”), 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 “**Premises**”).

1. The Company possesses certain proprietary and confidential information relating to the operation of the Franchised Business and System generally, including without limitation: Company’s proprietary and confidential Operations Manual and other manuals providing guidelines, standards and specifications related to the establishment and operation of the Franchised Business (collectively, the “**Manual**”); Franchisor’s proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials, trade secrets; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Franchised Business; financial information; any and all customer lists, contracts and other customer information obtained through the operation of the Franchised Business and other Doner Shack Restaurant businesses; any information related to any type of proprietary software that may be developed and/or used in the operation of with the Franchised Business; and any techniques, special recipes, ingredients, menu item preparation, methods, and know-how related to the operation of Doner Shack Restaurant business or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the “**Confidential Information**”).

2. Any other information, knowledge, know-how, and techniques which the Company specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.

3. As \_\_\_\_\_ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manual, and other general assistance during the term of this Agreement.

4. 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 hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. 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.

6. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in: (i) any other restaurant or business that (a) is a German inspired street food eating establishment, or (b) otherwise generates twenty percent (20%) or more of its revenue from the combined sale of kebabs, fried chicken, fries, and sliders (each, a “**Competing Business**”); or (ii) grants or has granted franchises or licenses, or establishes or has established joint ventures, for any Competing Business. I also agree that I will not undertake any action to divert business from the Franchised Business to any Competing Business, or solicit any of the former customers or employees of Franchisee for any competitive business purpose.

6.1 *Post-Term Restrictive Covenant for Designated Manager of Franchised Business or Manager/Officers/Directors of Franchisee.* In the event I am a manager of the Franchised Business, or an officer/director/manager/partner of Franchisee that has not already executed a Personal Guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of two (2) years after the expiration or termination of my employment with Franchisee for any reason: (i) at or within a five (5) mile radius of the Premises; or (ii) within a five (5) mile radius of any other Doner Shack Restaurant that exists at the time my employment with Franchisee ceases. During the two (2) year period described in this Section, I also agree that I will not: (a) be involved in the franchising or licensing of any Competing Business at any location within the United States where the Company can demonstrate it has offered or sold franchises as of the date my employment ceases with Franchisee; (b) undertake any action to divert business from the Franchised Business to any Competing Business; or (c) solicit any of the former customers or employees of Franchisee for any competitive business purpose.

7. 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.

8. 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.

9. 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.

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

**IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date.**

**UNDERSIGNED**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGED BY FRANCHISEE**

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT F TO THE FRANCHISE AGREEMENT**

**CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND DOMAIN NAMES**

1. \_\_\_\_\_, doing business as Doner Shack Restaurant (the “Assignor”), in exchange for valuable consideration provided by Doner Shack Franchising, LLC (the “Assignee”), receipt of which is hereby acknowledged hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its Doner Shack franchised business located at \_\_\_\_\_ (collectively, the “Assigned Property”). The Assigned Property includes the following:

Telephone Number(s): \_\_\_\_\_  
Domain Name(s) and Social Media Listings (as permitted by Franchisor under the Franchise Agreement):  
\_\_\_\_\_.

2. The conditional agreement will become effective automatically upon termination, expiration of Assignor's franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company or domain name registrar to effectuate this agreement, and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as the Assignee, in effectuating this assignment.

**ASSIGNOR**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

**ASSIGNEE**

**DONER SHACK FRANCHISING, LLC**

By: \_\_\_\_\_  
Sanjeev Sanghera, CEO

Date: \_\_\_\_\_

**EXHIBIT C**  
**TO THE DONER SHACK FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**AREA DEVELOPMENT AGREEMENT**

## DEVELOPMENT AGREEMENT

This Development Agreement (“**Agreement**”) entered into this \_\_\_\_\_, between: (i) Doner Shack Franchising, LLC, a Delaware limited liability company, with its principal business address at 1688 Meridian Ave., Suite 600, Miami Beach, Florida 33139 (hereafter “**Franchisor**”); and (ii) \_\_\_\_\_, a/an \_\_\_\_\_ with an address at \_\_\_\_\_ (hereinafter “**Developer**”).

### Background

A. Franchisor and its affiliate/principals, as a result of the expenditure of time, skill, effort, and money, have developed and own a unique system (the “**System**”) related to the development and operation of a fast casual restaurant serving a variety of German inspired street food items such as kebabs, fried chicken, fries, sliders, beverages and other menu items, utilizing the System and proprietary marks (each, a “**Franchised Business**” or “**Restaurant**”).

B. Franchisor’s System is comprised of various proprietary and, in some cases, distinguishing elements, including without limitation: proprietary methodology and procedures for the establishment and operation of a Restaurant; site selection guidance and criteria; specifications for the design, layout and construction of the interior of the Restaurant; standards and specifications for the furniture, fixtures and equipment located within a Restaurant; established relationships with approved or designated suppliers for certain products and services; and standards and specifications for advertising, bookkeeping, sales and other aspects of operating a Restaurant. The parties agree and acknowledge that Franchisor may change, improve, further develop, or otherwise modify the System from time to time as it deems appropriate in its discretion. Franchisee hereby acknowledges and agrees that: (i) while the System and Franchisor’s related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information which makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals that are proprietary and confidential.

C. The System and Restaurants are identified by the mark DONER SHACK, as well as certain other trade names, trademarks, service marks and trade dress that Franchisor designates for use in connection with each Restaurant (collectively, the “**Proprietary Marks**”), all of which Franchisor may modify, update, supplement or substitute in the future as Franchisor deems appropriate. The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.

D. Franchisor grants qualified third parties the right to develop multiple DONER SHACK Restaurants within a defined geographical area (the “**Development Area**”) in accordance with a development schedule that must be strictly adhered to, with each Restaurant within the Development Area being opened and operating utilizing the Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor’s then-current franchise agreement (each, a “**Franchise Agreement**”).

E. Developer recognizes the benefits from receiving the right to operate a DONER SHACK Restaurant and desires to: (i) become a multi-unit Restaurant operator subject to the terms of this Agreement; and (ii) receive the benefits provided by Franchisor under this Agreement.

F. Developer has applied for the right to open and operate multiple DONER SHACK Restaurants within the Development Area as set forth in this Agreement, and Franchisor has approved such application in reliance on Developer’s representations made therein.

G. Developer hereby acknowledges that adherence to the terms of this Agreement, including Franchisor's operations manual and other System standards and specifications, are essential to the operation of all DONER SHACK Restaurants and our System as a whole.

**NOW, THEREFORE**, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

### **Agreement**

1. **Development Area.** Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish \_\_\_\_\_ Restaurants within the Development Area defined in Exhibit "A" hereto, provided Developer opens and commences operations of such Restaurants in strict accordance with the mandatory development schedule also set forth in Exhibit "A" (the "**Development Schedule**") and otherwise subject to the terms and conditions set forth herein. During the term of this Agreement and except as provided herein, Franchisor will not open or operate, or license any third-party the right to open or operate, any Restaurants within the Development Area.

2. **Development Fee.** Developer shall pay Franchisor a Development Fee equal to twenty thousand dollars (\$20,000) multiplied by the number of Franchised Businesses that Developer is granted the right and undertakes the obligation to open within the Development Area under this Agreement (the "**Development Fee**"), which is: (i) deemed fully earned upon payment and is not refundable under any circumstances; and (ii) payable in accordance with the schedule set forth in this Section 3 below. The parties agree and acknowledge that the Development Fee is comprised of: (i) the consideration for the territorial rights granted within the Development Area (referred to as the "**Initial Development Fee**" below); and (ii) the initial fees payable for the right to own and operate the initial Franchised Business that Developer is granted the right to open within the Development Area under this Agreement (the "**Initial Franchised Business**") and each additional Franchised Business that Franchisor has granted Developer the right to open hereunder (each, an "**Additional Franchised Business**").

3. **Initial Franchise Agreement.** Contemporaneous with the execution of this Agreement, Developer must enter into Franchisor's current form of Franchise Agreement for the first Restaurant that Developer is required to open within the Development Area. In the event Developer is a business entity of any kind, then Developer's principals/owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Section 4 of this Agreement.

4. **Additional Franchise Agreements.** Developer agrees and acknowledges that it must: (i) enter into Franchisor's then-current form of Franchise Agreement for each additional Restaurant that Developer is required to open under this Agreement; and (ii) enter into such Franchise Agreements at such times that are required for Developer to timely meet, and strictly adhere to, its obligations under the agreed upon Development Schedule.

5. **Development Obligations.** Developer must ensure that, at a minimum, Developer: (i) opens and commences operations of the initial new Restaurant during each development period set forth in the Development Schedule (each, a "**Development Period**"); and (ii) has the minimum cumulative number of Restaurants open and operating at the expiration of each Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that Developer's failure to comply with the Development Schedule is grounds for immediate termination of this Agreement (and any future development rights granted hereunder).

5.1 Upon entering into this Agreement, the Developer must designate one person as an

operating manager (“**Operating Manager**”), who has undergone the Doner Shack Initial Training. The Operating Manager will be capable of taking over as interim manager of a location within the Development Area if a Designated Manager leaves.

**6. Term and Termination.**

6.1 This Agreement will commence as of the date it is fully executed and, unless earlier terminated by Franchisor, will end on the earlier of (a) the last day of the calendar month that the final Restaurant is required to be opened and operating under the Development Schedule or (b) the day the final Restaurant is open. Upon expiration or termination of this Agreement for any reason, Developer will not have any rights within the Development Area other than the territorial rights granted in connection with any Restaurants that Developer has opened and commenced operating as of the date this Agreement is terminated or expires (under the respective Franchise Agreement(s) that Developer entered into for such Franchised Business(es)).

6.2 Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer ceases to actively engage in development activities in the Development Area or otherwise abandons its development business for three (3) consecutive months, or any shorter period that indicates an intent by Developer to discontinue development of the Restaurants within the Development Area; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Franchisee, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by the Developer; (iii) if Developer fails to meet its development obligations under the Development Schedule for any single Development Period, including any failure to pay any portion of the Development Fee and fails to cure such default within 30 days of receiving notice thereof; and (iv) if any Franchise Agreement that is entered into in order to fulfill Developer’s development obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement.

7. **Reservation of Rights.** Except as provided in Section 1 of this Agreement, the parties agree and acknowledge that the rights granted in this Agreement are non-exclusive and that Franchisor and its affiliates reserve all other rights not expressly granted to Developer herein.

8. **Sale or Assignment.** Developer’s rights under this Agreement are personal and Developer may not sell, transfer, or assign any right granted herein without Franchisor’s prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer’s initial Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

9. **Acknowledgment.** Developer acknowledges that this Agreement is not a Franchise Agreement and does not confer upon Developer any rights to use the Franchisor’s Marks or System.

10. **Notices.** All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight mail, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

11. **Choice of Law.** This Agreement will be governed by the laws of the State of Florida (without reference to its conflict of laws principals).

12. **Internal Dispute Resolution.** Developer must first bring any claim or dispute between Developer and Franchisor to Franchisor's President, after providing Franchisor with notice of and a reasonable opportunity to cure an alleged breach hereunder. Developer must exhaust this internal dispute resolution procedure before bringing a dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

13. **Mediation.** At Franchisor's option, all claims or disputes between Franchisor and Developer or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Developer or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 12 above, must be submitted first to mediation, in Miami Beach, Florida under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Developer as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Developer may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation.

14. **Injunctive Relief.** Nothing contained in this Agreement herein will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation proceeding conducted hereunder.

15. **Jurisdiction and Venue.** Subject to Sections 13 and 14 above, the parties expressly agree to the jurisdiction and venue of any state court of general jurisdiction closest to Miami Beach, Florida and the jurisdiction and venue of the United States District Court for the District of Florida. Developer acknowledges that this Agreement has been entered into in the State of Florida, and that Developer will receive valuable and continuing services emanating from Franchisor's headquarters in Florida, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Florida set forth above.

16. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Developer.

17. **Jury Trial Waiver.** With respect to any proceeding not subject to mediation, the parties hereby agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver will apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or Developer's purchase from Franchisor of the development rights described herein.

18. **Waiver of Punitive Damages.** Developer waives to the fullest extent permitted by law, any

right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which Developer may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, Developer's recovery will be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

19. **Attorneys' Fees.** If either party institutes any judicial or mediation proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Agreement and Franchisor prevails in the action or proceeding, Developer will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

20. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

21. **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, which renders it valid and enforceable. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

22. **Construction of Language.** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

23. **Successors.** References to "Franchisor" or "Developer" include the respective parties' successors, assigns or transferees, subject to the limitations of Section 8 of this Agreement.

24. **Additional Documentation.** You must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section, Developer hereby appoints Franchisor as Developer's attorney-in-fact to execute any and all documents on Developer's behalf, as reasonably necessary to effectuate the transactions contemplated herein.

25. **No Right to Offset.** Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

26. **State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which Developer's initial Restaurant is located, then the valid law or regulation of that state applicable to the franchised business will supersede any provision of this Agreement that is less favorable to Developer.

27. **Entire Agreement.** This Agreement contains the entire agreement between the parties concerning Developers' development rights within the Development Area; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor's policies, procedures, standards, specifications or manuals at Franchisor's discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer.

*[The remainder of this page is intentionally left blank.  
Signatures appear on the following page.]*

**IN WITNESS WHEREOF**, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

**FRANCHISOR:**

**DONER SHACK FRANCHISING, LLC**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**DEVELOPER:**

\_\_\_\_\_

**IF AN INDIVIDUAL:**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

**IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A to DEVELOPMENT AGREEMENT**

**DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE**

1. **Development Area.** The Development Area, as referred to in Section 1 of the Development Agreement, is described below (or an attached map) by geographic boundaries and will consist of the following area or areas:

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2. **Type of Location(s):**

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3. **Development Schedule.** The Development Schedule referred to in Section 1 of the Development Agreement is as follows:

Development Period	Expiration Date	Number of New Restaurants Developer Must Open in Development Area	Cumulative Number of Restaurants Developer Must Have Open Within Development Area
First	___ Months from Effective Date		
Second	___ Months from Effective Date		
Third	___ Months from Effective Date		

**APPROVED BY:**

**FRANCHISOR**

**DONER SHACK FRANCHISING, LLC**

By: \_\_\_\_\_  
Sanjeev Sanghera, CEO

**DEVELOPER**

**[INSERT NAME]**

By: \_\_\_\_\_  
[Name], [Title]

**EXHIBIT D**  
**TO THE DONER SHACK FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

# **Doner Shack Franchising, LLC**

**(A Delaware Limited Liability Company)**

**Financial Statements with Report of Independent Auditors  
December 31, 2024**

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Report of Independent Auditors

To the Members of  
Doner Shack Franchising, LLC

*Opinion*

We have audited the accompanying financial statements of Doner Shack Franchising, LLC (the Company), a Delaware limited liability company, which comprise the balance sheet as of December 31, 2024, and the related statements of operations, members' equity and cash flows for the year ended December 31, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year ended December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

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

*Responsibilities of Management for the Financial Statements*

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

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 for one year after March 17, 2025.

*Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore 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 audits.

- 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 audits in order to design audit procedures that are appropriate in the circumstance, 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*DA Advisory Group PLLC*

Troy, MI  
March 17, 2025

Doner Shack Franchising, LLC  
Balance Sheet  
As of December 31, 2024

	<u>December 31,</u> <u>2024</u>
ASSETS	
Current assets:	
Cash and cash equivalents	<u>958</u>
Total current assets	958
Total assets	<u><u>\$ 958</u></u>
LIABILITIES AND MEMBERS' EQUITY	
Total liabilities	<u><u>\$ -</u></u>
Members' equity:	
Total members' equity	<u>958</u>
Total liabilities and members' equity	<u><u>\$ 958</u></u>

see accompanying notes

Doner Shack Franchising, LLC  
Statement of Operations  
For the year ended December 31, 2024

Operating revenues:	
Revenue	\$ -
Operating revenues	<u>-</u>
Operating expenses:	
Consulting fees	45,323
Events	16,426
Advertising and marketing	15,191
Legal Fees	10,575
Other operating expenses	3,204
Total operating expenses	<u>90,719</u>
Net loss	<u>\$ (90,719)</u>

see accompanying notes

Doner Shack Franchising, LLC  
Statement of Members' Equity  
For the year ended December 31, 2024

	<u>Total Equity</u>
BALANCE, January 1, 2024	1,071
Contributions	90,606
Distributions	-
Net loss	<u>(90,719)</u>
BALANCE, DECEMBER 31, 2024	958

see accompanying notes

Doner Shack Franchising, LLC  
Statement of Cash Flows  
For the year ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	\$ (90,719)
Net cash used in operating activities	<u>(90,719)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Capital distributions	-
Contributed capital	90,606
Net cash provided by financing activities	<u>90,606</u>
Net change in cash and cash equivalents	(113)
Cash and cash equivalents at January 1, 2024	<u>1,071</u>
Cash and cash equivalents at period end	<u>958</u>
Total cash and cash equivalents	<u>\$ 958</u>

see accompanying notes

Doner Shack Franchising, LLC  
(A Delaware Limited Liability Company)  
Notes to the Financial Statements  
December 31, 2024

1. Organization

Doner Shack Franchising, LLC (the “Company”), is a Delaware Limited Liability Company, that was organized on November 24, 2020. The Company is engaged primarily in the training, advertising, and consulting of future Doner Shack franchise restaurants.

Through the date of December 31, 2024, total member contributions were \$90,606 and total member distributions were \$0.

2. Summary of significant accounting policies and nature of operations

Basis of presentation

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

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

The Company maintains its cash in bank deposit accounts which could exceed federally insured limits. The Company has not experienced an instance where cash held in the account exceeded insured limits since their inception and have not had losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. Balances of individual cash accounts do not exceed the insured limit as of December 31, 2024.

Concentration of credit risk

The Company is subject to credit risk related to amounts due from franchisees. The financial condition of the franchisees is largely dependent upon the underlying business trends of the brands and market conditions within the industries represented. The concentration of risk is mitigated by the number of franchisees and the short-term nature of the receivables from the franchisees.

Revenue and expenses

Operating income consists of contractual franchise royalties based on a percentage of monthly sales which are recognized as revenue in the month earned as well as revenue from other contractual agreements.

Initial franchise fees are recognized as revenue once substantially all of the initial services of the Company required by franchise agreement have been performed and no other material conditions or

Doner Shack Franchising, LLC  
(A Delaware Limited Liability Company)  
Notes to the Financial Statements  
December 31, 2024

2. Summary of significant accounting policies and nature of operations (continued)

obligations related to the determination of substantial performance exist. For the year ended December 31, 2024, initial franchise fees billed were \$0.

Other revenue sources include initial fees for new franchisees which is mainly focused on marketing and initial set up of the franchisee, royalties, technology, and other service fees that are invoiced and earned either monthly or when a franchisee signs a franchise agreement.

Revenue recognition

The Company recognizes revenue in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606, Revenue from Contracts with Customers (“ASC 606”) which outlines a single, comprehensive model for accounting for revenue from contracts with customers.

Under ASC 606, revenue is recognized in accordance with a five-step model, as follows: identifying the contract with the customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations and recognizing revenue when (or as) the Company satisfies a performance obligation.

The Company derives its revenues primarily from franchisees in accordance with contractual agreements.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract with each franchisee

3. Income taxes

Income taxes on Company income are levied on the Members at the individual level. Accordingly, all profits and losses of the Company are recognized on the individual respective tax return. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Company to report information regarding its exposure to various tax positions taken by the Company. Management has determined whether any tax positions have met the recognition threshold and has measured the Company’s exposure to those tax positions, noting none at the Company level.

Doner Shack Franchising, LLC  
(A Delaware Limited Liability Company)  
Notes to the Financial Statements  
December 31, 2024

4. Commitments and contingencies

The Company must assess if they are a party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, there are no matters of such kind, or involve such amounts, that they are aware of or require disclosure.

5. Subsequent events

Subsequent events have been evaluated through March 17, 2025, which is the date the financial statements were available to be issued. No significant events or transactions were identified that would require adjustment to the financial statements

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESS HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**

**BALANCE SHEET**  
for Doner Shack Franchising LLC

As of August 31st 2024

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	August 31st 2024
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Cash	<u>50,000</u>
Total Checking/Savings	<u>50,000</u>
Total Current Assets	<u>50,000</u>
<b>TOTAL ASSETS</b>	<b><u>50,000</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Equity	
Members Equity	<u>50,000</u>
Total Equity	<u>50,000</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>50,000</u></b>

#####

Khokar McAdam Accountants

Doner Shack Franchising, LLC  
BALANCE SHEETS (UNAUDITED)  
As of April 28, 2025

ASSETS

Current assets:	
Cash and cash equivalents	\$ 91,349
Total current assets	<u>91,349</u>
Noncurrent assets:	
Startup costs	<u>72,589</u>
Total noncurrent assets	72,589
Total assets	<u><u>\$ 163,939</u></u>

LIABILITIES AND MEMBERS' EQUITY

Current liabilities:	
Accounts payable	\$ -
Other liabilities	<u>-</u>
Total current liabilities	-
Noncurrent liabilities:	
Other noncurrent liabilities	<u>-</u>
Total noncurrent liabilities	-
Total liabilities	<u><u>-</u></u>
Members' equity:	
Total members' equity	<u>163,939</u>
Total liabilities and members' equity	<u><u>\$ 163,939</u></u>

see accompanying notes

Doner Shack Franchising, LLC  
STATEMENT OF OPERATIONS (UNAUDITED)  
For the period January 1, 2025 through April 28, 2025

Operating revenues:		
Royalties	\$	-
Franchise fees		-
Technology fees		-
Brand marketing fund contributions		-
Other revenue		-
Total operating revenues		<u>-</u>
Operating expenses:		
Operating expenses		<u>2,000</u>
Total operating expenses		<u>2,000</u>
Operating loss		<u>(2,000)</u>
Other income (expense)		<u>-</u>
Total other income (expense)		<u>-</u>
Net Loss	\$	<u><u>(2,000)</u></u>

see accompanying notes

**EXHIBIT E**  
**TO THE DONER SHACK FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

**STATE SPECIFIC ADDENDA**

## **CALIFORNIA**

### **ADDENDUM TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND DEVELOPMENT AGREEMENT**

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.

Neither the franchisor nor any person in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement and the area development agreement contain covenants not to compete that extend beyond the termination of the franchise and the area development franchise. These provisions may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement and the area development agreement require binding arbitration. The arbitration will occur at Los Angeles, California, with the costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association.

Prospective franchisees and area developers 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 or an area development agreement restricting venue to a forum outside the State of California.

OUR WEBSITE 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](http://www.dfpi.ca.gov).

Section 31512 of the Franchise Investment Law (FIL) and 20010 of the California Franchise Relations Act (CFRA) provide that any condition, stipulation or provision purporting to bind you to waive compliance with any provision of these laws is void. Therefore, any release of claims that you must sign as a condition of renewal or transfer may not apply to claims arising under the FIL or the CFRA.

Unless the transaction is exempt, Section 31125 of the California Corporations Code requires us to give you a special disclosure document, approved by the Commissioner of Financial Protection and Innovation, before asking you to consider a proposed material modification of an existing franchise.

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

## **ADDENDUM REQUIRED BY THE STATE OF ILLINOIS**

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

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

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

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, 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.

The undersigned hereby acknowledge and agree that this Addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

### **DONER SHACK FRANCHISING, LLC**

### **FRANCHISEE**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

Date Signed: \_\_\_\_\_

**STATE SPECIFIC ADDENDA**  
**TO THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT**

**ADDENDUM REQUIRED BY THE STATE OF ILLINOIS**

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

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

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

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, 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.

The undersigned hereby acknowledge and agree that this Addendum is hereby made part of and incorporated into the foregoing Franchise Agreement and/or Development Agreement.

**DONER SHACK FRANCHISING, LLC**

**FRANCHISEE**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

Date Signed: \_\_\_\_\_

## **ADDENDUM REQUIRED BY THE STATE OF INDIANA**

Neither Doner Shack Franchising, LLC, its Affiliate, nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the ten (10) year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings.

The Franchise Agreement and Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under Indiana law.

Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the Franchise Agreement and/or Development Agreement and the termination is not done in bad faith.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

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

## **ADDENDUM REQUIRED BY THE STATE OF INDIANA**

Section 15 of the Franchise Agreement, as well as Section 14 of the Development Agreement, are hereby modified by adding the following subsection after the last subsection thereof:

Indiana Law. The conditions under which this Agreement can be terminated may be affected by Indiana law [IC Stat. Sec. 23-2-2.5 and 23-2-2.7] which provides Franchisee with certain termination rights.

Section 21(C) of the Franchise Agreement and Development Agreement are hereby modified such that Franchisor agrees to select as the place for mediation a location within the State of Indiana and the laws of the State of Indiana shall apply to the mediation proceedings.

Any covenant not to compete in the Franchise Agreement or Development Agreement which extends beyond the termination of such agreement(s) (whichever are applicable) may not be enforceable under Indiana law.

Notwithstanding anything to the contrary in Section 21(A) of the Franchise Agreement and/or Development Agreement, the laws of the State of Indiana shall govern the construction and enforcement of these agreements.

Section 21(E) of the Franchise Agreement, as well as Section 22(A) of the Development Agreement, are hereby modified by adding the following text as the last sentence thereof:

This provision shall not in any way abrogate or reduce any rights of Franchisee as provided for under Indiana law including, but not limited to, the right to submit matters to the jurisdiction of the courts of Indiana.

## **ADDENDUM REQUIRED BY THE STATE OF MARYLAND**

For franchises and franchisee/developers subject to the Maryland Franchise Registration and Disclosure Law, the following information replaces, supplements and/or otherwise amends, as the case may be, the corresponding disclosures in the main body of the text of the Doner Shack Franchising, LLC Franchise Disclosure Document:

### Item 17.

The general release required as a condition to renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

With respect to this Item's discussion of our right to terminate you upon your bankruptcy, this provision in the Franchise Agreement may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of a franchise.

### Exhibit I

With respect to the Franchisee Questionnaire/Compliance Certification, all representations requiring prospective franchisees to assent to a release, estoppel or waiver of any liability are not intended to nor shall they as act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, 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.

The Franchisee Questionnaire/Compliance Certification attached as an Exhibit to the Franchise Disclosure Document is hereby deleted. If you are a resident of, or intend to operate the franchised business in, the State of Maryland, do not complete or sign the Compliance Certification attached to the Franchise Disclosure Document.

**AMENDMENT TO THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT  
REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Doner Shack Franchising, LLC Franchise Agreement and Development Agreement agree as follows:

1. Sections 15(A)(2) of the Franchise Agreement and Section 14(A)(1) of the Development Agreement are hereby supplemented and amended as follows:

The termination of this Agreement for this reason may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).

2. Sections 3(B)(6) and 13(E)(3) of the Franchise Agreement and Section 16(C)(3) Development Agreement are hereby supplemented and amended as follows:

The general release required as a condition to renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 21(E) of the Franchise Agreement and Section 22(A) of the Development Agreement are hereby supplemented and amended as follows:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Section 21(I) of the Franchise Agreement and Section 22(F) of the Development Agreement are hereby supplemented and amended as follows:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. The Franchise Agreement and Development Agreement are hereby supplemented and amended as follows:

All representations requiring prospective franchisees to assent to a release, estoppel or wavier of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. The Franchise Agreement and Development Agreement are hereby amended to include the following: “No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

## ADDENDUM REQUIRED BY THE STATE OF MICHIGAN

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

(A) A PROHIBITION OF THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE EACH 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, MATERIALS, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, MATERIALS, 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 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 QUALIFICATION OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

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 THE DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE, CONSUMER PROTECTION DIVISION, ATTN. FRANCHISE SECTION, 670 LAW BUILDING, 525 W. OTTAWA STREET, LANSING, MICHIGAN 48913, 517-373-7117.

## **ADDENDUM REQUIRED BY THE STATE OF MINNESOTA**

In an Addendum to the Franchise Agreement, we agree to indemnify you against losses and liabilities for which you are held liable in any proceeding arising out of your use of the mark “DONER SHACK” or any other trademark, service mark or logotype that you are authorized by us to use with the System franchise. This indemnification is contingent upon you using the marks or logotypes in accordance with the provisions of the Franchise Agreement. You are not granted any trademark rights under the Development Agreement.

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

We will comply with Minnesota Statute Section 80C.14 subdivisions 3, 4 and 5 which require, except in certain specific cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement and/or Development Agreement.

Minn. Stat. Sec. 80C.21 and Minnesota Rule Part 2860.4400J, prohibit us 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 agreement(s) can abrogate or reduce any of your rights provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Minn. Rule Part 2869.4400(d) prohibits us from requiring that you assent to a general release as set forth in Item 17 of this Disclosure Document.

Nothing in the Disclosure Document, Franchise Agreement or Development Agreement shall effect your rights under Minnesota Statute Section 80C.17, Subd. 5.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, 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.

The following is added to the end of Item 5:

Franchise will defer collection of the initial franchise fee and other initial fees payable to the Franchisor until Franchisor has fulfilled its pre-opening obligations, and the Franchisee is open for business.

## ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

The following is added to the end of Section 4(A)(1) of the Franchise Agreement and Section 2.1 of the Area Development Agreement:

Franchise will defer collection of the initial franchise fee and other initial fees payable to the Franchisor until Franchisor has fulfilled its pre-opening obligations, and the Franchisee is open for business.

Section 15 of the Franchise Agreement, as well as Section 14 of the Development Agreement, are hereby modified to add the following subsection after the last subsection therein:

Minnesota Law. The conditions under which this Agreement can be terminated or not renewed may be affected by Minnesota law which provides Franchisee with certain termination and non-renewal rights. Minnesota Statute Section 80C.14, subdivisions 3, 4 and 5 require, except in certain specified cases, that the Franchisee be given ninety (90) days' notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days' notice for non-renewal of the Franchise Agreement.

Section 21(D) of the Franchise Agreement, as well as Section 22(B) of the Development Agreement, are hereby modified by adding the word "seek to" in the first sentence thereof after the word "to" and before the word "obtain."

Section 21(E) of the Franchise Agreement, as well as Section 22(A) of the Development Agreement, are hereby modified by adding the following text as the last sentence thereof:

Minn. Stat. Sec. 80C.21 and Minnesota Rule Part 2860.4400J, prohibit us 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 agreement(s) can abrogate or reduce any of your rights provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Section 21(I) of the Franchise Agreement and Section 22(F) of the Development Agreement, are hereby modified by replacing all references of "one year" time limit to "three years" time limit to institute claims.

Nothing in the Franchise Agreement or Development Agreement is intended to abrogate or reduce any rights of the Franchisee as provided in for Minnesota Statutes, Chapter 80C.

## ADDENDUM REQUIRED BY THE STATE OF NEW YORK

All references to “Disclosure Document” shall be deemed to include the term “Disclosure Document” as used under New York law.

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is

subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

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

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

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

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

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

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

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

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

9. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any

franchisor, 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.

## NORTH DAKOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for Doner Shack Franchising, LLC shall be amended by the addition of the following language:

The following language is added to the “Summary” section of Item 17(c) entitled **Requirements for the franchisee to renew or extend:**

The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.

The following language is added to the “Summary” section of Item 17(r) entitled **Non-competition covenants during the term of the franchise.**

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

The following language is added to the “Summary” section of 17(u) entitled **Dispute Resolution by arbitration or mediation:**

To the extent required by North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

The following language is added to the “Summary” section of 17(v) **entitled Choice of forum:**

However, to the extent allowed by North Dakota Franchise Investment Law, you may commence any cause of action against us in any court of competent jurisdiction, including the state or federal courts of North Dakota.

The following language is added to the “Summary” section of 17(w) entitled **Choice of law:**

North Dakota law applies.

Notwithstanding anything contained in the Franchise Agreement or Development Agreement to the contrary, you do not have to pay us the Initial Franchise Fee until we perform our pre-opening obligations under the Franchise Agreement and you have opened for business. Once we complete this obligation, you must immediately pay us all initial fees we deferred.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, 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.

*[Signatures on Following Page]*

**DONER SHACK FRANCHISING, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date Signed: \_\_\_\_\_

**FRANCHISEE**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date Signed: \_\_\_\_\_

## **NORTH DAKOTA ADDENDUM TO THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT**

The following language is added to Section 3 of the Franchise Agreement:

The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.

The following language is added to the Section 14 of the Franchise Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

The following language is added to Section 21 of the Franchise Agreement and Section 15 of the Area Development Agreement:

To the extent required by North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

The following language is added to Section 21 of the Franchise Agreement and Section 9 of the Area Development Agreement:

However, to the extent allowed by North Dakota Franchise Investment Law, you may commence any cause of action against us in any court of competent jurisdiction, including the state or federal courts of North Dakota.

The following language is added to Section 21 of the Franchise Agreement and Section 9 of the Area Development Agreement:

North Dakota law applies.

Franchisor acknowledges that pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, all provisions in the Disclosure Document requiring Franchisee to consent to the jurisdiction of courts outside North Dakota are hereby void.

Section 21 of the Franchise Agreement and Section 17 of the Area Development Agreement requiring waiver of jury trial and Section 21 of the Franchise Agreement and Section 19 of the Area Development Agreement requiring waiver of exemplary and punitive damages, are hereby deleted in their entirety.

Notwithstanding anything contained in the Franchise Agreement or Development Agreement to the contrary, you do not have to pay us the Initial Franchise Fee until we perform our pre-opening obligations under the Franchise Agreement and you have opened for business. Once we complete this obligation, you must immediately pay us all initial fees we deferred.

**DONER SHACK FRANCHISING, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date Signed: \_\_\_\_\_

**FRANCHISEE**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date Signed: \_\_\_\_\_

## **ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND**

Even though our Franchise Agreement and Development Agreement provide that the laws of Delaware apply, the Rhode Island Franchise Investment Law may supersede these agreements because the Rhode Island Franchise Investment Law provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of laws of another state is void with respect to a claim otherwise enforceable under the Act.”

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

## **ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND**

Notwithstanding Section 21(E) of the Franchise Agreement or Section 22(A) of the Development Agreement, Section 19-28.1-14 of the Rhode Island Franchise Investment Act (the “Act”) provides that a provision in these agreements restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act.

## **ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for DONER SHACK FRANCHISING, LLC for use in the Commonwealth of Virginia shall be amended as follows:

With respect to disclosures in Item 6 of the Disclosure Document regarding a franchisee securing funds by selling securities in the franchise, be advised that any securities offered or sold by an Investor Franchisee as part of its Doner Shack Franchising, LLC Franchise must be either registered or exempt from registration under Section 13.1-514 of the Virginia Securities Act.

Additional Disclosure: The following statements are added to Item 17h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

## **ADDENDUM REQUIRED BY THE STATE OF WISCONSIN**

Section 15 of the Franchise Agreement, as well as Section 14 of the Development Agreement, are hereby modified to add the following subsection after the last subsection therein:

Wisconsin Law. The conditions under which this Agreement can be terminated or not renewed may be affected by Wisconsin law, Chapter 135, Wisc. Stats., the Wisconsin Fair Dealership Law.

Section 21(E) of the Franchise Agreement, as well as Section 22(A) of the Development Agreement, are hereby modified by adding the following language after the last sentence thereof:

“The Wisconsin Fair Dealership Law supersedes any provision of this Agreement which is inconsistent with that law.”

## Washington State Addenda to the Franchise Disclosure Document, Franchise Agreement, and Development Agreement

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

RCW 19.100.180 may supersede the franchise agreement including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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 of proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

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 the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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.

The following language is added to the end of Item 5 of the Franchise Disclosure Document, Section 4(A)(1) of the Franchise Agreement and Section 2.1 of the Area Development Agreement:

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. In addition, because franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and is deferred until franchisor has met all its pre-opening obligations under the Agreement and Franchisee is open for business with respect to each such location.

Section 23 of the Franchise Agreement shall not apply in the State of Washington.

Section 27 of the Development Agreement is hereby modified to remove the following words: “no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties.”

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, 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.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
FRANCHISOR

\_\_\_\_\_  
FRANCHISEE

**FOR RESIDENTS OF ALL STATES LISTED IN THIS ADDENDUM**

Notwithstanding Section 22(A) of the Franchise Agreement or Section 23(G) of the Development Agreement to the contrary, this Addendum shall not be merged with or into, or superseded by, the Franchise Agreement and/or Development Agreement (as applicable). In the event of any conflict between the Franchise/Development Agreement and this Addendum, this Addendum shall be controlling. Except as otherwise expressly set forth herein, no other amendments or modifications of the Franchise Agreement and Development Agreement are intended or made by the parties.

Applicable State: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum on the day and year first above written.

FRANCHISEE:

\_\_\_\_\_(SEAL)

\_\_\_\_\_(SEAL)

[OR]

FRANCHISOR:

**DONER SHACK FRANCHISING, LLC**

By: \_\_\_\_\_

Title: \_\_\_\_\_

OWNERS

(SHAREHOLDERS/PARTNERS/ MEMBERS):

\_\_\_\_\_  
Corporate Name, Partnership or  
Limited Liability Company

\_\_\_\_\_(SEAL)

By: \_\_\_\_\_

RIDER TO STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND  
FRANCHISE AGREEMENT

**FOR THE FOLLOWING STATES ONLY: CALIFORNIA, HAWAII, ILLINOIS, INDIANA,  
MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND,  
SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN (EACH A “REGULATED  
STATE” AND COLLECTIVELY, THE “REGULATED STATES”)**

This Rider to State Addendum to the Franchise Disclosure Document and Franchise Agreement (“Rider”) is entered into by and between (i) Doner Shack Franchising, LLC, a Delaware limited liability company with an address at 1688 Meridian Ave., Suite 600, Miami Beach, FL 33139 (“**Franchisor**”), and (ii) \_\_\_\_\_, a (individual/limited liability company/corporation) with an address at \_\_\_\_\_ (“**Franchisee**”).

- A. Concurrently with the execution of this Rider, Franchisor and Franchisee are entering into a franchise agreement (the “**Franchise Agreement**,”), pursuant to which Franchisee will acquire the right and undertake the obligation to own and operate a franchised business that may be located in, or subject to the regulations of, one of the Regulated States (the “Applicable Franchise Registration State”).
- B. Franchisor and Franchisee wish to amend the Franchise Agreement as provided in this Rider.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Franchise Agreement is hereby amended as follows:

1. NASAA SOP Acknowledgment. For prospective franchisees that reside in or are looking to operate the Franchised Business in any Regulated State, the Franchise Agreement will be amended to include the following provision:

“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.”

2. Except as provided in this Rider, the Franchise Agreement remains in full force and effect in accordance with its terms. This Rider shall be effective only to the extent that the jurisdictional requirements of the franchise law of the Applicable Franchise Registration State are met independently without reference to this Rider.

*[Signatures on Following Page]*

Signed on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**DONER SHACK FRANCHISING, LLC**

**FRANCHISEE**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT F**  
**TO THE DONER SHACK FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
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2025 Franchise Disclosure Document - Exhibits

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**EXHIBIT G**  
**TO THE DONER SHACK FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

**SAMPLE RELEASE AGREEMENT**

Upon execution of this Agreement, \_\_\_\_\_ (“**Franchisee**”), for themselves and all persons and entities claiming by, through, or under them, hereby release, acquit and forever discharge Doner Shack Franchising LLC (“**Franchisor**”) and its present and former officers, employees, members, managers, directors, agents, servants, representatives (including, without limitation, sales brokers), parents, affiliates, subsidiaries, franchisees, successors, and assigns (the “**Franchisor Releasees**”) from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys’ fees, actions or causes of action whatsoever, whether known or unknown, which Franchisee, by themselves, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or might claim to have against any Franchisor Releasee and that accrued prior to the effective date of this Agreement, including without limitation, those arising out of or related to: (i) the offer and sale of the Franchised Business, as well as the offer and grant of any other franchise by Franchisor to Franchisee or its affiliates prior to the effective date of this Agreement; (ii) the Franchise Agreement, as well as any other agreement or other contract entered into between Franchisee or its affiliates and any Franchisor Releasee as of the effective date of this Agreement; or (iii) any other franchise-related statute, law or regulation that is applicable to the parties’ relationship. Franchisee represents and warrants that Franchisee has not assigned any of the claims released by this Agreement. Franchisee further represents and warrants that Franchisee will not initiate, or assist or cooperate with any third party in connection with, an action or other proceeding against any Franchisor Releasee related to the claims released in this Section.

**FRANCHISEE:**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISOR:**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT H  
TO THE DONER SHACK FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF OPEN FRANCHISEES AS OF DECEMBER 31, 2024**

n/a

**LIST OF SIGNED BUT UNOPENED FRANCHISEES AS OF DECEMBER 31, 2024**

n/a

**EXHIBIT I  
TO THE DONER SHACK FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF FORMER FRANCHISEES**

n/a

**EXHIBIT J**  
**TO THE DONER SHACK FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**FRANCHISEE QUESTIONNAIRE**

## FRANCHISEE QUESTIONNAIRE

### **NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE):**

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE SHOULD NOT COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, Doner Shack Franchising, LLC (“we”, “us”), and you are preparing to enter into a Franchise Agreement and/or Development Agreement for the right to open and operate one (1) or more franchises (each a “**Franchised Business**”). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement, and pay us the appropriate franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes \_\_\_ No \_\_\_ 1. Have you received and personally reviewed the Franchise Agreement and/or Development Agreement, as well as each exhibit or schedule attached to this agreement, which you intend to enter into with us?
- Yes \_\_\_ No \_\_\_ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes \_\_\_ No \_\_\_ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?
- Yes \_\_\_ No \_\_\_ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?
- Yes \_\_\_ No \_\_\_ 5. Have you reviewed the Disclosure Document and Franchise Agreement (and/or Development Agreement) with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Franchised Business with these professional advisor(s)?
- Yes \_\_\_ No \_\_\_ 6. Do you understand the success or failure of your Franchised Business will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your Premises (or Development Area), competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
- Yes \_\_\_ No \_\_\_ 7. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?
- Yes \_\_\_ No \_\_\_ 8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the DONER SHACK mark or any other mark at any location outside your (a) Designated Territory under the Franchise Agreement and (b) Development Area if you have entered into a Development Agreement,

without regard to the proximity of these activities to the premises of your Franchised Business(es) or Development Area?

- Yes \_\_\_ No \_\_\_ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at our option, in Florida?
- Yes \_\_\_ No \_\_\_ 10. Do you understand the Franchise Agreement and Development Agreement provide that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential or other special damages?
- Yes \_\_\_ No \_\_\_ 11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement or Development Agreement is us?
- Yes \_\_\_ No \_\_\_ 12. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Designated Managers (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?
- Yes \_\_\_ No \_\_\_ 13. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?
- Yes \_\_\_ No \_\_\_ 14. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises (other than those that you timely fulfill your development obligations and have contracted to open under the Development Agreement, provided you have not materially breached that agreement and failed to timely cure that breach)?
- Yes \_\_\_ No \_\_\_ 15. Do you understand that we will send written notices, as required by your Franchise Agreement and/or Development Agreement, to either your Franchised Business or home address until you designate a different address by sending written notice to us?
- Yes \_\_\_ No \_\_\_ 16. Do you understand that we will not approve your purchase of a DONER SHACK franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?
- Yes \_\_\_ No \_\_\_ 17. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes \_\_\_ No \_\_\_ 18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes \_\_\_ No \_\_\_ 19. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and/or Development Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_ No \_\_\_ 20. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Disclosure Document?

**YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.**

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated: \_\_\_\_\_, 20\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated: \_\_\_\_\_, 20\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_\_\_

**GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER).**

**EXHIBIT K**  
**TO THE TO THE DONER SHACK FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state:

<b>State</b>	<b>Effective Date</b>
California	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	April 30, 2025
Maryland	Not Registered
Michigan	May 8, 2025
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	May 21, 2025
South Dakota	May 16, 2025
Virginia	Not Registered
Washington	Not Registered
Wisconsin	April 29, 2025

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

**EXHIBIT L**  
**TO THE TO THE DONER SHACK FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPTS**

## RECEIPTS (OUR COPY)

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

If Doner Shack Franchising, LLC offers you a franchise it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

**New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.**

If Doner Shack Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document.

The Issue Date of this Disclosure Document is April 29, 2025.

A list of franchisor's agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

The franchise seller(s) for this offering is/are as follows:

Sanjeev Sanghera and Laura Bruce at Doner Shack Franchising, LLC, 1688 Meridian Ave., Suite 600, Miami Beach, Florida 33139, or at (305) 447-7663.

I have received a Franchise Disclosure Document with an Issue Date of April 29, 2025, which contained the following Exhibits.

Exhibit A – List of State Administrators and List of Agents for Service of Process

Exhibit B – Franchise Agreement

Exhibit C – Area Development Agreement

Exhibit D– Financial Statements

Exhibit E– State Specific Addenda

Exhibit F – Operations Manual Table of Contents

Exhibit G – Sample Release Agreement

Exhibit H– List of Franchisees

Exhibit I– List of Former Franchisees

Exhibit J– Franchisee Questionnaire

Exhibit K– State Effective Dates

Exhibit L–Receipts

If an individual:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

If a Partnership, Corporation or Limited Liability Corporation:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name of Entity: \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

## RECEIPT (YOUR COPY)

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

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Exhibit L–Receipts

If an individual:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

If a Partnership, Corporation or Limited Liability Corporation:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name of Entity: \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_