FRANCHISE DISCLOSURE DOCUMENT

Turquoise Franchise, LLC
An Arizona Limited Liability Company
8160 W Union Hills Suite B200
Glendale, AZ 85308
(602) 418-0063
laura@turquoisewinebar.com
http://www.turquoisewinebar.com

As a Turquoise Wine Bar franchisee, you will operate a vibrant, modern wine bar and tasting room experience. The interior is designed with bistro-style seating, combining elegance with comfort to create an inviting space for guests to explore new wines and connect with other guests. Additional wine racks and shelving provide form and function. The community of guests and wine club members can enjoy winemaker dinners, education classes, tastings and food pairings, live music, wine festivals, travel opportunities, and more. Franchisees will operate the business under the brand "Turquoise Wine Bar."

The total investment necessary to begin operation of a Turquoise Wine Bar franchise is $305,400 to $600,600. This includes $40,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under a two to five-unit Multi-Unit Development Agreement (including the first unit) is $346,400 to $750,600. This includes $75,000 to $180,000 that must be paid to the franchisor. There is a two unit minimum number of Turquoise Wine Bar units that you are required to develop under the Multi-Unit Development Agreement.

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, please contact Laura J. Hernandez and Jennifer Sinconis at 8160 W Union Hills Suite B200, Glendale, AZ 85308 and (602) 418-0063.

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

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

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

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How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Arizona. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Arizona than in your own state.

2. **Financial Condition** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

4. **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.

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Exhibits

A. State Addenda to Disclosure Document
B. Franchise Agreement (with State Addenda to Agreements, Guaranty and Non-Compete Agreement, Rider to Lease Agreement, and Form of General Release)
C. Multi-Unit Development Agreement
D. Item 21 Financial Statements
E. State Administrators and Agents for Service of Process
State Effective Dates
Receipt (2 copies)

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

In this disclosure document, "we", "us," or "our" refers to Turquoise Franchise, LLC. "You" means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement's provisions also will apply to your owners.

Us, Any Parents, and Certain Affiliates

Our name is Turquoise Franchise, LLC. Our principal business address is 8160 W Union Hills Suite B200, Glendale, AZ 85308. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business. We do have an Affiliate, Epic Wine Travel, LLC who provides travel services to Franchisees.

Our Predecessors

We do not have any predecessors.

Our Business Name

We use the names "Turquoise Franchise, LLC" and "Turquoise Wine Bar". We do not intend to use any other names to conduct business.

Agent for Service of Process

Our agent for service of process in Arizona is Tonia Rokeby, and the agent's principal business address is 18049 W Port Au Prince Lane, Surprise, AZ 85388. Our agents for service of process in other states are disclosed in Exhibit A.

Business Organization

We are an Arizona Limited Liability Company. We were formed on 9/27/2024.

Information About Our Business and the Franchises Offered

We do not operate businesses of the type being franchised, but our Affiliate company operates 1 business of the type being franchised.

We do not have any other business activities. We have not offered franchises in other lines of business.

If you sign a franchise agreement with us, you will develop and operate a vibrant, modern wine bar and tasting room experience. The interior is designed with bistro-style seating, combining elegance with comfort to create an inviting space for guests to explore new wines and connect with other guests. Additional wine racks and shelving provide form and function. The community of guests and wine club members can enjoy winemaker dinners, education classes, tastings and food pairings, live music, wine festivals, travel opportunities, and more, under the trade name Turquoise Wine Bar. If you sign a Multi-Unit Development Agreement (attached as Exhibit C to this disclosure document), you will develop multiple Turquoise Wine Bar outlets, on an agreed-upon schedule. For each future unit franchise, we will require you to sign our then-current form of franchise agreement, which may be different from the form of franchise agreement included in this disclosure document.

We operate in the Wine Bar market that is well developed. Our services are offered year-round. You will compete for customers with independent owners, national chains, regional chains, and franchised businesses, offering a wine bar and tasting room experience for guests and wine club members, they can enjoy winemaker dinners, education classes, tastings and food pairings, live music, wine festivals, travel opportunities, and more.

Laws and Regulations

Operation of a Turquoise Wine Bar will require you to be aware of federal, state and local regulations that are common to all businesses and those laws specifically applicable to the restaurant business, including laws pertaining to food handling and safety, liquor, food labeling, sanitation, and weights and measurements, if applicable. You should also be aware of federal, state, and local employment laws and regulations, specifically including minimum wage and wage requirements. In addition, you may be required to obtain restaurant, business, occupational, food handling and other miscellaneous licenses. Some states also have laws regarding who may secure these licenses. You should consult with your own advisors and the government agencies for information on how these laws apply to you. Local law requirements vary by location.

The restaurant industry has certain laws and regulations specific to it. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local health departments administer and enforce laws and regulations that govern food preparation and service, waste disposal, and sanitary conditions. State and local agencies inspect restaurants for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. Some states have also adopted or are considering proposals to regulate indoor air quality.

The menu labeling provisions of the Patient Protection and Affordable Health Care Act require restaurant chains with 20 or more units to post caloric information on menus and menu boards, and to provide additional written nutrition information available to consumers upon request. For smaller chains, some states and local governments may require you to comply with laws relating to the labeling that is included on your menus, menu boards, and related materials. Some state and local authorities have also adopted, or are considering adopting, laws or regulations that would affect the content or make-up of food served in restaurants, such as the level of trans-fat contained in a food item.

Because your business will serve alcohol, you will be required to obtain certain licenses that permit you to sell and serve alcoholic beverages from your location. These rules and regulations will vary greatly depending on your state or market where you operate the franchised business from. You should consult with an attorney to work with you on this process in order to verify you have gone through the appropriate licensing needed to serve alcohol.

You alone are responsible for investigating and complying with all applicable laws and regulations, despite any information that we may give you. You should consult with a legal advisor about legal requirements that may apply to your business.

Prior Business Experience

We have offered franchises since March 2025. None of our affiliates has offered franchises in other lines of business.

Our affiliate, Turquoise Wine Bar, LLC has operated Turquoise Wine Bar in Glendale, Arizona since 2022. This affiliate has the same business address as us. This location opened in 2022 and the Arizona Limited Liability Company was formed on 8/31/2022.

Our affiliate, Epic Wine Travel, LLC provides travel scheduling and booking services for all locations. This Arizona Limited Liability Company was formed on 8/12/2025 and is located at the same address as us.

Item 2
BUSINESS EXPERIENCE

Laura Hernandez- Member. Laura Hernandez has been our Member in Glendale, Arizona, since 9/2024.

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
Epic Wine Travel, LLC	Managing Member	8/2025	Present	Peoria, AZ
Turquoise Wine Bar, LLC	Founder/Owner	8/2021	Present	Glendale, AZ
Turquoise Wine Bar Peoria, LLC, DBA The Audrey	Founder/Owner	8/2024	4/2025	Peoria, AZ
Kindercare Education	Senior District Mgr.	5/2016	12/2022	Glendale, AZ

Jennifer Sinconis- Member. Jennifer Sinconis has been our Member in Glendale, Arizona, since 9/2024.

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
Epic Wine Travel, LLC	Managing Member	8/2025	Present	Peoria, AZ
Turquoise Wine Bar, LLC	Founder/Owner	8/2021	Present	Glendale, AZ
Turquoise Wine Bar Peoria, LLC, DBA The Audrey	Founder/Owner	8/2024	4/2025	Peoria, AZ
Petsmart	Marketing Mgr.	12/2020	7/2022	Glendale, AZ

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
Alaska Airlines	Head of Brand Studio	4/2019	12/2020	Phoenix, AZ

Dan Hernandez- President. Dan Hernandez has been our President in Glendale, Arizona, since 9/2024.

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
Turquoise Wine Bar, LLC	President	4/2022	Present	Glendale, AZ
Turquoise Wine Bar Peoria, LLC, DBA The Audrey	Founder/Owner	8/2024	4/2025	Peoria, AZ
Copperpoint Insurance	VP of Operations	3/1994	12/2022	Phoenix, AZ

Item 3
LITIGATION

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

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

Item 5
INITIAL FEES

Franchise Fee

When you sign your franchise agreement, you must pay us $40,000 as the initial franchise fee. This fee is uniform and is not refundable.

All initial Franchise Fees are deferred until the Franchisee’s business is open and Franchisor has completed all pre-opening obligations.

Multi-Unit Development

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement (“MUDA”) in the form of Exhibit C to this disclosure document. Your franchise fees will be reduced to $35,000 for each additional franchise after the second franchise. You will pay all franchise fees upon signing the MUDA. They are uniform and not refundable.

Item 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	6% of your gross sales	Weekly, on Tuesday	See Note 1 and Note 2.
Marketing Fund Contribution	1% of your gross sales	Weekly, on Tuesday	See Item 11 for a detailed discussion about these funds. Amounts due will be withdrawn by electronic wire transfer from your designated bank account.
Market Cooperative Contribution	As determined by co-op. Currently, none.	Weekly, on Tuesday	We have the right to establish local or regional advertising cooperatives. The maximum contribution that a co-op may require is 5% of gross sales. Any location owned by us or any affiliate will have the same voting rights as our franchisees. Dues will be imposed by a majority vote and will not be less than 1% of gross sales. If any location owned by us or any affiliates have a majority vote, the maximum fees imposed will not exceed 3% of gross sales.
Local Marketing/Required Spending	3% of your gross sales	Monthly	You may only use promotional materials you have purchased from us or that we have provided to you.
Replacement / Additional Training fee	$500 per day	Prior to attending training	If you send a manager or other Team member(s) to our training program after you open, we will charge our then-current training fee.
Third party vendors	Currently not assessed, but in the future, if this were assessed, the range would be $100 to $2,000 depending on the vendor cost.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together with a reasonable markup or charge for administering the payment program.

Type of Fee	Amount	Due Date	Remarks
Non-compliance fee	$500	On demand	We may charge you $500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you $250 per week until you correct such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10% (The range of cost will vary depending on the amount owed to a vendor, but would typically be between $500 and $5,000)	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.
Late fee	$100 plus interest on the unpaid amount at a rate equal to 18% per year.	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	$30	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, plus our expenses. $500 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employee/team members providing onsite support).
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period.

Type of Fee	Amount	Due Date	Remarks
Special inspection fee	$500, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Customer complaint resolution	Our expenses. The Range of Cost will vary depending on the type of customer complaint from $100 to $500 per instance)	On demand	We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Non-compliance cure costs and fee	$500 plus the cost of the reimbursed expenses (Range of cost would be $100 to $1,000 depending on the specific non-compliance violation)	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	$10,000 (You may have additional broker and sales expenses associated with selling your business which would be paid to third parties. The range of cost would be $50,000 up to $100,000)	When transfer occurs	Payable if you sell your business.
Liquidated damages	The amount will be between $50,000 to $100,000 depending on your sales volume	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.

Type of Fee	Amount	Due Date	Remarks
Indemnity	Actual Costs	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us (other than local marketing spend and software subscription charges). All fees are imposed by us and collected by us (other than local marketing spend and software subscription charges). All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

2. We currently require you to pay royalty fees and other amounts due to us by pre-authorized bank draft.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT - FRANCHISE AGREEMENT

Type of expenditure	Amount			Method of payment	When due	To whom payment is to be made
Initial franchise fee (see Note 1)	$40,000	-	$40,000	Check or wire transfer	Upon signing the franchise agreement	Us
Rent and Lease Security Deposit (see Note 2)	$3,000	-	$17,500	Check	Upon signing lease	Landlord
Utilities (see Note 3)	$200	-	$500	Check, debit, and/or credit	Upon ordering service	Utility providers
Leasehold Improvements (see Note 4)	$150,000	-	$300,000	Check	As incurred or when billed	Contractors
Market Introduction Program (see Note 5)	$3,000	-	$6,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Furniture, Fixtures, and Equipment (see Note 6)	$30,000	-	$60,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Computer Systems (see Note 7)	$500	-	$1,500	Check, debit, and/or credit	As incurred	Vendors and suppliers
Insurance (see Note 8)	$1,200	-	$14,400	Check	Upon ordering	Insurance company
Signage (see Note 9)	$3,000	-	$8,000	Check, debit, and/or credit	Upon ordering	Vendor
Office Expenses (see Note 10)	$500	-	$1,000	Check, debit, and/or credit	As incurred	Vendors
Inventory (see Note 11)	$25,000	-	$30,000	Check, debit, and/or credit	Upon ordering	Vendors
Licenses and Permits (see Note 12)	$2,500	-	$50,000	Check	Upon application	Government
Dues and Subscriptions (see Note 13)	$500	-	$700	Check, debit, and/or credit	As incurred	Vendors, trade organizations
Professional Fees (lawyer, accountant, etc.) (see Note 14)	$1,000	-	$3,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Travel, lodging and meals for initial training (see Note 15)	$5,000	-	$8,000	Cash, debit or credit	As incurred	Airlines, hotels, and restaurants

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Additional funds (for first 3 months) (see Note 16)	$40,000 - $60,000	Varies	Varies	Employee/team members, suppliers, utilities
Total	$305,400 - $600,600			This is the total estimated initial investment to open and commence operating your initial location for the first three months (as described more fully in Chart A of this Item 7).

YOUR ESTIMATED INITIAL INVESTMENT - MULTI UNIT DEVELOPMENT AGREEMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
First franchise (see table above)	$305,400 - $600,600	Varies	Varies	Varies
Additional initial franchise fees (see Note 17)	$40,000 - $145,000	Check or wire transfer	Upon signing the MUDA	Us
Business planning and miscellaneous expenses	$1,000 - $5,000	Check	As incurred	Vendors and suppliers
Total	$346,400 - $750,600			This is the total estimated initial investment to enter into a Multi-Unit Development Agreement for the right to own a total of 2 or 5 locations.

<u>Notes</u>

1. The Franchise Fee is due and payable at the time of executing the Franchise Agreement. Your lease security deposit and utility deposits will usually be refundable unless you owe money

to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

All initial Franchise Fees are deferred until the Franchisee's business is open and Franchisor has completed all pre-opening obligations.

2. Our estimates in this table assume you pay one month rent plus a security deposit before you open for business. For this to occur, you would need to negotiate a "free rent" period for the time it takes to build out your business. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different.

3. Your utility deposit will depend on your market, credit score and other factors related to your location. This range accounts for your opening payment to the gas, water and electric company.

4. The leasehold improvements are the cost of construction to build out the unit in your market. This range of investment will vary greatly depending on your location and the cost of construction in your market. The locations are based on an estimate of 1,200-3,000 square feet in size. The cost of construction was estimated at $30-$35 per square foot in construction.

5. The Market Introduction Program is the advertising and expense associated with advertising and promoting the new business launch/opening. These costs are primarily advertising costs, but may include costs paid to a marketing agency to execute the advertising campaign.

6. The Furniture, Fixtures and Equipment includes the furniture and fixtures, design elements and the equipment needed to operate the business.

7. The cost of computer systems includes the hardware and software needed to operate the business. These items are detailed in Item 11.

8. Insurance includes the cost of insurance necessary to operate the business. The Insurance coverage amounts of types of insurance are included in Item 8.

9. The Signage includes both exterior and interior signage for promoting the brand and the business. The cost of signage will vary depending on how much signage you have available at your location and the cost of installation in your market.

10. This includes the cost of basic office supplies and expenses needed to operate the business such as pens, paper and other basic office supplies.

11. The food product, alcohol and inventory you will purchase will be made with approved vendors and suppliers. These products consist primarily of wine and specialty products.

12. Licenses and Permits includes the cost of the licensing and permitting needed to operate the business in your market.

13. Dues and Subscriptions includes the cost of associations and networking groups in your market. The costs are the cost to sign up for the associations such as the Chamber of Commerce.

14. The Professional Fees include the cost of your attorney and CPA and any other professional service providers who will help support you in opening and establishing your business. We also recommend that you have a Franchise Attorney review the Franchise Agreement prior to making your investment and these costs are all included in this investment range.

15. The cost of training is included in your Initial Franchise Fee, but you will be responsible for the cost of travel, food and lodging needed to attend training. This range of investment includes this cost and will vary depending on where you are located and the type of accommodations you choose.

16. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a Turquoise Wine Bar business by our affiliate, and our general knowledge of the industry.

17. This estimate assumes you sign a Multi-Unit Development Agreement for two to five franchises. The franchise fee for your first unit is counted in the "Estimated Initial Investment – Franchise Agreement" table. Your initial franchise fees are reduced to $35,000 for the third and each additional franchise. You will pay all franchise fees upon signing the MUDA.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications. You must use reasonable efforts to have your landlord sign our form of Rider to Lease Agreement (attached to the Franchise Agreement as Attachment 4).

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Brand Standards Manual, which includes (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $3,000,000 aggregate limit, (iv) Liquor Liability Insurance coverage of

$1,000,000-$3,000,000, (v) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000, (vi) Liquor Liability Insurance coverage of $1,000,000 per instance and up to $3,000,000 aggregate and (vii) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days' prior written notice of cancellation.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

D. Products, inventory and equipment. You may only market, offer, sell and provide the Approved Services, as well as any related merchandise and other products that we authorize for sale in conjunction with the Approved Services (the "Approved Products") at your location in a manner that meets our System Standards. We will provide you with a list of our then-current Approved Products, Approved Vendors/Suppliers and Approved Services, along with their standards and specifications, as part of the Manual or otherwise in writing prior to the opening of your location. We may update or modify this list in writing at any time. If you wish to offer any product or service at your location other than our Approved Products and Approved Services or use any item in connection with your location that does not meet our System Standards, you must first obtain our prior written approval as described more fully in this Item.

Us or our Affiliates as Supplier

We have the right to require you to purchase any items or services necessary to operate your location from a supplier that we approve or designate ("Approved Supplier & Vendors"), which may include us or our affiliate(s). We will provide you with a list of our Approved Suppliers and vendors in writing as part of the Manual or otherwise in writing, and we may update or modify this list as we deem appropriate. Currently, we have Approved Suppliers which are listed in the Brand Standards Manual that you must purchase in connection with the establishment and/or operation of your location.

Currently, you will be required to purchase travel management services from our Affiliate, Epic Wine Travel, LLC.

Ownership of Suppliers

Outside of using our Affiliate, Epic Wine Travel, LLC for travel services, none of our officers own an interest in a supplier to our franchisees.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

Revenue to Us and Our Affiliates

We will derive revenue from the required purchases and leases by franchisees. Because we are a new franchisor, our total revenue in the prior fiscal year was $0. Our revenue from all required purchases and leases of products and services by franchisees in the prior fiscal year was $0. The percentage of our total revenues that were from required purchases or leases in the prior fiscal year was 0%.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 50% to 80% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 50% to 80% of your total purchases and leases of goods and services to operate your business.

Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We do negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

Benefits Provided to You for Purchases

We do provide material benefit to you based on your purchase of particular goods or services and your use of particular suppliers.

Item 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	Franchise Agreement (FA): §§ 6.1, 6.2 Multi-Unit Development Agreement (MUDA): Not Applicable	Item 11
b. Pre-opening purchase/leases	FA: §§ 6.2, 6.3 MUDA: Not Applicable	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	FA: Article 6 MUDA: §§1(a), 3	Items 5, 7, 8 and 11
d. Initial and ongoing training	FA: §§ 5.4, 6.4, 7.6 MUDA: Not Applicable	Items 5, 6, 8 and 11
e. Opening	FA: §§ 6.5, 6.6 MUDA: §1(a)	Items 7, 8 and 11
f. Fees	FA: Article 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 15.2, 16.1, 17.6 MUDA: §1(a)	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	FA: §§ 6.3, 7.1, 7.3, 7.5, 7.9 –7.13, 7.15, 10.1, 10.4, 11.1 MUDA: Article 1	Items 8, 11 and 14
h. Trademarks and proprietary information	FA: Article 12, § 13.1 MUDA: Not Applicable	Items 13 and 14
i. Restrictions on products/services offered	FA: § 7.3 MUDA: Not Applicable	Items 8, 11 and 16

Obligation	Section in agreement	Disclosure document item
j. Warranty and customer service requirements	FA: §§ 7.3, 7.8, 7.9 MUDA: Not Applicable	Item 8
k. Territorial development and sales quotas	FA: Not applicable MUDA: §1(a), 4(ii)	Item 12
l. Ongoing product/service purchases	FA: Article 8 MUDA: Not Applicable	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	FA: §§ 7.12, 7.13 MUDA: Not Applicable	Items 6, 7 and 8
n. Insurance	FA: § 7.15 MUDA: Not Applicable	Items 6, 7 and 8
o. Advertising	FA: Article 9 MUDA: Not Applicable	Items 6, 7, 8 and 11
p. Indemnification	FA: Article 16 MUDA: Not Applicable	Items 6 and 8
q. Owner's participation/management/staffing	FA: § 2.4 MUDA: Not Applicable	Items 15
r. Records and reports	FA: Article 10 MUDA: Not Applicable	Item 11
s. Inspections and audits	FA: §§ 10.5, 11.2 MUDA: Not Applicable	Items 6 and 11
t. Transfer	FA: Article 15 MUDA: Article 7	Items 6 and 17
u. Renewal	FA: § 3.2 MUDA: Not Applicable	Item 17
v. Post-termination obligations	FA: Article 13, § 14.3 MUDA: Not Applicable	Item 17
w. Non-competition covenants	FA: § 13.2 MUDA: Not Applicable	Item 17
x. Dispute resolution	FA: Article 17 MUDA: Article 7	Items 6 and 17

Item 10
FINANCING

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

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations that you submit to us. If the Authorized Location for your franchise business has not been identified at the time the Franchise Agreement is signed, we will assign you a Designated Market Area. (Section 5.4). If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

(i) We generally do not own your premises.

(ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.

(iii) We require that you conduct, at your request, an evaluation of the demographics of the market area for the location. Ideally, the Authorized Location of your franchise business will be a major, national-tenant anchored commercial retail center that meets our then-current requirements for population density, demographics, available parking, traffic flow and entrance/exit from the site. The typical location will be at least 1,200-3,000 square feet.

(iv) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms. We also have the right and opportunity to review any lease or purchase agreement for a proposed location before you enter into such an agreement.

(v) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.

B. *Constructing, remodeling, or decorating the premises*. We will provide you with our sample recommended floor plans, and our specifications for required décor. (Section 5.4)

C. *Hiring and training employee/team members*. We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employee/team members (Section 5.2), operational instructions in the Manual which you can use as part of training new employee/team members (Section 5.3), and our initial training program described below. Our opening support (as described below) includes assisting you in training employee/team members. All hiring decisions and conditions of employment are your sole responsibility.

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.4) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

E. *Brand Standards Manual*. We will give you access to our Brand Standards Manual (Section 5.1).

F. *Initial Training Program.* We will conduct our initial and any ongoing training program(s). (Section 5.4). The current initial training program is described below.

G. *Market introduction plan*. We will advise you regarding the planning and execution of your market introduction plan. We will provide you with the content and detail of what is to be done and how the marketing will be executed. (Section 5.4)

H. *On-site opening support.* We will have a representative provide on-site support for up to one week in connection with your business opening. (Section 5.4)

<u>Length of Time to Open</u>

The typical length of time between signing the franchise agreement and the opening of your business is 2-6 months. Factors that may affect the time period include your ability to obtain a lease, obtain financing, develop your location, obtain business permits and licenses, and hire employee/team members.

<u>Our Post-Opening Obligations</u>

After you open your business:

A. *Developing products or services you will offer to your customers*. Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so. (Section 7.13)

B. *Hiring and training employee/team members*. We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employee/team members (Section 5.2), and operational instructions in the Manual which you can use as part of training new employee/team members (Section 5.3).

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. (Section 5.5)

D. *Establishing prices*. Upon your request, we will provide recommended prices for products and services. (Section 5.5). We have the right to determine prices charged by our franchisees for goods and services (but only to the extent permitted by applicable law).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control (Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund*. We will administer the Marketing Fund (Section 5.5). We will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon request. (Section 9.3)

G. *Website*. We will maintain a website for the Turquoise Wine Bar brand, which will include store information, hours, custom wine club signup page, and your in-store events with custom dates and times. (Section 5.5)

<u>Advertising</u>

Our obligation. We will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which may be paid for by the Marketing Fund). We have no other obligation to conduct advertising.

Your own advertising material. You are responsible for local marketing activities to attract business/members/activity. We require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet or otherwise. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you. You must first obtain our advanced written approval before any form of co-branding, or advertising with other brands, products or services. You must strictly follow the social media guidelines, code of conduct, and etiquette as set forth in the Manual regarding social media activities. Any use of social media by you pertaining to the Location must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. You will promptly modify or remove any online communication pertaining to the Location that does not comply with the Franchise Agreement or the Manual.

Advertising council. We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

Local or Regional Advertising Cooperatives. We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% and not more than 5% of gross sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

Advertising Fund. You and all other franchisees must contribute to our Marketing Fund. Your contribution is 1% of gross sales per week. We reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we own are not obligated to contribute to the Marketing Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

Because we are a new franchisor, we did not spend any money from the Marketing Fund in our most recently concluded fiscal year.

If less than all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund is spent principally to solicit new franchise sales.

Market introduction plan. You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business. All materials used in connection with your grand opening campaign must be approved by us if not previously designated for use.

Computer Systems

We require you to purchase, lease and maintain such computer hardware and software, dedicated high speed communications equipment and services, dedicated telephone and power lines, modem(s), speakers, and other computer-related accessories or peripheral equipment as we may specify, for the purpose of, among other functions, recording Location sales, scheduling classes, and other functions that we require. You must provide such assistance as may be required to connect your computer system with a computer system used by us. We will have the right, on an occasional or regular basis, to retrieve such data and information from your computer system as we, in our sole and exclusive discretion, consistent with consumer privacy laws, deem necessary. You must operate your computer system in compliance with certain security standards specified and modified by us. In view of the interconnection of computer systems and the necessity that such systems be compatible with each other, you expressly agree that you will strictly comply with our System Standards for all item(s) associated with your computer system and will otherwise operate your computer system in accordance with our System Standards.

To ensure full operational efficiency and optimal communication capability between and among computer systems installed by you, us, and other franchisees, you agree, at your expense, to keep your computer system in good maintenance and repair, and following our determination that it will be economical or otherwise beneficial to the System to promptly install such additions, changes, modifications, substitutions and/or replacement to your computer hardware, software, communications equipment and services, telephone and power lines, and other computer-related facilities, as we direct.

We may require you to update or upgrade any computer hardware or software during the term of the Franchise. There is no contractual limit on the frequency or cost of this obligation.

Computer System as follows:

Software:
Required POS& payroll
Required Accounting
Required Wine Club System

Hardware:
Computer/laptop and/or tablet
Camera systems
Speaker systems
Printer

The system will include our currently required POS/CRM system, credit card processing system, and accounting platform, such as QuickBooks. These systems will generate or store data such as inventory/product details, sales transactions, client, employee/team member, scheduling, reporting, and accounting information.

We estimate that these systems will cost between $500 and $1,500 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do require you enter into such contract with a third party for the above platforms/system.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be $15,000 to $16,800.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Brand Standards Manual

Manual Section	**Number of Pages**
Welcome & Introduction	23 pages
Establishing my franchise business	36 pages
Human Resources	85 pages
Finance and Operations	34 pages
Wine & Food Operations	31 pages
Marketing	25 pages
Sales and Service	28 pages
Total Number of Pages	**262**

Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training**	**Location**
Turquoise Wine Bar Brand & Culture	3	0	Our Location, Glendale, AZ or Your Location, or Virtual
Working together Franchisor and Franchisee	2	0	Our Location, Glendale, AZ or Your Location, or Virtual
Location -Location Set Up	2	2	Our Location, Glendale, AZ or Your Location, or Virtual
Education and Training	5	0	Our Location, Glendale, AZ or Your Location, or Virtual
Marketing and Sales	6	3	Our Location, Glendale, AZ or Your Location, or Virtual
Operations and Management - Front of House Management - Back of House Management - Creating the Experience	5	20	Our Location, Glendale, AZ or Your Location, or Virtual
Open/Close the Location	2	3	Our Location, Glendale, AZ or Your Location, or Virtual

Cleaning and Maintenance	1	2	Our Location, Glendale, AZ or Your Location, or Virtual
Equipment Maintenance	1	0	Our Location, Glendale, AZ or Your Location, or Virtual
Payroll/Staff Scheduling	2	0	Our Location, Glendale, AZ or Your Location, or Virtual
Ops Review / FAQ's / Miscellaneous	1	0	Our Location, Glendale, AZ or Your Location, or Virtual
TOTALS:	30	30	Our Location, Glendale, AZ or Your Location, or Virtual

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training classes in advance of the opening of the franchisee's location, doing so remotely, at a Affiliate Owned location, and at the franchisee's location once sufficient build-out has been completed and close to being open, as elaborated on in the additional questions below. This may change as we start to bring on more franchisees.

The instruction materials consist primarily of our Onboarding Checklist which contains links organized by section for all applicable written procedures, training videos, a shadowing/coaching checklist and approval process all required to successfully and fully complete the necessary training. Additional instructional material will be provided consisting of additional similar training (additional procedures, additional video training, additional checklists, etc.) for "higher-level" functions required of the franchisee and/or the individual acting as the owner/operator and/or manager of the franchisee.

Training classes will be led by the franchisor(s) and/or its delegate(s), such as a Affiliate Owned-employed, tenured individual who has been delegated to lead some or all aspects of training (i.e. a manager / assistant manager / senior employee/team member who works at a Affiliate Owned (franchisor) location). Some aspects of training classes will be self-directed and led by the franchisee themselves as they follow the training structure in place which would include video training and the aforementioned instructional materials created by the franchisor/Affiliate Owned (so in that sense, it is still being led by the franchisor/Affiliate Owned/its delegate(s), just done remotely and/or by pre-recorded materials listed in the Onboarding/Training structure).

The instructor, of the franchisor(s) have experience operating/managing/instructing at our Affiliate Owned location(s) and are described in Item 2. Franchisor/Affiliate Owned delegate(s) may have various lengths of experience depending on the individual delegate, but they would typically have minimally one year of experience, if not more, and have had successfully completed both their own training and facilitation of others' training in the past; the delegate(s) would typically be in a management role at a Affiliate Owned location or be a "senior," tenured employee/team member/team member if not in a formal management position.

There is no fee for up to 4 people to attend training. You must pay the travel and living expenses of your employee/team members or managers attending training.

You and one additional general manager must attend training. You may send any additional persons to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business. You will be required to pass a test which evaluates your understanding for the content and franchise operating content as covered in the training program. Should you fail to pass the test or complete the initial training, we have the right to terminate the franchise agreement with no refund of the initial franchise fee.

Your business must at all times be under your on-site supervision or under the on-site supervision of a general manager who has completed our training program. If you choose to open three or more units, you will be required to hire a Regional Manager to oversee the locations. If you need to send a new general manager to our training program, we will charge a fee, which is currently $500 per day. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

Item 12
TERRITORY

Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval. You must assume all costs, liabilities, expenses and responsibility in connection with locating, obtaining and developing a premises for your Location; and constructing, equipping, remodeling and/or building out the premises for use as a Location, all in accordance with our System Standards.

Grant of Territory

Your franchise agreement will specify a territory, which will be determined by us. Your territory will have a population of approximately 100,000 people from the location, whichever is less. Your territory will usually be specified as a radius around your location; however, we may use other boundaries (such as county lines or other political boundaries, streets, geographical features, or trade area).

Relocation; Establishment of Additional Outlets

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee's business on case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

The franchisee does not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside your territory.

You do not have the right to establish additional franchised outlets unless you sign a Multi-Unit Development Agreement ("MUDA") in the form attached as Exhibit C to this disclosure document. If you and we sign a MUDA, then you will have the right to establish a mutually-agreed number of additional outlets on a mutually-agreed schedule. Under the MUDA, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional Turquoise Wine Bar business, (3) you must be in compliance with all brand requirements at your open Turquoise Wine Bar business(es), and (4) you must not be in default under any other agreement with us. We will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. You are not obligated to develop additional outlets under the MUDA, and you may terminate it any time without penalty. If you do not meet your development schedule in the MUDA, we have the right to terminate your right to develop additional outlets.

Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

Territory Protection

In your franchise agreement, we grant you an exclusive territory. In your territory, we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks as a Turquoise Wine Bar outlet. The continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency. There are no circumstances that permit us to modify your territorial rights.

If you sign a MUDA, you will receive an exclusive territory as an area developer. In your territory, we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks as a Turquoise Wine Bar outlet. The continuation of your territorial exclusivity depends on your adherence to the development schedule stated in the MUDA. If you fail to adhere to the development schedule, we will have the right to terminate your MUDA, but not any franchise agreements that are already signed.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

Soliciting by You Outside Your Territory

There are no restrictions on you from soliciting or accepting orders from consumers outside of your territory, except that all marketing and advertising is subject to our approval.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

Item 13
TRADEMARKS

Principal Trademark

The following is the principal trademark that we license to you. This trademark is owned by us. We do have a federal registration for our principal trademark.

Trademark	Registration Date	Registration Number
TURQUOISE WINE BAR	8/19/2025	7900312

Due to the fact that none of our trademark registrations are more than six years old, we have not filed any renewals or affidavits, but we intend to do so with the USPTO at the time they are legally required.

The following is the principal trademark that we license to you. This trademark is owned by us. 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. An application for registration on the Principal Register of the United States Patent and Trademark Office has been filed.

Trademark	Application Date	Serial Number
TURQUOISE WINE BAR	1/05/2026	99578439

Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third-party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Brand Standards Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights, at your expense.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Brand Standards Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

All information relating to the System and to the development and operation of your franchise business (including your location), including, without limitation, the Manual, our training programs, members and supplier lists, customer data, or other information or know-how distinctive to the development or operation of a franchise business/location (all of the preceding information is the "Confidential Information") is considered to be proprietary and trade secrets of Franchisor. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates. We disclose to you Confidential Information needed for the operation of a location/ franchise business, and you may learn additional information during the term of your franchise. We have all rights to the Confidential Information and your only interest in the Confidential Information is the right to use it under your Franchise Agreement.

Both during and after the term of your Franchise Agreement, you must use the Confidential Information only for the operation of your location/ franchise business under a Franchise Agreement; maintain the confidentiality of the Confidential Information; not make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; and follow all prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Brand Standards Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employee/team members/team members to sign confidentiality agreements.

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

Your Participation

You are not required to participate personally in the direct operation of your business. However, we recommend that you participate.

You must designate one person as your "Principal Executive". The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

"On-Premises" Supervision

You are not required to personally conduct "on-premises" supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

You are solely responsible for the hiring and management of the employees/team members, for the terms of their employment and for ensuring their compliance with any training or other requirements established by us. You will keep us advised, in writing, of any Designated Manager involved in the operation of the location/franchise business and their contact information. Your location/franchise business must, at all times, be managed by and staffed with at least one (1) individual who has successfully completed the Owner/Operator Module of our Initial Training Program. You and your managers and employees/team members must comply with the confidentiality provisions. 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 a 10% or greater interest in the location/franchise business must execute a Guaranty.

You will be solely responsible for all employment-related decisions associated with your location/franchise business personnel, including hiring, firing, scheduling and compensation. Nothing in the Franchise Agreement or Development Agreement is intended, or may be construed to, establish or create any kind of employer-employee or joint employer relationship between (a) us, and (b) you and your personnel.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

Restrictions on Your Manager

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you to place any other restrictions on your manager.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell, only and all goods and services, Approved Products and Approved Services, and deal only with those Approved Suppliers, that we authorize or require. Failure to comply with our purchasing restrictions may result in the termination of your Franchise Agreement. We may supplement, revise and/or modify the types of authorized goods or services, our Approved Products and/or Approved Services as we deem appropriate, as well as our System Standards associated with the provision of these products/services. These changes will be outlined in our Manual or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.

You must ensure that only Authorized Team Members/employees who have completed all required training are those that provide the Approved Services at your Location. If we discontinue any Approved Product or Approved Service offered by the location, 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 location of your location for any other business purpose other than the operation of your location/franchise business. You may not advertise, offer for sale or sell, any products and/or services that we have not authorized. We may change the types of authorized products and services at any time in our discretion. You agree to promptly undertake all changes as we periodically require, without limit, except we will not require you to thoroughly modernize or remodel the location any more often than once every 5 years. You will not make any material alterations to your location, or its appearance as originally approved by us without our prior written approval.

You must refrain from any merchandising, advertising, or promotional practice that is unethical or may be injurious to your business, our brand/business and/or other Turquoise Wine Bar locations/businesses, or to the goodwill associated with the Marks. Subject to the conditions set forth above, we do not impose any restrictions with regards to the customers to whom you may sell goods and services.

Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Franchise Agreement (FA): § 3.1 Multi-Unit Development Agreement (MUDA): none	10 years from date of franchise agreement.
b. Renewal or extension of the term	FA: § 3.2 MUDA: none	For our franchise system, "renewal" means that at the end of your term, you sign our successor franchise agreement for an additional term. You may be asked to sign a contract with materially different terms and conditions than your original contract.
c. Requirements for franchisee to renew or extend	FA: § 3.2 MUDA: none	For our franchise system, "renewal" means that at the end of your term, you sign our successor franchise agreement for an additional term. You may be asked to sign a contract with materially different terms and conditions than your original contract. To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to our then-current standards; sign then-current form of franchise agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law). If you continue operating your franchise after the expiration of the term without a renewal agreement, then we may either terminate your operation at any time or deem you to have renewed your agreement for an additional term.
d. Termination by franchisee	FA: § 14.1 MUDA: § 4	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.

Provision	Section in franchise or other agreement	Summary
		If you sign a MUDA, you may terminate it at any time.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	FA: § 14.2 MUDA: § 4	We may terminate your agreement for cause, subject to any applicable notice and cure opportunity. If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we have the right to terminate your MUDA.
g. "Cause" defined--curable defaults	FA: § 14.2 MUDA: none	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure); operate in a manner dangerous to health or safety (48 hours to cure). If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we have the right to terminate your MUDA.
h. "Cause" defined--non-curable defaults	FA: § 14.2 MUDA: § 4	FA: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our business inspection; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of, or plea to a felony, or commission or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured. MUDA: failure to meet development schedule; violation of franchise agreement or other

Provision	Section in franchise or other agreement	Summary
		agreement which gives us the right to terminate it. If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we have the right to terminate your MUDA.
i. Franchisee's obligations on termination/non-renewal	FA: §§ 14.3 – 14.6 MUDA: none	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by franchisor	FA: § 15.1 MUDA: § 7	Unlimited
k. "Transfer" by franchisee - defined	FA: Article 1 MUDA: Background Statement	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.
l. Franchisor's approval of transfer by franchisee	FA: § 15.2 MUDA: § 7	No transfers without our approval.
m. Conditions for franchisor's approval of transfer	FA: § 15.2 MUDA: none	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you've made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release; business complies with then-current system specifications (including remodel, if applicable).
n. Franchisor's right of first refusal to acquire franchisee's business	FA: § 15.5 MUDA: none	If you want to transfer your business (other than to your co-owner or your spouse, sibling, or child), we have a right of first refusal.

Provision	Section in franchise or other agreement	Summary
o. Franchisor's option to purchase franchisee's business	Not Applicable	
p. Death or disability of franchisee	FA: §§ 2.4, 15.4 MUDA: none	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months.
q. Non-competition covenants during the term of the franchise	FA: § 13.2 MUDA: none	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any competitor.
r. Non-competition covenants after the franchise is terminated or expires	FA: § 13.2 MUDA: none	For two years, neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor located within five miles of your former territory or the territory of any other Turquoise Wine Bar business operating on the date of termination.
s. Modification of the agreement	FA: § 18.4 MUDA: § 7	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	FA: § 18.3 MUDA: § 7	Only the terms of the agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement (or MUDA) may not be enforceable. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
u. Dispute resolution by arbitration or mediation	FA: § 17.1 MUDA: § 7	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	FA: §§ 17.1; 17.5 MUDA: § 7	Arbitration will take place where our headquarters is located (currently, Glendale,

Provision	Section in franchise or other agreement	Summary
		Arizona) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	FA: § 18.8 MUDA: § 7	Arizona (subject to applicable state law).

Item 18
PUBLIC FIGURES

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

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following financial results are derived from our One Company Owned Outlet which operates in the Glendale, Arizona Market. This location is owned and operated by our Affiliate, Turquoise Wine Bar, LLC. These financial results are derived from 1.01.2025 through 12.31.2025.

ACCOUNTS	Jan 01, 2025 to Dec 31, 2025
Income	
Sales	$961,705.55
Total Income	$961,705.55
Cost of Goods Sold	
Food	$63,748.66
Liquor	$169,548.39
Total Cost of Goods Sold	$233,297.05
Gross Profit	$728,408.50
Operating Expenses	
AZ Taxes	$71,146.23
Accounting Fees	$5,570.00
Advertising & Promotion	$40,706.11
Bank Service Charges	$9,461.36
Business Licenses & Permits	$3,234.15
Equipment rental	$2,497.02
Office Supplies	$4,542.36
Payroll Employer Taxes	$9,779.50
Payroll – Wages & Tips	$217,199.63
Professional Fees	$3,523.61
Rent Expense	$37,884.06
Repairs & Maintenance	$3,782.80
Subscriptions	$2,586.77
Supplies	$4,287.37
Utilities	$15,027.32
Insurance Expense	$19,835.55
Total Operating Expenses	$451,063.84
Net Profit	$277,344.66
Estimated Royalty Fees	$ 57,702.33
Estimated Brand Fund Fees	$ 9,617.06

Notes:

1. The foregoing data are historic financial performance representations. They are not projections of future performance. The Company Owned Outlet included in this Item 19 is the same model as what future franchise Outlets would open. There are no other material and/or operational characteristics of the company-owned outlets that are reasonably anticipated to differ materially from future operational franchise outlets.

2. “Total Income” means the total revenue derived from the sale of goods or services less sales tax, discounts, and returns.

3. “Total Cost of Goods Sold” means the cost of the food product, alcohol, beverages and products which were sold from our Company Owned Outlet during this time period.

4. “Gross Profit” means the Total Income minus the Total Cost of Goods Sold.

5. “Total Operating Expenses” is the sum of each operating expense disclosed as a total of these line items. These are essentially all of the costs associated with operating the Company Owned Outlet during this time period.

6. “Net Profit” means the Gross Profit minus the Total Operating Expenses.

7. Our Affiliates do not pay royalties or marketing fees to us; however, we have shown the estimated expenditures (6% Royalty, 1% Marketing Fund) for each Affiliate had they incurred those expenses.

8. **Some outlets have sold and earned this amount. Your individual results may differ. There is no assurance that you’ll sell or earn as much.**

9. Written substantiation of the information contained in this Item 19 will be made available to prospective franchisees upon reasonable request.

Except for what is included in this Item 19, 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 employee/team members, team members 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, Laura Hernandez and Jennifer Sinconis, 8160 W Union Hills Suite B200, Glendale, AZ 85308, and (602) 418-0063, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For Years 2023 to 2025

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Company-Owned	2023	0	1	+1
	2024	1	1	0
	2025	1	1	0
Total Outlets	2023	0	1	+1
	2024	1	1	0
	2025	1	1	0

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2023	0
	2024	0
	2025	0
Total	2023	0
	2024	0
	2025	0

Table 3
Status of Franchised Outlets
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi-Nations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
	2023	0	0	0	0	0	0	0
Arizona	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
	2023	0	0	0	0	0	0	0
Texas	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
All States	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Totals	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1

Table 4
Status of Company-Owned Outlets
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Arizona	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Totals	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1

Table 5
Projected Openings for 2026 As Of December 31, 2025

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	6	0
Nevada	0	1	0
Texas	0	3	0
Totals	0	10	0

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with our franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

List of Current Franchisees

The following is a list of the current franchisees who as of the end of our last fiscal year were open and operating in our system:

Name	location address	Phone	Units	Agreement	FEE PAID
Oly Salgado	504 E Roosevelt Street, Phoenix, AZ 85004	602-451-8999	1	4/5/25	$40,000.00
Heather Chaykowski	TBD open 2028	407-284-9813	1	8/23/25	$40,000.00
Heather Chaykowski	4772 East Sunrise Drive, Tucson, Arizona 85718	407-284-9813	1	8/23/25	$30,000.00
Tara & Neil Cruz	TBD Cypress Texas	832-773-4271	1	12/4/25	$40,000.00
Teresa Rodewald	TBD open 2028	425-327-1520	1	10/20/25	$40,000.00
Tim Wagenseller	14462 West Elm Street, Suite 113, Surprise, Arizona 85374	480-381-3858	1	10/24/25	$40,000.00
Rene Murphy	TBD The Woodlands, Texas	713-591-0435	1	11/25/25	$42,000.00
Teresa Rodewald	23423 N. 67th Avenue, Suite 109, Glendale, Arizona, 85310	425-327-1520	1	12/30/25	$20,000.00

The following is a list of the current franchisees who have signed a Multi-Unit Agreement:

Heather Chaykowski	4772 East Sunrise Drive, Tucson, Arizona 85718	407-284-9813	1	8/23/25	$30,000.00

Teresa Rodewald	23423 N. 67th Avenue, Suite 109, Glendale, Arizona, 85310	425-327-1520	1	12/30/25	$20,000.00

List of Terminated Franchisees

The following is a list of the franchisees who have had an unit terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with Franchisor within 10 weeks of the application date:

None.

List of Units for Sale

The following is a list of the franchised units now under Franchisor control that Franchisor is selling:

None.

Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

Franchisee Organizations

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

Item 21
FINANCIAL STATEMENTS

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Exhibit D contains our audited opening balance sheet dated 3/31/2025 and our most recent audited financial statements as of 12/31/2025. Our fiscal year end is December 31.

Item 22
CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

B. Franchise Agreement (with State Addenda to Agreements, Guaranty and Non-Compete Agreement, Rider to Lease Agreement, and Form of General Release)
C. Multi-Unit Development Agreement

Item 23
RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

EXHIBIT A

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

California limited liability companies Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, 14 days prior to the execution of an agreement or the solicitation of a proposed material modification of an existing 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 offering circular 14 days prior to execution of agreement.

Our website, www.turquoisewinebar.com, has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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.

All the owners of the franchise will be required to execute personal guarantees. This requirement places the marital assets of the spouses domiciled in community property states – AZ, CA, ID, LA, NV, NM, TX, WA and WI – at risk if your franchise fails.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

   Neither franchisor nor any person or franchise broker in Item 2 of this 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.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

   With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

   The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

   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 provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

   The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

   The Franchise Agreement requires mediation. The mediation will occur in Glendale, Arizona, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Mediation Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

   The Franchise Agreement requires application of the laws of Arizona. This provision may not be enforceable under California law.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF

COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: ____________________

2. A proposed registration or filing is or will be shortly on file in the following states: ______________________________

3. No states have refused, by order or otherwise to register these franchises.

4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), this Disclosure Document is amended as follows:

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

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

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

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

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

For info about obtaining a liquor license in Illinois, see:
https://www.illinois.gov/ilcc/Pages/Forms-and-Applications.aspx

For info about obtaining TIPS certification in Illinois, see:
https://www.tipscertified.com/tips-state-pages/illinois/

See: the Liquor Control Act of 1934, 235 ILCS 5/ (West 2018) for Illinois Dram Shop laws.

All initial Franchise Fees are deferred until Franchisee is open for business and Franchisor has delivered all pre-opening obligations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

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.

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

> The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
>
> You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
>
> The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

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

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

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

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

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

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 with the franchise.

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
  With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).
Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

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, 28 LIBERTY ST. 21ST FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

With the exception of what is stated above, the following applies 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 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.

4. 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.

5. 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.

6. Franchise Questionnaires and Acknowledgements--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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchi'ee's business.

3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

OHIO ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Ohio only, this Disclosure Document is amended by adding the following two cover pages to this Disclosure Document:

READ THIS DISCLOSURE DOCUMENT CAREFULLY

The state of Ohio has not reviewed and does not approve, recommend, endorse, or sponsor this or any franchise. If you have any questions about this franchise, the information contained in this disclosure document should be reviewed with an attorney or financial advisor before you sign any agreement.

The following disclosure document contains the disclosures required by Ohio law.

In the State of Ohio only, this Disclosure Document is further amended as follows:

The following is added to Item 19:

CAUTION

Some business opportunity plans have earned this amount. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:
Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:
The following statements are added to Item 17(h):

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

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.

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

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

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

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.

EXHIBIT B

FRANCHISE AGREEMENT

SUMMARY PAGE	
Franchisee	
Initial Franchise Fee	$
Development Area	
Opening Deadline	
Principal Executive	
Franchisee's Address	

This Agreement is made between Turquoise Franchise, LLC, an Arizona Limited Liability Company ("Turquoise Franchise"), and Franchisee effective as of the date signed by Turquoise Franchise (the "Effective Date").

Background Statement:

A. Turquoise Franchise and its affiliate Turquoise Wine Bar, LLC, have created and own a system (the "System") for developing and operating a vibrant, modern wine bar and tasting room experience. The interior is designed with bistro-style seating, combining elegance with comfort to create an inviting space for guests to explore new wines and connect with other guests.

Additional wine racks and shelving provide form and function. The community of guests and wine club members can enjoy winemaker dinners, education classes, tastings and food pairings, live music, wine festivals, travel opportunities, and more, under the trade name “Turquoise Wine Bar”.

B. The System includes (1) methods, procedures, and standards for developing and operating a Turquoise Wine Bar business, (2) plans, specifications, equipment, signage and trade dress for Turquoise Wine Bar businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by Turquoise Franchise from time to time.

C. The parties desire that Turquoise Franchise license the Marks and the System to Franchisee for Franchisee to develop and operate a Turquoise Wine Bar business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by Turquoise Franchise.

“**Business**” means the Turquoise Wine Bar business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business which offers products or services the same or similar as the franchise brand.

“**Confidential Information**” means all non-public information of or about the System, Turquoise Franchise, and any Turquoise Wine Bar business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“**Gross Sales**” means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

“**Input**” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“**Location**” means the location stated on the Location Acceptance Letter.

“**Losses**” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts;

judgments; loss of Turquoise Franchise's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

"**Manual**" means Turquoise Franchise's confidential Brand Standards Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

"**Marketing Fund**" means the fund established (or which may be established) by Turquoise Franchise into which Marketing Fund Contributions are deposited.

"**Marks**" means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by Turquoise Franchise from time to time for use in a Turquoise Wine Bar business.

"**Owner**" means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then "Owner" means Franchisee.

"**Remodel**" means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new Turquoise Wine Bar business.

"**Required Vendor**" means a supplier, vendor, or distributor of Inputs which Turquoise Franchise requires franchisees to use.

"**System Standards**" means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Turquoise Franchise, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating days, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

"**Territory**" means the territory stated on the Location Acceptance Letter.

"**Transfer**" means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in the Business, or (iv) control of the Business.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. Turquoise Franchise grants to Franchisee the right to operate a Turquoise Wine Bar business solely at the location. If no location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate a Turquoise Wine Bar business at the Location for the entire term of this Agreement.

2.2 Protected Territory. Turquoise Franchise shall not establish, nor license the establishment of, another business within the Territory selling the same or similar goods or services under the same or similar trademarks or service marks as a Turquoise Wine Bar business. Turquoise Franchise retains the right to:

(i) establish and license others to establish and operate Turquoise Wine Bar businesses outside the Territory, notwithstanding their proximity to the Territory or their impact on the Business;

(ii) operate and license others to operate businesses anywhere that do not operate under the Turquoise Wine Bar brand name; and

(iii) sell and license others to sell products and services in the Territory through channels of distribution (including the internet) other than Turquoise Wine Bar outlets.

2.3 Franchisee Control. Franchisee represents that it will identify each owner, officer and director of Franchisee, and describes the nature and extent of each owner's interest in Franchisee. If any of this information changes, Franchisee shall notify Franchisor within 10 days.

2.4 Principal Executive. Franchisee agrees that the person designated as the "Principal Executive" on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to Turquoise Franchise's reasonable approval.

2.5 Guaranty. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to Turquoise Franchise, in the form of Attachment 3.

2.6 No Conflict. Franchisee represents to Turquoise Franchise that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date and continues for 10 years.

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement subject to the following conditions prior to each expiration:

(i) Franchisee notifies Turquoise Franchise of the election to renew between 90 and 180 days prior to the end of the term;

(ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Turquoise Franchise (or any of its affiliates) at the time of election and at the time of renewal;

(iii) Franchisee has made or agrees to make (within a period of time acceptable to Turquoise Franchise) renovations and changes to the Business as Turquoise Franchise requires (including a Remodel, if applicable) to conform to the then-current System Standards;

(iv) Franchisee and its Owners execute Turquoise Franchise's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section;

(v) Franchisee and each Owner executes a general release (on Turquoise Franchise's then-standard form) of any and all claims against Turquoise Franchise, its affiliates, and their respective owners, officers, directors, agents, team members and employee/team members.

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

All initial Franchise Fees are deferred until the Franchisee's business is open and Franchisor has completed all pre-opening obligations.

4.2 Royalty Fee. Franchisee shall pay Turquoise Franchise a weekly royalty fee (the "Royalty Fee") equal to 6% of Gross Sales. The Royalty Fee for any given week is due on Tuesday of the following week.

4.3 Marketing Contributions.

(a) Marketing Fund Contribution. Franchisee shall pay Turquoise Franchise a contribution to the Marketing Fund (the "Marketing Fund Contribution") equal to 1% of

Franchisee's Gross Sales (or such lesser amount as Turquoise Franchise determines), at the same time as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative, not to exceed 5%.

4.4 Replacement / Additional Training Fee. If Franchisee sends an employee/team member/ team member to Turquoise Franchise's training program after opening, Turquoise Franchise may charge its then-current training fee. As of the date of this Agreement, the training fee is $500 per day.

4.5 Non-Compliance Fee. Turquoise Franchise may charge Franchisee $500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to Turquoise Franchise) which Franchisee fails to cure after 30 days' notice. Thereafter, Turquoise Franchise may charge Franchisee $250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Turquoise Franchise's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Turquoise Franchise's other rights and remedies (including default and termination under Section 14.2).

4.6 Reimbursement. Turquoise Franchise may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If Turquoise Franchise does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to Turquoise Franchise within 15 days after invoice by Turquoise Franchise accompanied by reasonable documentation.

4.7 Payment Terms.

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to Turquoise Franchise by pre-authorized bank draft or in such other manner as Turquoise Franchise may require. Franchisee shall comply with Turquoise Franchise's payment instructions.

(b) Calculation of Fees. Franchisee shall report weekly Gross Sales to Turquoise Franchise by Tuesday of the following week. If Franchisee fails to report weekly Gross Sales, then Turquoise Franchise may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to Turquoise Franchise, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that Turquoise Franchise has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a $100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. Turquoise Franchise may charge $30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by Turquoise Franchise (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. Turquoise Franchise may apply any payment received from Franchisee to any obligation and in any order as Turquoise Franchise may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Turquoise Franchise any fees or amounts described in this Agreement are not dependent on Turquoise Franchise's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

(h) Taxes. Franchisee will be responsible for all sales taxes, use taxes, and other taxes imposed on the fees payable by Franchisee to Turquoise Franchise or its affiliates and on services or goods furnished to Franchisee by Turquoise Franchise or its affiliates, unless the tax is an income tax assessed on Turquoise Franchise or its affiliates for doing business in the state where the Business is located.

ARTICLE 5. ASSISTANCE

5.1 Manual. Turquoise Franchise shall make its Manual available to Franchisee.

5.2 Assistance in Hiring Employee/team members. Turquoise Franchise shall provide its suggested staffing levels to Franchisee. Turquoise Franchise shall provide suggested guidelines for hiring employee/team members/team members. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

5.3 Assistance in Training Employee/team members. Turquoise Franchise shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employee/team members/team members.

5.4 Pre-Opening Assistance.

(a) Selecting Location. Turquoise Franchise shall provide its criteria for Turquoise Wine Bar locations to Franchisee. Turquoise Franchise will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period of time after the Effective Date, Turquoise Franchise shall provide Franchisee with (i) Turquoise Franchise's sample recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as Turquoise Franchise deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (iv) Turquoise Franchise's lists of Approved Vendors and/or Required Vendors.

(c) Pre-Opening Training. Turquoise Franchise shall make available its standard pre-opening training to the Principal Executive and up to three other team members, at Turquoise Franchise's headquarters and/or at a Turquoise Wine Bar business designated by Turquoise Franchise. Turquoise Franchise shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. Turquoise Franchise reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(d) Market Introduction Plan. Turquoise Franchise shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(e) On-Site Opening Assistance. Turquoise Franchise shall have a representative support Franchisee's business opening with up to one week of onsite opening training and assistance.

5.5 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, Turquoise Franchise will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent Turquoise Franchise deems reasonable. If Turquoise Franchise provides in-person support in response to Franchisee's request, Turquoise Franchise may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employee/team members/team members providing onsite support).

(b) Pricing. Upon request, Turquoise Franchise will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. Turquoise Franchise will provide Franchisee with Turquoise Franchise's recommended administrative, bookkeeping, accounting, and inventory control procedures. Turquoise Franchise may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. Turquoise Franchise shall manage the Marketing Fund.

(e) Internet. Turquoise Franchise shall maintain a website for Turquoise Wine Bar, which will include Franchisee's location (or territory) and telephone number.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Determining Location and Territory. If the Location and Territory are not stated on the Summary Page:

(i) Franchisee shall find a potential Location within the Development Area described on the Summary Page. Franchisee shall submit its proposed Location to Turquoise Franchise for acceptance, with all related information Turquoise Franchise may request. If Turquoise Franchise does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

(ii) When Turquoise Franchise accepts the Location, it will issue a Location Acceptance Letter in the form of Attachment 2 which states the Location and Territory. Turquoise Franchise shall determine the Territory in its good faith discretion, substantially in accordance with Item 12 of the Franchise Disclosure Document. If Turquoise Franchise fails to state the Territory in writing within 60 days after Franchisee opens the Business to the public, the Territory will be deemed to be the zip code where the franchised business is located and the immediately surrounding zip codes where the total population is 100,000 people from the location.

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by Turquoise Franchise, Franchisee must submit the proposed lease to Turquoise Franchise for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee shall use commercially reasonable efforts to obtain the landlord's signature to a rider to the lease in the form required by Turquoise Franchise.

6.3 Development. Franchisee shall construct (or remodel) and finish the Location in conformity with Turquoise Franchise's System Standards. If required by Turquoise Franchise, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining Turquoise Franchise's approval of Franchisee's plans. Turquoise Franchise may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by Turquoise Franchise or its representatives regarding any architectural, engineering, or legal matters (including without limitation the Americans With Disabilities Act) in the development and construction of the Business, and Turquoise Franchise assumes no liability with respect thereto. Turquoise Franchise's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering, or legal standards.

6.4 New Franchisee Training. Franchisee's Principal Executive and one additional general manager must complete Turquoise Franchise's training program for new franchisees to Turquoise Franchise's satisfaction at least four weeks before opening the Business.

6.5 Conditions to Opening. Franchisee shall notify Turquoise Franchise at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) Turquoise Franchise has inspected and approved the Business, (5) Franchisee has hired sufficient employee/team member/team members, (6) Franchisee's officers and employee/team member/team members have completed all of Turquoise Franchise's required pre-opening training; and (7) Turquoise Franchise has given its written approval to open, which will not be unreasonably withheld.

6.6 Opening Date. Franchisee shall open the Business to the public on or before the date stated on the Summary Page.

ARTICLE 7. OPERATIONS

7.1 Compliance with Manual and System Standards. Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

7.2 Compliance with Law. Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

7.3 Products, Services, and Methods of Sale. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by Turquoise Franchise in the Manual or otherwise in writing. Franchisee shall make sales only to retail customers, and only at the Location. Unless otherwise approved or required by Turquoise Franchise, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail order or over the internet, or at temporary or satellite locations. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards.

7.4 Prices. Franchisee acknowledges that the System Standards determined by Turquoise Franchise may include the minimum, maximum, and/or exact prices that franchisees may charge for products or services sold (except to the extent such authority is limited or prohibited by applicable law).

7.5 Personnel.

(a) Management. The Business must at all times be under the on-site supervision of the Principal Executive or a general manager who has completed Turquoise Franchise's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(d) Qualifications. Turquoise Franchise may set minimum qualifications for categories of employee/team member/team members employed by Franchisee.

(e) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Turquoise Franchise are not joint employers, and no employee/team member/team member of Franchisee will be an agent or employee/team member/team member of Turquoise Franchise. Within seven days of Turquoise Franchise's request, Franchisee and each of its employee/team member/team members will sign an acknowledgment form stating that Franchisee alone (and not Turquoise Franchise) is the employee/team member/team member's sole employer. Franchisee will use its legal name on all documents with its employee/team member/team members and independent contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and Franchisee will not use the Marks on any of these documents.

7.6 Post-Opening Training. Turquoise Franchise may at any time require that the Principal Executive and/or any other employee/team member/team members complete training programs, in any format and in any location determined by Turquoise Franchise. Turquoise Franchise may charge a reasonable fee for any training programs. Turquoise Franchise may require Franchisee to provide training programs to its employee/team member/team members. If a training program is held at a location which requires travel by the Principal Executive or any other employee/team member, then Franchisee shall pay all travel, living and other expenses.

7.7 Software. Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by Turquoise Franchise. Franchisee shall enter into any subscription and support agreements that Turquoise Franchise may require. Franchisee shall upgrade, update, or replace any software from time to time as Turquoise Franchise may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give Turquoise Franchise unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by Turquoise Franchise.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. Turquoise Franchise may take any action it deems appropriate to resolve a customer complaint regarding the Business, and Turquoise Franchise may require Franchisee to reimburse Turquoise Franchise for any expenses.

7.9 Evaluation and Compliance Programs. Franchisee shall participate at its own expense in programs required from time to time by Turquoise Franchise for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. Turquoise Franchise shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Turquoise Franchise for such programs. Turquoise Franchise may set minimum scores that Franchisee must receive from the public on internet review sites (such as Yelp or Google).

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by Turquoise Franchise (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Turquoise Franchise. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

7.11 Gift Cards, Loyalty Programs, and Incentive Programs. At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by Turquoise Franchise, in the manner specified by Turquoise Franchise in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Turquoise Wine Bar business. Franchisee shall comply with all procedures and specifications of Turquoise Franchise related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription, or customer incentive programs.

7.12 Maintenance and Repair. Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as Turquoise Franchise may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

7.13 Remodeling. In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, Turquoise Franchise may require Franchisee to undertake and complete a Remodel of the Location to Turquoise Franchise's satisfaction. Franchisee must complete the Remodel in the time frame specified by Turquoise Franchise. Turquoise Franchise may require the Franchisee to submit plans for Turquoise Franchise's reasonable approval prior to commencing a required Remodel. Turquoise Franchise's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

7.14 Meetings. The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that Turquoise Franchise requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

7.15 Insurance.

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by Turquoise Franchise in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

(i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);

(ii) Business interruption insurance covering at least 12 months of income;

(iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $3,000,000 aggregate limit;

(iv) Liquor Liability Insurance coverage of $1,000,000 per instance and up to $3,000,000 aggregate;

(v) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000; and

(vi) Workers Compensation coverage as required by state law.

(b) Franchisee's policies (other than Workers Compensation) must (1) list Turquoise Franchise and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of Turquoise Franchise and its affiliates, (3) be primary and non-contributing with any insurance carried by Turquoise Franchise or its affiliates, and (4) stipulate that Turquoise Franchise shall receive 30 days' prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to Turquoise Franchise prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of Turquoise Franchise.

7.16 Payments to Third Parties. Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent payments when due.

7.17 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Turquoise Wine Bar, the Business, or any particular incident or occurrence related to the Business, without Turquoise Franchise's prior written approval, which will not be unreasonably withheld.

7.18 Association with Causes. Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without Turquoise Franchise's prior written approval, which will not be unreasonably withheld.

7.19 No Other Activity Associated with the Business. Franchisee shall not engage in any business or other activity at the Location other than operation of the Turquoise Wine Bar Business. Franchisee shall not use assets of the Business for any purpose other than the Business. If Franchisee is an entity, the entity shall not own or operate any other business except Turquoise Wine Bar businesses.

7.20 No Third-Party Management. Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of Turquoise Franchise, which will not be unreasonably withheld.

7.21 Identification. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by Turquoise Franchise. Franchisee must display at the Business signage prescribed by Turquoise Franchise identifying the Location as an independently owned franchise.

7.22 Business Practices. Franchisee, in all interactions with customers, employee/team members, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from Turquoise Franchise. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Franchisee shall acquire all Inputs required by Turquoise Franchise from time to time in accordance with System Standards. Turquoise Franchise may require Franchisee to purchase or lease any Inputs from Turquoise Franchise, Turquoise Franchise's designee, Required Vendors, Approved Vendors, and/or under Turquoise Franchise's specifications. Turquoise Franchise may change any such requirement or change the status of any vendor. To make such requirement or change effective, Turquoise Franchise shall issue the appropriate System Standards.

8.2 Alternate Vendor Approval. If Turquoise Franchise requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Turquoise Franchise. Turquoise Franchise may condition its approval on such criteria as Turquoise Franchise deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Turquoise Franchise will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

8.3 Alternate Input Approval. If Turquoise Franchise requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Turquoise Franchise. Turquoise Franchise will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

8.4 Purchasing. Turquoise Franchise may negotiate prices and terms with vendors on behalf of the System. Turquoise Franchise may receive rebates, payments or other consideration from vendors in connection with purchases by franchisees. Turquoise Franchise has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor and to impose a reasonable markup or charge for administering the payment program. Turquoise Franchise may implement a centralized purchasing system. Turquoise Franchise may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Turquoise Franchise may determine.

8.5 No Liability of Franchisor. Turquoise Franchise shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

8.6 Product Recalls. If Turquoise Franchise or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from Turquoise Franchise or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

ARTICLE 9. MARKETING

9.1 Approval and Implementation. Franchisee shall not conduct any marketing, advertising, or public relations activities (including in-store marketing materials, websites, online advertising, social media marketing or presence, and sponsorships) that have not been approved by Turquoise Franchise. Turquoise Franchise may (but is not obligated to) operate all "social media" accounts on behalf of the System, or it may permit franchisees to operate one or more accounts. Franchisee must comply with any System Standards regarding marketing, advertising, and public relations, include any social media policy that Turquoise Franchise may prescribe. Franchisee shall implement any marketing plans or campaigns determined by Turquoise Franchise.

9.2 Use by Turquoise Franchise. Turquoise Franchise may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, perpetual, royalty-free license to Turquoise Franchise for such purpose.

9.3 Marketing Fund. Turquoise Franchise may establish a Marketing Fund to promote the System on a local, regional, national, and/or international level. If Turquoise Franchise has established a Marketing Fund:

(a) Separate Accounting. Turquoise Franchise separate accounting for the Marketing Fund Contributions from all franchisees separate from Turquoise Franchise's other financial transactions. This may not be kept in a separate bank account, but will be properly accounted for and reported to Franchisees.

(b) Use. Turquoise Franchise shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as Turquoise Franchise reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of Turquoise Franchise's employee/team members working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to

Franchisee. The Marketing Fund will be spent at Turquoise Franchise's sole discretion, and Turquoise Franchise has no fiduciary duty with regard to the Marketing Fund.

(d) Contribution by Other Outlets. Turquoise Franchise is not obligated to (i) have all other Turquoise Wine Bar businesses (whether owned by other franchisees or by Turquoise Franchise or its affiliates) contribute to the Marketing Fund, or (ii) have other Turquoise Wine Bar businesses that do contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. Turquoise Franchise may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, Turquoise Franchise may loan such funds to the Marketing Fund on reasonable terms.

(f) Financial Statement. Turquoise Franchise will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of Turquoise Franchise's fiscal year and will provide the financial statement to Franchisee upon request.

9.4 Market Cooperatives. Turquoise Franchise may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days. Turquoise Franchise shall not require Franchisee to be a member of more than one Market Cooperative. If Turquoise Franchise establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by Turquoise Franchise. Turquoise Franchise may require the Market Cooperative to adopt bylaws or regulations prepared by Turquoise Franchise. Unless otherwise specified by Turquoise Franchise, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. Turquoise Franchise will be entitled to attend and participate in any meeting of a Market Cooperative. Any Turquoise Wine Bar business owned by Turquoise Franchise in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, Turquoise Franchise may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to Turquoise Franchise's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of Turquoise Franchise pursuant to Section 9.1. Turquoise Franchise may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% and not more than 5% of Gross Sales.

(e) Enforcement. Only Turquoise Franchise will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. Turquoise Franchise may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

9.5 Required Spending. Franchisee shall spend at least 3% of Gross Sales each month on marketing the Business. Upon request of Turquoise Franchise, Franchisee shall furnish proof of its compliance with this Section. Turquoise Franchise has the sole discretion to determine what activities constitute "marketing" under this Section. Turquoise Franchise may, in its discretion, determine that if Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee's required spending under this Section.

9.6 Market Introduction Plan. Franchisee must develop a market introduction plan and obtain Turquoise Franchise's approval of the market introduction plan at least 30 days before the projected opening date of the Business.

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Turquoise Franchise may specify in the Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Turquoise Franchise may require in the Manual or otherwise in writing, including:

(i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month;

(ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of Turquoise Franchise's fiscal year; and

(iii) any information Turquoise Franchise requests in order to prepare a financial performance representation for Turquoise Franchise's franchise disclosure document.

(b) Legal Actions and Investigations. Franchisee shall promptly notify Turquoise Franchise of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as Turquoise Franchise may request.

(c) Government Inspections. Franchisee shall give Turquoise Franchise copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to Turquoise Franchise such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Turquoise Franchise may reasonably request.

10.3 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to Turquoise Franchise a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Turquoise Franchise's Franchise Disclosure Document and with such other information as Turquoise Franchise may request.

10.4 Business Records. Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as Turquoise Franchise may specify in the Manual or otherwise in writing.

10.5 Records Audit. Turquoise Franchise may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. Turquoise Franchise may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Turquoise Franchise. Franchisee shall also reimburse Turquoise Franchise for all costs and expenses of the examination or audit if (i) Turquoise Franchise conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week period.

ARTICLE 11. FRANCHISOR RIGHTS

11.1 Manual; Modification. The Manual, and any part of the Manual, may be in any form or media determined by Turquoise Franchise. Turquoise Franchise may supplement, revise, or modify the Manual, and Turquoise Franchise may change, add or delete System Standards at any time in its discretion. Turquoise Franchise may inform Franchisee thereof by any method that Turquoise Franchise deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, Turquoise Franchise's master copy will control.

11.2 Inspections. Turquoise Franchise may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with Turquoise Franchise's inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employee/team members and customers, and removing samples of products, supplies and materials. Turquoise Franchise may videotape and/or take photographs of the inspection and the Business. Turquoise Franchise may set a minimum score requirement for inspections, and Franchisee's failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting Turquoise Franchise's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If Turquoise Franchise conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then Turquoise Franchise may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

11.3 Turquoise Franchise's Right to Cure. If Franchisee breaches or defaults under any provision of this Agreement, Turquoise Franchise may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Turquoise Franchise for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default or breach of this Agreement, Turquoise Franchise may (i) require that Franchisee pay cash on delivery for products or services supplied by Turquoise Franchise, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by Turquoise Franchise shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Turquoise Franchise are in addition to any other right or remedy available to Turquoise Franchise.

11.5 Business Data. All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by Turquoise Franchise. Turquoise Franchise hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

11.6 Innovations. Franchisee shall disclose to Turquoise Franchise all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employee/team members, agents or contractors. Turquoise Franchise will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by Turquoise Franchise to document Turquoise Franchise's ownership of Innovations.

11.7 Communication Systems. If Turquoise Franchise provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes Turquoise Franchise to access such communications.

11.8 Delegation. Turquoise Franchise may delegate any duty or obligation of Turquoise Franchise under this Agreement to an affiliate or to a third party.

11.9 System Variations. Turquoise Franchise may vary or waive any System Standard for any one or more Turquoise Wine Bar franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

11.10 Temporary Public Safety Closure. If Turquoise Franchise discovers or becomes aware of any aspect of the Business which, in Turquoise Franchise's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon Turquoise Franchise's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. Turquoise Franchise shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

ARTICLE 12. MARKS

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Turquoise Franchise, and only in the manner as Turquoise Franchise may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of Turquoise Franchise.

12.2 Change of Marks. Turquoise Franchise may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Turquoise Franchise makes any such change, Franchisee must comply with the change, at Franchisee's expense.

12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) Turquoise Franchise shall defend Franchisee (at Turquoise Franchise's expense) against any Action by a third-party alleging infringement by Franchisee's use of a Mark, and (ii) Turquoise Franchise will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify Turquoise Franchise if Franchisee becomes aware of any possible infringement of a Mark by a third party. Turquoise Franchise may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. Turquoise Franchise shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

12.4 Name. If Franchisee is an entity, it shall not use the words "Turquoise Wine Bar" or any confusingly similar words in its legal name.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by Turquoise Franchise for maintaining confidentiality, (b) disclose such information to its employee/team members only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by Turquoise Franchise, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Turquoise Franchise (except for Confidential Information which Turquoise Franchise licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor within five miles of Franchisee's Territory or the territory of any other Turquoise Wine Bar business operating on the date of termination or transfer, as applicable. If this Agreement is terminated before the Territory is determined, then the area of non-competition will the Development Area and the territory of any other Turquoise Wine Bar business operating on the date of termination.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any arbitrator or court, then the parties intend that the arbitrator or court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Turquoise Franchise. Franchisee agrees that the existence of any claim it may have against Turquoise Franchise shall not constitute a defense to the enforcement by Turquoise Franchise of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

13.3 General Manager and Key Employee/team members. If requested by Turquoise Franchise, Franchisee will cause its general manager and other key employee/team members to sign Turquoise Franchise's then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if Turquoise Franchise violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after Turquoise Franchise receives written notice of termination.

14.2 Termination by Turquoise Franchise.

(a) Subject to 10-Day Cure Period. Turquoise Franchise may terminate this Agreement if Franchisee does not make any payment to Turquoise Franchise when due, or if Franchisee does not have sufficient funds in its account when Turquoise Franchise attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Turquoise Franchise gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to Turquoise Franchise's satisfaction within 30 days after Turquoise Franchise gives notice to Franchisee of such breach, then Turquoise Franchise may terminate this Agreement.

(c) Without Cure Period. Turquoise Franchise may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

(i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;

(ii) Franchisee knowingly submits any false report or knowingly provides any other false information to Turquoise Franchise;

(iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;

(iv) Franchisee fails to open for business by the date specified on the Summary Page;

(v) Franchisee loses possession of the Location;

(vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;

(vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;

(viii) Franchisee or any Owner slanders or libels Turquoise Franchise or any of its employee/team members, directors, or officers;

(ix) Franchisee refuses to cooperate with or permit any audit or inspection by Turquoise Franchise or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;

(x) the Business is operated in a manner which, in Turquoise Franchise's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from Turquoise Franchise or otherwise);

(xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;

(xii) Turquoise Franchise (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate) (provided that termination of a Multi-Unit Development Agreement with Franchisee or its affiliate shall not give Turquoise Franchise the right to terminate this Agreement);

(xiii) Franchisee or any Owner is charged with, pleads guilty or no-contest to, or is convicted of a felony; or

(xiv) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in Turquoise Franchise's opinion is reasonably likely to materially and unfavorably affect the Turquoise Wine Bar brand.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

(i) pay all amounts owed to Turquoise Franchise based on the operation of the Business through the effective date of termination or expiration;

(ii) return to Turquoise Franchise all copies of the Manual, Confidential Information and any and all other materials provided by Turquoise Franchise to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;

(iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to Turquoise Franchise or any new franchisee as may be directed by Turquoise Franchise, and Franchisee hereby irrevocably appoints Turquoise Franchise, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and

(iv) cease doing business under any of the Marks.

14.4 Remove Identification. Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Turquoise Wine Bar business, to the reasonable satisfaction of Turquoise Franchise. Franchisee shall comply with any reasonable instructions and procedures of Turquoise Franchise for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, Turquoise Franchise may enter the Location to remove the Marks and de-identify the Location. In this event, Turquoise Franchise will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Turquoise Franchise.

14.5 Liquidated Damages. If Turquoise Franchise terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), then within 10 days thereafter Franchisee shall pay to Turquoise Franchise a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average Royalty Fees and Marketing Fund Contributions that Franchisee owed to Turquoise Franchise under this Agreement for the 52-week period preceding the date on which Franchisee ceased operating the Business; multiplied by (y) the lesser of (1) 104 or (2) the number of weeks remaining in the then-current term of this Agreement. If Franchisee had not operated the Business for at least 52 weeks, then (x) will equal the average Royalty Fees and Marketing Fund Contributions that Franchisee owed to Turquoise Franchise during the period that Franchisee operated the Business. The "average Royalty Fees and Marketing Fund Contributions that Franchisee owed to Turquoise Franchise" shall not be discounted or adjusted due to any deferred or reduced Royalty Fees and Marketing Fund Contributions set forth in an addendum to this Agreement, unless this Section 14.5 is specifically amended in such addendum. Franchisee acknowledges that a precise calculation of the full extent of Turquoise Franchise's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee's payment to Turquoise Franchise under this Section will be in lieu of any direct monetary damages that Turquoise Franchise may incur as a result of Turquoise Franchise's loss of Royalty Fees and Marketing Fund Contributions that would have been owed to Turquoise Franchise after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, Turquoise Franchise's right to injunctive relief for enforcement of Article 13, and any attorneys' fees and other costs and expenses to which Turquoise Franchise is entitled under this Agreement. Except as provided in this Section, Franchisee's payment of this lump sum shall be in addition to any other right or remedy that Turquoise Franchise may have under this Agreement or otherwise.

14.6 Purchase Option. When this Agreement expires or is terminated, Turquoise Franchise will have the right (but not the obligation) to purchase any or all of the assets related to the Business, and/or to require Franchisee to assign its lease or sublease to Turquoise Franchise. To exercise this option, Turquoise Franchise must notify Franchisee no later than 30 days after this Agreement expires or is terminated. The purchase price for all assets that Turquoise Franchise elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee's last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Turquoise Franchise's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, the value of any intangible assets, or any goodwill or "going concern" value for the Business. Turquoise Franchise may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by Turquoise Franchise. If Turquoise Franchise exercises the purchase option, Turquoise Franchise may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by Turquoise Franchise to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, Turquoise Franchise may pay a portion of the purchase price directly to the lienholder to pay off such lien. Turquoise Franchise may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. Turquoise Franchise may assign this purchase option to another party.

ARTICLE 15. TRANSFERS

15.1 By Turquoise Franchise. Turquoise Franchise may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and Turquoise Franchise may undergo a change in ownership and/or control, without the consent of Franchisee.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Turquoise Franchise entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing Turquoise Franchise at least 60 days prior notice of the proposed Transfer, and without obtaining Turquoise Franchise's consent. In granting any such consent, Turquoise Franchise may impose conditions, including, without limitation, the following:

(i) Turquoise Franchise receives a transfer fee equal to $10,000 plus any broker fees and other out-of-pocket costs incurred by Turquoise Franchise;

(ii) the proposed assignee and its owners have completed Turquoise Franchise's franchise application processes, meet Turquoise Franchise's then-applicable standards for new franchisees, and have been approved by Turquoise Franchise as franchisees;

(iii) the proposed assignee is not a Competitor;

(iv) the proposed assignee executes Turquoise Franchise's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement (provided, however, that the proposed assignee will not be required to pay an initial franchise fee);

(v) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;

(vi) Franchisee has paid all monetary obligations to Turquoise Franchise and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to Turquoise Franchise or its affiliates;

(vii) the proposed assignee and its owners and employee/team members undergo such training as Turquoise Franchise may require;

(viii) Franchisee, its Owners, and the transferee and its owners execute a general release of Turquoise Franchise in a form satisfactory to Turquoise Franchise; and

(ix) the Business fully complies with all of Turquoise Franchise's most recent System Standards.

15.3 Transfer for Convenience of Ownership. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to Turquoise Franchise, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Turquoise Franchise, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Turquoise Franchise (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine months after death or incapacity. Such transfer must comply with Section 15.2.

15.5 Turquoise Franchise's Right of First Refusal. Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3, to a co-Owner, or to a spouse, sibling, or child of an Owner), Turquoise Franchise will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to Turquoise Franchise a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Turquoise Franchise's receipt of such copy, Turquoise Franchise will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that Turquoise Franchise may substitute cash for any other form of payment). If Turquoise

Franchise does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

15.6 No Sublicense. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.7 No Lien on Agreement. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to Turquoise Franchise) Turquoise Franchise, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employee/team members, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against Turquoise Franchise and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from Actions arising as a result of any Indemnitee's intentional misconduct or negligence. Any delay or failure by an Indemnitee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnitee. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption. An Indemnitee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action, including negotiations and settlement, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c) and (d), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation and including any question of arbitrability) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where Turquoise Franchise's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Intellectual Property Claims. Either party may bring a claim involving an alleged infringement of any of Turquoise Franchise's intellectual property rights in a court authorized to hear such claims under Section 17.5 of this Agreement.

(e) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Turquoise Franchise to comply with laws and regulations applicable to the sale of franchises.

(f) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, Turquoise Franchise and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

17.3 Waiver of Class Actions. The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

17.4 Time Limitation. Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

17.5 Venue Other Than Arbitration. For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where Turquoise Franchise's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Turquoise Franchise's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

17.6 Legal Costs. In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee/team member of the other. Turquoise Franchise is not a fiduciary of Franchisee. Turquoise Franchise does not control or have the right to control

Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect Turquoise Franchise's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. Turquoise Franchise has no liability for Franchisee's obligations to any third party whatsoever.

18.2 No Third-Party Beneficiaries. This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Turquoise Franchise, and Turquoise Franchise's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Turquoise Franchise in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Turquoise Franchise's rights to modify the Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. The laws of the state of Arizona (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Arizona law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to Turquoise Franchise, addressed to 8160 W Union Hills Suite B200, Glendale, AZ 85308. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, Turquoise Franchise may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

18.10 Holdover. If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time (regardless of any course of dealing by the parties), Turquoise Franchise may by giving written notice to Franchisee (the "Holdover Notice") either (i) require Franchisee to cease operating the Business and comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as Turquoise Franchise specifies, or (ii) bind Franchisee to a renewal term of 5 years, and deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(vi).

18.11 Joint and Several Liability. If two or more people sign this Agreement as "Franchisee", each will have joint and several liability.

18.12 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by Turquoise Franchise does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Turquoise Franchise.

Agreed to by:

FRANCHISOR:

TURQUOISE FRANCHISE, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

FRANCHISEE:

____

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

Attachment 1 to Franchise Agreement

STATE ADDENDA TO AGREEMENTS

ILLINOIS RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated __________________ (the "Agreement"), between Turquoise Franchise, LLC, an Arizona Limited Liability Company ("Turquoise Franchise") and ___________________, a ________ ____________ ("Franchisee").

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 of 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 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.

Franchise Fee Deferral. All Franchise Fees and Development Fees are deferred until Franchisor has completed all pre-opening obligations and Franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's Financial Condition.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
AUTISMCOE FRANCHISING, LLC	_____________________________
By: ___________________________	By: ___________________________

Name: __________________________	Name: __________________________
Title: ___________________________	Title: ___________________________
Date: ___________________________	Date: ___________________________

INDIANA RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated __________________ (the "Agreement"), between Turquoise Franchise, LLC, an Arizona Limited Liability Company ("Turquoise Franchise") and ___________________, a ________ ____________ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Indiana Acts" means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Modified. Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase

notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
TURQUOISE FRANCHISE, LLC	______________________________
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

MARYLAND RIDER TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated __________________ (the "Agreement"), between Turquoise Franchise, LLC, an Arizona Limited Liability Company ("Turquoise Franchise") and ___________________, a ________ ____________ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Maryland Franchise Law" means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

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

3. Statute of Limitations. Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

4. Jurisdiction. Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

5. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
TURQUOISE FRANCHISE, LLC	_______________________________
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

MINNESOTA RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated __________________ (the "Agreement"), between Turquoise Franchise, LLC, an Arizona Limited Liability Company ("Turquoise Franchise") and ___________________, a ________ ____________ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

All initial Franchise Fees are deferred until the Franchisee's business is open and Franchisor has completed all pre-opening obligations.

3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
TURQUOISE FRANCHISE, LLC	______________________________
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

NEW YORK RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated __________________ (the "Agreement"), between Turquoise Franchise, LLC, an Arizona Limited Liability Company ("Turquoise Franchise") and ___________________, a ________ ____________ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Waivers Not Required. Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Turquoise Franchise or any other person from any duty or liability imposed by New York General Business Law, Article 33.

3. Waivers of New York Law Deleted. Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Turquoise Franchise with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

4. Governing Law. Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

5. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
TURQUOISE FRANCHISE, LLC	______________________________
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

NORTH DAKOTA RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated __________________ (the "Agreement"), between Turquoise Franchise, LLC, an Arizona Limited Liability Company ("Turquoise Franchise") and ___________________, a ________ ____________ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Amendments. The Agreement (and any Guaranty Agreement) is amended to comply with the following:

(1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.

(2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee's business.

(3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.

(4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.

(5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.

(6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.

(7) Waiver of Exemplary and Punitive Damages: The parties do not waive exemplary and punitive damages.

(8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.

(9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
TURQUOISE FRANCHISE, LLC	______________________________
By: ___________________________	By: ___________________________
Name: ________________________	Name: ________________________
Title: _________________________	Title: _________________________
Date: _________________________	Date: _________________________

RHODE ISLAND RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated __________________ (the "Agreement"), between Turquoise Franchise, LLC, an Arizona Limited Liability Company ("Turquoise Franchise") and ___________________, a ________ ____________ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Jurisdiction and Venue. Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
TURQUOISE FRANCHISE, LLC	______________________________
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT
AND
RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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 limitation 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.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
TURQUOISE FRANCHISE, LLC	______________________________
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

Attachment 2 to Franchise Agreement

LOCATION ACCEPTANCE LETTER

To: ______________________________

This Location Acceptance Letter is issued by Turquoise Franchise, LLC for your Turquoise Wine Bar franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

____

2. The Territory of the Business is:

____

TURQUOISE FRANCHISE, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

Attachment 3 to Franchise Agreement

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this "Guaranty") is executed by the undersigned person(s) (each, a "Guarantor") in favor of Turquoise Franchise, LLC, an Arizona Limited Liability Company ("Turquoise Franchise").

Background Statement: ______________________ ("Franchisee") desires to enter into a Franchise Agreement with Turquoise Franchise for the franchise of a Turquoise Wine Bar business (the "Franchise Agreement"; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Turquoise Franchise to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to Turquoise Franchise and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Turquoise Franchise, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Turquoise Franchise upon demand from Turquoise Franchise. Guarantor waives (a) acceptance and notice of acceptance by Turquoise Franchise of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Turquoise Franchise make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by Turquoise Franchise for maintaining confidentiality, (b) disclose such information to its employee/team members only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Turquoise Franchise, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential

Information is owned by Turquoise Franchise or its affiliates (except for Confidential Information which Turquoise Franchise licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to Turquoise Franchise. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete.

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor located within five miles of Franchisee's Territory or the territory of any other Turquoise Wine Bar business operating on the date of termination or transfer, as applicable. If the Franchise Agreement is terminated before the Territory is determined, then the area of non-competition will the Development Area and the territory of any other Turquoise Wine Bar business operating on the date of termination.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Turquoise Franchise. Guarantor agrees that the existence of any claim it or Franchisee may have against Turquoise Franchise shall not constitute a defense to the enforcement by Turquoise Franchise of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

4. Modification. Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which Turquoise Franchise may from time-to-time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

5. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the state of Arizona (without giving effect to its principles of conflicts of law). The parties agree that any Arizona law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 6. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to Turquoise Franchise all costs incurred by Turquoise Franchise (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

____
Name: _________________________
Address: _______________________
____
____
Date: __________________________

____
Name: _________________________
Address: _______________________
____
____
Date: __________________________

____
Name: _________________________
Address: _______________________
____
____
Date: __________________________

Attachment 4 to Franchise Agreement

RIDER TO LEASE AGREEMENT

Landlord: ____________________________
Notice Address: ______________________
____
____
Telephone:___________________________

Franchisor: Turquoise Franchise, LLC
Notice Address: 8160 W Union Hills Suite B200, Glendale, AZ 85308
Telephone: (602) 418-0063

Tenant: _____________________________

Leased Premises: ____

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a Turquoise Wine Bar business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity to Cure. Landlord shall provide Franchisor with copies of any written notice of default ("Default") given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant's Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the Turquoise Wine Bar brand. Any provision of the Lease which limits Tenant's right to own or operate other Turquoise Wine Bar outlets in proximity to the Leased Premises shall not apply to Franchisor.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant's business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

____

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

TENANT:

____

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

FRANCHISOR:

TURQUOISE FRANCHISE, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

Attachment 5 to Franchise Agreement

FORM OF GENERAL RELEASE

[*This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.*]

This General Release ("Release") is executed by the undersigned ("Releasor") in favor of Turquoise Franchise, LLC, an Arizona Limited Liability Company ("Turquoise Franchise").

Background Statement: [*describe circumstances of Release*]

Releasor agrees as follows:

1. Release. Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the "Releasing Parties")) hereby releases Franchisor, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the "Released Parties") from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, "Claims").

2. Covenant Not to Sue. Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

3. Representations and Acknowledgments. Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor's choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.

4. Miscellaneous. If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Franchisor reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

5. State Addenda.

[Maryland Residents]: This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

[Washington Residents]: A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

Agreed to by:

____
Name: ________________________
Date: _________________________

EXHIBIT C

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this "MUDA") is made between Turquoise Franchise, LLC, an Arizona Limited Liability Company ("Turquoise Franchise") and _______________, a _______ _______ ("Franchisee") on the Effective Date.

Background Statement: On the same day as they execute this MUDA, Turquoise Franchise and Franchisee have entered into a Franchise Agreement for the franchise of a Turquoise Wine Bar business (the "Franchise Agreement"; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). Turquoise Franchise and Franchisee desire that Franchisee develop multiple Turquoise Wine Bar businesses.

Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document.

1. Multi-Unit Commitment.

(a) Development Schedule; Fee. Franchisee shall develop and open Turquoise Wine Bar businesses on the following schedule:

Store #	Deadline for Opening	Total # of Stores to be Open and Operating on Deadline	Initial Franchise Fee
1		1	$______
2		2	$______
3		3	$______
4		4	$______
5		5	$______
		Total Initial Franchise Fee:	

(b) Payment**.** Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to Turquoise Franchise. The Initial Franchise Fee is non-refundable.

2. Form of Agreement. For Store #1, Franchisee and Turquoise Franchise have executed the Franchise Agreement simultaneously with this MUDA. For each additional Turquoise Wine Bar franchise, Franchisee shall execute Turquoise Franchise's then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate a Turquoise Wine Bar business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Turquoise Wine Bar business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such Turquoise Wine Bar business.

3. Development Area. Franchisee shall locate each Turquoise Wine Bar business it develops under this MUDA within the following area: ______________________________ ______________ (the "Development Area"). Franchisee has exclusive rights to develop, open or operate Turquoise Wine Bar businesses in the Development Area while this agreement is in effect.

4. Default and Termination. Turquoise Franchise may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

(i) Franchisee fails to satisfy the development schedule; or

(ii) Turquoise Franchise has the right to terminate any franchise agreement between Turquoise Franchise and Franchisee (or any affiliate thereof) due to Franchisee's default thereunder (whether or not Turquoise Franchise actually terminates such franchise agreement).

5. Limitation of Liability. Franchisee's commitment to develop Turquoise Wine Bar businesses is in the nature of an option only. If Turquoise Franchise terminates this MUDA for Franchisee's default, Franchisee shall not be liable to Turquoise Franchise for lost future revenues or profits from the unopened Turquoise Wine Bar businesses. Franchisee may terminate this MUDA at any time.

6. Conditions. Franchisee's right to develop each Turquoise Wine Bar franchise after the Store #1 is subject to the following:

(i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Turquoise Wine Bar business, in the reasonable judgment of Turquoise Franchise, and

(ii) Franchisee must be in full compliance with all brand requirements at its open Turquoise Wine Bar businesses, and not in default under any Franchise Agreement or any other agreement with Turquoise Franchise.

7. Dispute Resolution; Miscellaneous. The laws of the State of Arizona (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Arizona law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of Turquoise Franchise, and any Transfer without Turquoise Franchise's prior written consent shall be void. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

Agreed to by:

FRANCHISOR:

TURQUOISE FRANCHISE, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

FRANCHISEE:

____

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

EXHIBIT D

FINANCIAL STATEMENTS

TURQUOISE FRANCHISE, LLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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NAPER
CPA GROUP

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Suite 120 - 189
Naperville, IL 60565
+1 (815) 348-2421
omar@napercpa.com

INDEPENDENT AUDITOR'S REPORT

To the Management of TURQUOISE FRANCHISE, LLC

Opinion

We have audited the financial statements of TURQUOISE FRANCHISE, LLC (the "Company"), which comprise the balance sheet as of December 31, 2025, and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not 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:

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- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Naper CPA Group

Naper CPA Group

Naperville, IL
January 15, 2026

TURQUOISE FRANCHISE, LLC
BALANCE SHEET
DECEMBER 31, 2025

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$68,914
Accounts Receivable	20,667
TOTAL CURRENT ASSETS	89,580
NON-CURRENT ASSETS	
TOTAL NON-CURRENT ASSETS	-
TOTAL ASSETS	89,580
LIABILITIES AND OWNER'S EQUITY	
CURRENT LIABILITIES	
Deferred Revenue (current)	13,600
TOTAL CURRENT LIABILITIES	13,600
NON-CURRENT LIABILITIES	
Deferred Revenue	116,800
TOTAL NON-CURRENT LIABILITIES	116,800
TOTAL LIABILITIES	130,400
OWNER'S EQUITY	
Retained Earnings	(28,000)
Net Income (Loss)	(12,820)
TOTAL SHAREHOLDERS' EQUITY	(40,820)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$89,580

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

TURQUOISE FRANCHISE, LLC
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

Revenue	
Revenue - Franchise Fees	$162,267
Revenue - Royalties	7,869
Other Revenue	4,355
Cost of Sales	(37,254)
Gross Profit	137,237
Operating Expense	
Broker & Commissions Expense	60,000
Advertising & Marketing Expense	26,929
SG&A Expenses	25,752
Professional & Legal Fees	15,241
Travel Expense	14,134
Rent Expense	8,000
Total Operating Expense	150,057
Net Income From Operations	(12,820)
Other Income (Expense)	
Total Other Income (Expense)	-
Net Income Before Provision for Income Tax	(12,820)
Provision for Income Taxes	-
Net Income (Loss)	$ (12,820)

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

TURQUOISE FRANCHISE, LLC
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
DECEMBER 31, 2025

	Opening Equity Balance	Yearly Changes	Total
Balance, December 31, 2024	$ -	$ -	$ -
Net Income For The Period Ended December 31, 2025	-	(12,820)	(12,820)
Equity Contributions (Distributions)	-	(28,000)	(28,000)
Balance, December 31, 2025	**$ -**	**$ (40,820)**	**$ (40,820)**

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

TURQUOISE FRANCHISE, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

OPERATING ACTIVITIES	
Net Income	$ (12,820)
Non-Cash Adjustments	-
Changes in Accounts Receivable	(20,667)
Changes in Deferred Revenue	130,400
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	96,914
INVESTING ACTIVITIES	
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-
FINANCING ACTIVITIES	
Owner's Contribution (draw)	(28,000)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(28,000)
NET INCREASE (DECREASE) IN CASH	68,914
CASH AT BEGINNING OF PERIOD	-
CASH AT END OF PERIOD	$ 68,914

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

TURQUOISE FRANCHISE, LLC (the "Company") was incorporated under the laws of the State of Arizona for the purpose of offering franchise opportunities to entrepreneurs who want to own their own 'Turquoise Wine Bar' location, as a franchise.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include all adjustments necessary for the fair presentation of the Company's financial position, results of operations, and cash flows for the periods presented. The Company has adopted the calendar year as its fiscal year for financial reporting purposes.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the standalone selling prices of performance obligations in franchise arrangements, the allowance for doubtful accounts on franchisee receivables, the useful lives of long-lived assets, and the evaluation of contingencies. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The Company maintains its cash accounts at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, cash balances may exceed FDIC insured limits. The Company has not experienced any losses related to these balances.

Franchisee Receivables

Franchisee receivables primarily consist of initial franchise fees, ongoing royalty fees, advertising fund contributions, and other fees charged to franchisees. Receivables are recorded when revenue is recognized prior to invoicing or when amounts are invoiced to franchisees. The Company reports receivables at their net realizable value, which includes an appropriate allowance for doubtful accounts.

The allowance for doubtful accounts is determined based on management's assessment of several factors, including historical collection experience, current economic conditions, franchisee credit quality, aging of receivable balances, and individual franchisee circumstances. Accounts receivable are written off against the allowance when management determines that collection is no longer probable. The

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Franchisee Receivables (cont.)

allowance for doubtful accounts was $0 and $0 as of December 31, 2025 and 2024, respectively. Bad debt expense for the years ended December 31, 2025 and 2024 was $0 and $0, respectively.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

- Computer equipment and software: 5 years
- Furniture and fixtures: 7 years
- Leasehold improvements: Shorter of lease term or useful life

Expenditures for repairs and maintenance are charged to expense as incurred. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the statements of income.

The Company reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is assessed by comparing the carrying amount to the undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount exceeds the fair value. No impairment losses were recorded during the years ended December 31, 2025 and 2024.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers. Under ASC 606, revenue is recognized when control of promised goods or services is transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company applies the following five-step model:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognize revenue when (or as) performance obligations are satisfied

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Practical Expedient for Pre-Opening Services

The Company has elected to apply the practical expedient provided in ASC 952-606-25-2, which permits private company franchisors to account for certain pre-opening services as distinct from the franchise license. Under this practical expedient, the Company accounts for the following pre-opening services as a single performance obligation, distinct from the franchise license:

- Site selection assistance and architectural, engineering, and other professional services
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Inspection, testing, and other quality control programs

Principal Sources of Revenue

Initial Franchise Fees
The Company charges initial franchise fees to franchisees for the right to operate a franchised location. The franchise agreement grants the franchisee access to the Company's proprietary brand, trademarks, operating systems, and ongoing support services over the term of the franchise agreement.

Under ASC 606, the Company has identified the following performance obligations in its franchise agreements:

1. Pre-opening services (accounted for as a single performance obligation under the practical expedient)
2. Franchise license (right to access the Company's intellectual property over the term of the agreement)

The Company allocates the initial franchise fee to these performance obligations based on their relative standalone selling prices. The standalone selling price of pre-opening services is determined using an adjusted market assessment approach, considering the cost of similar services if acquired from third-party providers. The residual amount is allocated to the franchise license.

Revenue allocated to pre-opening services is recognized when those services are completed, typically prior to the franchise location opening. Revenue allocated to the franchise license is recognized on a straight-line basis over the term of the franchise agreement, beginning when the franchise location opens, as this is when the franchisee is able to use and benefit from the Company's intellectual property.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Continuing Royalty Fees

Franchisees are required to pay continuing royalty fees based on a percentage of their gross sales. These royalty fees relate to the ongoing franchise license and are considered sales-based royalties on licenses of intellectual property under ASC 606-10-55-65. In accordance with this guidance, royalty revenue is recognized in the period in which the underlying franchisee sales occur. The Company typically receives royalty reports and payments from franchisees by the following month.

Unearned Revenue

The Company's primarily performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including initial training and other such activities commonly referred to collectively as "pre-opening activities", which are recognized as a single performance obligation. The Company expects that certain pre-opening activities provided to the franchisee will not be brand specific and will provide the franchisee with relevant general business information that is separate and distinct from the operation of a company-branded franchise unit. The portion of pre-opening activities that will be provided that is not brand specific is expected to be distinct as it will provide a benefit to the franchisee and is expected not to be highly interrelated or interdependent to the access of the Company's intellectual property, and therefore will be accounted for as a separate distinct performance obligation. All other pre-opening activities are expected to be highly interrelated and interdependent to the access of the Company's intellectual property and therefore will be accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration, under the franchise agreement to the standalone selling price of the training services that are not brand specific and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, which are not brand specific are recognized ratably as those services are rendered. Consideration allocated to pre-opening activities included under Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' is recognized when the related services have been rendered.

The remaining franchisee fee not allocated to pre-opening activities are recorded as Unearned Revenue and will be recognized over the term of the franchise agreement.

Advertising Costs

Advertising costs incurred by the Company (excluding advertising fund expenditures) are expensed as incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Income Taxes

The Company applies ASC 740 Income Taxes ("ASC 740"). Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial statement reported amounts at each period end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents the tax expense for the period, if any and the change during the period in deferred tax assets and liabilities.

Fair Value Measurements

The Company applies the provisions of ASC Topic 820, Fair Value Measurement, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

ASC 820 establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carrying amounts reported in the balance sheet for cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate their fair values due to the short-term nature of these instruments.

Commitments and Contingencies

The Company may be subject to various legal proceedings and claims that arise in the ordinary course of business, including disputes with franchisees, employment matters, and intellectual property claims. Management evaluates contingent matters in accordance with ASC Topic 450, Contingencies, to assess the likelihood of losses and determines if accrual or disclosure is appropriate. Liabilities for

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Commitments and Contingencies (cont.)

contingencies are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. When a loss is reasonably possible, but not probable, or when a loss is probable but cannot be reasonably estimated, disclosure of the contingency is provided in the notes to the financial statements.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and any cash equivalents with a limited number of high-quality financial institutions and do not exceed the amount of insurance provided on such deposits.

NOTE 4 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 15, 2026, the date on which the financial statements were available to be issued. Management has determined that none of the events occurring after the date of the balance sheet through the date of Management's review substantially affect the amounts and disclosure of the accompanying financial statements.

NAPER CPA GROUP

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Suite 120 - 189
Naperville, IL 60565
+1 (815) 348-2421
omar@napercpa.com

CONSENT

Naper CPA Group, consents to the use in the Franchise Disclosure Document issued by TURQUOISE FRANCHISE, LLC ("Franchisor") on January 16, 2026, as it may be amended, of our report dated January 15, 2026 relating to the Balance Sheet as of December 31, 2025, the related statements of income, changes in shareholders' equity, and cash flows for the year then ended of Franchisor.

Naper CPA Group

Naper CPA Group

Naperville, IL
January 16, 2026

TURQUOISE FRANCHISE, LLC

Balance Sheet as of March 31, 2025

TOGETHER WITH INDEPENDENT ACCOUNTANT AUDIT REPORT

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TURQUOISE FRANCHISE, LLC
BALANCE SHEET
AS OF MARCH 31, 2025

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 500
TOTAL CURRENT ASSETS	500
NON-CURRENT ASSETS	
TOTAL NON-CURRENT ASSETS	-
TOTAL ASSETS	500
LIABILITIES AND OWNER'S EQUITY	
CURRENT LIABILITIES	
TOTAL CURRENT LIABILITIES	-
NON-CURRENT LIABILITIES	
TOTAL NON-CURRENT LIABILITIES	-
TOTAL LIABILITIES	-
OWNER'S EQUITY	
Retained Earnings (Deficit)	500
TOTAL SHAREHOLDERS' EQUITY	500
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 500

See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

TURQUOISE FRANCHISE, LLC (the "Company") was incorporated under the laws of the State of Arizona for the purpose of offering franchise opportunities to entrepreneurs who want to own their own 'Turquoise Wine Bar' location, as a franchise.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). As a result, the Company records revenue when earned and expenses when incurred. The Company has adopted the calendar year as its basis of reporting.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities and other items, as well as the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and any cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Revenue Recognition

Revenues are primarily derived from franchise fees (one-time and recurring monthly fees). In accordance with Accounting Standards Codification (ASC) Topic 606, Revenue will be recognized when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the seller's price to the buyer is fixed or determinable, and collectability is reasonable assured. The determination of whether fees and fixed or determinable and collection is reasonable assured involves the use of assumptions. Arrangement terms and customer information are evaluated to ensure that these criteria are met prior to recognition of revenue.

Specifically for franchisors, The Financial Accounting Standards Board (FASB) has issued an Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' in 2022 which provides a new practical expedient that permits private company franchisors to account for preopening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. The Company has elected to adopt this new standard.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Unearned Revenue

The Company's primarily performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including initial training and other such activities commonly referred to collectively as "pre-opening activities", which are recognized as a single performance obligation. The Company expects that certain pre-opening activities provided to the franchisee will not be brand specific and will provide the franchisee with relevant general business information that is separate and distinct from the operation of a company-branded franchise unit. The portion of pre-opening activities that will be provided that is not brand specific is expected to be distinct as it will provide a benefit to the franchisee and is expected not to be highly interrelated or interdependent to the access of the Company's intellectual property, and therefore will be accounted for as a separate distinct performance obligation. All other pre-opening activities are expected to be highly interrelated and interdependent to the access of the Company's intellectual property and therefore will be accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration, under the franchise agreement to the standalone selling price of the training services that are not brand specific and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, which are not brand specific are recognized ratably as those services are rendered. Consideration allocated to pre-opening activities included under Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' is recognized when the related services have been rendered.

The remaining franchisee fee not allocated to pre-opening activities are recorded as Unearned Revenue and will be recognized over the term of the franchise agreement.

Income Taxes

The Company, with the consent of its shareholders, has elected to be an S-Corporation (for tax purposes). In lieu of corporate income taxes, the shareholder(s) of an S-Corporation is taxed based on its proportionate share of The Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

Commitments and Contingencies

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matter will have a material adverse effect on its business, financial condition or results of operations. As of March 31, 2025, the Company has not reported any lawsuit or known plans of litigation by or against the Company.

NOTE C – CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and any cash equivalents with a limited number of high-quality financial institutions and do not exceed the amount of insurance provided on such deposits.

NOTE D – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 3, 2025, the date on which the financial statements were available to be issued. Management has determined that none of the events occurring after the date of the balance sheet through the date of Management's review substantially affect the amounts and disclosure of the accompanying financial statements.

NAPER CPA GROUP

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+1 (815) 348-2421
omar@napercpa.com

CONSENT

Omar Alnuaimi, CPA, consents to the use in the Franchise Disclosure Document issued by TURQUOISE FRANCHISE, LLC ("Franchisor") on April 4, 2025, as it may be amended, of my report dated April 3, 2025, relating to the Balance Sheet as of March 31, 2025, of Franchisor.

Omar Alnuaimi, CPA

Naperville, IL
April 4, 2025

EXHIBIT E

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677 Ask.DFPI@dfpi.ca.gov www.dfpi.ca.gov	Commissioner of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677 Ask.DFPI@dfpi.ca.gov www.dfpi.ca.gov
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501-6456 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 261-7577

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Florida	Approved 8/2025
Illinois	Approved 5/2025
Michigan	Approved 12/2025
Minnesota	Pending 1/2026
Texas	Approved 4/2025
Wisconsin	Approved 9/2025

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.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Turquoise Franchise, 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 requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Turquoise Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Laura Hernandez Jennifer Sinconis	8160 W Union Hills Suite B200, Glendale, AZ 85308	(602) 418-0063

Issuance Date: January 16th, 2026

I received a disclosure document that included the following Exhibits:

A. State Addenda to Disclosure Document
B. Franchise Agreement (with State Addenda to Agreements, Guaranty and Non-Compete Agreement, Rider to Lease Agreement, and Form of General Release)
C. Multi-Unit Development Agreement
D. Item 21 Financial Statements
E. State Administrators and Agents for Service of Process

Signature: ____________________________
Print Name: ___________________________
Date Received: _________________________

Keep This Copy For Your Records

RECEIPT

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I. Item 21 Financial Statements
J. State Administrators and Agents for Service of Process

Signature: ____________________________
Print Name: ___________________________
Date Received: _________________________

Return This Copy To Us
Turquoise Franchise, LLC