

“INCUBATOR INVESTOR” AGREEMENT

THE INVESTOR’S INTERESTS REPRESENTED BY THIS AGREEMENT ARE NOT REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, HYPOTHECATED, OR OTHERWISE TRANSFERRED EXCEPT AS EXPRESSLY PROVIDED FOR IN THIS AGREEMENT.

THIS AGREEMENT IS BEING USED IN LIEU OF A PROSPECTUS OR OFFERING CIRCULAR PURSUANT TO AN EXEMPTION UNDER MASSACHUSETTS LAW. THE ATTORNEY GENERAL OF THE STATE OF MASSACHUSETTS HAS NOT REVIEWED THIS DOCUMENT OR ANY OTHER DOCUMENT SUBMITTED TO INVESTOR IN CONNECTION WITH THIS OFFER FOR THE ADEQUACY OF ITS DISCLOSURE AND DOES NOT PASS ON THE MERITS OF THIS OFFERING.

This Agreement (the “Agreement”) is made as of the ___ day of _____, 2023, by and between _____, with offices at _____ (“Investor”), and Shufu, LLC, a Massachusetts limited liability company, with its principal place of business at 51 Freeman Drive, Greenfield, MA 01301 (hereinafter referred to as “Producer” or “LLC”) regarding certain monies to be contributed by Investor to the LLC with respect to the production of the television Show presently entitled “Shufu Shufu” (the “Show”).

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter set forth and intending to be legally bound, Producer and Investor (each a “Party,” and collectively, the “Parties”) agree as follows:

1.0 **The Show**. The Show is a television reality show, at this time called “Shufu Shufu”.

2.0 **Investor's Monetary Contribution**. Investor shall furnish the sum of U.S. _____ (\$ _____) Dollars to the LLC as its contribution for production of the Show, payable to the LLC upon execution of this Agreement.

2.1 **Note: an “Incubator Investor” is defined** as one of the investors responsible for raising the first \$50,000 investment funds in “Shufu Shufu”.

3.0 **Budget**. It is anticipated that the Production Budget of the Show shall be approximately U.S. Seven Hundred Thousand (\$700,000.00) Dollars, inclusive of reimbursable pre-production expenses and fees incurred by Producer (“Full Capitalization”). It is understood and agreed by the Parties that the Producer may, within its reasonable discretion, adjust the Production Budget to accommodate for overages, additional expenses, and/or contingencies in connection with the Show, thereby increasing the Full Capitalization necessary herein. Investor acknowledges and agrees that his/her contribution may be used in connection with the production of the Show prior to receipt of Full Capitalization.

4.0 **Limited Liability Company**.

4.1. The LLC has been formed as a Limited Liability Company pursuant to the laws of the State of Massachusetts.

4.2. The management of the LLC will be vested solely in the Manager(s) of the LLC.

4.3. All contributions made by Investor hereunder shall be deposited in the LLC production account at a financial institution to be designated by Producer.

5.0 Distribution of the Show.

5.1. The LLC shall use commercially reasonable efforts to cause the Show to be exploited in all markets and media, so as to maximize the monetary return to be derived by the Show. To that end, the LLC shall endeavor to arrange for third parties to distribute and/or exploit the Show.

5.2. All funds received by the LLC with respect to the distribution and/or other exploitation of the Show shall be deposited into the LLC's bank account and shall be distributed in accordance with the terms of this Agreement and the LLC's Operating Agreement.

6.0 Lack of Distribution Agreements. The Parties hereby acknowledge that there is no contract with any distributor to distribute the Show. The success of the Show will be dependent upon the LLC's ability to complete the Show, the attractiveness of the final product to a distributor and the distributor's willingness to commit substantial sums to promote the Show successfully. The LLC may not have the financial capability or the expertise to distribute the Show itself. The gross revenue derived from any Show is dependent, among other things, upon the interest of distributors and their ability to obtain suitable distribution via theatrical, television, home video, and/or other media, and in selecting proper release dates and appropriate advertising and promotion for the Show. The LLC has no agreement at this time with any third party for the distribution of the Show. The negotiation of final distribution agreements, which frequently occurs (if at all) near the time of completion of motion Shows, will have a substantial impact upon the amount of receipts available to the LLC from the exploitation of the Show. There is no assurance that such negotiations will result in revenues or profits to the LLC. Furthermore, although the LLC has agreed to use commercially reasonable efforts to cause the Show to be distributed, there is no assurance that the Show will be distributed or that such distribution will be profitable to the LLC. The fact that any distributor derives profits from its distribution of the Show will not, in turn, assure that the LLC will also derive profits therefrom.

7.0 Recoupment of Contribution.

7.1. Initially, any first priority loans (including applicable interest, if any), shall be payable from Adjusted Gross Proceeds (as defined in Paragraph 8.0 below).

7.2. Incubator Investor shall then receive its proportionate share of one hundred (100%) percent of the Adjusted Gross Proceeds (as defined in Paragraph 8.0 below) from the exploitation of the Show on a pari passu basis with other investors, if any. Next Adjusted Gross Proceeds go to paying 100% of their investor amount to Incubator Investors.

7.3. Investor shall thereafter receive its proportionate share of fifty (50%) percent of the Adjusted Gross Proceeds from the exploitation of the Show on a pari passu basis with other investors, if any, for 10 years. The remaining fifty (50%) percent of the Adjusted Gross Proceeds from the exploitation of the Show, if any, shall be distributed within the sole discretion of the Managing Members of the LLC.

7.4. For the purposes of this Agreement, "proportionate share" shall be defined as the Full Capitalization of the Show divided by the amount that any individual investor contributes.

For purposes of example only, in the event Full Capitalization is equal to \$800,000.00 and an individual investor contributes \$20,000.00, such individual investor's proportionate share shall be two and a half (2.5%) percent (of 50% of Adjusted Gross Proceeds).

7.5. Note: In the case that a second season of "Shufu Shufu" goes into production, then all investors in the first season will be given 5% of the Season Two ownership "points" owned by the Managing Members of the LLC (after Season Two investors' principals and interests are recouped).

8.0 **Adjusted Gross Proceeds.** "Adjusted Gross Proceeds" shall be defined as all revenues from the exploitation of the Show to the extent: (i) earned and non-refundable; (ii) actually received by the LLC; and (iii) as determined after the deduction of expenses, and all reasonable and customary refunds, taxes, credits, discounts, allowances, adjustments, exclusions, and deductions (including, without limitation, interest and fees owed, sales agent fees, distribution fee(s), and actual expenses incurred in connection with the delivery materials, advertising, promotion, exploitation and distribution of the Show, if any, and the reasonable cost of conducting the LLC's business) incurred by Producer in connection with the financing, production, and exploitation of the Show.

9.0 **No Assurance of Return of Investment or Profits.** Investor has no assurance of receiving a return of the capital invested in the Show or any profit in excess of the capital investment. The only potential source of return on an investment is Adjusted Gross Proceeds.

10.0 **Copyright.** With respect to the Show, and exploitation thereof, the LLC shall own, solely and exclusively, on a worldwide basis for the duration of the applicable copyright term, the entire copyright (and all extensions and renewals of copyright) therein and all film, tape, databases, and other physical materials embodying the same and/or created in connection therewith, as well as all new characters, events, stories, narratives, dialogue, music, effects and other elements contained therein and all of the results and proceeds of Producer's services, and may, at its option, file copyright registrations for all rights associated with or derived from the Show in the LLC's name.

11.0 **Warranties and Representations.** Investor warrants and represents to the LLC that:

11.1. Investor is properly able to evaluate the proposed business plan of the LLC and the inherent risks therein.

11.2. Investor has reviewed with his own tax advisor(s) and/or attorney(s) the federal, state, local and foreign tax consequences of this investment and the transaction contemplated by this Agreement and is relying solely on such advisors and not on any statements or representations of the LLC in connection therewith. Investor understands that he, and not the LLC, shall be solely responsible for his own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

11.3. The Investor shall not sell, assign, transfer, pledge, gift, bequest, or otherwise dispose or encumber any interest herein.

11.4. Investor is fully aware that in agreeing to enter into this Agreement, the LLC is relying upon the truth and accuracy of the representations and warranties of Investor made herein.

12.0 **Force Majeure.** The LLC will not be deemed in default and will not be liable to Investor if the LLC is unable to commence or complete production or photography of the Show by reason of fire, earthquake, flood,

personal accident, epidemic, explosion, strike, lockout, riot, civil disturbance, act of public enemy, embargo, war, terrorist act, act of God, or the death, illness or incapacity of the director or any principal member of the Show's cast or crew, or direction of any municipal, county, state or national ordinance or law, any executive or judicial order, or any failure or delay of the laboratory processing the Show's negatives, or similar causes beyond the LLC's control.

13.0 **Relationship of Parties.** The Parties each acknowledge that no agency or employment relationship has or will be created by this Agreement. Investor shall not have the authority to bind the LLC or enter into any agreement related to the Show or any rights therein.

14.0 **Business Opportunities.** Each of the Parties acknowledges that this Agreement relates only to the Show and that none of the Parties will in any way be restricted from any other business activity (including any motion Show activity), whether or not competitive to the Show.

15.0 **Accounting.** The LLC shall maintain complete books and records with respect to the distribution and exploitation of the Show. The LLC shall render to Investor, on a *semi-annual* basis during any period during which Adjusted Gross Proceeds are received by Producer, a written statement of monies due Investor, if any, hereunder (the "Investor Statement") and such Investor Statement shall be accompanied by remittance of any amount shown to be due to Investor thereon. Each Investor Statement shall be rendered within thirty (30) days following the end of each accounting period.

15.1. Investor shall have the right, at his/her sole cost and expense, to engage a certified public accountant to examine the books and records of the LLC. Such examination shall be made during reasonable business hours, and upon reasonable advance written notice, at the regular place of business of the LLC where such books and records are maintained. Such examination shall not be made more frequently than once each calendar year and no more than once with respect to any accounting period. With respect to any accounting period for which the LLC has rendered an Investor Statement, such examination shall be permitted only for a period of one (1) year from the date such Investor Statement was received by Investor.

16.0 **Notices.** All notices hereunder shall be in writing and shall be served by personal delivery to Investor or Producer as the case may be, or by registered or certified mail, return receipt requested, addressed as follows:

To Investor: _____

To LLC:
Mailing Address:
Harvey Stein, Director
Shufu, LLC
PO BOX 102
Greenfield, MA 01302

16.1. Any Party may change its address at any time by written notice to the other Parties. Notices served by mail shall be deemed to be served three (3) business days next following deposit in the U.S. mails.

17.0 **Miscellaneous.**

17.1. Investor and the LLC shall execute and deliver any and all additional papers, documents, and other instruments and shall do any and all further acts and things reasonably necessary in connection with the performance of its obligation hereunder to carry out the intent of this Agreement.

17.2. This Agreement contains the entire understanding of the Parties, and supersedes all prior agreements and understandings between the Parties. This Agreement may be amended only by a written instrument signed by the Parties.

17.3. If any part of this Agreement is deemed void or invalid by a court of competent jurisdiction, that decision shall not affect any other provisions hereof, and the remainder of this Agreement shall be effective as though such void or invalid provision had not been contained herein.

17.4. The waiver by any Party of any term or condition of this Agreement, or any part hereof, shall not be deemed a waiver of any other term or condition of this Agreement, or of any later breach of this Agreement, or of any part thereof.

17.5. This Agreement shall be governed by the laws of the State of Massachusetts applicable to agreements made and wholly performed therein.

17.6. Should there be any dispute between the Parties concerning the interpretation of this Agreement or concerning an alleged breach of this Agreement, which the Parties are unable to resolve after consultation with each other, such dispute shall be decided by binding arbitration pursuant to the regulations and procedures of the American Arbitration Association. The Parties agree that any award rendered by the American Arbitration Association may be entered in the appropriate state or federal court located within the State of Massachusetts.

17.7. This Agreement may be executed in counterparts, all of which together shall constitute a single agreement.

17.8. The paragraph headings within this Agreement are for convenience purposes only and shall in no way be considered dispositive with respect to the interpretation of any paragraph of the Agreement or the Agreement itself.

17.9. This Agreement and Investor’s rights and obligations under this Agreement may not be assigned, sold, delegated, or otherwise transferred by Investor. The LLC shall have the unrestricted right to assign, sell, delegate, or otherwise transfer this Agreement and its rights and obligations under this Agreement.

WHEREFORE, the Parties have executed this Agreement by their duly authorized representatives on the date first above written.

Shufu, LLC

Investor _____

By: _____

By _____