FRANCHISE DISCLOSURE DOCUMENT

Brass Tap Franchisor, LLC
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Brass Tap Franchisor, LLC franchises businesses which operate "The Brass Tap®" bars, which are upscale beer bars offering craft beers on tap, a large variety of imported, domestic and local craft beers, a large selection of fine wines and other beverage and food offerings. If permitted by applicable law, Brass Tap Bars also offer cigars and bottled beers for carry out from an annexed package store. The Brass Tap® bars operate using the franchisor's proprietary formulae, techniques, trade dress, trademarks, service marks, and business systems.

The total investment necessary to begin operation of a The Brass Tap franchised business is $783,425 to $1,321,025. This includes $40,390 that must be paid to the franchisor or its affiliate(s). If you want development rights for Brass Tap Bars, you must pay $21,000 to $31.500 to the franchisor or its affiliate as an initial development fee (which equals the sum of half of the initial franchise fees for 2 Brass Tap Bars on the low end to 5 Brass Tap Bars on the high end).

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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Steve Slowey at 5660 W. Cypress Street, Suite A, Tampa, Florida 33607, (813)-226-2333, sslowey@fscfranchiseco.com.

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 contracts 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 Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: May 16, 2023

STATE COVER PAGE

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit B and Exhibit C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A 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 Brass Tap 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 Brass Tap franchisee?	Item 20 or Exhibits B and C list 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 F.

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:

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

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

To simplify the language in this Disclosure Document, "**we**," "**us**" or "**our**" means Brass Tap Franchisor, LLC, the franchisor of "The Brass Tap®" bars (the "**Brass Tap Bar(s)**"). "**You**" or "**your**" means the individual, corporation, limited liability company or partnership who signs the Franchise Agreement. If the franchisee will operate through a corporation, limited liability company, partnership or other business entity, "**you**" or "**your**" also includes the franchisee's owners, members or partners.

The Franchisor

We are a Delaware limited liability company formed on April 9, 2012. Our principal place of business is 5660 W. Cypress Street, Suite A, Tampa, Florida 33607, and we do business under our corporate name and the Marks described below. We began offering franchises for Brass Tap Bars in June 2012. We do not currently operate any Brass Tap Bars, but we have affiliates that operate Brass Tap Bars. We have not directly offered or sold franchises for any other type of business or conducted any other business activities. Our agents for service of process are identified in Exhibit F.

Our Parents, Predecessors and Affiliates

The Brass Tap® concept was originated by our predecessor The Brass Tap Franchising Co, LLC, a Florida limited liability company formed on June 1, 2011, with its last principal place of business at 1936 Bruce B. Downs Blvd., #131, Wesley Chapel, Florida 33543. The Brass Tap Franchising Co, LLC began offering franchises for Brass Tap Bars substantially similar to the ones offered in this Disclosure Document in August 2011. The Brass Tap Franchising Co, LLC does not operate any Brass Tap Bars and has not offered franchises in any other line of business. On June 12, 2012, The Brass Tap Franchising Co, LLC assigned all of its rights in the Marks and System (both as defined below) to us and granted us the exclusive right to franchise Brass Tap Bars in all territories. The Brass Tap Franchising Co, LLC no longer offers franchises for Brass Tap Bars or any other type of business.

Our owner is Beef's Brass Tap, LLC, a Delaware limited liability company formed on April 9, 2012, which has the same principal address as us. Beef's Brass Tap, LLC is owned by FSC Franchise Co, LLC ("**FSC**"), a Delaware limited liability company formed on June 27, 2007, which has the same principal address as us. FSC franchises the right to operate Beef 'O' Brady's® Family Sports Pubs, which are neighborhood pubs where friends and families gather to enjoy food and sports in a fun, comfortable and family oriented atmosphere. FSC has offered franchises for Beef 'O' Bradys ® Family Sports Pubs since 2007, although its predecessor offered franchises for Beef 'O' Brady's® Family Sports Pubs beginning in 1998. As of December 31, 2022, there were 109 franchised Beef 'O' Brady's® Family Sports Pubs in operation in the United States. FSC or its affiliates also operate Beef 'O' Brady's® Family Sports Pubs. FSC has not offered franchises in any other line of business.

FSC's direct parent company is FSC Franchise Holdings LLC ("**Holdco**"), a Delaware limited liability company formed on July 7, 2007. Holdco's principal business address is 5660 W. Cypress Street, Suite A, Tampa, Florida 33607. Holdco was previously owned by a fund controlled by Levine Leichtman Capital Partners, a private equity firm whose principal business address is 335 North Maple Drive, Suite 130, Beverly Hills, California. Pursuant to an Equity Purchase Agreement entered into on June 28, 2017, the equity interests in and ownership of Holdco and its subsidiaries (including FSC and us) were transferred to holding companies controlled by CapitalSpring (collectively, "**CapitalSpring**"), a private investment firm whose principal business address is 575 Lexington Ave, Ste 2840, New York, NY 10022. Accordingly, as of June 28, 2017, CapitalSpring is our ultimate parent company. CapitalSpring does not sell franchises in this or any other lines of business, nor has it ever operated a Brass Tap Bar.

Our affiliate, The Brass Tap Marketing and Development Fund, Inc. (the "**Marketing Fund Corporation**"), is a Florida Not-For Profit corporation formed on June 29, 2012. The Marketing Fund Corporation administers the Marketing and Development Fund (see Item 11). The Marketing Fund Corporation's address is the same as ours. The Marketing Fund Corporation does not and has not sold franchises in this or any other lines of business, nor has it ever operated a Brass Tap Bar.

Our affiliate, Brass Tap Gift Programs LLC, is a Colorado limited liability company formed on June 12, 2012. Brass Tap Gift Programs LLC will administer any gift card or loyalty program that is implemented for Brass Tap Bars. Brass Tap Gift Programs LLC's address is the same as ours. Brass Tap Gift Programs LLC does not and has not sold franchises in this or any other lines of business, nor has it ever operated a Brass Tap Bar.

Description of the Franchise

The Brass Tap® Bar System. We conduct business under the name "**The Brass Tap®**" and are the exclusive franchisor of Brass Tap Bars. We and our affiliates have developed a proprietary system (the "**System**") for opening and operating Brass Tap Bars, which System is comprised of distinctive standards and policies concerning product quality, service, cleanliness, and other business methods. The System makes use of the trademark, service mark and fictions name "The Brass Tap®" and certain other trademarks, service marks, trade names, related emblems, designs, labels, trade dress, signs and symbols, copyrighted materials and other intellectual property (collectively, the "**Marks**"). Brass Tap Bars operate with either a full kitchen or limited kitchen and either a full liquor license or only a beer and wine liquor license.

Brass Tap Bar Franchises. This Disclosure Document offers two basic types of franchises for Brass Tap Bars - unit franchises and area development franchises. For those who wish to operate a single Brass Tap Bar, we offer a unit franchise program, under which you will: (i) obtain the right to operate a Brass Tap Bar using the System and the Mark and (ii) sign a Franchise Agreement committing yourself to operate one Brass Tap Bar (see the Franchise Agreement in Exhibit H). For those who desire to operate multiple Brass Tap Bars, we offer an area development franchise program, under which you will: (i) obtain the right to develop a specified minimum number of Brass Tap Bars (the "**Minimum Development Quota**") within a defined geographic area (an "**Exclusive Area**") over a specified period of time (the "**Development Schedule**"), and (ii) sign an Area Development Agreement committing yourself to developing multiple Brass Tap Bars (in an amount necessary to satisfy the Minimum Development Quota in accordance with the Development Schedule) under our then-current form of Franchise Agreement, which may have materially different terms than the Franchise Agreement included in this offering (see the Area Development Agreement in Exhibit G).

Your Brass Tap® Bar. Your Brass Tap Bar will operate at one single approved location (the "**Site**"). You must operate your Brass Tap Bar in compliance with the System and as set forth in the Franchise Agreement and our Confidential Operating Manual, which consists of the materials (which may include audiotapes, videotapes, magnetic media, computer software and written materials) we generally furnish to franchisees for use in the operation of Brass Tap Bars (the "**Confidential Operating Manual**"). Your Brass Tap Bar must meet our specifications as to exterior and interior decor, furniture and logos, and equipment. Your Brass Tap Bar must have the managers and personnel in sufficient numbers as necessary to promptly, efficiently and effectively service customers.

We will provide you with training, assistance and services to assist you in the operation, management and promotion of your Brass Tap Bar as set forth in the Franchise Agreement and the Confidential Operating Manual and as described in Item 11.

You or your designee must devote full time, energy, and best efforts to the management and operation of the franchised business and will have primary responsibility for your operations and responsibilities under

the Franchise Agreement. If you will not be actively supervising and managing the Brass Tap Bar, or if you are a business entity and the Brass Tap Bar will not be managed and supervised by one of your principal owners who meets our requirements, you must recruit, hire and maintain an operating partner (the "**Operating Partner**") for the Brass Tap Bar who meets our qualifications and conditions. We will provide the Initial Training to you or your Operating Partner, and an operating manager of the Brass Tap Bar (the "**Operating Manager**") (your Operating Partner and Operating Manager may be collectively referred to as your "**Designated Operators**"). We may make available other training programs as are appropriate or requested. If you or your Operating Partner and your Operating Manager fail to attend or complete the Initial Training to our satisfaction, we may terminate your Franchise Agreement.

Competition and the Market. The market for Brass Tap Bars is well developed and intensely competitive. You will serve the general public and will compete with a variety of businesses, from locally owned bars to national and chain bars, as well as restaurants offering a large selection of beer and wine. The public's demand for alcoholic beverages is affected by many factors including, without limitation, changing consumer tastes and spending habits, local and national economic conditions, demographics and population, location and traffic patterns, and prices. The operating costs of alcoholic beverage businesses are also subject to change due to economic conditions, government taxes and regulations, and management efficiency. Many of the businesses that compete with Brass Tap Bars have substantial resources, operating histories, and business experience and include national, regional, and local chains. Your efforts to successfully implement a local advertising plan will be necessary to compete with other businesses.

Laws, Rules and Regulation. You must comply with all local, state, and federal laws and regulations applicable to the operation of your Brass Tap Bar. The restaurant and bar business is subject to extensive federal, state and local government regulations, including regulations relating to food and beverage handling, alcoholic beverage control, the preparation and sale of food, public health and safety, sanitation, waste disposal, smoking restrictions, building zoning and fire codes. Your Brass Tap Bar must obtain and maintain food service licenses from local health authorities and licenses from regulatory authorities allowing it to sell liquor, beer and wine. You must comply with all applicable laws, rules and regulations regarding the sale of alcohol. "Dram shop" laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol. There are other laws and regulations applicable to businesses generally (such as the Americans with Disabilities Act) with which you must comply. You should consult with your attorney concerning all laws and regulations that may affect your Brass Tap Bar.

Item 2. BUSINESS EXPERIENCE.

Director – Erik Herrmann

Mr. Herrmann has served as one of our directors since June 2017. He has also served as the Managing Director & Head of Restaurant Investment Group for our ultimate parent company, CapitalSpring, in El Segundo, California since May 2016.

Director – Wade Daniel

Mr. Daniel has served as one of our directors since June 2017. He has also been employed by our ultimate parent company, CapitalSpring, in Nashville, Tennessee since November 2009, serving first as Vice President and currently as a Senior Member of the Investment Team and a Principal.

Director – Jim Balis

Mr. Balis has served as one of our directors since June 2017. He has also served as the Managing Director of the Strategic Operations Group for our ultimate parent company, CapitalSpring, in New York, New York since February 2014.

Director and Chief Executive Officer – Chris Elliott

Mr. Elliott has served as a Director and our Chief Executive Officer since June 2012. Mr. Elliott has served as Director and Chief Executive Officer of FSC since March 2010.

Chief Financial Officer – Michelle Knight

Ms. Knight has been our and FSC's Chief Financial Officer since February 2014.

Chief Operating Officer – Scott SirLouis

Mr. SirLouis has been our and FSC's Chief Operating Officer since November 2017. From April 2015 until November 2017, he served as Vice President of Strategy for Fazoli's in Lexington, Kentucky.

Item 3. LITIGATION.

No litigation is required to be disclosed in this Item.

Item 4. BANKRUPTCY.

No bankruptcy is required to be disclosed in this Item.

Item 5. INITIAL FEES.

Franchise Fee. If you enter into a single Franchise Agreement with us, you must pay us a nonrefundable initial franchise fee (the "**Franchise Fee**") of $25,000 for each Brass Tap Bar you will develop. Unless you enter into an Area Development Agreement with us, the Franchise Fee is payable as follows: (i) $12,500 upon the signing of the Franchise Agreement, and (ii) $12,500 upon the sooner of the signing of the lease for your Brass Tap Bar or 30 days prior to ground breaking for your Brass Tap Bar.

If you enter into an Area Development Agreement with us, you will be entitled to pay us a reduced Franchise Fee starting with the second Brass Tap Bar you commit to develop. The reduction in the Franchise Fee will be determined in accordance with the following schedule: (i) $25,000 for the first Brass Tap Bar; (ii) $17,000 for the second Brass Tap Bar; (iii) $10,000 for the third Brass Tap Bar; (iv) $7,000 for the fourth Brass Tap Bar; and (v) $4,000 for the fifth and all subsequent Brass Tap Bars to be developed under the Area Development Agreement.

To provide support to the veterans of the United States military, we offer qualified United States military veterans a 10% discount on the Franchise Fee (the "**Veteran Program**").

Generally, the Franchise Fee is uniformly imposed but in the past and on limited occasions, we have negotiated the amount of the Franchise Fee with individual franchisees in our sole discretion. In the past fiscal year, Franchise Fees ranged from $10,000 to $25,000 based on a variety of factors, including, among other factors, (i) the experience of the franchisee; and (ii) the financial strength of the franchisee.

Veteran Program. In order to qualify for and participate in our Veteran Program, you must: (i) be a United States military veteran; (ii) have been honorably discharged from any branch thereof; (iii) provide us with a copy of your DD Form 214; (iv) be new to the System; (v) own a majority interest in the Brass Tap Bar; (vi) meet out qualifications for new franchisees; (vii) otherwise meet the requirements of our Veteran Program; and, (viii) request participation in our Veteran Program prior to signing the Franchise Agreement ("**Veteran Participant**"). If you qualify as a Veteran Participant, we will offer you a 10% discount on the Franchise Fee. We may modify or discontinue the Veteran Program at any time.

Area Development Fee. If you are qualified to serve as an area developer, and enter into an Area Development Agreement with us for at least 2 Brass Tap Bars, you must pay us an initial development fee (the "**Development Fee**") upon signing the Area Development Agreement and agree to abide by a specified Development Schedule. The Development Fee is not refundable under any circumstance. The Development Fee is half of the Franchise Fees afforded to area developers multiplied by the number of Brass Tap Bars you agree to develop. The Franchise Fees afforded to area developers are as follows: (i) $12,500 for the first Brass Tap Bar; (ii) $8,500 for the second Brass Tap Bar; (iii) $5,000 for the third Brass Tap Bar; (iv) $3,500 for the fourth Brass Tap Bar; and (v) $2,000 for the fifth and all subsequent Brass Tap Bars to be developed under the Area Development Agreement. After paying the Development Fee, upon entering into each respective Franchise Agreement for the Brass Tap Bars you agree to develop, you must pay us the remaining half of the applicable reduced Franchise Fee.

By way of example, if you are an area developer who will develop 2 Brass Tap Bars, the Development Fee will be $21,000 [$12,500 + $8,500]. If you are an area developer who will develop 5 Brass Tap Bars, the Development Fee will be $31,500 [$12,500 + $8,500 + $5,000 + $3,500 +$2,000]. Then, upon entering into your first Franchise Agreement, you must pay us the remaining $12,500 portion of the Franchise Fee; upon entering into your second Franchise Agreement, you must pay the remaining $8,500 portion of the Franchise Fee; upon entering into your third Franchise Agreement, you must pay the remaining $5,000 portion of the Franchise Fee; upon entering into your fourth Franchise Agreement, you must pay us the remaining $3,500 portion of the Franchise Fee; and, upon entering into your fifth Franchise Agreement, you must pay us the remaining $2,000 portion of the Franchise Fee.

Access Points and Switches. You are required to purchase certain hardware from us or our affiliate(s) prior to operating your Brass Tap Bar, including access points (each an "**Access Point**") and a network switch (each a "**Switch**"), which is a device that channels incoming data to specific output ports that will take the date to its intended destination. We estimate that an Access Point will cost approximately $90 and a Switch will cost approximately $300. These purchases are payable to us prior to operating your Brass Tap Bar and are nonrefundable.

Training Fee. You must pay us a non-refundable training fee at least 90 days prior to the scheduled opening of your Brass Tap Bar in consideration of our providing our initial training program and sending our representatives to your Brass Tap Bar for on-site training prior to the opening of your Brass Tap Bar. The training fee will vary based on the number of Brass Tap Bars you own and operate upon signing the Franchise Agreement in accordance with the following: (i) $15,000 for your first Brass Tap Bar; (ii) $10,000 for your second Brass Tap Bar; (iii) $8,000 for your third Brass Tap Bar; (iv) $5,000 for your fourth Brass Tap Bar; and (v) $4,000 for your fifth and all subsequent Brass Tap Bars.

Item 6. OTHER FEES.

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks*
Royalty	4% of previous month's Adjusted Gross Sales (Note 1, Note 2)	Payable each on the day we designate ("**Payment Day**") each month.	ACH required.
Marketing and Development Fund Contribution	You are currently required to contribute 1.5% of your previous month's Adjusted Gross Sales (Note 1) to the Marketing and Development Fund. We may in the future increase this required contribution to 2.5%, as we determine.	Payable on the Payment Day each month.	The Marketing and Development Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of these materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges. See Item 11.
TIPS Certification Training for Intervention Procedures (responsible alcohol service training)	$150 per person, or the then-current fee.	As needed.	Each of your managers, bartenders and other employees we designate must be TIPS certified as required by state or local laws or regulations. We will collect this fee on behalf of, and remit such fee to, your local supplier.
IT Fee	$200 per month	Payable on the Payment Day each month.	For this monthly fee, we supply you with a Meraki router with firewall software; network management; store email; and Level 1 IT Support.
Website Fee	$100.	Monthly.	This fee is payable to us for maintenance of the web page we will create for you on our website and support of our website.
Initial Operator Training	No cost for up to 3 operators. You must pay all expenses incurred by the trainees in connection with the Initial Training (i.e., travel, lodging, meals,	Before training.	Your two Designated Operators must complete the 4-week Initial Training prior to opening. Upon your request, one additional manager or key employee

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks*
	applicable trainee wages). The amounts are unknown and may vary depending upon factors such as the third-party supplier selected and your distance from training. Additional and subsequent trainee charge: then-current training fee (currently $1,000 per trainee).		may attend the Initial Training at no additional cost. If you request that we provide the Initial Training to any new or additional Designated Operator or other employees, you must pay our then-current additional or subsequent training fee.
Opening On-Site Assistance	You must pay all wages for you and your employees and be responsible for the cost of all food and beverage products used. We will pay the costs and expenses for our personnel.	As incurred.	We will provide certain on-site opening assistance for your Brass Tap Bar during the Training Week and Opening Week (defined in Note 4) at no additional fee. See Item 11.
Mandatory Additional On-Site Assistance	You must pay us any costs incurred, including additional training fees, travel, lodging and wage expenses.	As incurred.	If we determine that the sales volume and demands of your Brass Tap Bar during Opening Week exceed the capabilities of your Designated Operators and employees, we or our designee will provide additional, mandatory, on-site assistance for an additional period of time (as we determine necessary, in our sole discretion).
Optional Additional On-Site Training	Our then-current daily wage per trainer, plus expenses (including travel, lodging, and meals).	As incurred.	At your request, we will make additional or refresher training in the form and content available at your Brass Tap Bar or at other locations we designate.
Interest	The highest contract rate permitted by law.	When we request.	All applicable interest begins from the due date of delinquent payments.

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks*
Late Fees	The highest contract rate permitted by law.	Late charges due immediately upon nonpayment or underpayment.	Any applicable interest begins from the due date of delinquent payments.
Inspection/Audit	Deficiency and late charges plus audit costs under certain circumstances.	Deficiency and late charges plus audit costs due immediately.	Inspection and audit costs payable if deficiency exceeds 3% of fees payable.
Assignment/ Transfer	$20,000	Before transfer.	Assignment or transfer requires our advance written approval.
Prohibited Product or Service Fine	$250 per day of use of unauthorized products or services.	If incurred.	In addition to other remedies available to us.
Costs and Attorneys' Fees	Will vary under circumstances.	On demand.	If you default under your agreement with us, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement.
Interim Operating Expenses	$1,200 per week, plus reasonable expenses, including travel, lodging and meals.	To be determined.	Management expenses and costs apply when we operate your Brass Tap Bar on an interim basis.
Renewal	$20,000	Upon signing first successor agreement.	If you are in compliance with the Franchise Agreement, we may grant you up to 2 successor franchises each with 5-year terms. You will not be required to pay an additional renewal fee upon your signing of the second successor agreement.
Area Development Agreement – Extension Fee	Balance of the Franchise Fees for the number of undeveloped Brass Tap Bars.	When we grant the extension.	If you do not meet your Minimum Development Quota obligations under an Area Development Agreement as of the end of any development period set forth on the Development Schedule, we may (but are not obligated to) grant you an extension under the Development Schedule in

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks*
			exchange for the nonrefundable extension fee set forth in column 2.
Inspection and Testing	$250.	With request for approval of product or supplier.	Payable if you request that we evaluate a product or supplier that we have not previously approved.
Early Termination Fee	An amount equal to the greater of (a) $100,000 or (b) the aggregated Royalties and Marketing Contributions paid by your Brass Tap Bar for the twelve (12) months immediately preceding the effective date of termination multiplied by three (3).	Within fifteen (15) days of termination.	In the event the agreement is terminated before expiration of the Term, to account for the actual damages that we suffer as a result of the termination, you will pay us this early termination fee.
Non-Compliance Fee	$250 per day (Note 6)	As incurred	In the event you are in non-compliance with any contractual requirement, including failing to comply with System Standards, then in addition to our other rights and remedies, you will be required to pay us a fee of $250 per day while such non-compliance lasts.

* Unless otherwise stated, all fees on this table are uniformly imposed by, payable to and collected by us or our affiliates and are non-refundable. We may waive certain fees we impose, in our discretion.

Note 1 As used in the Franchise Agreement, the term "**Gross Sales**" means all revenue you derive from operating the Brass Tap Bar, including, for example, all amounts you receive at or away from the Site from any activities or services whatsoever, including any that are in any way associated with the Marks, and whether from cash, check, barter, credit or debit card or credit transactions, including the redemption value of gift certificates redeemed by you regardless of whether the gift certificates are issued by you or someone else; but excluding (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; and (2) customer refunds, adjustments, credits and allowances actually made by the Brass Tap Bar. Gross Sales also includes revenues from delivery service sales, concessions, hotel room service, catering, special functions, etc. and sales of products bearing or associated with the Marks. Gross Sales also includes revenues from

retail sales whether or not such retail products bear or are associated with the Marks. (See Note 2 regarding your "**Account**").

As used in the Franchise Agreement, "**Adjusted Gross Sales**" means Gross Sales less: (1) complimentary food and beverage service, or sums collected and actually paid by you for any sales, drink or other excise tax imposed by any duly constituted governmental authority on alcoholic beverages sales in a state that prohibits the payment of Royalties on the sales; (2) the value of gift certificates and the amounts paid for them; and, (3) the amount of all reasonable over-rings, allowances, discounts to customers, tips to employees (including discounts attributable to coupon sales as determined by us in our sole judgment, provided they have been included in Gross Sales). If we determine in our sole judgment that the amount of over-rings, allowances, and discounts to customers is excessive as compared to the system-wide average, we may require you to increase the amount of your Adjusted Gross Sales in the amount that we determine.

If a state or local law in which your Brass Tap Bar is located prohibits or restricts in any way your ability to pay and our ability to collect the Royalties and/or the Marketing Contributions derived from the sale of alcoholic beverages at your Brass Tap Bar (an "**Alcohol Restriction Law**"), you will be required to pay whatever increased percentages of all Adjusted Gross Sales not deriving from the sale of alcohol necessary so that the Royalties and Marketing Contributions you pay equal the Royalties and Marketing Contributions you would make if you were not subject to an Alcohol Restriction Law.

Royalties are typically uniformly imposed. However, under rare circumstances, we may agree to temporarily reduce the required Royalty a franchisee must pay, as circumstances warrant.

Note 2 You must maintain a bank account (the "**Account**") which is the sole depository for Gross Sales proceeds and all other funds received from the operation of your Brass Tap Bar. Failure to do so is considered a default under the Franchise Agreement. You must authorize us to initiate debit entries or credit correction entries to the Account for payments of Royalties and other amounts due us under the Franchise Agreement, including any applicable interest charges. You must make the funds available in the Account for withdrawal by electronic transfer. You may not change or close the Account before getting our approval.

The amount transferred from the Account to pay us the monthly Royalties will be based on your Brass Tap Bar's Adjusted Gross Sales as determined by us based on our review of your point of sale system ("**POS System**"). In addition to our own review, we may also require you to submit a daily report to us, detailing your Brass Tap Bar's Gross Sales and Adjusted Gross Sales, in the form and at the time that we designate in our Manuals or otherwise. If we determine, at any time, you under-stated the Gross Sales or Adjusted Gross Sales of your Brass Tap Bar set forth in any such report, or underpaid the Royalties or other amounts due to us, we may immediately transfer such additional amounts owed to us, including applicable interest and late charges, from the Account to us. Alternatively, any overpayment will be credited to the Account, effective as of the next scheduled Payment Day date after you and we determine such credit is due.

Note 3 Any franchisor-owned outlets will not have any voting power on any fees imposed by franchisee cooperatives.

Note 4 For the first Brass Tap Bar you open, we or our designee will provide you with on-site assistance consisting of 5 trainers for a total of 5 days during the week prior to your Brass Tap Bar opening ("**Training Week**") and 3 trainers for a total of 6 days during the week that your Brass Tap Bar opens ("**Opening Week**").

For the second and subsequent Brass Tap Bars you open, we or our designee will provide you with on-site assistance consisting of 2 trainers for a total of 5 days during Training Week and 3 of your trainer employees from your existing Brass Tap Bar(s) (the "**Designated Trainer Employees**") must also

provide on-site training, support and assistance for 5 days during Training Week. We will pay for the associated expenses, including all travel, lodging and wage expenses, incurred by our trainers and your 3 Designated Trainer Employees during the Training Week. In addition, we or our designee will provide you with 1 trainer for up to 1 day during Opening Week and your 3 Designated Trainer Employees must continue to provide on-site training, support and assistance for the entire Opening Week. In connection with the Opening Week, we will pay for the associated expenses, including all local travel, lodging and wage expenses, incurred by our trainer; however, you will pay for the associated expenses, including all local travel, lodging and wage expenses, incurred by your 3 Designated Trainer Employees. You must pay the wages of your trainees/employees during Training Week and Opening Week.

Note 6 Any deviation from any contractual requirement, including failing to comply with System Standards, failing to honor or participate in promotional programs, closing your Brass Tap Bar on unauthorized days, and any other deviation, is a violation and will require us to incur incalculable administrative and management costs to address the violation (separate and apart from any damages your violation might cause to the System, our business opportunities, and the goodwill associated with the Marks). Therefore, if you fail to comply with any of the System Standards or any provision of any agreement between us, in addition to any other remedies we may be entitled to, we reserve the right to charge you one or more non-compliance fees upon written notice to you. The non-compliance fee equals $250 per day while the non-compliance is ongoing, may be modified from time to time upon written notice to you, may be charged daily if the non-compliance is ongoing, and may vary in an amount greater than $250 per day based on the severity of the violation, the number of the violations, and whether the violations have been repeated. The non-compliance fee will be used to compensate us for our incalculable administrative and management costs due to your violations.

Item 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
FOR A SINGLE BRASS TAP BAR

(1) Type of expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To whom payment is to be made
Franchise Fee (Note 1)	$25,000	Two Lump Sums	As Agreed	Us
Training Fee	$15,000	Lump Sum	As Agreed	Us
Leasehold Improvements (Note 2)	$448,000– $720,000	As Arranged	As Arranged	Vendors
Lease Deposit (Note 3)	$17,500 – $40,500	As landlord requires	Signing of Lease	Landlord–Realtor
Equipment (Note 5)	$140,000 – $210,000	As Arranged	At Order and Delivery	Approved Suppliers
Furnishings and Fixtures (Note 5)	$20,000 – $45,000	As Arranged	At Order and Delivery	Approved Suppliers

(1) Type of expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To whom payment is to be made
Audio and Video Equipment (Note 5)	$25,000 – $50,000	As Arranged	At Order and Delivery	Approved Suppliers
Signage (Note 6)	$10,000 – $20,000	As Arranged	At Order and Delivery	Approved Suppliers
Initial Inventory (Note 7)	$20,000 – $30,000	As Arranged	At Order and Delivery	Approved Suppliers
Architect Fees and Permits (Note 8)	$7,500 – $10,000	As Arranged	At Delivery	Architect; Engineer
Computer System (Note 9)	$10,000 – $14,600	As Arranged	At Delivery	Us and Approved Suppliers
Computer Support – 3 Months (Note 9)	$1,425	As supplier requires	As Incurred	Us and Approved Supplier
Travel, lodging and meals for Initial Training (Note 10)	$2,500 – $8,000	As required	As required	Vendor
Licenses and Permits (Note 11)	$1,500 – $7,500	As Arranged	As Incurred	Government Agencies
Insurance (Note 12)	$4,000 – $18,000	As Arranged	Periodic	Insurance Companies
Promotional and Advertising – 3 months (Note 13)	$3,000 – $8,000	As Arranged	As Arranged	Approved Suppliers
Professional Fees (Note 14)	$3,000 – $8,000	As Arranged	As Arranged	Accountants, Attorneys, Others
Liquor License (Note 15)	$10,000 – $50,000	Lump Sum	When Issued	State
Additional Funds – 3 Months (Note 16)	$20,000 – $40,000	As needed	As needed	Various
TOTAL (Note 17) – **$783,425 to $1,321,025** (excluding real property/tenant improvement allowance)				

* The table above contains an estimated break-down of the various items for which you will incur expenses during the start-up and initial operation of your Brass Tap Bar. Ranges are provided for some items because they depend upon factors that may vary, such as Site location, size of your Brass Tap Bar, and other local market conditions and circumstances. The amounts set forth in the table above assume a Brass Tap Bar ranging in size from 2,800 to 3,200 square feet. These ranges are based on the operating expenses of franchised Brass Tap Bars and are not maximum or minimum amounts. We prepared these estimates based upon the experience of our management and existing Brass Tap Bars. You should review these estimates carefully with a business advisor before making a decision to enter a Franchise Agreement or Area Development Agreement. All fees paid to us are fully earned and non-refundable. Fees payable to vendors,

approved suppliers and other third parties are not refundable unless such vendors, approved suppliers or other third parties have an applicable refund policy.

Note 1: The Franchise Fee is $25,000. If you sign a Franchise Agreement, the Franchise Fee is payable as follows: 50% upon the signing of the Franchise Agreement, and 50% upon the sooner of the signing of the lease for your Brass Tap Bar or 30 days prior to the ground breaking for your Brass Tap Bar. (See Item 5).

Note 2: The cost of leasehold improvements will vary depending on numerous factors, including: (i) the size and configuration of the premises; (ii) pre-construction costs (such as demolition of existing walls and removal of existing improvements and fixtures); and (iii) the cost and availability of materials and labor (including whether you must use union labor), which may vary based on geography and location. These costs may also vary depending on whether certain of these costs will be incurred by the landlord or if your landlord grants any tenant improvement allowances. These figures are based on the cost of adapting our prototypical architectural and design plans to remodel and finish-out the Brass Tap Bar and the cost of leasehold improvements. These figures are our best estimate based on remodeling/finish-out rates.

Note 3: The figures are based on 3 months of rent and assume that the premises of the Brass Tap Bar will be approximately 2,800 to 3,200 square feet in size and will be situated in a shopping center or urban location. Annual lease costs are estimated at between $25 and $45 per square foot. Landlords may vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, the lease may require you to pay common area maintenance charges as well as your pro rata share of the real estate taxes, insurance and certain other charges. The actual amount you pay under the lease will vary depending on the size of the Brass Tap Bar, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region. These estimates do not include the cost to purchase real estate, since it is assumed that you will rent the space for your Brass Tap Bar.

Note 4: You will likely need to provide security deposits to your landlord and your local utilities, such as gas, electric and water.

Note 5: You must purchase equipment meeting our specifications to be used in the Brass Tap Bar, including a walk-in cooler, a tap system, bar back and sinks and any equipment necessary for food preparation and storage. The furnishings and fixtures you must purchase include tables, chairs, booths, bar, bar stools and décor items. If your Brass Tap Bar will have patio space, you must have additional tables, chairs, umbrellas and heaters (if applicable for your climate). We have established relationships with equipment vendors for certain equipment used in the Brass Tap Bar that meet our specifications. You must also purchase audio and video equipment we require for Brass Tap Bars.

Note 6: These amounts represent your cost for an interior and exterior sign package. Your landlord or your local ordinances may have different restrictions placed on interior and exterior signage, which may affect your costs.

Note 7: These amounts represent your initial inventory of beer, wine, supplies and paper goods for use in the initial phase of operating the Brass Tap Bar.

Note 8: These amounts represent estimated costs you may incur to obtain any architectural and design services necessary for the construction of the Brass Tap Bar. You must adapt our prototypical

plans and specifications to suit the premises. We may designate the supplier of architectural services.

Note 9: This estimate includes the cost of the Toast POS System and restaurant management computer system (the "**Computer System**"), including the requisite software, software support, and purchase of services agreements from our approved vendors. This estimate also includes the Access Point and Switch you are required to purchase from us prior to opening your Brass Tap Bar. The Computer Support amount is three months of the monthly maintenance fee (i.e., $400 per month) paid to our chosen POS vendor to update and maintain software, as well as our monthly IT Fee ($200) paid to us.

Note 10: We provide the Initial Training to up to 3 people at no additional charge. These estimates include only your out-of-pocket costs associated with attending the Initial Training, including travel, lodging, meals and applicable wages. These amounts do not include any fees or expenses for training any other personnel. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation. The low end of our estimate assumes that you are within driving distance of our training facility.

Note 11: These amounts represent the estimated costs you may incur to obtain local business licenses, which licenses typically remain in effect for one year. The cost of these permits and licenses will vary substantially depending on the location of the Brass Tap Bar. You should consult the appropriate governmental authority concerning the availability of required licenses and the associated expenses for your Brass Tap Bar before you sign a Franchise Agreement. We prefer our franchisees to have an outdoor patio area, which may require an additional permit.

Note 12: These figures are estimates of the cost of the quarterly premiums for the insurance you must obtain and maintain for your Brass Tap Bar. Insurance premiums may be payable monthly, quarterly, semi-annually or annually, depending upon the insurance company's practices and your creditworthiness.

Note 13: You must conduct a grand opening advertising campaign which must include promotional giveaways, such as beverage items and logoed merchandise; be approved by us in advance; and, be conducted for a total of 60 days (30 days before opening, and 30 days after opening, of your Brass Tap Bar). At our request, you must give the grand opening advertising money to us and we will conduct the grand opening advertising campaign on your behalf.

Note 14: We strongly recommend you engage an accountant and an attorney to advise you in your evaluation of the franchise we are offering.

Note 15: The low end of this range represents an estimate of the annual fee for a beer and wine liquor license in Florida and the high end of this range represents a full liquor license in Florida (which is a lifetime asset rather than an annual renewable fee). Since the availability and expenses of acquiring a liquor license vary substantially from jurisdiction to jurisdiction, you should consult the appropriate governmental authority concerning the availability of the required license and the associated expenses for your Brass Tap Bar before you sign a Franchise Agreement. Depending on the location and jurisdiction, the cost of a liquor license may exceed the high range estimate disclosed in this Item 7 and may reach or even exceed $500,000. We strongly recommend that you verify the cost and availability of a liquor license in your jurisdiction before signing the Franchise Agreement.

Note 16: These figures cover miscellaneous expenses you may incur during the first 3 months of your Brass Tap Bar's operation (such payroll, utilities, royalty fees and local advertising) as new businesses often generate a negative cash flow. The additional funds required will vary by your area; how much you follow our methods and procedures; your management skill, experience and business acumen; the relative effectiveness of your staff; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and, the sales level reached during the initial period. These figures are only estimates.

Note 17: These totals are based on estimated expenses. We relied upon operating Brass Tap Bars to prepare these figures. Your actual costs may vary greatly and will depend on factors such as the size and condition of the space and cost to convert to a Brass Tap Bar; your management skill, experience and business acumen; local economic conditions; the local market for products; the prevailing wage rate; competition; and, the sales level reached during the start-up phase. These amounts do not include any estimates for debt service. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. We do not offer direct or indirect financing to you for any of the initial investment.

YOUR ESTIMATED INITIAL INVESTMENT
FOR FIVE BRASS TAP BARS
OPERATED PURSUANT TO AN AREA DEVELOPMENT AGREEMENT

(1) Type of expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To whom payment is to be made
Development Fee (Note 1)	$21,000 to $31,500	One lump sum	Upon Signing Area Development Agreement	Us
Legal & Accounting (Note 2)	$2,500 – $10,000	As third party specifies	As Incurred	Attorney, Accountant
TOTAL	**$23,500 to $41,500** (Note 3)			

Note 1: As described in Item 5, if you execute an Area Development Agreement, you must pay us a Development Fee in full when you sign the Area Development Agreement, which is fully earned when paid and not refundable under any circumstances. The Development Fee you pay depends upon the number of Brass Tap Bars to be opened. The Development Fee is calculated in accordance with the schedule set forth in Item 5. The Development Fee presented in this Item 7 table assumes the development of 2 to 5 Brass Tap Bars.

Note 2: We recommend strongly you engage the services of professionals to assist you in evaluating our franchise and to enter into the Area Development Agreement. This will include attorneys and accountants. Actual cost depends on the work done by your attorneys and accountants and their rates.

Note 3: The estimated initial investment for a single Brass Tap Bar, as set forth in the Item 7 table above, will apply to each Brass Tap Bar opened under the Area Development Agreement. You

should be aware that such estimated initial investment for your second and subsequent Brass Tap Bar will likely be higher than for your first Brass Tap Bar due to inflation and other economic factors that may vary over time.

Item 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.

Supplier Specifications. You must purchase or lease and install all fixtures, furnishings, equipment (including the Computer System and Software as defined in Item 11), décor items, signs, ingredients, beverages, services, and inventory relating to the establishment and operation of your Brass Tap Bar in accordance with our standards and specifications. We may add, delete and modify the standards and specifications in writing (including e-mail) as we deem necessary.

You must permit us or our agents, at any time, to remove a reasonable number of samples of beverages or other food items from your inventory or from the Brass Tap Bar free of charge for testing by us or by an independent laboratory to determine whether the samples meet our then-current standards and specifications. In addition to any other remedies we may have, we may require you to pay for the testing if we have not previously approved the supplier of the item or if the sample fails to conform to our specifications.

Approved and Designated Suppliers and Required Purchases. We may require you purchase certain goods, services, ingredients, beverages, services, supplies, fixtures, equipment (including the Computer System and Software as defined in Item 11), uniforms, small wares, glassware and inventory relating to the establishment and operation of your Brass Tap Bar from us or suppliers we designate or approve in advance. If you wish to purchase, lease or use any such items from another supplier, you or the supplier must submit a written request to us, which request we must approve in writing before you make any purchases of that product or from that supplier. We do not make our supplier evaluation criteria available to you or any supplier; however, we may examine any factor we deem relevant, in our sole discretion, in making the determination, including but not limited to inspecting the supplier's facilities and requiring that that samples from the supplier be delivered to us or an independent laboratory for testing. You must pay our then-current evaluation fee. We may re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to meet any of our then-current standards. Our approval procedure does not obligate us to approve any particular product or supplier. We will notify you within 30 days of our approval or disapproval of any proposed product or supplier.

We currently require you to purchase all food products from our designated supplier, Sysco. We may add designated suppliers and/or products, at any time, by notice to you through additions to the Manual. There are currently no items for which we or our affiliates are approved suppliers or the only approved suppliers. None of our officers have any direct ownership interest in any approved supplier.

Allowances. We may collect and retain certain manufacturing allowances, marketing allowances, rebates, credits, monies, payments and benefits (collectively, "**Allowances**") offered to us or to our affiliates by manufacturers, suppliers and distributors based upon your purchases of products and other goods and services. These Allowances are based on System-wide purchases of food, equipment, supplies, paper goods, merchandise and other items.

Allowances Received. Our parent FSC may receive rebates based on Brass Tap Bar purchases of oil, mac and cheese and beer cheese. FSC also receives rebates in connection with the purchase of wing sauces and dressing by Beef 'O' Brady's® Family Sports Pubs. In the fiscal year ended December 31, 2022, our parent FSC's total revenues were $53,178,628 and it received $419,185 or 0.8% of its total revenues in rebates from purchases by Brass Tap Bars and Beef 'O' Brady's® Family Sport Pubs.

Except as described above, neither we nor our affiliates currently derive any revenue or other material consideration as a result of franchisee required purchases or leases.

We currently negotiate purchase agreements, including price terms, with suppliers for the benefit of our franchisees. Specifically, our supply management group currently negotiates purchase arrangements with Sysco and may negotiate purchase arrangements with other approved suppliers in order for franchisees to purchase approved products, on a system-wide basis, at favorable group prices. There are currently no purchasing or distribution cooperatives.

We do not provide or withhold material benefits to you based on whether you purchase products through sources we designate or approve; however, we may terminate your Franchise Agreement in the event you purchase unapproved products or through unapproved sources in violation thereof.

Insurance. You must secure prior to commencing operations, and maintain at all times thereafter, at your sole cost and expense, sufficient insurance on your business. You will be required to obtain proof of coverage and submit the same to us on a periodic basis, usually annually. The types of insurance and amounts of coverage necessary may vary by state; so please check with your state agencies to ensure your business is properly covered. More detailed information about your insurance requirements are described below.

Required Types of Insurance. During the term of your Franchise Agreement, you must maintain in force, at your sole cost and expense and under policies of insurance issued by carriers approved by us, the following types of insurance coverage:

(i) "umbrella" liability insurance;

(ii) liability insurance against liability for personal services care and negligence;

(iii) workers' compensation in the amounts required by applicable law for your Family Sports Pub;

(iv) general casualty and property insurance including fire, flood, hurricane, vandalism and malicious mischief, and extended coverage insurance with a full replacement value of your inventory and contents of your Brass Tap Bar, covering such risks as are covered in the Standard Extended Coverage Endorsement.

Recommended Types of Insurance. In addition to the required types of insurance set forth above, we recommend that you also maintain in force, at your sole cost and expense and under policies of insurance issued by carriers approved by us, the following types of insurance coverage:

(i) comprehensive, public and product liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Brass Tap Bar;

(ii) comprehensive motor vehicle insurance (including personal injury protection, uninsured motorist protection, and "umbrella" coverage) for any motor vehicles operated by your Brass Tap Bar;

(iii) PCI and data security insurance;

(iv) business interruption insurance;

(v) comprehensive crime and blanket employee dishonesty insurance;

(vi) such other insurance as is required by lease or other financing document (if any) for the Brass Tap Bar; and,

(vii) other insurance policy types recommended by your insurance advisor.

Coverage Requirements. You must maintain the insurance coverages in the minimum amounts we prescribe from time-to-time in our System Standards. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances.

Policy Terms. All insurance policies you obtain and maintain must:

(i) contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our affiliates, directors, officers or agents;

(ii) extend to provide indemnity for all obligations assumed by you under your Franchise Agreement and all items for which you are required to indemnify us under the provisions of your Franchise Agreement or otherwise;

(iii) name us as additional insureds;

(iv) contain a waiver of the insurance company's right of subrogation against us;

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

(vi) provide that the insurance company will provide us with at least thirty (30) days' prior written notice of termination, expiration, cancellation or material modification of any policy; and,

(vii) provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent.

Evidence of Coverage. Before expiration of each of your insurance policies, you must obtain and furnish us with a copy of the new, renewal or replacement policy extending your coverage, along with evidence of the premium payment. You must also allow any inspections of your Brass Tap Bar required to obtain or maintain the insurance.

Impact of Not Meeting Our Insurance Requirements. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our option and in addition to our other rights and remedies under your Franchise Agreement, any required insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain the insurance policies and must promptly sign all forms required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf.

Insurance Does Not Waive or Limit Your Obligations. Your obligation to maintain insurance coverage and/or our maintenance of insurance on your behalf will not reduce or absolve you of any indemnification obligations described in your Franchise Agreement.

These Are Minimum Insurance Requirements. You should consult with your own insurance advisor/broker regarding any additional insurance needs. These are only minimum coverage requirements. You may need more. In general, your need for more will depend on your own financial situation, risk tolerances and local risk issues.

Computer Hardware and Software. You must purchase the required Computer System and Software (as defined in Item 11) from our designated or approved suppliers. You must also purchase any upgrades, enhancements or replacements to the Computer System and Software as we advise. We may require you purchase on-going software or hardware support or maintenance products or services in connection with designated hardware or software. We must approve your purchase or lease of any alternative Computer System or Software before you purchase or lease such Computer System or Software.

We estimate your purchases from us or approved suppliers, or that must conform to our specifications, will represent approximately 75% to 77% of your total purchases in establishing the Brass Tap Bar, and approximately 80% to 95% of your total purchases in the continuing operation of the Brass Tap Bar.

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(s) in Franchise Agreement	Section(s) in Area Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2 and 4	Section 5	Items 6 and 11
b. Pre-opening purchases/leases	Sections 4, 5 and 6	Sections 3, 4, 5 and 6	Item 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 2, 4, 5 and 6	Sections 3 and 5	Items 6, 7 and 11
d. Initial and ongoing training	Section 3, 5 and 7	Sections 6.1(c) and 6.2(b)	Items 6, 7 and 11
e. Opening	Sections 3, 4, 5, 7 and 11	Section 2, 3 and 4	Item 11
f. Fees	Section 3, 5, 6, 7, 11 and 12	Section 4	Items 5, 6 and 7
g. Compliance with standards and policies/ Confidential Operating Manual	Sections 3, 4, 5, 6, 7, 9, 11, 12, 13, 15 and 19	Sections 3, 5, 7 and 8	Items 11 and 17
h. Trademarks and proprietary information	Sections 5, 8, 9, 11 and 12	Sections 7 and 8	Items 13, 14 and 17
i. Restrictions on products/services offered	Sections 5, 8 and 11	Sections 3, 5, 7 and 8	Item 16 and 17

Obligation	Section(s) in Franchise Agreement	Section(s) in Area Development Agreement	Disclosure Document Item
j. Warranty and customer service requirements	Not Applicable	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Section 2, 3 and 5	Item 12
l. Ongoing product /services purchases	Sections 5 and 11	Section 3, 5 and 8	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 5 and 11	Section 3, 4, 6 and 8	Item 11 and 17
n. Insurance	Sections 5.6 and 11.2	Section 3 and 12	Items 7 and 8
o. Advertising	Sections 5, 8, 11 and 12	Section 3, 7 and 8	Items 6 and 11
p. Indemnification	Sections 5.6, 17.6 and 18	Section 12	Item 6
q. Owner's participation/management /staffing	Sections 7 and 11	Section 6	Items 11 and 15
r. Records and reports	Sections 11, 12, 13 and 14	Sections 3, 4, 5 and 10	Item 6, 11 and 17
s. Inspections and audits	Sections 4, 7, 14	Section 3, 4, 5 and 10	Items 6, 11 and 17
t. Transfer	Section 15	Section 11	Item 17
u. Renewal	Section 3	Section 2 and 3	Item 17
v. Post-termination obligations	Sections 9, 16 and 17	Sections 9 and 10	Item 17
w. Non-competition covenants	Sections 9.3, 10, 15.3, 17 and 19, and Exhibit H	Section 7, 10 and 13	Item 17
x. Dispute resolution	Section 19	Section 13	Item 17
y. Other: Principal Owner's Guaranty	Section 1.5(e), Exhibit E	Section 1.4 (e)	Item 15

Item 10. FINANCING.

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

Item 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING.

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

Pre-Opening Obligations.

Franchise Agreement:

Before you open the Brass Tap Bar, we will:

1. Assist you with the selection of a suitable Site for your Brass Tap Bar, which you must locate within 180 days of signing the Franchise Agreement or the time agreed in the Development Agreement (the "**Site Selection Period**"), subject to our approval. During the first 45 days or the time agreed to in the Development Agreement of the Site Selection Period, you must obtain our approval of one or more trade areas or intersections of streets within which you are interested in locating your Site (collectively, the "**Site Selection Area(s)**"). During the Site Selection Period, you will have the exclusive right to search for a Site within the Site Selection Area(s). Upon our approval of the Site, we will complete and provide you with Exhibit A to the Franchise Agreement evidencing our approval of the Site. You must then during the first 90 days or the time agreed in the Development Agreement of the Site Selection Period, submit a proposed Site to us for our review and approval. We will approve or disapprove your proposed Site for the Brass Tap Bar within 30 days after we receive the complete Site report and other materials we request. A Site must meet our then-current criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, suitability for a Brass Tap Bar, competition from and proximity to other businesses and Brass Tap Bars, the nature and other commercial characteristics of other businesses in proximity to the Site and the size, appearance and other physical characteristics of the proposed Site. Upon our approval of the Site, we will update and provide you with a completed Exhibit A to the Franchise Agreement evidencing our approval of the Site. Our approval of a Site indicates only that it falls within the acceptable criteria we have established as of the time of our approval.

   Once we approve the Site, you must obtain our prior written approval of the proposed lease for the Site, which must contain certain mandatory lease terms. You must sign an approved lease for a Site within 1-year of signing the Franchise Agreement. Within 180 days after signing the lease, you must commence construction of your Brass Tap Bar. If we cannot agree on a Site, or you fail to comply with the foregoing requirements and deadlines, we may terminate the Franchise Agreement. (Franchise Agreement – Sections 2, 4, 5.8, and 16.2).

2. Provide you with the contact information for our brand-certified architects (each, a "**Certified Architect**"), who you must use to prepare prototype design plans, elevation drawing, specifications, decor and layout for your Brass Tap Bar, including requirements for design, color scheme, image, interior layout and operation assets which include fixtures, equipment, signs and furnishing (collectively, the "**Required Preliminary Plans**"). While the Certified Architect will provide you with the Required Preliminary Plans at our expense, you will be required to have either the Certified Architect or another architect of you choosing (subject to our advance approval) complete and detailed construction drawings at your own expense. We will also designate and recommend suppliers of goods and services, such as the operating assets, approved products and services, and decorations for the Site. (Franchise Agreement – Sections 5.1, 5.2, 5.3, 5.4 and 5.5).

3. Assist you, at your request, in developing the Brass Tap Bar by recommending construction contractors, equipment suppliers, and otherwise furnishing information concerning the development of the Brass Tap Bar in accordance with our specifications. However, at your expense, you must: secure all financing; obtain permits and licenses for the Brass Tap Bar; construct or have your landlord or its designee construct improvements and decorate the Brass Tap Bar according to our standards and specifications; purchase or lease and install all operating assets, approved products and services; and, purchase an opening inventory of products and supplies. (Franchise Agreement - Sections 5.1, 5.2 and 5.3).

4. As discussed in Item 8, identify the fixtures, furnishings, equipment (including POS System registers, telecopiers and computer hardware and software) and materials, supplies, signs, emblems, lettering, logos and display materials necessary for the Brass Tap Bar to begin operations, the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including us and/or our affiliates) must be used. (Franchise Agreement – Sections 5.3 and 5.5).

5. Loan you (or make accessible to you, on-line or by other electronic format) one copy of the Confidential Operating Manual which is currently 49 pages. See Exhibit D for the Confidential Operating Manual Table of Contents. (Franchise Agreement – Section 11.1).

6. Before the Brass Tap Bar's opening, we will provide the Initial Training to your two Designated Operators (plus a 3rd trainee at your option). (Franchise Agreement – Section 7). The two Designated Operators must successfully complete the Initial Training to our satisfaction. We may require any management personnel you subsequently employ also successfully complete the Initial Training (at additional fees). We do not charge for this Initial Training and you must pay for all travel, living expenses and wages for you and your employees. Initial Training occurs at a Brass Tap Bar designated by us. An outline of the Initial Training is provided below in this Section under the heading "**Training.**"

7. Before the Brass Tap Bar's opening, we will send a corporate representative to visit your Brass Tap Bar to determine the status of your building and equipment. We do not charge any fees in connection with this pre-opening visit. (Franchise Agreement – Section 5.8)

Area Development Agreement:

If you are entering into an Area Development Agreement, then under the Area Development Agreement we will:

1. Designate the Exclusive Area, the number of Brass Tap Bars you will open, and the Development Schedule setting the timetable you will follow for opening the Brass Tap Bars, based on our mutual agreement. (Area Development Agreement - Sections 3.1, 3.3). You and we will decide on your Exclusive Area together, considering factors such as the general locations, neighborhoods, proximity to customers in the area we are considering; traffic patterns in the area; co-tenant attractiveness in the sites available in the area; size of the available spaces in the area; age and condition of the buildings in which the Brass Tap Bars might be situated in the area being considered; the availability of locations and necessary zoning in the area; and, the location of competitors in the area. In deciding on the number of Brass Tap Bars and the development schedule for opening them, you and we will consider factors such as the potential total number of Brass Tap Bars in the Exclusive Area; how aggressive the opening schedule should be; your experience, if any, in the industry; your experience in franchising; and, the capital commitment you are able and willing to make. If you and we do not agree on the Exclusive Area, the number of Brass Tap Bars to be opened

and the development schedule, then you and we will not sign an Area Development Agreement.

Time To Opening.

We estimate there will typically be an interval of 6 to 14 months between the signing of the Franchise Agreement and the opening of the Brass Tap Bar; however, this interval may vary based upon such factors as the location and condition of the Site, the construction schedule for the Brass Tap Bar, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements and completing training and your compliance with local laws and regulations. This time period may vary depending on the amount of time you will need to obtain staff, managers, licenses, permits, any equipment necessary to operate as an area developer. (Development Agreement – Section 6).

You may not open the Brass Tap Bar for business until: (1) we approve the Brass Tap Bar as developed according to our specifications and standards; (2) pre-opening training of you and your personnel has been completed to our satisfaction; (3) you have completed all pre-opening marketing requirements; (4) the Franchise Fee and all other amounts then due to us have been paid no less than 30 days before opening; (6) you have demonstrated that the conditions of Section 1.5(e) of the Franchise Agreement have been met; (7) we have been furnished with copies of all required insurance policies, or any other evidence of insurance coverage and payment of premiums as we request; and, (8) we have received signed counterparts of all required documents pertaining to your acquisition of the Site. You must commence construction of the Brass Tap Bar within 180 days after signing the lease. (Franchise Agreement – Section 5.8).

Post-Opening Obligations. During your operation of the Brass Tap Bar, we will:

1. Provide you with advice, from time to time, regarding the operation of the Brass Tap Bar based on reports you submit or inspections we make. In addition, we will provide guidance to you on standards, specifications, operating procedures and methods utilized by Brass Tap Bars; purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies; materials, menus, and business methods; use of suppliers, approved products, volume buying, advertising and marketing programs. This guidance may be furnished in our Confidential Operating Manual, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the Brass Tap Bar. (Franchise Agreement – Sections 7.1, 7.2, 7.3, 7.4, and 7.9).

2. Furnish you, at your request, with additional guidance, assistance and training. (Franchise Agreement – Sections 7.4 and 7.5) (See Item 6).

3. Loan you (or make accessible to you in electronic formats) one copy of the Confidential Operating Manual. The Confidential Operating Manual contains mandatory and suggested specifications, standards, operating procedures and rules ("**System Standards**") that we prescribe from time to time for operation of a Brass Tap Bar and information relating to your obligations under the Franchise Agreement and related agreements. The Confidential Operating Manual may be modified, updated and revised periodically to reflect changes in System Standards. (Franchise Agreement – Section 11.1).

4. Issue, modify and supplement System Standards for Brass Tap Bars. We may periodically modify System Standards, which may accommodate regional or local variations as we determine, and these modifications may obligate you to invest additional capital in the Brass

Tap Bar and/or incur higher operating costs. However, these modifications will not alter your fundamental status and rights under the Franchise Agreement. (Franchise Agreement – Sections 5.6, 11.2, 11.3 and 11.4).

5. Inspect and observe, photograph and videotape the operations of the Brass Tap Bar, remove samples of any products, materials or supplies for testing and analysis, interview the Brass Tap Bar's customers and personnel, and inspect and copy any books, records and documents relating to the operation of the Brass Tap Bar from time to time to assist you in complying with the Franchise Agreement and all System Standards. (Franchise Agreement – Sections 13 and 14).

6. Establish, maintain and administer the Marketing and Development Fund. You are obligated to contribute to the Marketing and Development Fund the amounts that we prescribe. (See Item 6).

Marketing and Development Fund.

The Marketing Fund Corporation will direct all programs financed by the Marketing and Development Fund, with sole control over the creative concepts, materials and endorsements, and the geographic, market, media placement and allocation and any internet or intranet websites, networks or communities it operates or participates in, or which requires your participation. The Marketing and Development Fund may be used to pay the costs of preparing or producing video, audio, internet, intranet, e-commerce, website or written advertising materials; administering national or regional advertising programs, including, without limitation: purchasing direct mail or other media advertising; or employing or contracting with advertising, promotion or marketing agencies; supporting public relations; market research; other advertising, promotion or marketing activities; conducting product development; research; developing new purchasing and marketing programs, campaigns or networks (including via internet, intranet, website(s) or other forms of e-commerce); all costs associated directly or indirectly with the operation, maintenance, hosting or development of websites bearing our marks; or establishing internet, intranet, website or other forms of e-commerce communities, networks, systems, methods, processes, databases or monitoring systems, which may include our establishing one or more internet or intranet websites for purposes of: linking suppliers of products and services to our website(s); our electronic monitoring your performance under your franchise agreement; our sharing or selling information to third parties; our establishing business to business or business to customer e-commerce; promoting the development and growth of franchises or soliciting franchisees; or your reporting of Royalties, Gross Sales and Adjusted Growth Sales or other information as we designate from time to time. The Marketing and Development Fund may be used for defraying the reasonable salaries (whether of individuals directly employed by us or under agreement with us), administrative hosting, development, maintenance costs and overhead incurred by us or our designees in connection with the Marketing and Development Fund. The Marketing and Development Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at its cost. Multiple copies of these materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges. (Franchise Agreement, Section 12.3).

The Marketing and Development Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for the reasonable salaries, administrative costs, travel expenses and overhead that we may incur in activities related to the administration of the Marketing and Development Fund and its programs, including, without limitation: developing, maintaining or hosting intranet, internet or other forms of e-commerce websites, webpages, e-mail addresses committees or networks; conducting market research; preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Marketing and Development Fund. We make every effort to ensure that all contributions are spent in the fiscal year in which they accrue. We may spend, on behalf of the Marketing and

Development Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Brass Tap Bars to the Marketing and Development Fund in that year, and the Marketing and Development Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Marketing and Development Fund will be used to pay advertising costs before other assets of the Marketing and Development Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the Marketing and Development Fund and furnish the statement to you upon written request. We will not use any monies from the Marketing and Development Fund for the preparation of franchise sales solicitation materials except that these sales and solicitation materials may be part of or linked to our overall internet, or intranet website or e-commerce activities. (Franchise Agreement, Section 12.4).

The Marketing and Development Fund is intended to maximize recognition of the Marks and patronage of Brass Tap Bars. Although we will endeavor to utilize the Marketing and Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all Brass Tap Bars, we undertake no obligation to ensure that expenditures by the Marketing and Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Marketing and Development Fund by Brass Tap Bars operating in that geographic area or that any Brass Tap Bar will benefit directly or in proportion to its contribution to the Marketing and Development Fund from the development of advertising and marketing materials or the placement of advertising. We are not required to spend any amount of money on advertising in a particular area or territory where a franchisee is located. We assume no other direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the Marketing and Development Fund. (Franchise Agreement, Section 12.5).

Franchisee contributions to the Marketing and Development Fund will generally be on a uniform basis, but we may defer or reduce contributions of a franchisee and, upon 30 days' written notice to you, to reduce or suspend contributions to and operations of the Marketing and Development Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Marketing and Development Fund. Brass Tap Bars owned and operated by us or our affiliates will contribute to the Marketing and Development Fund on the same basis as franchise owners. (Franchise Agreement – Section 12.1). If the Marketing and Development Fund is terminated, all unspent monies on the date of termination will be distributed to franchisees in proportion to their respective contributions to the Marketing and Development Fund during the preceding 12-month period. (Franchise Agreement, Section 12.1). Franchisees are required to pay up to 1.5% of their previous month's Adjusted Gross Sales to the Marketing and Development Fund. (Franchise Agreement, Section 12.1).

The Marketing and Development Fund will be audited at the end of each calendar year (December 31). During the fiscal year ended December 31, 2022, the Marketing and Development Fund spent 8.0% of its expense on production, 27.3% on media placement, 17.6% on marketing support materials and 47.1% on other general and administrative expenses. No percentage of the Marketing and Development Fund will be used to solicit franchisees.

Local Advertising.

During the first 5 months of business, you must spend $5,000 on local advertising initiatives. (Franchise Agreement, Section 5.9). Thereafter, you must spend at least 1.5% of your Brass Tap Bar's monthly Adjusted Gross Sales for local advertising (as outlined in the marketing manuals). If other franchise owners operate Brass Tap Bars in the market area serviced by the directories, then you must participate in and pay your proportionate share of the cost of the listings and advertising. (Franchise Agreement, Section 12.7). We may review your books and records relating to your expenditures for this advertising and promotion. If we determine you have not spent the requisite amounts, we may require you to pay the unexpended amounts into the Marketing and Development Fund.

You must submit samples of all advertising, promotional and marketing materials we have not prepared or previously approved for approval before you use them. If you do not receive written disapproval within 30 days after we receive the materials, we will be considered to have given the required approval. You may not use any advertising or promotional materials we have disapproved. (Franchise Agreement – Section 12.6). (See Items 6, 8 and 9).

The Franchise Advisory Counsel.

We currently have a franchise advisory council ("**FAC**") comprised of franchisees that advises us on advertising policies, menu, product development, purchasing, franchise sales, training, operations and other matters. The FAC acts solely in an advisory capacity and does not have decision making authority. We have the right to change, merge or dissolve the FAC at any time. Members of the FAC include franchisee representatives and our representatives. The franchisee representatives are chosen by us or elected by other franchisees in the System. If you participate in the FAC, you will pay any expenses you incur related to your participation, such as travel, lodging and meals involved in attending any meetings.

Franchisee Advertising Cooperatives.

There currently are no franchisee advertising cooperatives. We do not have the power to require cooperatives to be formed, changed, dissolved or merged, although franchisees may decide to create an advertising cooperative. If an advertising cooperative is formed by franchisees, you will be required to contribute the amount determined by the advertising cooperative, but in no event will the amount exceed 2% of Adjusted Gross Sales.

The Internet.

We have the sole right to market on the internet and use the Marks on the internet, including all use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, cobranding and other arrangements, and in all other forms of electronic media. You may not separately register any domain name or any portion of a domain name containing the Marks or participate or market on any website or other form of electronic media (including social technology, social media and social networking platforms) using the Marks unless you first obtain written approval from us. Your general conduct on the internet or other forms of electronic media, including your use of the Marks or any advertising, is subject to the terms and conditions of the Franchise Agreement and any other rules, requirements or policies we may identify from time to time.

Computer Systems.

We currently require you to purchase or lease, maintain and utilize the Computer System (including all computer software) which meets our System Standards. (Franchise Agreement, Sections 11.7 and 13.1). We estimate that the cost for purchasing the Computer System will be between $10,000 and $14,600. (See Item 7). If you sell your Brass Tap Bar, we have the right to require the purchaser to upgrade to the then-current approved POS System before we approve the transfer.

We currently require you to use the Toast POS System, provided by Toast, Inc. We have approved the Toast POS System since 2016. We have not approved any compatible equivalent components and the Computer System is not our proprietary property. The monthly maintenance, support and upgrades currently costs $255 to $355 per month.

Each month you must pay us the IT Fee of $200, for which we will provide you a Meraki Router with firewall software; network management service, email and Toast Level 1 support. You must also

purchase from us access points (currently $86 per indoor access point and $89.99 per out door access point) and a 16-point network switch (currently $299.99).

You must purchase, install and maintain an approved back office system. Your POS System must be able to fully integrate with the back office system.

We may authorize or require you to use different forms of hardware or software from the same supplier, and may require you to discontinue use of a Computer System and to purchase another Computer System which we designate. (Franchise Agreement, Section 11.7).

You must use whatever Computer System we specify, including any modifications, during the term of the Franchise Agreement. Within 60 days after we notify you of any modifications or new specifications for the Computer System (the "**Modified System**"), you must upgrade or obtain this equipment or software as long as the Modified System is the one that we or our affiliates are using in our or their Brass Tap Bars. There is no limitation on the frequency or cost of this obligation. We may in the future charge you a fee for modifications of and enhancements made to any proprietary software that we license to you, as well as other maintenance and support services that we or our affiliates furnish to you for the Computer System. (Franchise Agreement, Section 11.7). There is no limitation on the cost and frequency of any maintenance, repairs or updates to the Computer System. The annual costs of required maintenance, updates, upgrading or support contracts is included in the monthly maintenance fees as described above.

We have independent access to the information gathered and generated by the Computer System. There are no limitations on our right to do so. (Franchise Agreement, Sections 11 and 13).

Training.

No later than 30 days prior to the opening of your Brass Tap Bar, you (or one of your owners, if you are a corporate entity) and an Operating Manager must (and a third manager or key employee may) attend and complete, to our satisfaction, our 3-week Initial Training. If you are opening your second or successor Brass Tap Bar, then your Operating Manager may either (i) complete the 3-week Initial Operator Training, or (ii) complete 2 weeks of such Initial Training at your existing location and then complete 1 week of Initial Training at conducted by us or one of our designated representatives at a location we designate. You, are responsible for all expenses associated with the Initial Training, including lodging, meals and the applicable wages for the trainees. We will conduct the Initial Training at our corporate headquarters and at certified training locations we designate, which currently include locations near Tampa, Florida ("**Certified Training Locations**"). We may change the Certified Training Locations from time to time.

We will provide the Initial Training for up to 3 individuals, but you may have additional personnel trained by us for the Brass Tap Bar, at your expense (see Item 6). We will determine whether the Initial Training attendees have satisfactorily completed Initial Training. If any Initial Training attendees do not satisfactorily complete the Initial Training or if we determine these persons cannot satisfactorily complete the Initial Training, you must designate a replacement(s) to satisfactorily complete the Initial Training before you will be permitted to open your Brass Tap Bar. If the replacement(s) cannot complete the Initial Training to our satisfaction, we have the right to terminate your Franchise Agreement and will not be required to refund any portion of the Franchise Fee.

Any Operating Manager subsequently designated by you must complete either the Initial Training or, at a minimum, a 4-day training at our headquarters in Tampa, Florida in order to earn the certifications we require (the "**Headquarters Training**"). You must pay us our then-current fee we impose (see Item 6) for providing the Initial Training or Headquarters Training to additional, replacement or successor

employees. You must also pay for all expenses your trainees incur in connection with attending any training program, including costs of travel, lodging, meals and wages.

The Operating Manager and other personnel must attend any additional training programs and seminars we offer. We do not anticipate charging a fee for any such additional training programs and seminars, but you must pay for all expenses you or your Operating Manager and other personnel incur in participating in any additional training, including costs of travel, lodging, meals, and wages.

In connection with the opening of your first Brass Tap Bar, we will provide you with: up to 5 of our trained representatives for up to 5 days of on-site training, support and assistance during Training Week and 4 of our trained representatives for 6 days of on-site training, support and assistance during Opening Week. We will pay for the associated expenses, including all travel, lodging and wage expenses, incurred by our trained representatives during Training Week and Opening Week.

In connection with the opening of your second or any successor Brass Tap Bar, we will provide you with 2 representatives and you must provide 3 Designated Trainer Employees for 5 days of on-site training, support and assistance during Training Week. We will pay for the associated expenses, including all travel, lodging and wage expenses, incurred by our representatives and your 3 Designated Trainer Employees in connection with such Training Week activities. During Opening Week, we will provide you with 1 representative for 1 day, and you must provide your 3 Designated Trainer Employees to for the entire Opening Week, to provide on-site training, support and assistance. We will pay for all expenses, including all local travel, lodging and wage expenses, incurred by our representative in connection with Opening Week training and you will pay for all expenses, including all local travel, lodging and wage expenses, incurred by your Designated Trainer Employees in connection with Opening Week training.

If we determine the sales volume and demands of your Brass Tap Bar during Opening Week exceed the capabilities of your Designated Operators and employees, we or our designee will provide additional, mandatory, on-site assistance for an additional period of time (as we determine necessary, in our sole discretion). You must pay us any costs incurred, including additional training fees, travel, lodging and wage expenses, for this additional training and support.

You must pay us a non-refundable training fee at least 90 days prior to the scheduled opening of your Brass Tap Bar in consideration of our providing Initial Training. The training fee will vary based on the number of Brass Tap Bars you own and operate upon signing the Franchise Agreement in accordance with the following: (i) $15,000 for your first Brass Tap Bar; (ii) $10,000 for your second Brass Tap Bar; (iii) $8,000 for your third Brass Tap Bar; (iv) $5,000 for your fourth Brass Tap Bar; and (v) $4,000 for your fifth and all subsequent Brass Tap Bars.

If, during the term of your Franchise Agreement, you request that we provide additional training on-site at your Brass Tap Bar, you must pay our then-current per diem fee being charged to franchisees generally for trained representative assistance, and you must reimburse us for any expenses our trained representative incurs, such as costs of travel, lodging, and meals (see Item 6).

We may conduct an annual meeting of our franchisees to discuss improvements to the System, provide additional training and other similar items. We may designate attendance at an annual meeting by you and/or your Operating Manager is mandatory. We will pay for presenting the annual meeting. You must pay for your attendees' expenses while attending the annual meeting, including travel, lodging, meals and wages. We will hold this meeting when we believe it is prudent to do so.

The FSC Vice President of Training, Alan Rogers, and the Manager of Operator Training oversee training. We also draw on the substantial experience of our affiliates' personnel in conducting training.

Each of our instructors will have at least 5 years of experience in the topics they are teaching. The instructional materials used in the Initial Training consist of our Confidential Operating Manual, training syllabus, marketing and promotion materials, programs related to the operation of the point of purchase system, and any other materials we believe will be beneficial to our franchisees in the training process.

The training schedule and activities of the Initial Training are described below:

INITIAL TRAINING

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation	2	0	Certified Training Location ("**CTL**")
Beer, Wine, Liquor Training	8	0	CTL
Server & Bar Training	0	24	CTL
Food Menu Training	16	24	CTL
Food & Beverage Ordering, Receiving & Inventory	4	16	CTL
Managing Kitchen Operations	0	24	CTL
Managing Front of the House Operations	0	16	CTL
Computer Systems – POS & RTI	4	16	Home Office/CTL
Beer App & Menu Maintenance	0	4	CTL
Accounting	2	12	Home Office/CTL
Advertising, Promotion, Event Planning	2	6	Home Office/CTL
Marketing, Social Media	2	0	Home Office/CTL
Sanitation and Safety	0	9	CTL
Food Safety Certification	8	0	Home Office
Management Responsibilities	2	12	Home Office/CTL
New Store Opening and Preparation	2	0	Home Office
Responsible Alcohol Service and Sales	4	0	Home Office
Staffing, selection, retention and other employee issues	4	8	Home Office/CTL
TOTAL	60	171	

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

In addition to the Initial Training, you, your managers and any other personnel we designate must be TIPS certified as required by state or local laws or regulations. We do not provide this training or certification, which you must obtain from a designated supplier in your Territory. We do not conduct a training program in connection with our Area Development Program which is separate from our training program for the Franchise Program.

Item 12. TERRITORY

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

You will receive a protected geographic territory (the "**Protected Territory**") in which you will operate one Brass Tap Bar. Your Protected Territory will consist of the area within a 3-mile radius from your Site. You may not relocate your Brass Tap Bar without our advance written approval.

You may only operate your Brass Tap Bar business from the approved Site and may only offer or sell System products and services from the Brass Tap Bar. You may only sell System products and services at retail, and you may not engage in the wholesale sale and/or distribution of any System product, service, equipment or other component, or any related product or service. You may solicit and accept business from outside of your territory and you may advertise your Brass Tap Bar outside of your territory. While you may solicit and accept business from outside of your territory and you may advertise your Brass Tap Bar outside of your territory, you may not use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing to make sales outside of your territory. You do not receive the right to acquire additional franchises within your territory.

While the Franchise Agreement is in effect, except as set forth below, we will not sell another franchise for or open ourselves a Brass Tap Bar within your Protected Territory. We will also not sell another franchise for or open ourselves a Brass Tap Bar within your Site Selection Area(s) during the term of the Site Selection Period.

Rights We Reserve: Franchise Agreement. We (and our affiliates) may:

1. establish ourselves, and grant to franchisees the right to establish, Brass Tap Bars anywhere outside the Protected Territory, on the terms and conditions we consider appropriate (including immediately proximate to the border of the Protected Territory).

2. operate ourselves, and grant franchises to others to operate, within or outside the Protected Territory, any businesses, whether under the Marks or otherwise, except for a Brass Tap Bar.

3. develop, use, and license products or services other than those used in connection with the System, whether inside or outside the Protected Territory and whether under the Marks or other trademarks.

4. market and sell, inside and outside of the Protected Territory, through channels of distribution other than traditional Brass Tap Bars (i.e., through mail order, internet or intranet, website or other forms of e-commerce or grocery, retail or convenience stores or kiosk, or, catalog sales,

telemarketing or other direct marketing), or through special purpose sites including sites at which access to the general public is limited (i.e., golf courses, school campuses, colleges, universities, on-campus food outlets, train stations, casinos, airports, stadiums, theme parks, military bases, etc.) goods and services competitive with goods and services offered by Brass Tap Bars, under the Marks or under other trade names, service marks or trademarks.

5. establish ourselves, and grant to other franchisees the right to establish, Brass Tap Bars at special purpose sites including sites at which access to the general public is limited (i.e., golf courses, school campuses, college, universities, on-campus food outlets, train stations, casinos, airports, stadiums, theme parks, military bases, etc.) whether located inside or outside the Protected Territory.

6. establish, purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and following any of these activities we may operate, franchise or license those other businesses and/or facilities under any names or marks, regardless of the location of these businesses and/or facilities, which may be within the Protected Territory or immediately outside its border.

We do not have to pay you any compensation if we exercise any of these rights. There is no minimum sales quota for maintaining your territory or other circumstance that grants us the right to modify your territory.

Area Development Agreement. We may, but are not required to, enter into an Area Development Agreement with you which provides for the development of a specified minimum number of Brass Tap Bars within an Exclusive Area over a specified term. There is no minimum Exclusive Area you are guaranteed under the Area Development Agreement. The size of the Exclusive Area will vary depending on the territory and the number of Brass Tap Bars you commit to open and will be defined in Section 3.1 of the Area Development Agreement. If we enter into an Area Development Agreement, you must sign our then-current Franchise Agreement for each Brass Tap Bar established under the Area Development Agreement. You are not entitled to additional development rights beyond those specified in the Area Development Agreement. You must submit a complete site report for each Brass Tap Bar. Each site is subject to our approval which will not be unreasonably withheld. We also have the right to refuse to grant a franchise for a proposed Brass Tap Bar if you do not meet financial criteria established by us. Besides the right to open the number of Brass Tap Bars specified in the Area Development Agreement, you do not receive any options, rights of first refusal or similar rights to acquire additional Brass Tap Bars under the Area Development Agreement.

Your Area Development Agreement will contain a Minimum Development Quota specifying a series of "Development Periods," the number of Brass Tap Bars you must open during each Development Period and the cumulative number of Brass Tap Bars you must have opened through the end of the Development Period in question. Brass Tap Bars will not count towards meeting the Minimum Development Quota for any Development Period until they have been fully constructed, developed and have opened operations in accordance with their respective franchise agreements with us. We determine if any Brass Tap Bar has "opened" for purposes of meeting the Development Schedule and any Minimum Development Quota for any Development Period. If a Brass Tap Bar is permanently closed after having been opened, you must develop and open a substitute Brass Tap Bar within one year from the date of its permanent closing separate and apart from the Development Schedule.

Rights We Reserve: Area Development Agreement. We (and our affiliates) may:

1. establish ourselves, and grant to franchisees the right to establish, Brass Tap Bars anywhere outside the Exclusive Area, on the terms and conditions we consider appropriate (including immediately proximate to the border of the Exclusive Area);

2. operate ourselves, and grant franchises to others to operate, within the Exclusive Area, any businesses, whether under the Marks or otherwise, except for a Brass Tap Bar;

3. operate ourselves and grant franchises to others to operate, businesses, whether inside or outside the Exclusive Area, specializing in the sale of products or provision of services, other than a Competitive Business or a Brass Tap Bar, using certain of the Marks and pursuant to the terms and conditions that we consider appropriate;

4. operate ourselves and grant franchises to others to operate businesses, or provide other services, whether inside or outside the Exclusive Area, that do not use any of the Marks;

5. market and sell, inside and outside of the Exclusive Area, through channels of distribution other than traditional Brass Tap Bars (i.e., through mail orders; internet or e-commerce; grocery, retail, convenience stores or kiosks; or, catalog sales telemarketing or other direct marketing), or through special purpose sites including sites at which access to the general public is limited (i.e., golf courses, school campuses, colleges, universities, on-campus food outlets, train stations, casinos, airports, stadiums, theme parks, military bases, etc.), goods and services competitive with goods and services offered by Brass Tap Bars, under the Marks or under trade names, service marks or trademarks other than the Marks; and

6. purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and that following this activity we may operate, franchise or license those other businesses and/or facilities under any names or marks, regardless of the location of these businesses and/or facilities, which may be within the Exclusive Area or immediately outside its border.

We do not have to pay you any compensation if we exercise any of these rights.

Exclusive Area: Default Under the Area Development Agreement. We have the right to terminate an Area Development Agreement if you default under its terms or under the terms of any Franchise Agreement or other agreement you have with us. In addition, if you do not achieve the Minimum Development Quota specified in the Area Development Agreement, we, in our sole judgment, may:

1. terminate the Area Development Agreement;

2. operate (directly or through affiliates) or grant franchises for the operation of Brass Tap Bars within the Exclusive Area;

3. grant you an extension under the Development Schedule for whatever time period we specify for a non-refundable extension fee equal to the balance of the Franchise Fees for the number of Brass Tap Bars that are to be constructed under the Development Schedule but are not yet under construction that are behind the Development Schedule; or

4. reduce the Exclusive Area and the Development Schedule to a size and magnitude we estimate you are capable of operating otherwise in accordance with the Area Development Agreement.

Competitive Businesses. As noted in Item 1, we are affiliated with FSC, which franchises the right to operate Beef 'O' Brady's Family Sports Pubs. Beef 'O' Brady's Family Sports Pubs provide food and beverage service in a family-oriented environment under the Beef 'O' Brady's trademark and system. Beef 'O' Brady's Family Sports Pubs may be located within the Protected Territory or Exclusive Area. Any potential conflicts between our franchisees and FSC's franchisees will be resolved on a case-by-case basis. The principal business address and office facilities of FSC is the same as ours. We have no plans to maintain physically separate offices but will use distinct training courses from FSC.

Item 13. TRADEMARKS.

The Franchise Agreement grant you the right to operate a Brass Tap Bar under the name "THE BRASS TAP®" and may also grant to you the right to use certain other current and future trademarks to operate your Brass Tap Bar as we may specify. By trademark or mark, we mean trademarks, service marks, trade names, and logos you will use to identify your Brass Tap Bar.

The following principal trademark is registered on the Principal Register of the United States Patent and Trademark Office (the "**USPTO**"):

Mark	Registration Date	Registration Number
	2/9/2010	3746490
Taptoberfest	1/14/2014	4464770
Great Times. Well Crafted	10/22/2013	4421596
	01/12/2016	4884716

The first trademark listed above was initially registered by Brass Tap, Inc. ("**BTI**"). Under an Assignment Agreement, BTI and its affiliates and owners irrevocably assigned, transferred and delivered to us the principal trademark and all other intellectual property used in, necessary for, or relating in any way to Brass Tap Bars and the franchising thereof. All other trademarks listed above were registered directly by us.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are also no pending infringement, opposition, or cancellation proceedings, or other pending material federal or state court litigation regarding our use or ownership rights in the trademarks. All affidavits or renewal applications have been filed or will be filed when they come due.

A "Brass Taps" bar and grill operated at 2506-B Battleground Avenue, Greensboro, North Carolina (the "**Greensboro Brass Taps**"), which, upon information and belief, has now closed. While the owner of the Greensboro Brass Taps recognized our USPTO trademark registrations, the parties disputed whether the Greensboro Brass Taps acquired common law trademark rights in its use of the "Brass Taps" mark in its trade area. In order to resolve the matter, we and the owner of the Greensboro Brass Taps entered into a co-existence agreement whereby the owner of the Greensboro Brass Taps agreed not to open another "Brass Taps" location outside of a 10-mile radius of the Greensboro Brass Taps and we agreed not to open ourselves or grant a franchisee the right to open a Brass Tap Bar within a 10-mile radius of the Greensboro Brass Taps. Except as otherwise described in this paragraph, we do not know of any alleged superior prior rights or infringing uses that could materially affect your use of the principal trademarks in any state where a Brass Tap Bar will be located. Except as otherwise described in this paragraph, there are no agreements currently in effect which limit our right to use or to license others to use the principal trademarks.

You may only use the Marks in the manner we specify in the Franchise Agreement or Confidential Operating Manual. You may not use our name or Marks as part of a corporate name or legal business name. You also may not use our name or Marks in conjunction with any modifying words, designs or symbols unless we authorize you in writing to do so. You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. In the Franchise Agreement, you will agree to not contest directly or indirectly our right to our trademarks, trade secrets or business techniques. If we decide to modify or discontinue use of any Mark and/or use one or more additional or substitute Marks, you must comply with our directions within a reasonable time after receiving notice. We will not be obligated to reimburse you for any direct or indirect loss, including loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

You must notify us immediately if you learn about an infringement of, or challenge to, your use of any of our Mark(s). We will have the sole right decide whether to take action and, if we do, we have the right to control exclusively any litigation or administrative proceeding relating to any of our Marks. While we are not required to defend you against a claim arising from your use of our Mark(s), we will reimburse you for your reasonable costs in connection with defending our Mark(s). To receive reimbursement, you must notify us immediately when you learn about the infringement or challenge.

Item 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.

Patents. We have no patents or pending patent applications that are material to the operation of the franchised Brass Tap Bar.

Copyrights. We may, from time to time, allow you to use materials in which we have a copyright interest. While we have not registered our copyrights with the United States Copyright Office, we claim copyrights in certain forms, manuals, advertisements, promotional materials, menus, and other written materials. There are no currently effective determinations of the USPTO, the U.S. Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights. Your and our rights and obligations to protect our copyrights are the same as the obligations for trademarks in Item 13 above.

Confidential Operating Manual. During the term of the Franchise Agreement, we will loan to you at no charge a copy of our Confidential Operating Manual in which we assert a copyright interest. The Confidential Operating Manual is our proprietary property and you must return it upon termination of the Franchise Agreement or at any time at our request.

You must use your best efforts to keep confidential the information in the Confidential Operating Manual, its supplements, and any other materials or information designated by us as confidential. You will not

provide your employees with access to the Confidential Operating Manual, except as necessary to operate your Brass Tap Bar.

You must comply with all provisions in the Confidential Operating Manual, including any supplements or amendments that we provide. You are responsible for keeping your copy of the Confidential Operating Manual up-to-date. The provisions in our master copy will control any disputes that arise. You agree to comply with revisions to the Confidential Operating Manual we may make from time to time, provided the revisions do not implement new or different requirements which alter the fundamental terms and conditions of the Franchise Agreement.

We will loan you a replacement copy if you lose or misplace your copy or supplements but we may require a reasonable replacement charge. You must not photocopy any part of the Confidential Operating Manual without our written consent.

Trade Secrets and Know-How. We will be disclosing to you certain proprietary information in our programs, systems, techniques, manuals, and trade secrets as well as know-how and operating format related to our methods and materials. You will also use certain materials in the operation of your Brass Tap Bar in which we have a copyright interest. You, however, do not acquire any right or interest in our proprietary information.

You must not disclose any of our proprietary rights, information, or know-how, except as authorized in the Franchise Agreement. You must maintain adequate security in the control, use, and handling of our proprietary materials as specified in the Confidential Operating Manual or in writing from us. All persons you employ who can access our proprietary materials are required to sign our approved confidentiality agreement. (Exhibit G to the Franchise Agreement). All persons with an ownership or voting interest in a non-individual franchisee and all individual franchisees who enter into Franchise Agreements or Area Development Agreements and any person employed by or under an independent contractor relationship with you whom receives or will receive any training by us or you which is directly or indirectly related to the System or involves any of our confidential information must sign our approved confidentiality, nonsolicitation and noncompetition agreement. (Exhibit G to the Franchise Agreement, Exhibit B to the Area Development Agreement). You must immediately notify us of any unauthorized use of our trade secrets. We have complete authority under the Franchise Agreement and Area Development Agreement to take whatever action or inaction we consider appropriate.

Item 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS.

Your Operating Partner or Operating Manager must devote full time, energy, and best efforts to the management and operation of your Brass Tap Bar and have primary responsibility for the operations under the Franchise Agreement. If you (or your principal owner if you are a business entity) are not actively supervising and managing your Brass Tap Bar, your Designated Operators must meet the following qualifications and conditions: (i) have experience satisfactory to us; (ii) have day-to-day management responsibility over the Brass Tap Bar; (iii) be employed on a full-time basis to manage the Brass Tap Bar; (iv) enter into our then-current form of confidentiality and non-competition agreement; and (v) satisfactorily complete our new franchisee application process and complete the Initial Training requirements.

You and your owners, immediate family members, agents, employees and any other personnel having access to any confidential information from us must sign confidentiality agreements to safeguard our proprietary information, such as our trade secrets (See Exhibit G to the Franchise Agreement). You must also agree not to compete against us while operating your Brass Tap Bar and for 2 years after

nonrenewable/termination within a 15-mile radius of the Site and/or any other Brass Tap Bar in operation or under construction.

Non-individual franchisees (such as corporations, partnerships, limited liability companies, associations, or trusts) must complete the "**Principal Owner's Statement**" (See Exhibit F to the Franchise Agreement) and be subject to certain requirements including restricting their business activities exclusively to the operation of their respective Brass Tap Bars, restricting transfer of ownership interests in you and disclosing corporate documents and lists of owners and beneficial owners. All persons with an ownership or voting interest in a non-individual franchisee must agree to restrictions on the transfer of their interests, to be individually responsible for your obligations under the Franchise Agreement and to sign a personal guaranty concerning these obligations in the form of our "**Principal Owner's Guaranty**". (See Exhibit E to the Franchise Agreement). Non-individual franchisees who enter into Area Development Agreements are subject to these requirements as well. All persons with an ownership or voting interest in a non-individual franchisee and all individual franchisees who enter into Franchise Agreements or Area Development Agreements must sign a confidentiality/non-competition agreement in the form of our "**Confidentiality, Nonsolicitation and Noncompetition Agreement**" (See Exhibit H to the Franchise Agreement, Exhibit B to the Area Development Agreement).

Item 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.

You must use only those beers, wines, and other products, recipes, services, equipment, programs and other items in the operation of your Brass Tap Bar we have designated in the Franchise Agreement, the Confidential Operating Manual, or specifically approved in writing unless, as to any one or more items, you are prohibited by local law or regulation or we have granted you our advance written approval for exclusion. If you would like to sell any product, menu items, service, equipment or program which is not a part of the System, then you must seek and obtain our advance written approval. If we grant our advance written approval, then the product, menu item, service, equipment or program in question will become a part of the System (and we may, though we will not be required to, authorize it for sale at one or more other Brass Tap Bars). We may subsequently revoke our approval. We will own all rights associated with the product, service, equipment or program. You will not be entitled to any compensation in connection with it.

We may add to, delete from or modify the services, products, equipment, programs and other items which you can and must offer from your Brass Tap Bar and we may otherwise modify the System in any way we so determine in our sole discretion. You must abide by any additions, deletions and modifications. There are no limits on our rights to make these changes. We may designate, prohibit or otherwise limit your use of music or other entertainment within the Brass Tap Bar.

If at any time any approved products or any other components of the System are unavailable at your Brass Tap Bar for any reason, and you can affirmatively prove this unavailability, we will identify alternative products or other components of the System for you that you may offer at your Brass Tap Bar until such time as the Approved Product or other component of System becomes available. When the approved product or other component of the System becomes available, you will be required to offer it at your Brass Tap Bar.

You may only sell System products and services at retail, and you may not engage in the wholesale sale and/or distribution of any System product, service, equipment or other component, or any related product or service.

All vending, gaming machines, pay telephones, automatic teller machines, internet kiosks or any other mechanical or electrical device to be installed or maintained at your Brass Tap Bar, must receive our prior written approval. There may not be any co-branding unless approved by us in writing.

Item 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.

This table lists certain important provisions of the Franchise, Area Development Agreements and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
a. Length of the franchise term	Section 2.1	Sections 2.1 and 3.3	FA: 10 years from Effective Date ADA: varies depending on the number of Brass Tap Bars to be opened (about 1 year/Brass Tap Bar)
b. Renewal or extension of the term	Section 3.1	Section 2.2 – 2.4	FA: If you are in good standing and not in default, you may enter into a successor franchise agreement, provided that: (i) you maintain possession of and agree to expend at least $100,000 to re-image, remodel and/or expand the Brass Tap Bar, add or replace improvements, equipment and signs and otherwise modify the Brass Tap Bar as we require to bring it into compliance with specifications and standards then applicable for Brass Tap Bars, or (ii) if you are unable to maintain possession of the Site, or if in our judgment the Brass Tap Bar should be relocated, you secure substitute premises we approve, develop these premises in compliance with specifications and standards then applicable for Brass Tap Bars and continue to operate the Brass Tap Bar at the Site until operations are transferred to the substitute premises. ADA: If you are in good standing, meet all of your requirements, and it is determined more Brass Tap Bars should be developed, you may acquire a successor Development Agreement under our then current terms.

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
c. Requirements for you to renew or extend	Sections 3.1 – 3.6	Section 2.2	FA: Maintain Site or secure substitute Site, bring Brass Tap Bar into compliance with our then current specifications and standards, sign new franchise agreement and ancillary agreements, general releases, satisfactory completion of training and refresher programs, and pay us the fee. On renewal, you may be asked to sign a successor contract with materially different terms and conditions than your original FA. ADA: You are not in default under any agreement with us, you sign a new area development agreement, which may have materially different terms and conditions than your original ADA, you sign a general release and pay us a Development Fee.
d. Termination by you	Sections 16.1, 16.3	Not Applicable	FA: If we breach the agreement and do not cure the breach after 60-days notice from you, you may terminate 60 days after you provide us with written notice of termination. Your failure to pay any Royalties, Advertising Fund Contributions or other money after you receive notice of the default granting an opportunity to cure, will mean you are willfully and wrongful breaching the FA and you have decided to reject and terminate the FA and all Agreements between you and us (or our affiliates) related to the FA.
e. Termination by us without cause	Not Applicable	Not Applicable	None
f. Termination by us with cause	Section 16.2-16.4	Section 9	FA/ADA: We can terminate if you commit one of several violations.

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
g. "Cause" defined – defaults which can be cured	Section 16.2	Section 9	FA: You have 5 days to cure health, safety or sanitation law violations, except we may require the immediate shut down of your Brass Tap Bar in the event we deem the violation to be a health threat to anyone, 10 days to cure monetary defaults to us or approved suppliers, 10 days to cure noncompliance with any provision other than Section 16.2 of the FA, 30 days to cure noncompliance with System Standards, 3 days to cure breaches of the required inventory, 3 days to cure breaches in advertising standards, 15 days to maintain Brass Tap Bar in good clean and sound manner. ADA: You have 10 days to cure monetary defaults; 30 days to have vacated an attachment, seizure, writ, warrant or levy of any Brass Tap Bar or any order appoint a receiver, trustee or liquidator of you or any Brass Tap Bar; and 10 days to cure noncompliance with provision of the FA.
h. "Cause" defined – non curable defaults	Section 16.2	Section 9	FA: Non-curable defaults include material misrepresentation or omission, failure to complete training, failure to comply with management requirements, failure to obtain an approval of the Site or Site within the time periods specified for such approvals, failure to commence construction of the Brass Tap Bars within 6 months, abandonment, unapproved transfers, conviction of or a plea of no contest to, a felony or other serious crime, violations of anti-terrorism laws or "blocking" of assets under anti-terrorism laws, dishonest or unethical conduct, unauthorized assignment of the FA or of an ownership interest in you or the Brass Tap Bars, loss of the Site, unauthorized use or disclosure of the

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
			Confidential Operating Manual or confidential information, failure to pay taxes, repeated defaults (even if cured), an assignment for the benefit of creditors or written admission of insolvency or inability to pay debts as they become due; failure on 2 or more occasions within any 12 month period or on 3 occasions during term of FA you fail to submit reports or data or money when due, breach of exclusive relationship provision, concealment of revenues or maintenance of false records, after curing a default you commit the same act within 12 months, you interfere or attempt to interfere with our contractual relations, materially impair the goodwill associated with the Marks, failure to devote sufficient time and attention to the Brass Tap Bar, failure to maintain required insurance. ADA: Non-curable defaults include failure to meet the development obligations, unauthorized transfer, material misrepresentation, conviction of or a plea of no contest to, a felony or other serious crime, authorized use of the Marks, failure to perform lease obligations, failure to commence construction of first Brass Tap Bar within 6 months following effective date of ADA, failure to enter into FA within 30 days after possession received, dishonest or unethical conduct, failure on 2 or more occasions within any 12 month period or on 3 occasions during term to comply, you terminate a FA without cause.

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
i. Your obligations on termination / nonrenewal	Section 17	Section 10	FA: payment of outstanding amounts, including an amount equal to the greater of $100,000 or the aggregated Royalties and Marketing and Development Contributions paid by your Brass Tap Bar for the 12 months prior to the effective date of termination multiplied by 3 to account for actual damages we will suffer as a result of the termination, complete de-identification and return of confidential information (also see (r) below), compliance with post-term competitive restrictions. ADA: payment of outstanding amounts, compliance with post-term competitive restrictions, ceasing your development activities, ceasing use of Marks and confidential information except as necessary for operation of currently operating Brass Tap Bars.
j. Assignment of contract by us	Section 15.1	Section 11.1	FA/ADA: No restriction on our right to assign.
k. "Transfer" by you- definition	Section 15.2	Section 11.2	FA/ADA: Your, your owners or your affiliate(s)' voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the ADA, any FA, you, or the Brass Tap Bar(s).
l. Our approval of transfer by you	Sections 15.2 – 15.5	Section 11.2 and 11.3	We have the right to approve all transfers, even to a business entity controlled by you.
m. Conditions for our approval of transfer	Section 15.3	Section 11.4	FA/ADA: New franchisee qualifies, you pay us all amounts due, transferee and its managerial employees agree to complete training, transferee agrees to enter a new FA, transfer fee paid, we approve material terms, you subordinate amounts due to you, and you sign other documents we require – including general releases (also see r below).

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
n. Our right of first refusal to acquire your business	Section 15.8	Section 11.5	FA/ADA: We can match any offer for an ownership interest in you, your FA/ADA or your Brass Tap Bar(s) provided we may substitute cash for any form of payment at a discounted amount if an interest rate will be charged on any deferred payments, our credit will be deemed equal to that of any proposed purchaser, we will have no less than 30 days to prepare for closing and we receive all customary representations and warranties, as we specify.
o. Our option to purchase your business	Section 17.5	Not Applicable	FA: We have the option to buy the Brass Tap Bar, including leasehold rights to the Site, at fair market value after our termination, or your termination without cause, of the agreement (but not expiration).
p. Your death or disability	Sections 15.5 and 15.6	Section 11.6	FA/ADA: Franchise or an ownership interest in you must be assigned to an approved buyer within 6 months and must be run by a trained manager during the period before the assignment. Assignment is subject to our right of first refusal.
q. Non-competition covenants during the term of the franchise	Section 10	Section 7.3	FA/ADA: No interest in a competitive business, no controlling ownership interest in, or performance of services for, a competitive business anywhere, no recruiting or hiring of any person who is our employee or an employee of any Brass Tap Bar.

Provision	Section in Franchise Agreement ("FA")	Section in Area Development Agreement ("ADA")	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 17.4	Section 10.2	FA: No interest in competing business for 2 years at, or within 15 miles of, the Site, the Protected Territory or within 15 miles of any other Brass Tap Bar in operation or under construction (same restrictions apply after assignment). ADA: No interest in competing business for 2 years at Site or within Exclusive Area, within 15 miles of Site or Exclusive Area or within 15 miles of any other Brass Tap Bar in operating or under construction.
s. Modification of the agreement	Section 19.13	Section 13.13	FA/ADA: No modifications except by written agreement, but Confidential Operating Manual and System Standards are subject to change.
t. Integration/ merger clause	Section 19.13	Section 13.13	FA/ADA: Only the terms of the FA and ADA are binding (subject to state law). Any other representations or promises outside the Disclosure Document or the FA and the ADA may not be binding or enforceable.
u. Dispute resolution by arbitration or mediation	Section 19.18	Section 13.18	Except for certain claims, all disputes must be mediated at our headquarters (subject to applicable state law).
v. Choice of forum	Section 19.8	Section 13.8	Litigation in Hillsborough County, Florida (subject to applicable state law).
w. Choice of law	Section 19.7	Section 13.7	Florida law applies (subject to applicable state law).

The provisions summarized in this Item are subject to any applicable state specific addenda contained in Exhibit L.

Item 18. PUBLIC FIGURES.

We do not use any public figures to promote the System or any Brass Tap Bar.

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 tables below contain the historical average Adjusted Gross Sales (as defined in the General Notes to Item 19 below) for franchised Brass Tap Bars. Table 1 below provides the average Adjusted Gross Sales for all franchised Brass Tap Bars that were open and operating for at least 12 months before December 31 of each year for which data is shown on the charts below ("**Reporting Brass Tap Bars**"). Table 2 below provides average Adjusted Gross Sales for only those Reporting Brass Tap Bars that have a full liquor license and a full kitchen ("**Reporting 2.0 Brass Tap Bars**"). Tables 3 and 4 below provide average Adjusted Gross Sales information for Reporting 2.0 Brass Tap Bars, broken down by those Reporting 2.0 Brass Tap Bars that achieved an average Adjusted Gross Sales that ranked in the top quartile ("**Top Quartile Reporting 2.0 Bars**") of all Reporting 2.0 Brass Tap Bars, for each of the three previously fiscal years, respectively, and those Reporting 2.0 Brass Tap Bars that achieved an average Adjusted Gross Sales that ranked in the bottom quartile ("**Bottom Quartile Reporting 2.0 Bars**") of all Reporting 2.0 Brass Tap Bar for each of the previous three fiscal years, respectively. In determining "Quartiles," we divide the Reporting 2.0 Brass Tap Bars into four quarters based on reported Adjusted Gross Sales. The Top Quartile Reporting 2.0 Bars contains the quarter of Reporting 2.0 Brass Tap Bars with the highest Adjusted Gross Sales and the Bottom Quartile Reporting 2.0 Bars contains the quarter of Reporting 2.0 Brass Tap Bars with the lowest Adjusted Gross Sales.

TABLE 1: AVERAGE ADJUSTED GROSS SALES FOR ALL REPORTING BRASS TAP BARS

Although there were a total of 43, 41 and 39 Brass Tap Bars operating domestically as of December 31, 2022, 2021 and 2020, respectively, there were 35, 37 and 34 Reporting Brass Tap Bars in 2022, 2021 and 2020, respectively.

	2022	2021	2020
Average Adjusted Gross Sales for Reporting Brass Tap Bars	$1,436,358	$1,373,066	$885,613
Total Number of Reporting Brass Tap Bars	35	37	34
Number of Reporting Brass Tap Bars that Met or Exceeded Average Adjusted Gross Sales for Reporting Brass Tap Bars	13	14	16
Percentage of Reporting Brass Tap Bars that Met or Exceeded Average Adjusted Gross Sales for Reporting Brass Tap Bars	37%	38%	47%

Median Adjusted Gross Sales for Reporting Brass Tap Bars	$1,297,842	$1,261,022	$847,327
High Adjusted Gross Sales for Reporting Brass Tap Bars	$2,826,776	$2,586,854	$1,813,308
Low Adjusted Gross Sales for Reporting Brass Tap Bars	$725,102	$342,234	$239,993

TABLE 2: AVERAGE ADJUSTED GROSS SALES FOR REPORTING 2.0 BRASS TAP BARS

Although there were a total of 35, 37 and 34 Reporting Brass Tap Bars in 2022, 2021 and 2020, respectively, the information set forth below relates solely to the 30, 31 and 28 Reporting 2.0 Brass Tap Bars in 2022, 2021 and 2020, respectively.

	2022	**2021**	**2020**
Average Adjusted Gross Sales for Reporting 2.0 Brass Tap Bars	$1,428,982	$1,398,115	$909,128
Total Number of Reporting 2.0 Brass Tap Bars	30	31	28
Number of Reporting 2.0 Brass Tap Bars that Met or Exceeded the Average Adjusted Gross Sales for Reporting 2.0 Brass Tap Bars	11	9	13
Percentage of Reporting 2.0 Brass Tap Bars that Met or Exceeded the Average Adjusted Gross Sales for Reporting 2.0 Brass Tap Bars	37%	29%	46%
Median Adjusted Gross Sales for Reporting 2.0 Brass Tap Bars	$1,277,807	$1,261,022	$873,439
High Adjusted Gross Sales for Reporting Brass Tap Bars	$2,826,776	$2,586,854	$1,813,308
Low Adjusted Gross Sales for Reporting Brass Tap Bars	$725,102	$830,533	$556,670

TABLE 3: AVERAGE ADJUSTED GROSS SALES FOR TOP QUARTILE REPORTING 2.0 BARS

Although there were a total of 30, 31 and 28 Reporting 2.0 Brass Tap Bars in 2022, 2021 and 2020, respectively, the information set forth below relates solely to the 8, 8 and 7 Top Quartile Reporting 2.0 Bars in operation as of December 31, 2022, 2021 and 2020, respectively.

	2022	2021	2020
Average Adjusted Gross Sales for Top Quartile Reporting 2.0 Bars	$2,142,040	$1,233,104	$1,233,104
Total # of Top Quartile Reporting 2.0 Bars	8	8	7
Number of Top Quartile Reporting 2.0 Bars that met or exceeded the Average Adjusted Gross Sales for Top Quartile Reporting 2.0 Bars	4	4	1
Percentage of Top Quartile Reporting 2.0 Bars that met or exceeded the Average Adjusted Gross Sales for Top Quartile Reporting 2.0 Bars	50%	50%	14%
Median Adjusted Gross Sales for Top Quartile Reporting 2.0 Brass Tap Bars	$2,121,600	$2,161,664	$1,159,604
High Adjusted Gross Sales for Reporting Brass Tap Bars	$2,826,776	$2,586,584	$1,813,308
Low Adjusted Gross Sales for Reporting Brass Tap Bars	$1,684,968	$1,586,529	$1,026,202

TABLE 4: AVERAGE ADJUSTED GROSS SALES FOR BOTTOM QUARTILE REPORTING 2.0 BARS

Although there were a total of 30, 31, and 28 Reporting 2.0 Brass Tap Bars in 2022, 2021 and 2020, respectively, the information set forth below relates solely to the 8, 8, and 7 Bottom Quartile Reporting 2.0 Bars in operation as of December 31, 2022, 2021 and 2020, respectively.

	2022	2021	2020
Average Adjusted Gross Sales for Bottom Quartile Reporting 2.0 Bars	$925,365	$954,537	$645,907
Total # of Bottom Quartile Reporting 2.0 Bars	8	8	7
Number of Bottom Quartile Reporting 2.0 Bars that met or exceeded the Average Adjusted Gross Sales for Bottom Quartile Reporting 2.0 Bars	3	3	5

Percentage of Bottom Quartile Reporting 2.0 Bars that met or exceeded the Average Adjusted Gross Sales for Bottom Quartile Reporting 2.0 Bars	38%	38%	71%
Median Adjusted Gross Sales for Bottom Quartile Reporting 2.0 Brass Tap Bars	$897,167	$953,172	$670,659
High Adjusted Gross Sales for Reporting Brass Tap Bars	$1,108,719	$1,101,743	$691,082
Low Adjusted Gross Sales for Reporting Brass Tap Bars	$1,684,968	$830,533	$556,670

General Notes to Item 19

We have not audited the information presented above, nor have we independently verified this information. Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

As used in this Item 19, "**Adjusted Gross Sales**" has the same definition as defined in Section 6.5 of the Franchise Agreement, specifically: Gross Sales less: (1) complimentary food and beverage service, or sums collected and actually paid by you for any sales, drink or other excise tax imposed by any duly constituted governmental authority on alcoholic beverages sales in a state that prohibits the payment of Royalties on the sales; (2) the value of gift certificates and the amounts paid for them; and, (3) the amount of all reasonable over-rings, allowances, discounts to customers, tips to employees (including discounts attributable to coupon sales as determined by us in our sole judgment, provided they have been included in Gross Sales). The term **"Gross Sales"** means all revenue you derive from operating the Brass Tap Bar, including, for example, all amounts you receive at or away from the Site from any activities or services whatsoever, including any that are in any way associated with the Marks, and whether from cash, check, barter, credit or debit card or credit transactions, including the redemption value of gift certificates redeemed by you regardless of whether the gift certificates are issued by you or someone else; but excluding (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; and (2) customer refunds, adjustments, credits and allowances actually made by the Brass Tap Bar. Gross Sales also includes revenues from delivery service sales, concessions, hotel room service, catering, special functions, etc. and sales of products bearing or associated with the Marks. Gross Sales also includes revenues from retail sales whether or not such retail products bear or are associated with the Marks.

This Item does not reflect the operating costs and expenses you will incur in operating a Brass Tap Bar. Net income will vary from Brass Tap Bar to Brass Tap Bar depending upon factors such as rental or real estate costs, costs of goods sold, labor costs, how you operate your business and other costs relating to the operation of the Brass Tap Bar. Some of the expenses that are not reflected in this Item, but that you will incur and should take into consideration are the following:

1. Franchise payments, including Royalties and Marketing and Development Fund Contributions
2. Salaries, payroll taxes and other employee benefits
3. Licenses
4. Rent and utilities
5. Insurance

6. Cost of equipment
7. Food and other product costs
8. Financing costs (in addition to occupancy expense)
9. Accounting and legal expenses
10. Debt repayment

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Michelle Knight, 5660 W. Cypress Street, Suite A, Tampa, Florida 33607 (813-226-2333), the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For Years December 31, 2020 to December 31, 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised (1)	2020	41	37	-4
	2021	37	39	+2
	2022	39	41	+2
Company-Owned	2020	1	2	+1
	2021	2	2	0
	2022	2	2	0
Total Outlets	2020	42	39	-3
	2021	39	41	+2
	2022	41	43	+2

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years December 31, 2020 to December 31, 2022

State	Year	Number of Transfers
Florida	2020	0
	2021	0
	2022	1
Wisconsin	2020	1
	2021	0
	2022	0
Total	2020	1
	2021	0

State	Year	Number of Transfers
	2022	1

Table No. 3

Status of Franchised Outlets
For years December 31, 2020 to December 31, 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Arizona	2020	2	0	1	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	1	1
California	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Colorado	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	15	1	5	0	0	1	10
	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	0	0	10
Georgia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Illinois	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
Iowa	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Maryland	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	1	3
Montana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Jersey	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2022	2	0	0	0	0	0	2
Texas	2020	8	1	1	0	0	0	8
	2021	8	1	0	0	0	0	9
	2022	9	4	0	0	0	1	12
Virginia	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Wisconsin	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	41	4	7	0	0	1	37
	2021	37	2	0	0	0	0	39
	2022	39	6	0	0	0	4	41

Table No. 4

Status of Company-Owned Outlets
For years December 31, 2020 to December 31, 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Florida	2020	1	1	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Totals	2020	1	1	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2

Table No. 5

Projected Openings As Of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in The Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
California	16	3	0
Florida	2	0	0
Georgia	11	2	0
Maryland	5	1	0
Nevada	4	2	0
Pennsylvania	1	0	0
Texas	37	6	0
Virginia	1	1	0
Total	77	15	0

Exhibit B lists the name of our current franchisees and the address and telephone number of each of their outlets as of December 31, 2022 and the name, address and telephone number of each of our franchisees that were not yet operational as of December 31, 2022.

Exhibit C lists the name, city and state, and current business telephone number, or if unknown, the last known home telephone number for each franchisee or area developer who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or area development agreement during the most recently completed fiscal year or who did not communicate with us within 10 weeks of the disclosure document issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. During the last three fiscal years, in some instances, current or former franchisees sign provisions restricting their ability to speak openly about their experience with the Brass Tap system. You may wish to speak with current or former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark specific franchisee organizations associated with the franchise system being offered.

Item 21. FINANCIAL STATEMENTS.

Attached as Exhibit A are our parent, FSC Franchise Co., LLC's, audited financial statements of as of December 31, 2022, December 31, 2021 and December 31, 2020 and unaudited financial statements as of March 31, 2023. Also attached as Exhibit A is FSC Franchise Co, LLC's Guaranty of Performance. FSC Franchise Co, LLC absolutely and unconditionally guarantees to assume our duties and obligations under the Franchise Agreement, should we become unable to perform our duties and obligations.

Item 22. CONTRACTS.

The following agreements are attached as exhibits to this disclosure document:

1. Form of Training Store Waiver and Release – Exhibit E
2. Form of Area Development Agreement – Exhibit G
3. Form of Franchise Agreement – Exhibit H
4. Form of Agreement to Lease – Exhibit I
5. Form of Lease Agreement – Exhibit J
6. Form of Franchisee Questionnaire – Exhibit K
7. Form of Release – Exhibit M

The following provision applies only to franchisees and franchises that are subject to state registration/disclosure laws in: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, Virginia, Washington and Wisconsin.

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

Item 23. RECEIPTS.

2 copies of an acknowledgment of your receipt of this disclosure document appear as Exhibit N. Please return one copy to us and retain the other copy for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

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

FSC Franchise Holdings, LLC
Balance Sheet Unaudited
As of

	March 31, 2023	March 31, 2022
ASSETS		
Current Assets		
Checking/Savings		
Petty Cash	39,969	27,100
Operating Cash	4,737,911	2,841,758
Total Checking/Savings	4,777,880	2,868,858
Other Current Assets		
Interco with Related Parties	1,827,230	1,617,609
Inventory	661,736	603,906
Prepaid expenses	439,663	281,281
Receivable	2,252,664	2,200,730
Total Other Current Assets	5,181,293	4,703,526
Total Current Assets	9,959,174	7,572,383
Fixed Assets		
FIXED ASSETS	8,333,640	8,609,046
Total Fixed Assets	8,333,640	8,609,046
Other Assets		
Goodwill	12,983,168	14,739,472
Intangible assets	8,655,476	8,678,744
ROU assets	14,084,769	
Other assets	313,154	252,153
Total Other Assets	36,036,566	23,670,368
TOTAL ASSETS	**54,329,380**	**39,851,797**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	819,468	714,838
Accruals	3,397,296	2,561,336
Lease Obligation-Current Portion	2,567,502	
Other Current Liabilities	202,014	198,667
Total Current Liabilities	6,986,281	3,474,841
Long Term Liabilities		
Note Payable Senior	18,036,328	19,528,990
Amortization Senior Debt	(343,169)	(123,759)
Note Payable LOC	-	-
Note Payable Mezz	12,466,747	11,911,763
Lease Obligation-Long Term	12,053,590	
Other LT Liabilities	935,304	1,194,116
Total Long Term Liabilities	43,148,800	32,511,110
Total Liabilities	50,135,081	35,985,951
Equity		
Members Equity	3,537,301	3,531,392
Noncontrolling interest		-
Current Year Distributions		
Attributable to FSC Franchise Holdings	-	-
Attributable to NCI	-	-
Net Income		
Attributable to FSC Franchise Holdings	656,998	334,454
Attributable to NCI	-	-
Total Equity	4,194,299	3,865,846
TOTAL LIABILITIES & EQUITY	**54,329,380**	**39,851,797**

FSC Franchise Holdings, LLC
Summary Profit and Loss Statement Unaudited
For the Month and YTD Ending March 31, 2023
Actual vs Prior Year vs Plan

	Month		Year to Date	
	Actual	%	Actual	%
Co Stores:				
Company Store Revenue	4,776,769		12,790,269	
Total Co Store Revenue	**4,776,769**		**12,790,269**	
COGS	1,379,106	28.9%	3,775,632	29.5%
Labor	1,303,215	27.3%	3,667,328	28.7%
Royalty	191,567	4.0%	511,449	4.0%
Marketing	141,369	3.0%	384,058	3.0%
Controllable	653,035	13.7%	2,077,416	16.2%
Total Co Store EBITDAR	**1,108,478**	**23.2%**	**2,374,386**	**18.6%**
Rent	220,862	4.6%	644,085	5.0%
Total Co Store EBITDA	**887,616**	**18.6%**	**1,730,302**	**13.5%**
Franchisor Revenue:				
Royalties	1,064,476		2,906,336	
Franchise Fees	-		37,500	
Transfer Fees	-		-	
Termination Fees	-		-	
Sauce Royalties	34,436		104,582	
Purchasing Rebate	247,633		334,234	
Technology Revenue	35,722		110,122	
Accounting Services	3,600		7,200	
Total Franchisor Revenue	**1,385,868**		**3,499,974**	
Total Revenue	**6,162,637**		**16,290,243**	
Overhead Expense:				
Executive	186,356	3.0%	659,142	4.0%
Finance	168,365	2.7%	495,588	3.0%
Development	76,128	1.2%	177,813	1.1%
Operations	225,267	3.7%	609,478	3.7%
IT	91,950	1.5%	267,791	1.6%
Training	93,405	1.5%	224,681	1.4%
New Store Openings	4,043	0.1%	34,223	0.2%
R&D/Purchasing	8,891	0.1%	25,082	0.2%
Total Overhead Expense	**854,403**	**13.9%**	**2,493,798**	**15.3%**
OH Expense Adj. For Addbacks	**792,259**	**12.9%**	**2,283,746**	**14.0%**
Other Income				
Gift Card Income	-	0.0%	-	0.0%
Early Termination Fee Income	-	0.0%	-	0.0%
Interest Income	-	0.0%	-	0.0%
Misc. Income	27,791	0.5%	27,791	0.2%
Total Other Income	**27,791**	**0.5%**	**27,791**	**0.2%**
Other Expense				
Bad Debt Expense	-	0.0%	-	0.0%
Total Other Expense	-	0.0%	-	0.0%
FSC EBITDA	**1,446,872**	**23.5%**	**2,764,269**	**17.0%**
Interest Expense	195,601	3.2%	609,663	3.7%
Financing Expense	-	0.0%	-	0.0%
Tax Expense	-	0.0%	-	0.0%
Depreciation	215,582	3.5%	621,247	3.8%
Amortization	296,357	4.8%	876,362	5.4%
Other Income	-	0.0%	-	0.0%
Less Minority Interest	-	0.0%	-	0.0%
FSC Net Income	**739,332**	**12.0%**	**656,998**	**4.0%**
Add Backs:				
Legal	3,324	0.1%	140,779	0.9%
Transaction Expense	-	0.0%	-	0.0%
Severance	-	0.0%	-	0.0%
Moving Expense	34,000	0.6%	36,400	0.2%
Recruiting Cost/Signing Bonus	15,000	0.2%	15,000	0.1%
Store Acquisition Costs/New Sto	-	0.0%	-	0.1%
Remodel Expense	9,821	0.2%	17,643	0.0%
CS Travel	-	0.0%	230	0.0%
D&O Insurance	-	0.0%	-	0.0%
Consulting (IT/Accounting)	-	0.0%	-	0.0%
Acquisition Bench	-	0.0%	-	0.0%
Hurricane Addback	-	0.0%	-	0.0%
Datum Settlement	-	0.0%	-	0.0%
COVID 19 Addback	-	0.0%	-	0.0%
Closed Store Add Back	-	0.0%	-	0.0%
FSC Adjusted EBITDA	**1,509,017**	**24.5%**	**2,974,321**	**18.3%**

FSC Franchise Holdings, LLC

Cash Flow Statement

For The Month Ending

	March 31, 2023
OPERATING ACTIVITIES	
Net Income	**739,332**
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts receivable	(244,907)
Inventory	(23,360)
Prepaid expense	(85,899)
Depreciation	215,582
Accounts payable	(705,407)
Accrued expenses	541,099
Other Current Liabilities	-
Interco with Related Parties	36,381
Amort Goodwill/Other Intangibles	296,357
Loss on disposal/store closure	
Paid in kind interest	43,481
Other Assets	3,623
Deferred Rent/Tenant Allowance	(7,632)
Net cash provided by Operating Activities	**808,651**
INVESTING ACTIVITIES	
Maintenance capex	(97,729)
Remodel / growth capex	(232,261)
Acquisition capex	(15,786)
Net cash provided by Investing Activities	**(345,777)**
FINANCING ACTIVITIES	
Notes Payable - Payments	(373,165)
Notes Payable - Proceeds	-
Distributions	-
Minority Distributions	-
Net cash provided by Financing Activities	**(373,165)**
Net cash increase for period	89,709
Cash at beginning of period	4,688,172
Cash at end of period	**4,777,880**

FSC Franchise Holdings, LLC
Cash Flow Statement
For The Year Ending

	March 31, 2023
OPERATING ACTIVITIES	
Net Income	**656,998**
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts receivable	147,285
Inventory	(75,594)
Prepaid expense	155,577
Depreciation	621,247
Accounts payable	693
Accrued expenses	31,187
Other Current Liabilities	(9,000)
Interco with Related Parties	36,136
Amort Goodwill/Other Intangibles	876,362
Loss on disposal/store closure	-
Paid in kind interest	139,205
Other Assets	5,971
Deferred Rent/Tenant Allowance	(105,259)
Net cash provided by Operating Activities	**2,480,807**
INVESTING ACTIVITIES	
Maintenance capex	(245,528)
Remodel / growth capex	(292,577)
Acquisition capex	(654,843)
Net cash provided by Investing Activities	**(1,192,948)**
FINANCING ACTIVITIES	
Notes Payable - Payments	(373,165)
Notes Payable - Proceeds	-
Distributions	-
Minority Distributions	-
Net cash provided by Financing Activities	**(373,165)**
Net cash increase for period	914,694
Cash at beginning of period	3,863,187
Cash at end of period	**4,777,880**

FSC Franchise Co., LLC and Subsidiaries

Consolidated Financial Statements

December 31, 2022 and 2021

FSC Franchise Co., LLC and Subsidiaries

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December 31, 2022 and 2021

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WINDHAM BRANNON, LLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Managers and Members of
FSC Franchise Co., LLC and Subsidiaries

Opinion
We have audited the accompanying consolidated financial statements of FSC Franchise Co., LLC and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

Effect of Adopting New Accounting Standard
As discussed in Note 2 to the consolidated financial statements, the Company has adopted Financial Accounting Standards Board Accounting Standards Codification 842, *Leases*, using the modified retrospective method as of January 1, 2022. Our opinion is not modified with respect to that matter.

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

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

Windham Brannon, LLC

April 27, 2023

FSC Franchise Co., LLC and Subsidiaries

Consolidated Balance Sheets
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash	$ **3,866,947**	$ 2,936,337
Franchisee receivables	**996,288**	959,453
Vendor rebates receivable	**259,645**	87,988
Other receivables	**281,489**	46,910
Current maturities of notes receivable, less allowance of $41,253 and $37,580, respectively	**27,525**	97,759
Inventories	**586,152**	572,225
Due from related parties	**1,730,512**	1,332,287
Due from Holdings	**16,025,058**	12,300,478
Prepaid expenses and other current assets	**595,241**	535,735
Total current assets	**24,368,857**	18,869,172
Notes receivable, less current maturities, less allowance	**5,544**	49,973
Property and equipment, net	**8,078,723**	8,565,172
Right-of-use assets	**14,639,301**	-
Goodwill, net	**15,162,341**	17,189,065
Intangible assets, net	**6,962,637**	7,279,073
Other assets	**311,112**	246,610
Total assets	$ **69,528,515**	$ 52,199,065
Liabilities and equity		
Current liabilities		
Accounts payable	$ **818,775**	$ 836,379
Accrued expenses	**1,353,102**	1,528,516
Deferred tenant allowances and rent	**-**	55,176
Operating lease liability	**2,561,004**	-
Deferred revenue	**202,014**	198,667
Total current liabilities	**4,934,895**	2,618,738
Deferred tenant allowances and rent, less current portion	**-**	426,788
Operating lease liability, less current portion	**12,608,582**	-
Deferred revenue, less current portion	**1,583,104**	1,515,375
Total liabilities	**19,126,581**	4,560,901
Commitments and contingencies (Note 9)		
Equity	**50,401,934**	47,638,164
Total liabilities and equity	$ **69,528,515**	$ 52,199,065

The accompanying notes are an integral part of these consolidated financial statements.

FSC Franchise Co., LLC and Subsidiaries

Consolidated Statements of Operations
For the Years Ended December 31, 2022 and 2021

	2022	2021
Revenue		
Restaurant sales, net	**$ 43,111,313**	$ 40,385,310
Unit royalty fees	**8,498,139**	8,133,267
Licensing fees	**431,451**	217,713
Product royalties	**419,185**	412,151
Franchise fees	**298,437**	201,555
Termination fees	**263,308**	-
Other	**156,795**	337,147
Total revenue	**53,178,628**	49,687,143
Operating expenses		
Restaurant operating expenses	**27,187,916**	24,699,402
Cost of restaurant sales	**11,854,460**	12,688,828
General and administrative	**6,837,696**	5,722,945
Payroll and related expenses	**4,552,039**	4,190,677
Store closure expenses	**-**	11,542
Total operating expenses	**50,432,111**	47,313,394
Loss on disposal of property and equipment	**-**	27,154
Income from operations	**2,746,517**	2,346,595
Other income		
Income from forgiveness of PPP loan	**-**	(3,259,000)
Other income	**(17,253)**	(14,532)
Total other income	**(17,253)**	(3,273,532)
Net income	**2,763,770**	5,620,127
Net income attributable to noncontrolling interest	**-**	(10,723)
Net income attributable to FSC Franchise Co., LLC and Subsidiaries	**$ 2,763,770**	$ 5,609,404

The accompanying notes are an integral part of these consolidated financial statements.

FSC Franchise Co., LLC and Subsidiaries

Consolidated Statements of Equity
For the Years Ended December 31, 2022 and 2021

	Member's Equity	Noncontrolling Interest	Total
Balance, December 31, 2020	$ 42,158,915	$ (8,814)	$ 42,150,101
Distributions	-	(38,160)	(38,160)
Acquisition of additional interest in Beef Power, LLC (Note 4)	(130,155)	36,251	(93,904)
Net income	5,609,404	10,723	5,620,127
Balance, December 31, 2021	47,638,164	-	47,638,164
Net income	2,763,770	-	2,763,770
Balance, December 31, 2022	**$ 50,401,934**	**$ -**	**$ 50,401,934**

The accompanying notes are an integral part of these consolidated financial statements.

FSC Franchise Co., LLC and Subsidiaries

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Net income	$ **2,763,770**	$ 5,620,127
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from forgiveness of PPP loan	**-**	(3,259,000)
Recovery for bad debts	**(53,708)**	(75,000)
Depreciation expense	**2,605,007**	2,424,094
Amortization of goodwill and other intangibles	**3,406,219**	3,358,920
Amortization of tenant improvement allowance	**-**	(16,732)
Loss on disposal of property and equipment	**-**	27,154
Changes in operating assets and liabilities:		
Franchisee receivables and notes receivables	**131,536**	528,412
Inventories	**3,648**	9,691
Prepaid expenses and other current assets	**(59,506)**	(42,711)
Vendor rebates receivable	**(171,657)**	(33,693)
Other receivables	**(234,579)**	(5,085)
Other assets	**(64,502)**	(88,632)
Accounts payable and accrued expenses	**(193,018)**	366,242
Changes in operating leases	**48,321**	-
Deferred revenue	**71,076**	70,617
Deferred tenant allowances and rent	**-**	131,566
Net cash provided by operating activities	**8,252,607**	9,015,970
Cash flows from investing activities		
Purchases of property and equipment	**(1,522,247)**	(1,413,014)
Acquisition of intangible assets	**(41,945)**	(135,733)
Acquisition of businesses	**(1,635,000)**	(925,000)
Net cash used in investing activities	**(3,199,192)**	(2,473,747)
Cash flows from financing activities		
Acquisition of additional interest in noncontrolling interest	**-**	(93,904)
Distributions to noncontrolling interest	**-**	(38,160)
Net advances to related parties	**(4,122,805)**	(5,189,088)
Net cash used in financing activities	**(4,122,805)**	(5,321,152)
Net change in cash	**930,610**	1,221,071
Cash		
Beginning of year	**2,936,337**	1,715,266
End of year	$ **3,866,947**	$ 2,936,337

Supplemental disclosures of cash flow information (Note 14)

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Nature of Business

FSC Franchise Co., LLC and Subsidiaries (collectively, the Company), comprise the operations of Beef 'O' Brady's Family Sports Pubs (Beef 'O' Brady's) and The Brass Tap (Brass Tap) (collectively, the Concepts). The Company was organized as a limited liability company in Delaware on June 27, 2007 and is a wholly-owned subsidiary of FSC Franchise Holdings, LLC (Holdings). On June 28, 2017, Holdings and all of its subsidiaries were acquired by CS FSC Holdings, LLC and CS FSC Holdings II, Inc., entities controlled by CapitalSpring, a private equity firm (the Acquisition).

The Company was established to develop, franchise, and license the Concepts in the United States, as well as internationally. In addition, through its subsidiaries, the Company operates stores of each Concept.

Beef 'O' Brady's is a casual dining restaurant featuring and serving a variety of food and beverage products in a family-friendly, sports pub environment. Brass Tap is an upscale beer bar offering varieties of imported, domestic and local craft beers, fine wines, liquor, and, in certain locations, food offerings in a distinct atmosphere for on-site consumption and retail sales.

The following summarizes the number of locations open of each concept during 2022 and 2021:

	2022			2021		
Beef 'O' Brady's	**Company-owned**	**Franchises**	**Total**	Company-owned	Franchises	Total
Restaurants open at beginning of year	**28**	**112**	**140**	26	112	138
Openings	**0**	**4**	**4**	0	3	3
Closures	**0**	**-4**	**-4**	0	-1	-1
Franchise locations acquired	**2**	**-2**	**0**	2	-2	0
Restaurants open at end of year	**30**	**110**	**140**	28	112	140
Brass Tap						
Restaurants open at beginning of year	**2**	**39**	**41**	2	37	39
Openings	**0**	**6**	**6**	0	2	2
Closures	**0**	**-4**	**-4**	0	0	0
Restaurants open at end of year	**2**	**41**	**43**	2	39	41

The Company developed a new Concept that opened a store in 2020 as the Hatchery and is owned by The Hatchery Franchisor, Inc., which is owned by Holdings. The Hatchery Franchisor, Inc. closed the store in December 2021 and the entity was formally dissolved during 2022.

2. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Summerfield Beef's, LLC; Riverview Beef's, LLC; Tallahassee Beef's, LLC; Beef O Brady's Bushnell, LLC; Beef O Brady's The Villages Mulberry, LLC; Beef O Brady's Apollo Beach, LLC; Beef O Brady's DeFuniak Springs, LLC; Beef O Brady's Citrus Park, LLC; Beef O Brady's Okeechobee, LLC, Beef O Brady's Fish Hawk, LLC, Beef O Brady's East Ocala, LLC, Beef O Brady's West Ocala, LLC, Beef O Brady's North Dale, LLC; Beef O Brady's Lake City, LLC; Beef O Brady's Sunlake, LLC; Beef O Brady's Wilderness Lake, LLC; Beef O Brady's Sebring, LLC; Beef O Brady's Plant City, LLC; Beef O Brady's Ridge Manor, LLC; Beef O Brady's Spring Hill, LLC; Beef O Brady's Central Station, LLC; Beef O Brady's Lutz, LLC; Beef O Brady's Corydon, LLC; Beef O Brady's Floyd Knobs, LLC; Beef O Brady's Bloomingdale, LLC; Beef O Brady's New Port Richey, LLC; Beef O Brady's Jefferson, LLC; Beef O Brady's Callaway, LLC; Beef O Brady's Cantonment, LLC; Beef Power, LLC; Carrollwood Brass Tap, LLC; Brass Tap Tampa Midtown, LLC; Beef's Brass Tap, LLC; and Brass Tap Franchisor, LLC (owned by Beef's Brass Tap, LLC). The wholly-owned subsidiaries own and operate Beef 'O' Brady's stores and two Brass Tap stores. Brass Tap Franchisor, LLC holds the franchise rights for Brass Tap and is wholly-owned by the Company.

All significant intercompany balances and transactions have been eliminated in consolidation. The noncontrolling interest is reported separately in the accompanying consolidated statements of operations and equity.

Adoption of ASC 842, *Leases*

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, *Leases,* to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities within a lessee entity's financial statements. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Leases are classified as finance or operating, with classification affecting both the pattern and classification of expense recognition.

On January 1, 2022, the Company adopted ASC 842, using the modified retrospective transition method, and recognized and measured existing leases on the consolidated balance sheet without making adjustments to prior period balances or presentation. In connection with the adoption, the Company applied certain practical expedients available to private companies. Lease accounting and disclosures for the year ended December 31, 2021 are made under the prior lease guidance in FASB ASC 840, *Leases*.

Upon adoption, the Company elected the practical expedients in transition, which permits the Company to not reassess their prior conclusions pertaining to lease identification, lease classification, and initial direct costs on leases commenced prior to the adoption of the new standard. The Company also elected the ongoing practical expedient to not recognize operating lease ROU assets and operating lease liabilities related to short-term leases. The Company has not elected the practical expedient available to combine lease and non-lease components (i.e. - maintenance) into a single component for all asset classes. The contract consideration of non-lease components, if any, is allocated on a relative standalone price basis.

As a result of adopting ASC 842 as of January 1, 2022, the Company recognized ROU assets of $14,809,306 and lease liabilities for operating leases of $15,291,270. The cumulative effect of the adoption method resulted in no adjustment to the opening balance of retained earnings as of January 1, 2022 and did not have a material impact on the Company's consolidated statement of operations or cash flows.

Revenue Recognition

The Company's revenues consist of sales by company-owned restaurants, royalties from franchised stores, franchise and termination fees, and licensing agreements.

Under Accounting Standard Codification (ASC) 606, *Revenue from Contracts with Customers*, the amount of revenue recognized for any goods or services reflects the consideration that the Company expects to be entitled to receive in exchange for these goods or services. To achieve this core principle, the Company applies the following five-step approach: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to performance obligations in the contract; and (5) recognize revenue when or as a performance obligation is satisfied (over time or at a point in time).

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services.

The recognition of revenue for sales by company-owned restaurants are recognized at a point in time upon delivery of product to customers. The Company presents sales net of sales tax. Promotional discounts and sales allowances are netted against sales and are recognized as incurred. Promotional discounts and sales allowances totaled $2,124,521 and $1,919,702 for the years ended 2022 and 2021, respectively.

Royalties are recognized from franchised restaurants at a point in time when the related franchisee restaurant sale occurs. Royalty rates range from 2.0% to 4.0% of net monthly franchisee sales. At times, non-performing stores may receive temporary abatements of royalties as determined by management; in these instances, no revenues are recorded.

The Company has an agreement with the manufacturer of certain sauces and dressings, whereby the Company earns royalties. Royalties under the agreement are recognized at a point in time when the product is sold by the manufacturer to the Company or franchisees.

Royalties from licensed locations are recognized at a point in time when the related licensed restaurant sale occurs, typically as a percentage of monthly net sales of the licensee, as defined in the respective agreements.

Initial, transfer, renewal, and area development franchise fees are recognized over time, as the Company satisfies the performance obligations set forth in the respective agreements, over the terms stated in the agreements, generally 10 years from when the agreements are executed. Initial, transfer, renewal, and area development franchise fees are typically fixed and collected upfront, unless specifically stated otherwise in the agreement. The Company does not consider this advance payment to include a significant financing component, as it is used to protect the Company from the franchise owner failing to adequately complete some or all of its obligations under the terms of the franchise agreement contract. Franchise fees received are recorded as deferred revenue in the accompanying consolidated balance sheets. Termination fees are recognized at a point in time with the closure of the franchisee.

Basis of Accounting

These consolidated statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (GAAP).

Use of Estimates

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

Franchisee and Notes Receivables

Franchisee receivables consist of receivables due from franchisees for royalty fees. Management performs ongoing credit evaluations of its franchisees and establishes an allowance for estimated uncollectible accounts when the potential for such losses becomes probable. Franchisee receivables, net, at January 1, 2021 totaled $703,669.

From time to time, the Company will convert past due franchisee receivables to interest-free notes in order to formalize the repayment terms of past due balances and therefore increase the probability of collectability of amounts due from franchisees. The Company adopted the practical expedient under ASC 606, where a significant financing component is not considered when the customer payment for those services will be one year or less. If greater than a year, the Company

will evaluate whether there is a significant financing component. The Company determined that a significant financing component exists for arrangements entered into during 2021, however, management has determined it to be immaterial to the consolidated financial statements. Notes receivable, net, at January 1, 2021 totaled $856,928.

Inventories

Inventories consist of food, beverages, and supplies, exclusive of paper and chemical supplies, and are stated at the lower of cost (first-in, first-out) or net realizable value.

Goodwill and Intangible Assets

Goodwill represents the excess of the cost over the fair value of assets acquired in conjunction with business acquisitions. Intangible assets are comprised of intellectual property and liquor licenses. The Company adopted the accounting alternative for goodwill available to private companies under FASB ASC 350-20, whereby, the Company is amortizing goodwill on a straight-line basis over a ten-year period. The Company adopted the accounting alternative to perform the evaluation of triggering events for goodwill impairment as of the end of the reporting period, whether the reporting period is an interim or annual period. The Company is not required to monitor for goodwill impairment triggering events during the reporting period but, instead should evaluate the facts and circumstances as of the end of each reporting period to determine whether a triggering event exists and, if so, whether it is more likely than not that goodwill is impaired. At the balance sheet date, the Company first assesses qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs the quantitative test to compare the entity's estimated fair value with its net equity, including goodwill. If the qualitative assessment indicates that it is not more likely than not that goodwill is impaired, further testing is unnecessary. The goodwill impairment loss, if any, represents the excess of the net equity of the entity over its estimated fair value.

Intangible assets consist primarily of franchise rights, trademarks and trade names, and software licenses. Franchise rights are being amortized using the straight-line method over ten years. The Company evaluates whether there are material reacquired franchise rights as they acquire franchisees. None of the acquisitions in 2022 and 2021 have resulted in material reacquired franchise rights. Trademarks and trade names are considered to be indefinite-lived assets and as such will be assessed for impairment when triggering events occur. Software licenses are being amortized using the straight-line method over seven years.

The costs of purchasing transferable liquor licenses through open markets in jurisdictions with a limited number of authorized liquor licenses are capitalized as they have an indefinite useful life. Annual liquor license renewal fees are expensed over the renewal term. The costs of obtaining non-transferable liquor licenses that are directly issued by local government agencies for nominal fees are expensed as incurred.

Management of the Company evaluates the recoverability of finite-lived intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. The Company measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it and if the sum of the expected future net cash flows is less than the carrying value of the asset, an impairment loss is recognized. The impairment loss is the amount by which the carrying value of the asset is in excess of its estimated fair value. Indefinite-lived intangibles are assessed for impairment annually or more frequently if circumstances indicate impairment may have occurred.

Management did not identify conditions that would suggest an impairment of goodwill or intangible assets exists during 2022 and 2021.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

Computers	1-3 years
Furniture, fixtures and equipment	2-5 years
Leasehold improvements	2-10 years

Management regularly evaluates the recoverability of the carrying value of its property and equipment if events or circumstances indicate that the assets may be impaired. In that circumstance, if the total of future estimated undiscounted cash flows expected to relate to these assets were less than the carrying amount of the assets, such carrying amount would be written down to the fair value, and a loss on impairment is recognized. Management did not identify any conditions that would suggest an impairment for the years ended December 31, 2022 and 2021.

Leases

The Company leases certain retail locations, office space, and equipment under non-cancelable operating lease agreements with lease terms from 2 to 10 years plus five to ten year options on a majority of their leases. Management determines whether an arrangement is, or contains, a lease at inception. Specifically, a contract is or contains a lease when 1) the contract contains an explicitly or implicitly identified asset and 2) the Company obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract in exchange for consideration. The right-of-use (ROU) assets pertaining to operating leases are included in right-of-use assets on the accompanying 2022 consolidated balance sheet and the related operating lease liabilities are classified as current or long-term, on the accompanying 2022 consolidated balance sheet.

Short-Term Leases—The standard defines a short-term lease as a lease that, at the commencement date, has a lease term of twelve months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise. Leases with terms of one year or less are treated as immaterial leases and the lease payments will be recognized as rent expense in the consolidated statements of operations as incurred.

Immaterial Leases—The Company has adopted an accounting policy to forgo applying the requirements for recognition of ROU assets and lease liabilities for immaterial leases. Immaterial leases are those whose ROU assets and related lease liabilities are determined to be immaterial to the consolidated financial statements overall, individually and in the aggregate. For such immaterial leases, the lease payments will be recognized as rent expense in the consolidated statement of operations as incurred.

Right-of-Use Assets and Lease Liabilities—ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The calculation of the operating lease ROU asset also includes any lease payments made to the lessor prior to the lease commencement date and is reduced by lease incentives received. The estimated lease term may include options to extend or terminate the lease when it is reasonably certain that management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Remeasurement—In general, if changes in the lease payments occur requiring a remeasurement of the lease liability, an adjustment is made to the ROU asset, and if the ROU asset is zero, then an adjustment is made to net income. Upon remeasurement of lease liability, the discount rate will be updated as of that date on the basis of the remaining lease term.

Incremental Borrowing Rate—As the rate implicit in the Company's leases is not readily determinable, the Company's secured incremental borrowing rate (IBR), updated quarterly for new lease activity, is used in calculating the present value of the sum of the lease payments. Factors incorporated into the calculation of the lease incremental borrowing rate include lease term, borrowing rates on the Company's long-term debt, credit worthiness, and effect of collateralization.

Restaurant Acquisitions and Dispositions

The Company accounts for the acquisition of restaurants from franchisees using the acquisition method of accounting for business combinations. The acquisition method of accounting involves the allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed. This allocation process requires the use of estimates and assumptions to derive fair values and to complete the allocation. The excess of the purchase price over the fair values of the assets acquired and liabilities assumed represents goodwill derived from the acquisition. See "Goodwill and Intangible Assets" above for further information.

In connection with the sale of company-owned stores to franchisees, the Company typically enters into several agreements, in addition to an asset purchase agreement, with franchisees including franchise, relationship, and lease agreements. The Company typically sells the restaurant's inventory and equipment. The Company has determined that its restaurant dispositions usually represent multiple-element arrangements, and as such, the cash consideration received is allocated to the separate elements based on their relative selling price. Cash consideration generally includes up-front consideration for the sale of the restaurants, technical assistance fees and future cash consideration for royalties and lease payments. The cash consideration per restaurant for technical assistance fees and development fees is consistent with the amounts stated in the related franchise agreements which are charged for separate standalone arrangements. Therefore, the Company recognizes the technical assistance when performed.

Store Closing Costs

The Company records a liability for closed stores equal to the present value of the estimated remaining non-cancellable lease payments after the store closing date, net of estimated subtenant income, if any. The closed store lease liability is usually paid over the lease term associated with the closed store. Adjustments to closed store liabilities primarily relate to changes in subtenant income, if any, and actual exit costs differing from original estimates and are recorded in the period in which the change becomes known. Store closing costs were $0 and $11,542 for the years ended December 31, 2022 and 2021, respectively. The 2021 costs were associated with a lease for the Hatchery which the Company had entered into and had subleased to the Hatchery.

Advertising Expenses

Advertising costs are expensed as incurred. Advertising expenses were $1,284,644 and $1,132,509 for the years ended December 31, 2022 and 2021, respectively. A portion of these amounts were paid from the company-owned stores to marketing and development funds established for the benefit of franchisees (Note 10).

Income Taxes

The Company is organized as a single member limited liability company and is treated as a disregarded entity for income tax reporting purposes and files a consolidated return with Holdings. As a result, Holdings includes taxable income or loss of the Company in its tax return. Accordingly, there is no provision for federal and state income taxes in the Company's consolidated financial statements.

Management of the Company considers the likelihood of changes by taxing authorities in its income tax returns and discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions that require recognition or disclosure in the accompanying consolidated financial statements. Holdings' income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Fair Value Measurements

ASC 820, *Fair Value Measurement*, provides guidance for using fair value to measure assets and liabilities. ASC 820 clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability. ASC 820 establishes a fair value hierarchy, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data. ASC 820 applies whenever other standards require assets or liabilities to be measured at fair value.

Reclassifications

To confirm with 2022 presentation, certain 2021 amounts have been reclassified. The effects of these reclassifications are not considered material to the consolidated financial statements taken as a whole.

Subsequent Events

The Company acquired a franchisee and converted it to company-owned store, Beef O Brady's North Port, LLC on February 27, 2023 for approximately $700,000.

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through April 27, 2023, which is the date the consolidated financial statements were available to be issued.

3. Revenue Recognition

Disaggregation of Revenue

Revenues disaggregated by timing of revenue recognition consist of the following for the years ended December 31:

	2022	2021
Revenues recognized over time:		
Transfer fees	**$ 17,929**	$ 14,775
Initial and renewal franchise fees	**280,508**	186,780
	298,437	201,555
Revenues recognized at a point in time:		
Restaurant sales, net	**43,111,313**	40,385,310
Unit royalty fees	**8,498,139**	8,133,267
Product royalties	**419,185**	412,151
Licensing fees	**431,451**	217,713
Termination fees	**263,308**	-
Other	**156,795**	337,147
	52,880,191	49,485,588
Total	**$ 53,178,628**	$ 49,687,143

Revenues reported as "Other" include non-recurring income that is not in the normal course of business, but it is related to contracts with customers and is recognized at a point in time.

Deferred Revenue

Deferred revenue relates to franchisee fees received for initial, renewal, and transfer fees and represents the Company's remaining performance obligations under its franchise, renewal, and transfer agreements for which consideration has been received and is recognized on a straight-line basis over the remaining term of the related agreement.

Deferred revenue consists of the following at December 31:

	2022	2021
Current	**$ 202,014**	$ 198,667
Long-term	**1,583,104**	1,515,375
Total	**$ 1,785,118**	$ 1,714,042

Deferred revenue at January 1, 2021 totaled $1,643,425.

Estimated revenue expected to be recognized in the future related to performance obligations that are either unsatisfied or partially satisfied at December 31, 2022 is as follows:

Year	Amount
2023	$ 202,014
2024	200,945
2025	149,525
2026	142,277
2027	140,000
Thereafter	950,357
Total	**$ 1,785,118**

The estimated revenue in the table above does not contemplate future franchise renewals or new franchise agreements. Additionally, the table above includes $647,800 in the category "thereafter" of consideration received related to restaurants that are not yet open as of December 31, 2022. When the restaurants open, the amounts will be reallocated in the respective year in accordance with the franchise agreement.

4. Business Acquisitions and Disposals

Company-Owned Store Acquisitions

During 2022, the Company purchased, in unrelated transactions, two restaurants from franchisees located in Callaway, Florida (Callaway); and Cantonment, Florida (Cantonment). The purchases were accounted for as business transactions whereby the purchase price was allocated to the underlying assets acquired based upon their estimated fair values. Goodwill was recognized to the extent the consideration transferred exceeded the estimated fair value of the assets acquired.

The following summarizes the consideration paid and the estimated fair values of the store assets acquired during 2022 at the acquisition date:

	Callaway	Cantonment
Consideration:		
Cash	$ 135,000	$ 1,500,000
Estimated fair value of total consideration transferred	**$ 135,000**	**$ 1,500,000**
Estimated fair values of identifiable assets acquired:		
Inventory	$ 3,501	$ 14,073
Property and equipment	62,152	534,160
Goodwill	69,347	951,767
Assets acquired	**$ 135,000**	**$ 1,500,000**

During 2021, the Company purchased, in unrelated transactions, two restaurants from franchisees located in Jefferson, Georgia (Jefferson); and New Port Richey, Florida (New Port Richey). The purchases were accounted for as business transactions whereby the purchase price was allocated to the underlying assets acquired based upon their estimated fair values. Goodwill was recognized to the extent the consideration transferred exceeded the estimated fair value of the assets acquired.

The following summarizes the consideration paid and the estimated fair values of the store assets acquired during 2021 at the acquisition date:

	Jefferson	New Port Richey
Consideration:		
Cash	$ 800,000	$ 125,000
Estimated fair value of total consideration transferred	**$ 800,000**	**$ 125,000**
Estimated fair values of identifiable assets acquired:		
Inventory	$ 6,665	$ 15,091
Property and equipment	444,340	96,110
Goodwill	348,995	13,799
Assets acquired	**$ 800,000**	**$ 125,000**

On December 15, 2021, the Company acquired an additional interest in Beef Power, LLC for cash of $93,904 increasing its ownership in the subsidiary from 90% to 100%. The Company recorded the transaction in accordance with ASC 810 *Consolidation* and as there was no change in control, the difference in the amount paid and carrying amount was recorded to equity.

5. Notes Receivable

Notes receivable primarily consists of past due royalty fees with franchisees that have been converted to interest-free notes with formalized repayment terms. $0 and $40,519 in past due royalty fees with franchisees were converted during 2022 and 2021, respectively.

Notes receivable activity during the year consist of the following:

	2022	2021
Balance, beginning of year	**$ 147,732**	$ 856,928
Accounts receivable converted to notes receivable	**-**	40,519
Current year payments received	**(148,864)**	(820,187)
Recovery for notes receivable	**40,542**	73,573
Receivables written-off to allowance	**(6,341)**	(3,101)
Balance, end of year	**$ 33,069**	$ 147,732

Future maturities of notes receivable consist of the following at December 31:

Year		Amount
2023	$	68,778
2024		31,801
2025		8,031
		108,610
Allowance for doubtful accounts		(75,541)
Current maturities of notes receivable, less allowance	**$**	**27,525**
Notes receivable, less current maturities, less allowance	**$**	**5,544**

The Company has three notes receivable that comprise the long-term portion.

6. Property and Equipment

Property and equipment consist of the following at December 31:

		2022		2021
Computers	$	**1,270,377**	$	1,109,611
Furniture, fixtures, and equipment		**6,291,623**		5,401,997
Leasehold improvements		**10,425,857**		9,357,690
		17,987,857		15,869,298
Accumulated depreciation		**(9,909,134)**		(7,304,126)
Total property and equipment, net	**$**	**8,078,723**	$	8,565,172

Depreciation expense was $2,605,007 and $2,424,094, for the years ended December 31, 2022 and 2021, respectively.

7. Goodwill and Intangible Assets

Goodwill represents the excess of the cost over the fair value of assets acquired in conjunction with business acquisitions (Note 4) and through the application of pushdown accounting related to the Acquisition. Intangible assets are comprised of indefinite life trademarks and trade names, franchisee rights being amortized over ten years, software licenses being amortized over seven years, and indefinite life liquor licenses.

The following table summarizes the estimated fair values of goodwill and intangible assets at December 31:

	2022	2021
Goodwill	**$ 31,209,627**	$ 30,188,513
Trademarks and trade names	**5,080,000**	5,080,000
Franchise rights	**3,270,000**	3,270,000
Liquor licenses	**266,947**	233,397
Software licenses	**224,438**	216,043
	40,051,012	38,987,953
Less accumulated amortization related to:		
Goodwill	**(16,047,286)**	(12,999,448)
Franchise rights	**(1,798,500)**	(1,471,500)
Software licenses	**(80,248)**	(48,867)
Total goodwill and intangibles, net	**$ 22,124,978**	$ 24,468,138

Amortization expense of goodwill, franchise rights, and software licenses for each of the next five years and thereafter is anticipated to be as follows:

Year	Goodwill	Franchise Rights	Software Licenses
2023	$ 3,120,963	$ 327,000	$ 31,363
2024	3,120,963	327,000	31,363
2025	3,120,963	327,000	31,363
2026	3,120,963	327,000	31,363
2027	1,818,598	163,500	18,738
Thereafter	859,891	-	-
Total	**$ 15,162,341**	**$ 1,471,500**	**$ 144,190**

The changes in the carrying amount of goodwill for the years ended December 31, 2022 and 2021 were as follows:

Balance, December 31, 2020	$ 19,827,328
Goodwill recognized through store acquisitions	362,794
Amortization	(3,001,057)
Balance, December 31, 2021	17,189,065
Goodwill recognized through store acquisitions	1,021,114
Amortization	(3,047,838)
Balance, December 31, 2022	**$ 15,162,341**

8. Leases

The following table presents the consolidated balance sheet location of assets and liabilities related to operating leases as of December 31, 2022.

Operating lease assets:	
Right-of-use assets	**$ 14,639,301**
Operating lease assets:	
Current lease liabilities	$ 2,561,004
Non-current lease liabilities	12,608,582
Total operating lease liabilities	**$ 15,169,586**

Operating lease expense excluding short-term lease cost and sublease income for the years ended December 31, 2022 and 2021 was $2,696,582 and $2,463,345 respectively. The Company subleased a portion of office space commencing during 2022 for an eighty-eight month term. During 2022, the Company recognized $37,342 of sublease rental income.

The following table presents weighted average remaining lease terms and discount rates and cash flow information at December 31:

	2022
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	**$ 2,765,184**
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	**$ 17,514,222**
Weighted Average Remaining Lease Term (in years) for operating leases	**6.52**
Weighted Average Discount Rate for Operating Leases	**2.46%**

The following table presents the approximate future minimum lease payment under operating lease at December 31, 2022:

Year	Operating Leases	Sublease Receipts	Net Lease Payments
2023	$ 2,886,616	$ 90,528	$ 2,796,088
2024	2,817,591	90,528	2,727,063
2025	2,720,675	99,576	2,621,099
2026	2,298,554	99,576	2,198,978
2027	2,006,392	99,576	1,906,816
Thereafter	3,702,831	199,152	3,503,679
Total undiscounted lease payments	16,432,659	678,936	**$ 15,753,723**
Less: imputed interest	(1,263,073)		
Present value, total	$ 15,169,586		
Less: current portion of lease liability	(2,561,004)		
Long term portion of lease liability	$ 12,608,582		

9. Commitments and Contingencies

Guarantee of Debt Held by Holdings

The Company routinely guarantees debt held by Holdings. Holdings' ability to repay its debt is entirely dependent on the Company's financial performance. The following summarizes debt outstanding during 2022 and 2021 held by Holdings.

On September 8, 2017, Holdings entered into senior subordinated notes (Senior Subordinated Agreement) for $8,373,638 guaranteed by the Company's wholly-owned and majority-owned subsidiaries and all of their assets serve as collateral for the debt. The senior subordinated debt is collectively held by CSIP V Debt Acquisitions, LP and CapitalSpring SBIC, LP, entities related to the Company through common ownership, and an owner and member of management. The senior subordinated debt accrues interest annually at 14.5%, of which 10.0% is payable monthly and the remaining 4.5% is Paid-in-Kind (PIK) and rolled into the principal balance, until the maturity date of March 9, 2023, at which time the entire outstanding principal balance is due. During 2022, this was refinanced to extend the maturity date to August 16, 2027 and the notes were restated with additional allowed amounts and certain other modifications to the covenants. The senior subordinated debt includes certain administrative and financial performance covenants, all of which the Company was in compliance with at December 31, 2022. As of December 31, 2022 and 2021, the outstanding balance on the senior subordinated debt was $12,327,542 and $11,778,755, respectively.

On September 8, 2017, Holdings entered into a term loan agreement and revolving credit facility (the 2017 Agreement) with a financial institution in the amounts of $18,250,000 and $5,000,000, respectively. The Company's wholly-owned and majority-owned subsidiaries serve as guarantors under the 2017 Agreement and all of their assets serve as collateral for the debt. The proceeds from the term loan were primarily used to refinance the Company's June 28, 2017 senior first lien debt. Interest is payable monthly and accrues at varying rates, as defined in the agreement, based on Holdings' lease adjusted leverage ratio (3.36% at December 31, 2022). The revolving credit facility also includes a 0.50% per annum unused commitment fee, calculated quarterly. The 2017 Agreement requires quarterly principal payments on the term loan beginning December 31, 2017 ranging from $342,188 to $456,250 until the maturity date, September 8, 2022 (see refinanced agreement terms entered into below).

On June 28, 2019, Holdings entered into the first amendment to the term loan agreement and revolving credit facility (the 2019 Agreement) to allow for an additional $4,940,000 borrowing. All terms and conditions were the same except the 2019 agreement requires quarterly principal payments on the term loan beginning June 30, 2019 ranging from $342,188 to $548,875 until the maturity date, September 8, 2022 (see refinanced agreement terms entered into below). The costs associated with the modification were expensed. As of December 31, 2022 and 2021, there were advances outstanding on the revolving credit facility totaling $0 and $2,700,000, respectively, bearing interest at December 31, 2022 ranging from 2.32% to 4.00%.

On July 31, 2020, Holdings entered into the third amendment to the term loan agreement and revolving credit facility (the third amendment). The agreement was amended regarding Holdings being funded $1,000,000 by CapitalSpring to help repay the credit facility. Furthermore, all terms and conditions are the same except for the June 30, 2020 scheduled principal and related interest payment was deferred until the term loan maturity date, due to the uncertainties of the pandemic.

On February 16, 2022, Holdings entered into the fifth amendment to the credit facility. The agreement was amended to extend the maturity date of the term loan and revolving credit facility to August 16, 2027 and modified the interest rate base from LIBOR to the SOFR Reference Rate (Secured Overnight Financing Rate). The proceeds of the refinanced term loan were used to fully pay the revolving debt of $2,700,000. The term loan requires quarterly principal payments of $373,165 beginning March 31, 2022 through June 30, 2027 with the remaining balance due on the maturity date. At December 31, 2022 and 2021 the interest rate was 3.36% and 2.32%, respectively. Certain other covenant requirements were amended, as defined in the agreement.

The debt agreements include certain administrative and financial performance covenants, all of which Holdings was in compliance with at December 31, 2022.

Debt outstanding by Holdings as of December 31:

	2022	2021
Senior subordinated term loan	**$ 12,327,575**	$ 11,778,755
Revolving credit facility	**-**	2,700,000
Term loan	**18,782,658**	17,202,155
	31,110,233	31,680,910
Less: unamortized debt issuance costs	**(343,169)**	(182,136)
Notes payable, net	**$ 30,767,064**	$ 31,498,774

Future maturities of Holdings' outstanding debt, all of which is guaranteed by the Company, are as follows:

Year	Amount
2023	$ 1,865,825
2024	1,492,660
2025	1,492,660
2026	1,492,660
2027	24,766,428
Total	**$ 31,110,233**

Legal Matters

The Company is, in the routine operation of its business, subject to litigation, claims assessments, and various other legal matters that arise in the ordinary course of its business activity.

10. Related Party Transactions

During the normal course of business, the Company has accounts receivable and accounts payable for services with related parties. These transactions are non-interest bearing and are due on demand.

Marketing and Development Funds

The Company administers the Beef 'O' Brady's Marketing and Development Fund. Inc. (the Beef 'O' Brady's Fund), and the Brass Tap Marketing and Development Fund, Inc. (the Brass Tap Fund, collectively, the Funds). The Funds cover costs incident to promotion, public relations, merchandising, product research and development, advertising campaigns and geographically designed programs to promote Beef 'O' Brady's and Brass Tap restaurants, and the products and services offered by them. The Funds also administer gift cards that the franchisees and company-owned stores sell to customers at their restaurant locations. The stores owned and

operated by the Company and franchises pay a monthly fee, equal to 2.3% of net sales for the Beef 'O' Brady's fund and 1.5% of net sales for the Brass Tap Fund.

The Company charges the Funds for the use of office space, rental of equipment, and a portion of the administrative salaries of the Company's employees who perform work for the Funds; such amounts are included as a reduction of operating expenses in the accompanying consolidated statements of operations. The Funds charge the Company and company-owned stores for marketing and advertising.

The following table summarizes the approximate amounts charged to the Company by the Funds and charged to the Funds by the Company for the years ending December 31:

	2022	2021
Beef 'O' Brady's Fund		
Franchise marketing and advertising fees	**$ 949,000**	$ 878,000
Salaries and overhead charges	**$ 25,000**	$ 45,000
Brass Tap Fund		
Franchise marketing and advertising fees	**$ 33,000**	$ 31,000
Salaries and overhead charges	**$ 25,000**	$ 5,000

As of December 31, 2022 and 2021, the Company had $695,264 and $174,630, respectively, due from the Beef 'O' Brady's Fund and $983,582 and $1,107,841, respectively, due from the Brass Tap Fund.

Holdings

As of December 31, 2022 and 2021, respectively, the Company has $16,025,058 and $12,300,478 due from Holdings.

Other

As of December 31, 2022 and 2021, two parent entities of Holdings owed the Company $51,666 and $49,816, respectively.

11. Significant Concentrations

Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash, accounts and notes receivable, and amounts due from related parties. The Company maintains cash with various financial institutions. Balances may exceed insured amounts from time to time. The Company performs periodic evaluations of the relative credit

standing of those financial institutions that are considered in the Company's investment strategy and believes this risk to be minimal.

Geographic Concentrations

Beef 'O' Brady's and Brass Tap locations conducting operations in the state of Florida are summarized as follows:

At December 31, 2022:

	Company-owned	Franchises	Total in Florida	% of Total Locations
Beef 'O' Brady's	**26**	**64**	**90**	**65%**
Brass Tap	**2**	**10**	**12**	**28%**

At December 31, 2021:

	Company-owned	Franchises	Total in Florida	% of Total Locations
Beef 'O' Brady's	24	69	93	66%
Brass Tap	2	10	12	29%

Brass Tap locations conducting operations in the state of Texas are summarized as follows:

At December 31, 2022:

	Company-owned	Franchises	Total in Texas	% of Total Locations
Brass Tap	**0**	**14**	**14**	**33%**

At December 31, 2021:

	Company-owned	Franchises	Total in Texas	% of Total Locations
Brass Tap	0	9	9	22%

Beef 'O' Brady's locations conducting operations in the state of Texas are less than 10% of total restaurant revenues from restaurant operations and royalty fees reported in the consolidated statements of operations and are subject to economic conditions of this region.

Franchisee Owner/Operator Concentrations

One franchisee owns and operates approximately 10% of the Brass Tap franchise locations as of December 31, 2022 and 2021. For the year ended December 31, 2022, one franchisee accounted for approximately 11% of royalty revenue for the Brass Tap franchisee locations. There are no owner/operator concentrations associated with Beef 'O' Brady's.

12. Fair Value Measurements

The Company currently does not have financial or nonfinancial assets and financial or nonfinancial liabilities that are required to be measured at fair value on a recurring basis. The Company's impairment test of the trademarks or trade names, franchise rights, and liquor license intangible assets, under ASC 350, *Intangibles—Goodwill and Other*, requires the determination of their fair value. ASC 820-10, *Fair Value Measurement*, 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 reporting date. The guidance establishes consistency and comparability by providing a fair value hierarchy that prioritizes the inputs to valuation techniques into three broad levels:

- Level 1 – inputs utilize quoted prices for identical assets in active markets that the Company has the ability to access,
- Level 2 – inputs are based on other observable market data, such as quoted prices for similar assets and liabilities, and inputs other than quoted prices that are observable, such as interest rates and yield curves,
- Level 3 – inputs are developed by management reflecting the Company's assumptions and include situations where there is little or no market activity for the asset or liability.

When a quantitative impairment test is required, the Company determines the fair value of the trademarks or trade names, franchise rights, and liquor license intangible assets using an income approach model, based on discounted cash flows. Significant unobservable inputs (Level 3) are required in the fair value calculations. Fair value measurements are determined by management using available market information and appropriate valuation methodologies available to management. Considerable judgment is necessary to interpret market data and develop estimates of fair value. The use of different market assumptions and/or estimation methodologies could have a material effect on the estimated fair values.

13. Retirement Plan

The Company offers a retirement savings plan under Section 401(k) of the Internal Revenue Code (IRC) to eligible employees over the age of 21 who have completed 30 days of service in a year, as defined in the Plan document. Participants may contribute a percentage of their annual compensation, as defined in the Plan, subject to limitation as to amount under the provisions of the IRC. Each year, the Company may elect to contribute to each participant's account a matching

percentage that is proportionate to the amount of the participant's eligible compensation. The Company did not make a matching contribution for the years ended December 31, 2022 and 2021.

14. Non-cash Transactions

During 2022 and 2021, $0 and $40,519, respectively, of past due franchisee receivables were converted to notes (Note 5).

FSC Franchise Co., LLC
and Subsidiaries

Consolidated Financial Statements

December 31, 2020 and 2019

FSC Franchise Co., LLC and Subsidiaries

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December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Managers and Members of
FSC Franchise Co., LLC and Subsidiaries

We have audited the accompanying consolidated financial statements of **FSC Franchise Co., LLC and Subsidiaries** (the Company), which comprise the consolidated balance sheets as of and for the years ended December 31, 2020 and 2019, and the related consolidated statements of operations, equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FSC Franchise Co., LLC and Subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Windham Brannon, LLC

April 21, 2021

Certified Public Accountants

FSC Franchise Co., LLC and Subsidiaries

Consolidated Balance Sheets
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash	**$ 1,715,266**	$ 1,051,955
Franchisee receivables, less allowance of $10,612 and $84,608, respectively	**714,721**	806,323
Vendor rebates receivable	**54,295**	68,646
Other receivables	**30,773**	22,913
Current maturities of notes receivable, less allowance of $191,010 and $0, respectively	**673,867**	72,979
Inventories	**560,160**	454,532
Due from related parties	**2,957,930**	1,402,600
Due from Holdings	**5,485,747**	4,311,457
Prepaid expenses and other current assets	**493,024**	260,656
Total current assets	**12,685,783**	8,452,061
Notes receivable, less current maturities	**183,061**	55,229
Property and equipment, net	**9,062,956**	8,951,283
Goodwill, net	**19,827,328**	23,144,944
Intangible assets, net	**7,501,203**	7,813,082
Other assets	**157,978**	142,533
Total assets	**$ 49,418,309**	$ 48,559,132
Liabilities and equity		
Current liabilities		
Accounts payable	**$ 798,734**	$ 329,169
Accrued expenses	**1,097,094**	869,885
Deferred tenant allowances and rent	**45,290**	60,747
Store closure obligation	**102,825**	93,271
Deferred revenue	**193,175**	260,739
Total current liabilities	**2,237,118**	1,613,811
Paycheck Protection Program loan payable	**3,259,000**	-
Deferred tenant allowances and rent, less current portion	**321,840**	208,359
Store closure obligation, less current portion	**-**	20,685
Deferred revenue, less current portion	**1,450,250**	1,697,667
Total liabilities	**7,268,208**	3,540,522
Commitments and contingencies (Note 9)		
Equity	**42,150,101**	45,018,610
Total liabilities and equity	**$ 49,418,309**	$ 48,559,132

The accompanying notes are an integral part of these consolidated financial statements.

FSC Franchise Co., LLC and Subsidiaries

Consolidated Statements of Operations
For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenue		
Restaurant sales, net	**$ 30,791,823**	$ 28,608,818
Unit royalty fees	**6,020,094**	7,740,585
Product royalties	**371,966**	468,024
Franchise fees	**471,010**	307,952
Licensing fees	**135,210**	74,895
Termination fees	**-**	36,623
Other	**218,090**	133,907
Total revenue	**38,008,193**	37,370,804
Operating expenses		
Restaurant operating expenses	**21,052,078**	17,399,456
Cost of restaurant sales	**9,641,648**	9,101,396
General and administrative	**5,505,400**	6,028,018
Payroll and related expenses	**3,955,395**	3,788,898
Store closure expenses	**100,281**	113,956
Total operating expenses	**40,254,802**	36,431,724
(Loss) income from operations	**(2,246,609)**	939,080
Other expenses		
Loss on disposal of property and equipment	**-**	19,878
Loss on store closure and sale of restaurant	**531,833**	435,798
Interest income	**-**	(3,200)
Other expenses	**44,893**	55,967
Total other expenses	**576,726**	508,443
Net (loss) income	**(2,823,335)**	430,637
Net income attributable to noncontrolling interest	**(3,914)**	(12,416)
Net (loss) income attributable to FSC Franchise Co., LLC and Subsidiaries	**$ (2,827,249)**	$ 418,221

The accompanying notes are an integral part of these consolidated financial statements.

FSC Franchise Co., LLC and Subsidiaries

Consolidated Statements of Equity
For the Years Ended December 31, 2020 and 2019

	Member's Equity	Noncontrolling Interest	Total
Balance, December 31, 2018	$ 46,053,451	$ 67,480	$ 46,120,931
Distributions	-	(47,450)	(47,450)
Cumulative effect of change in accounting principle (Note 2)	(1,485,508)	-	(1,485,508)
Net income	418,221	12,416	430,637
Balance, December 31, 2019	44,986,164	32,446	45,018,610
Distributions	-	(45,174)	(45,174)
Net (loss) income	(2,827,249)	3,914	(2,823,335)
Balance, December 31, 2020	**$ 42,158,915**	**$ (8,814)**	**$ 42,150,101**

The accompanying notes are an integral part of these consolidated financial statements.

FSC Franchise Co., LLC and Subsidiaries

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Net (loss) income	**$ (2,823,335)**	$ 430,637
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Provision for bad debts	**300,000**	55,847
Depreciation expense	**2,279,295**	1,734,660
Amortization of goodwill and other intangibles	**3,373,216**	3,287,774
Amortization of tenant improvement allowance	**(16,732)**	(6,764)
Store closure expenses	**100,281**	113,956
Loss on disposal of property and equipment	**-**	19,878
Loss on store closure and sale of restaurant	**531,833**	435,798
Changes in operating assets and liabilities:		
Franchisee receivables and notes receivables	**(937,118)**	(87,936)
Inventories	**(102,198)**	(112,486)
Prepaid expenses and other current assets	**(232,368)**	(48,624)
Vendor rebates receivable	**14,351**	(29,257)
Other receivables	**(7,860)**	(22,913)
Other assets	**(15,445)**	65,309
Accounts payable and accrued expenses	**601,738**	(1,107,025)
Deferred revenue	**(314,981)**	117,098
Deferred tenant allowances and rent	**114,756**	189,211
Net cash provided by operating activities	**2,865,433**	5,035,163
Cash flows from investing activities		
Purchases of property and equipment	**(2,250,230)**	(3,929,615)
Acquisition of intangible asset	**(33,125)**	(182,918)
Acquisition of businesses	**(402,973)**	(2,644,238)
Net cash used in investing activities	**(2,686,328)**	(6,756,771)
Cash flows from financing activities		
Distributions to noncontrolling interest	**(45,174)**	(47,450)
Net (advances) repayments to from related parties	**(2,729,620)**	1,872,168
Proceeds from sale of restaurant	**-**	271,500
Payments on notes payable	**-**	(4,672)
Proceeds from Paycheck Protection Program loan payable	**3,259,000**	**-**
Net cash provided by financing activities	**484,206**	2,091,546
Net change in cash	**663,311**	369,938
Cash		
Beginning of year	**1,051,955**	682,017
End of year	**$ 1,715,266**	$ 1,051,955

Supplemental disclosures of cash flow information (Note 14)

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Nature of Business

FSC Franchise Co., LLC and Subsidiaries (collectively, the Company), comprise the operations of Beef 'O' Brady's Family Sports Pubs (Beef 'O' Brady's or BOB) and The Brass Tap (Brass Tap or BT) (collectively, the Concepts). The Company was organized as a limited liability company in Delaware on June 27, 2007 and is a wholly-owned subsidiary of FSC Franchise Holdings, LLC (the Parent Company or Holdings). On June 28, 2017, Holdings and all of its subsidiaries were acquired by CS FSC Holdings, LLC and CS FSC Holdings II, Inc., entities controlled by CapitalSpring, a private equity firm (the Acquisition).

The Company was established to develop, franchise, and license the Concepts in the United States, as well as internationally. In addition, through its wholly-owned and majority-owned subsidiary, the Company operates stores of each Concept.

Beef 'O' Brady's is a casual dining restaurant featuring and serving a variety of food and beverage products in a family-friendly, sports pub environment. Brass Tap is an upscale beer bar offering varieties of imported, domestic and local craft beers, fine wines, liquor, and, in certain locations, food offerings in a distinct atmosphere for on-site consumption and retail sales.

The following summarizes the number of locations open of each concept during 2020 and 2019:

	2020			2019		
Beef 'O' Brady's	**Company-owned**	**Franchises**	**Total**	Company-owned	Franchises	Total
Restaurants open at beginning of year	**24**	**126**	**150**	18	139	157
Openings	**1**	**0**	**1**	0	6	6
Closures	**-1**	**-12**	**-13**	-3	-10	-13
Franchise locations acquired	**2**	**-2**	**0**	9	-9	0
Restaurants open at end of year	**26**	**112**	**138**	24	126	150
Brass Tap						
Restaurants open at beginning of year	**1**	**41**	**42**	1	44	45
Openings	**1**	**4**	**5**	0	4	4
Closures	**0**	**-8**	**-8**	0	-7	-7
Restaurants open at end of year	**2**	**37**	**39**	1	41	42

The Company developed a new Concept that opened a store in 2020 as the Hatchery. The Hatchery is owned by The Hatchery Franchisor, Inc., which is owned by Holdings.

2. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, Summerfield Beef's, LLC; Riverview Beef's, LLC; Beef O Brady's Bushnell, LLC; Beef O Brady's The Villages Mulberry, LLC; Beef O Brady's Apollo Beach, LLC; Beef O Brady's DeFuniak Springs, LLC; Beef O Brady's Citrus Park, LLC; Beef O Brady's Okeechobee, LLC, Beef O Brady's Fish Hawk, LLC, Beef O Brady's East Ocala, LLC, Beef O Brady's West Ocala, LLC, Beef O Brady's North Dale, LLC; Beef O Brady's Lake City, LLC; Beef O Brady's Sunlake, LLC; Beef O Brady's Wilderness Lake, LLC; Beef O Brady's Sebring, LLC; Beef O Brady's Plant City, LLC; Beef O Brady's Ridge Manor, LLC; Beef O Brady's Spring Hill, LLC; Beef O Brady's Central Station, LLC; Beef O Brady's Lutz, LLC; Beef O Brady's Corydon, LLC; Beef O Brady's Floyd Knobs, LLC; Beef O Brady's Bloomingdale, LLC; Beefs Brass Tap, LLC; Brass Tap Tampa Midtown, LLC; Brass Tap Franchisor, LLC (owned by Beef's Brass Tap, LLC) and Carrollwood Brass Tap, LLC; and majority-owned subsidiary, Beef Power, LLC (90% owned at December 31, 2020 and 2019). The wholly-owned subsidiaries and Beef Power, LLC own and operate Beef 'O' Brady's stores and two Brass Tap stores. Brass Tap Franchisor, LLC holds the franchise rights for Brass Tap and is wholly owned by the Company.

All significant intercompany balances and transactions have been eliminated in consolidation. The noncontrolling interest is reported separately in the accompanying consolidated statements of operations and equity.

Adoption of Accounting Standard in Previous Year

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, (Topic 606), as amended by subsequent ASUs (collectively, ASC 606). ASC 606 provides new guidance related to the core principle that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments.

The Company adopted this new guidance as of January 1, 2019 using the modified retrospective transition method. The adoption resulted in a change in accounting principle impacting the balance sheet with an increase in current and non-current deferred revenue for certain contracts totaling $281,929 and $1,203,579, respectively, where performance obligations are satisfied over time and a decrease in retained earnings of $1,485,508 on the consolidated balance sheet as of January 1, 2019.

Adoption of Accounting Standard in Current Year

In March 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2021-03, *Accounting Alternative for Evaluating Triggering Events*. The guidance provides private companies with an accounting alternative to perform the evaluation of triggering events for goodwill impairment as of the end of the reporting period, whether the reporting period is an interim or annual period. An entity that elects this alternative is not required to monitor for goodwill impairment triggering events during the reporting period but, instead, should evaluate the facts and circumstances as of the end of each reporting period to determine whether a triggering event exists and, if so, whether it is more likely than not that goodwill is impaired. This standard is effective, on a prospective basis, for fiscal years beginning after December 15, 2019. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance as of March 30, 2021. The Company adopted this standard effective January 1, 2020.

Significant Accounting Standard Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842) which outlines principles for the recognition, measurement, presentation, and disclosure of leases applicable to both lessors and lessees. ASU 2016-02 requires lessees to recognize a liability for lease obligations, which represents the discounted obligation to make future minimum lease payments, and a corresponding right-of-use asset on the balance sheet.

The effective date of ASU 2016-02, as amended, is for reporting periods beginning after December 15, 2021. The amendment is to be applied with the cumulative effect recognized as of the date of initial application (modified retrospective approach). The Company expects to adopt this new standard for the reporting year ended December 31, 2022.

The Company is reviewing its existing lease portfolio in order to determine the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements and implementing changes to its business processes, systems, and internal controls to support the adoption of the new standard and the related disclosure requirements.

Uncertainties Related to Pandemic

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak to be a global pandemic, which continues to spread throughout the United States. The Company is closely monitoring the impact of the pandemic on all aspects of its business and is unable to predict the continued financial impact of the COVID-19 pandemic on the business due to numerous uncertainties. Management of the Company cannot predict how or when the social impacts resulting from the pandemic may change, or how any such change will impact their business. Ongoing material adverse effects on the Company or the financial health of the franchisees could negatively affect the operating results, including reductions in revenue and cash

flow and could impact the recoverability of accounts and notes receivable, long-lived assets, intangible assets and goodwill.

Revenue Recognition

The Company's revenues consist of sales by company-owned restaurants, royalties from franchised stores, franchise and termination fees, and licensing agreements.

Under ASC 606, the amount of revenue recognized for any goods or services reflects the consideration that the Company expects to be entitled to receive in exchange for these goods or services. To achieve this core principle, the Company applies the following five-step approach: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to performance obligations in the contract; and (5) recognize revenue when or as a performance obligation is satisfied (over time or at a point in time).

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services.

The recognition of revenue for sales by company-owned restaurants are recognized at a point in time upon delivery of product to customers. The Company presents sales net of sales tax. Promotional discounts and sales allowances are netted against sales and are recognized as incurred. Promotional discounts and sales allowances totaled $1,740,273 and $1,680,591 for the years ended 2020 and 2019, respectively.

Royalties are recognized from franchised restaurants at a point in time when the related franchisee restaurant sale occurs. Royalty rates range from 2.0% to 4.0% of net monthly franchisee sales. At times, non-performing stores may receive temporary abatements of royalties as determined by management; in these instances, no revenues are recorded.

The Company has an agreement with the manufacturer of certain sauces and dressings, whereby the Company earns royalties. Royalties under the agreement are recognized at a point in time when the product is sold by the manufacturer to the Company or franchisees.

Royalties from licensed locations are recognized at a point in time when the related licensed restaurant sale occurs, typically as a percentage of monthly net sales of the licensee, as defined in the respective agreements.

Initial, transfer, renewal, and area development franchise fees are recognized over time, as the Company satisfies the performance obligations set forth in the respective agreements, over the terms stated in the agreements, generally 10 years from when the agreements are executed. Initial, transfer, renewal, and area development franchise fees are typically fixed and collected upfront, unless specifically stated otherwise in the agreement. The Company does not consider this advance payment to include a significant financing component, as it is used to protect the Company from the franchise owner failing to adequately complete some or all of its obligations under the terms of the franchise agreement contract. Franchise fees received are recorded as deferred revenue in the accompanying consolidated balance sheets. Termination fees are recognized at a point in time with the closure of the franchisee.

Basis of Accounting

These consolidated statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (GAAP).

Use of Estimates

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

Franchisee and Notes Receivables

Franchisee receivables consist of receivables due from franchisees for royalty fees. Management performs ongoing credit evaluations of its franchisees and establishes an allowance for estimated uncollectible accounts when the potential for such losses becomes probable.

From time to time, the Company will convert past due franchisee receivables to interest-free notes in order to formalize the repayment terms of past due balances and therefore increase the probability of collectability of amounts due from franchisees. The Company adopted the practical expedient under ASC 606, where a significant financing component is not considered when the customer payment for those services will be one year or less. If greater than a year, the Company will evaluate whether there is a significant financing component. The Company determined that a significant financing component exists for arrangements during 2020, however, management has determined it to be immaterial to the consolidated financial statements.

Inventories

Inventories consist of food, beverages, and supplies, exclusive of paper and chemical supplies, and are stated at the lower of cost (first-in, first-out) or net realizable value.

Goodwill and Intangible Assets

Goodwill represents the excess of the cost over the fair value of assets acquired in conjunction with business acquisitions. Intangible assets are comprised of intellectual property and a liquor license. The Company adopted the accounting alternative for goodwill available to private companies under FASB Accounting Standard Codification (ASC) 350-20, whereby, the Company is amortizing goodwill on a straight-line basis over a ten-year period. Management of the Company evaluates goodwill for impairment at the entity level when a triggering event occurs that indicates that the fair value of the entity may be below its carrying amount. At the balance sheet date, when a triggering event occurs, the Company first assesses qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs the quantitative test to compare the entity's estimated fair value with its net equity, including goodwill. If the qualitative assessment indicates that it is not more likely than not that goodwill is impaired, further testing is unnecessary. The goodwill impairment loss, if any, represents the excess of the net equity of the entity over its estimated fair value. During 2020 and 2019, goodwill was derecognized as a result of a store closure and sale, respectively. See Note 7 for further information.

Intangible assets consist primarily of franchise rights, trademarks and trade names, and software licenses. Franchise rights are being amortized using the straight-line method over ten years. The Company evaluates whether there are material reacquired franchise rights as they acquire franchisees. None of the acquisitions in 2020 or 2019 have resulted in material reacquired franchise rights. Trademarks and trade names are considered to be indefinite-lived assets and as such will be assessed for impairment when triggering events occur. Software licenses are being amortized using the straight-line method over seven years.

The costs of purchasing transferable liquor licenses through open markets in jurisdictions with a limited number of authorized liquor licenses are capitalized as they have an indefinite useful life. Annual liquor license renewal fees are expensed over the renewal term. The costs of obtaining non-transferable liquor licenses that are directly issued by local government agencies for nominal fees are expensed as incurred.

Management of the Company evaluates the recoverability of finite-lived intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. The Company measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it and if the sum of the expected future net cash flows is less than the carrying value of the asset, an impairment loss is recognized. The impairment loss is the amount by which the carrying value of the asset is in excess of its estimated fair value. Indefinite-lived intangibles are assessed for impairment annually or more frequently if circumstances indicate impairment may have occurred. Management did not identify conditions that would suggest an impairment of goodwill or intangible assets exists during 2020 or 2019.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

Computers	1-3 years
Furniture, fixtures and equipment	2-5 years
Leasehold improvements	2-10 years

Management regularly evaluates the recoverability of the carrying value of its property and equipment if events or circumstances indicate that the assets may be impaired. In that circumstance, if the total of future estimated undiscounted cash flows expected to relate to these assets were less than the carrying amount of the assets, such carrying amount would be written down to the fair value, and a loss on impairment is recognized. Management did not identify any conditions that would suggest an impairment for the years ended December 31, 2020 and 2019.

Restaurant Acquisitions and Dispositions

The Company accounts for the acquisition of restaurants from franchisees using the acquisition method of accounting for business combinations. The acquisition method of accounting involves the allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed. This allocation process requires the use of estimates and assumptions to derive fair values and to complete the allocation. The excess of the purchase price over the fair values of the assets acquired and liabilities assumed represents goodwill derived from the acquisition. See "Goodwill and Intangible Assets" above for further information.

In connection with the sale of company-owned stores to franchisees, the Company typically enters into several agreements, in addition to an asset purchase agreement, with franchisees including franchise, relationship, and lease agreements. The Company typically sells the restaurant's inventory and equipment. The Company has determined that its restaurant dispositions usually represent multiple-element arrangements, and as such, the cash consideration received is allocated to the separate elements based on their relative selling price. Cash consideration generally includes up-front consideration for the sale of the restaurants, technical assistance fees and future cash consideration for royalties and lease payments. The cash consideration per restaurant for technical assistance fees and development fees is consistent with the amounts stated in the related franchise agreements which are charged for separate standalone arrangements. Therefore, the Company recognizes the technical assistance when performed.

Rent Expense

The Company has entered into operating lease agreements, some of which contain renewal options over the lease term. Rent expense is recognized on a straight-line basis over the term of the lease, including renewal periods where reasonably assured, from the time the Company takes possession of the property. The difference between the rent expense and rent paid is recorded as deferred rent and is included deferred tenant allowances and rent in the consolidated balance sheets. Landlord-provided tenant improvement allowances are recorded as a liability and amortized as a credit to rent expense over the term of the lease. The current portion of deferred rent and tenant allowances, was $45,290 and $60,747 at December 31, 2020 and 2019, respectively.

Store Closing Costs

The Company records a liability for closed stores equal to the present value of the estimated remaining non-cancellable lease payments after the store closing date, net of estimated subtenant income, if any. The closed store lease liability is usually paid over the lease term associated with the closed store. Adjustments to closed store liabilities primarily relate to changes in subtenant income, if any, and actual exit costs differing from original estimates and are recorded in the period in which the change becomes known. Store closing costs were $101,281 and $113,956, for the years ended December 31, 2020 and 2019, respectively.

Advertising Expenses

Advertising costs are expensed as incurred. Advertising expenses were $857,849 and $930,857 for the years ended December 31, 2020 and 2019, respectively. A portion of these amounts were paid from the company-owned stores to marketing and development funds established for the benefit of franchisees (Note 10).

Income Taxes

The Company is organized as a single member limited liability company and is treated as a disregarded entity for income tax reporting purposes and files a consolidated return with Holdings. As a result, Holdings includes taxable income or loss of the Company in its tax return. Accordingly, there is no provision for federal and state income taxes in the Company's consolidated financial statements.

Management of the Company considers the likelihood of changes by taxing authorities in its income tax returns and discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions that require recognition or disclosure in the accompanying consolidated financial statements. Holdings' income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Fair Value Measurements

ASC 820, *Fair Value Measurement*, provides guidance for using fair value to measure assets and liabilities. ASC 820 clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability. ASC 820 establishes a fair value hierarchy, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data. ASC 820 applies whenever other standards require assets or liabilities to be measured at fair value.

Reclassifications

To conform with the 2020 presentation, certain 2019 amounts have been reclassified. The effects of these reclassifications are not considered material to the consolidated financial statements taken as a whole.

Subsequent Events

The Company is in the process of acquiring one company-owned store Beef 'O' Brady's New Port Richey, LLC. The Company is currently in the interim period of the agreement and expects to close on this location in the second quarter of 2021.

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through April 21, 2021, which is the date the consolidated financial statements were available to be issued.

3. Revenue Recognition

Disaggregation of Revenue

Revenues disaggregated by timing of revenue recognition consist of the following at December 31:

	2020	2019
Revenues recognized over time:		
Transfer fees	**$ 9,875**	$ 3,209
Franchise fees	**461,135**	304,743
	471,010	307,952
Revenues recognized at a point in time:		
Restaurant sales, net	**30,791,823**	28,608,818
Unit royalty fees	**6,020,094**	7,740,585
Product royalties	**371,966**	468,024
Licensing fees	**135,210**	74,895
Termination fees	**-**	36,623
Other	**218,090**	133,907
	37,537,183	37,062,852
	$ 38,008,193	$ 37,370,804

Revenues reported as "Other" include non-recurring income that is not in the normal course of business, but it is related to contracts with customers and is recognized at a point in time.

Contract Balances

Contract assets include unbilled amounts typically resulting from sales under contracts when the revenue recognized exceeds the amount billed to the customer. Contract liabilities include billings in excess of revenue recognized. As of December 31, 2020, there were no contracts with any customers where the revenue exceeded the amount billed to the customer. As of December 31, 2020, there were contracts where the Company received consideration due from customers but have not been able to recognize the related revenue.

Information about deferred revenue consist of the following at December 31:

	2020	2019
Deferred Revenue:		
Current	**$ 193,175**	$ 260,739
Long-term	**1,450,250**	1,697,667
	$ 1,643,425	$ 1,958,406

Deferred revenue primarily represents the Company's remaining performance obligations under its franchise and transfer agreements for which consideration has been received and is recognized on a straight-line basis over the remaining term of the related agreement.

Deferred Revenue Remaining Performance Obligations

Estimated revenue expected to be recognized in the future related to performance obligations that are either unsatisfied or partially satisfied at December 31, 2020 is as follows:

Year	Amount
2021	$ 193,175
2022	182,092
2023	170,425
2024	178,446
2025	123,525
Thereafter	795,762
	$ 1,643,425

The estimated revenue in the table above does not contemplate future franchise renewals or new franchise agreements for restaurants for which a franchise agreement does not exist at December31, 2020. Additionally, the table above includes $499,415 in the category "thereafter" of consideration allocated to restaurants that are not yet open as of December 31, 2020. When the restaurants open, the amounts will be reallocated in the respective year in accordance with the franchise agreement.

4. Business Acquisitions and Disposals

Company-Owned Store Acquisitions

During 2020, the Company purchased, in unrelated transactions, two restaurants from franchisees located in Corydon, Indiana (Corydon); and Floyd Knobs, Indiana (Floyd Knobs). The purchases were accounted for as business transactions whereby the purchase price was allocated to the underlying assets acquired based upon their estimated fair values. Goodwill was recognized to the extent the consideration transferred exceeded the estimated fair value of the assets acquired.

The following summarizes the consideration paid and the estimated fair values of the store assets acquired during 2020 at the acquisition date:

	Corydon	Floyd Knobs
Consideration:		
Cash	$ 302,319	$ 100,654
Estimated fair value of total consideration transferred	$ 302,319	$ 100,654
Estimated fair values of identifiable assets acquired:		
Inventory	$ 9,176	$ 10,630
Property and equipment	193,730	68,070
Goodwill	99,413	21,954
Assets acquired	$ 302,319	$ 100,654

During 2019, the Company purchased, in unrelated transactions, nine restaurants from franchisees located in Lutz, Florida (Lutz and Sunlake); Land O' Lakes, Florida (Wilderness Lake); Sebring, Florida (Sebring); Plant City, Florida (Plant City); Brookesville, Florida (Ridge Manor); Spring Hill, Florida (Spring Hill); Lake City, Florida (Lake City); and Louisville, Kentucky (Central Station). The purchases were accounted for as business transactions whereby the purchase price was allocated to the underlying assets acquired based upon their estimated fair values. Goodwill was recognized to the extent the consideration transferred exceeded the estimated fair value of the assets acquired.

The following summarizes the consideration paid and the estimated fair values of the store assets acquired during 2019 at the acquisition date:

	Lake City	Sunlake	Wilderness	Sebring	Plant City
Consideration:					
Cash	$ 137,458	$ 402,232	$ 416,274	$ 100,794	$ 650,000
Amounts owed to seller	-	-	-	51,423	11,685
Prorations	8,800	147,768	133,726	49,371	188,315
Estimated fair value of total consideration transferred	$ 146,258	$ 550,000	$ 550,000	$ 201,588	$ 850,000
Estimated fair values of identifiable assets acquired:					
Inventory	$ -	$ -	$ -	$ 8,344	$ 11,704
Property and equipment	60,000	392,350	390,285	150,156	555,630
Goodwill	86,258	157,650	159,715	43,088	282,666
Assets acquired	$ 146,258	$ 550,000	$ 550,000	$ 201,588	$ 850,000

	Ridge Manor	Spring Hill	Central Station	Lutz
Consideration:				
Cash	$ 361,507	$ 301,754	$ 128,513	$ 145,706
Amounts owed to seller	-	-	68,624	-
Royalties and fees due from franchisee forgiven	-	137,300	-	-
Prorations	13,493	198,246	59,890	137,500
Estimated fair value of total consideration transferred	$ 375,000	$ 637,300	$ 257,027	$ 283,206
Estimated fair values of identifiable assets acquired:				
Inventory	$ -	$ -	$ 8,000	$ -
Property and equipment	245,000	190,010	160,970	191,755
Goodwill	130,000	447,290	88,057	91,451
Assets acquired	$ 375,000	$ 637,300	$ 257,027	$ 283,206

Prorations represent collections of revenues by the seller, net of other transitional items, after the Company acquisition. Amounts owed are short-term and included in accrued expenses in the consolidated balance sheets. The Company may acquire additional restaurants as opportunities become available.

Company-Owned Store Closures

On September 15, 2020, the Company closed a Beef 'O' Brady's restaurant located in Andalusia, Alabama due to hurricane damage. Where practicable, property and equipment at the store was transferred to other company-owned stores. As a result of closure, a total loss of $531,833 was recognized during 2020. The loss primarily related to the settlement of the Company's remaining lease obligation and abandonment of property and equipment that could not be transferred to other company-owned stores and associated disposal of goodwill in the amount $410,771 and is included in loss on store closure and sale of restaurant in the consolidated statements of operations.

On October 8, 2019 and October 16, 2019, the Company closed a Beef 'O' Brady's restaurant located in Tallahassee, Florida and Gainesville, Florida. Where practicable, property and equipment at the store was transferred to other company-owned stores. As a result of closures, a total loss of $123,509 and $137,087, respectively, was recognized during 2019. The total $260,596 loss related primarily to the settlement of the remaining lease obligations and abandonment of property and equipment that could not be transferred to other company-owned stores and is included in loss on store closure and sale of restaurant in the consolidated statements of operations.

Company-Owned Store Sale

On April 23, 2019, the Company sold a Beef 'O' Brady's restaurant located in Hilliard, Ohio to an existing franchisee for approximately $271,500 resulting in a $175,202 loss. The loss primarily related to the settlement of the Company's remaining lease obligation and abandonment of property and equipment that could not be transferred to other company-owned stores and associated disposal of goodwill in the amount $248,320 and is included in loss on store closure and sale of restaurant in the consolidated statements of operations.

5. Notes Receivable

Notes receivable primarily consists of past due royalty fees with franchisees that have been converted to interest-free notes with formalized repayment terms. $952,218 and $96,982 in past due royalty fees with franchisees were converted during 2020 and 2019, respectively. Additionally, in 2019, $17,873 for a termination fee from a former franchisee was included in notes receivable through an interest-free note which was paid off in full during 2020.

Notes receivable activity during the year consist of the following:

Balance, December 31, 2019	$	128,208
Accounts receivable converted to notes receivable		952,217
Current year payments		(13,443)
Allowance established for notes receivable		(191,010)
Receivables written-off to allowance		(19,044)
Balance, December 31, 2020	**$**	**856,928**

Future maturities of notes receivable consist of the following at December 31:

Year		2020
2021	$	864,877
2022		88,062
2023		48,184
2024		26,802
2025		20,013
	$	1,047,938
Current maturities of notes receivable	$	864,877
Allowance for doubtful accounts		(191,010)
Current maturities of notes receivable, less allowance	**$**	**673,867**
Notes receivable, less current maturities	**$**	**183,061**

The Company has sixteen notes receivable that comprise the long-term portion.

6. Property and Equipment

Property and equipment consist of the following at December 31:

		2020		2019
Computers	**$**	**840,180**	$	587,597
Furniture, fixtures, and equipment		**4,693,715**		3,785,838
Leasehold improvements		**8,537,235**		6,525,130
Fixed assets not in service		-		950,181
		14,071,130		11,848,746
Accumulated depreciation		**(5,008,174)**		(2,897,463)
Total property and equipment, net	**$**	**9,062,956**	$	8,951,283

Depreciation expense was $2,279,295 and $1,734,660, for the years ended December 31, 2020 and 2019, respectively.

7. Goodwill and Intangible Assets

Goodwill represents the excess of the cost over the fair value of assets acquired in conjunction with business acquisitions (Note 4) and through the application of pushdown accounting related to the Acquisition. Intangible assets are comprised of indefinite life trademarks and trade names, franchisee contracts being amortized over ten years, and an indefinite life liquor license.
The following table summarizes the estimated fair values of goodwill and intangible assets at December 31:

	2020	2019
Goodwill	**$ 29,825,719**	$ 30,312,902
Trademarks and trade names	**5,080,000**	5,080,000
Software licenses	**216,043**	182,918
Franchise rights	**3,270,000**	3,270,000
Liquor license	**97,664**	97,664
	38,489,426	38,943,484
Less accumulated amortization related to:		
Goodwill	**(9,998,391)**	(7,167,958)
Software licenses	**(18,004)**	-
Franchise rights	**(1,144,500)**	(817,500)
Total goodwill and intangibles, net	**$ 27,328,531**	$ 30,958,026

Amortization expense of goodwill and franchise rights for each of the next five years and thereafter is anticipated to be as follows:

Year	Goodwill Amortization	Franchise Rights Amortization
2021	$ 2,982,572	$ 327,000
2022	2,982,572	327,000
2023	2,982,572	327,000
2024	2,982,572	327,000
2025	2,982,572	327,000
Thereafter	4,914,468	490,500
	$ 19,827,328	$ 2,125,500

The changes in the carrying amount of goodwill for the years ended December 31, 2020 and 2019 were as follows:

Balance, December 31, 2018	$	24,861,099
Goodwill recognized through store acquisitions		1,486,175
Sale of Hilliard store		(248,320)
Amortization		(2,954,010)
Balance, December 31, 2019		23,144,944
Goodwill recognized through store acquisitions		121,367
Write-off of Andalusia store		(410,771)
Amortization		(3,028,212)
Balance, December 31, 2020	**$**	**19,827,328**

8. Paycheck Protection Program Loan Payable

On April 17, 2020, the Company applied for and was approved for a Small Business Administration (SBA) loan of $3,259,000 in conjunction with the Paycheck Protection Program (PPP), a Federal relief program established by the congress and the Coronavirus Aid, Relief, and Economic Security Act (Cares Act), that helps businesses keep their workforce employed during the COVID-19 crises. The loan is to be used for business-related purposes as specified by the PPP. The loan is to mature on April 2022 with accrued interest at a fixed rate of 1.00% per annum. As of the report date, the Company has applied for forgiveness but has not yet been approved by the SBA. The Company is treating the PPP loan as debt included as a long-term liability on the December 31, 2020 consolidated balance sheet.

9. Commitments and Contingencies

Guarantee of Debt Held by Holdings

The Company routinely guarantees debt held by Holdings. Holdings' ability to repay its debt is entirely dependent on the Company's financial performance. The following summarizes debt outstanding during 2020 and 2019 held by Holdings.

On September 8, 2017, Holdings converted the outstanding balance due under the mezzanine term loan agreement, including accrued interest, to a senior subordinated term loan agreement (Senior Subordinated Agreement) for $8,373,638 guaranteed by the Company and in which all of the Company's assets serve as collateral. The Senior Subordinated Agreement is collectively held by CSIP V Debt Acquisitions, LP and CapitalSpring SBIC, LP, entities related to the Company through common ownership, and a member of management. The Senior Subordinated Agreement accrues interest annually at 14.5%, of which 10.0% is payable monthly and the remaining 4.5% is considered payment-in-kind (PIK) and rolled into the principal balance, until the maturity date of March 9, 2023, at which time the entire outstanding principal balance is due.

On September 8, 2017, Holdings entered into a term loan agreement and revolving credit facility (the 2017 Agreement) with a financial institution in the amounts of $18,250,000 and $5,000,000, respectively. The Company serves as a guarantor under the 2017 Agreement and all of the Company's assets serve as collateral for the debt. The proceeds from the term loan were primarily used to refinance Holdings' June 28, 2017 senior first lien debt. Interest is payable monthly and accrues at varying rates, as defined in the agreement, based on Holdings' lease adjusted leverage ratio (4.0% at December 31, 2020). The revolving credit facility also includes a 0.50% per annum unused commitment fee, calculated quarterly. The 2017 Agreement requires quarterly principal payments on the term loan beginning December 31, 2017 ranging from $342,188 to $456,250 until the maturity date, September 8, 2022.

On June 28, 2019, Holdings entered into the first amendment to the term loan agreement and revolving credit facility (the 2019 Agreement) to allow for an additional $4,940,000 borrowing. All terms and conditions were the same except the 2019 agreement requires quarterly principal payments on the term loan beginning June 30, 2019 ranging from $342,188 to $548,875 until the maturity date, September 2022, at which time the entire outstanding balance owed on the term loan and revolving credit facility is due. The associated costs with the modification were expensed. As of December 31, 2020 and 2019, there were advances outstanding on the revolving credit facility totaling $4,000,000 and $4,300,000, respectively bearing interest at December 31, 2020 ranging from 4.70% to 4.76%.

On May 8, 2020, Holdings entered into the second amendment to the term loan agreement and revolving credit facility (the second amendment). All terms and conditions are the same except for the March 31, 2020 scheduled principal and related interest payment was deferred until the term loan maturity date, due to the uncertainties of the pandemic.

On July 31, 2020, Holdings entered into the third amendment to the term loan agreement and revolving credit facility (the third amendment). The agreement was amended regarding Holdings being funded $1,000,000 by CapitalSpring to help repay the credit facility. Furthermore, all terms and conditions are the same except for the June 30, 2020 scheduled principal and related interest payment was deferred until the term loan maturity date, due to the uncertainties of the pandemic. The debt agreements include certain administrative and financial performance covenants, all of which Holdings was in compliance with at December 31, 2020.

Debt outstanding by Holdings as of December 31:

	2020	2019
Senior subordinated term loan	**$ 11,254,399**	$ 9,284,906
Revolving credit facility	**4,000,000**	4,300,000
Term loan	**19,055,436**	19,925,063
	34,309,835	33,509,969
Less: unamortized debt issuance costs	**(415,642)**	(649,152)
Notes payable, net	**$ 33,894,193**	$ 32,860,817

Future maturities of Holdings' outstanding debt, all of which is guaranteed by the Company, are as follows:

Year	Amount
2021	$ 1,853,313
2022	21,202,124
2023	11,254,398
Total	$ 34,309,835

In conjunction with the 2017 Agreement, the Company was required by the lender to enter into an interest hedging agreement, in the form of an interest rate cap, for a minimum of 50% of the outstanding term loan balance for a period of at least three years following the 2017 Agreement's closing date which terminated on September 8, 2020. The purpose of the interest rate cap was to limit the Company's exposure to rising interest rates. Under the terms of the agreement, Holdings paid a premium of $15,500 for the right to receive cash flow payments if the one-month LIBOR rises above the cap of 2.75%, thus effectively limiting the variable component of the interest rate on a portion of outstanding term loan balance. As of December 31, 2020, and 2019, the notional index amount outstanding under the interest rate hedging agreement was $0 and $7,585,156.

Legal Matters

The Company is, in the routine operation of its business, subject to litigation, claims assessments, and various other legal matters that arise in the ordinary course of its business activity.

Operating Leases

The Company has non-cancelable operating leases in connection with office space and restaurant facilities used in operations which expire at various times through December 2029. Future minimum lease payments under non-cancelable operating leases as of December 31, 2020 are as follows:

Year	Amount
2021	$ 1,932,091
2022	1,911,388
2023	1,707,882
2024	1,586,672
2025	1,388,009
Thereafter	2,620,662
Total	$ 11,146,704

Total rent expense under all operating leases was $2,177,275 and $1,726,973 for the years ended December 31, 2020 and 2019, respectively.

In April 2020, the FASB issued guidance allowing entities to make an accounting policy election whether or not to account for lease concessions related to the pandemic (Note 2) as lease modifications. The election applies to any lessor-provided lease concession related to the impact of COVID-19, provided the concession does not result in a substantial increase in the rights of the lessor or in the obligations of the lessee. For the year ended December 31, 2020, the Company received concessions from certain landlords in the form of rent deferrals of $0 and rent abatements of $88,226. The Company has elected to not account for these rent concessions as lease modifications and therefore these concessions were recorded as a reduction of rent expense.

10. Related Party Transactions

During the normal course of business, the Company has accounts receivable and accounts payable for services with related parties. These transactions are non-interest bearing and are due on demand.

Marketing and Development Funds

The Company administers the Beef 'O' Brady's Marketing and Development Fund. Inc. (the Beef 'O' Brady's Fund), and the Brass Tap Marketing and Development Fund, Inc. (the Brass Tap Fund, collectively, the Funds). The Funds cover costs incident to promotion, public relations, merchandising, product research and development, advertising campaigns and geographically designed programs to promote Beef 'O' Brady's and Brass Tap restaurants, and the products and services offered by them. The Funds also administer gift cards that the franchisees and

company-owned stores sell to customers at their restaurant locations. The stores owned and operated by the Company and franchises pay a monthly fee, equal to 2.3% of net sales for the Beef 'O' Brady's fund and 1.5% of net sales for the Brass Tap Fund.

The Company charges the Funds for the use of office space, rental of equipment, and a portion of the administrative salaries of the Company's employees who perform work for the Funds; such amounts are included as a reduction of operating expenses in the accompanying consolidated statements of operations. The Funds charge the Company and company-owned stores for marketing and advertising.

The following table summarizes the approximate amounts charged to the Company by the Funds and charged to the Funds by the Company for the years ending December 31:

		2020		2019
Beef 'O' Brady's Fund				
Franchise marketing and advertising fees	**$**	**696,000**	$	640,000
Salaries and overhead charges	**$**	**25,000**	$	30,000
Brass Tap Fund				
Franchise marketing and advertising fees	**$**	**13,000**	$	17,000
Salaries and overhead charges	**$**	**25,000**	$	20,000

As of December 31, 2020 and 2019, the Company had $701,930 and $412,410 respectively, due from the Beef 'O' Brady's Fund and $932,101 and $973,532, respectively, due from the Brass Tap Fund.

Holdings

As of December 31, 2020 and 2019, respectively, the Company has $5,485,747 and $4,311,457 due from Holdings. In addition, the Company has $1,277,200 due from the Hatchery at December 31, 2020.

11. Significant Concentrations

Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash, accounts and notes receivable, and amounts due from related parties. The Company maintains cash with various financial institutions. Balances may exceed insured amounts from time to time. The Company performs periodic evaluations of the relative credit standing of those financial institutions that are considered in the Company's investment strategy and believes this risk to be minimal.

Geographic Concentrations

Beef 'O' Brady's and Brass Tap locations conducting operations in the state of Florida are summarized as follows:

At December 31, 2020:

	Company-owned	Franchises	Total in Florida	% of Total Locations
Beef 'O' Brady's	**23**	**69**	**92**	**67%**
Brass Tap	**2**	**10**	**12**	**31%**

At December 31, 2019:

	Company-owned	Franchises	Total in Florida	% of Total Locations
Beef 'O' Brady's	22	75	97	65%
Brass Tap	1	16	17	42%

Brass Tap locations conducting operations in the state of Texas are summarized as follows:

At December 31, 2020:

	Company-owned	Franchises	Total in Texas	% of Total Locations
Brass Tap	**0**	**8**	**8**	**20%**

At December 31, 2019:

	Company-owned	Franchises	Total in Texas	% of Total Locations
Brass Tap	0	8	8	19%

*Note: Beef 'O' Brady's locations conducting operations in the state of Texas are less than 10% of total restaurant revenues from restaurant operations and royalty fees reported in the consolidated statements of operations and are subject to economic conditions of this region.

Franchisee Owner/Operator Concentrations

One franchisee owns and operates approximately 10% of the Brass Tap franchise locations as of December 31, 2020 and 2019. For the year ended December 31, 2020, one franchisee accounted for approximately 13% of royalty revenue for the Brass Tap franchisee locations. There are no owner/operator concentrations associated with Beef 'O' Brady's.

12. Fair Value Measures

The Company currently does not have financial or nonfinancial assets and financial or nonfinancial liabilities that are required to be measured at fair value on a recurring basis. The Company's impairment test of the trademarks or trade names, franchise rights, and liquor license intangible assets, under ASC 350, *Intangibles—Goodwill and Other*, requires the determination of their fair value. ASC 820-10*, Fair Value Measurement*, 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 reporting date. The guidance establishes consistency and comparability by providing a fair value hierarchy that prioritizes the inputs to valuation techniques into three broad levels:

- Level 1 – inputs utilize quoted prices for identical assets in active markets that the Company has the ability to access,
- Level 2 – inputs are based on other observable market data, such as quoted prices for similar assets and liabilities, and inputs other than quoted prices that are observable, such as interest rates and yield curves,
- Level 3 – inputs are developed by management reflecting the Company's assumptions and include situations where there is little or no market activity for the asset or liability.

When a quantitative impairment test is required, the Company determines the fair value of the trademarks or trade names, franchise rights, and liquor license intangible assets using an income approach model, based on discounted cash flows. Significant unobservable inputs (Level 3) are required in the fair value calculations. Fair value measurements are determined by management using available market information and appropriate valuation methodologies available to management. Considerable judgment is necessary to interpret market data and develop estimates of fair value. The use of different market assumptions and/or estimation methodologies could have a material effect on the estimated fair values.

13. Retirement Plan

The Company offers a retirement savings plan under Section 401(k) of the Internal Revenue Code (IRC) to eligible employees over the age of 21 who have completed 30 days of service in a year, as defined in the Plan document. Participants may contribute a percentage of their annual compensation, as defined in the Plan, subject to limitation as to amount under the provisions of the IRC. Each year, the Company may elect to contribute to each participant's account a matching percentage that is proportionate to the amount of the participant's eligible compensation. The Company did not make a matching contribution for the years ended December 31, 2020 and 2019.

14. Non-cash Transactions

During 2020 and 2019, $952,217 and $96,982, respectively, of past due franchisee receivables were converted to notes (Note 5).

During 2019, $137,300 of royalties and fees due from franchisees were forgiven as part of the purchase of store assets (Note 4).

During 2019, $937,109 of prorations, representing collections of revenues by sellers' net of other transitional items, after the acquisition close date, were included as Company consideration applied towards the purchase of the store (Note 4). In addition, $131,732 that remained owed to sellers as of December 31, 2019 was paid during the year ended December 31, 2020.

GUARANTY OF PERFORMANCE

For value received, FSC Franchise Co., LLC, located at 5660 W. Cypress Street, Suite A, Tampa, Florida 33607 (the "Guarantor"), absolutely and unconditionally guarantees to assume the duties of Brass Tap Franchisor, LLC, located at 5660 W. Cypress Street, Suite A, Tampa, Florida 33607 (the "Franchisor") under its franchise registration in each state where its franchise is registered or exempt from registration, as applicable, and under its Franchise Agreement as identified in its 2022 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended, from time to time. This guaranty continues until all such obligations of the Franchisor under the franchise registration or franchise exemption (as applicable) and Franchise Agreement are satisfied or until liability of the Franchisor under the Franchise Agreement has been completely discharged, whichever first occurs. Guarantor is not discharged from liability if a claim by the franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and on its successors and assigns.

The Guarantor signs this guarantee at Tampa, Florida on the 2nd day of May, 2023.

Guarantor:

FSC FRANCHISE CO., LLC

Michelle Knight

By: Michelle Knight
Title: Chief Financial Officer

EXHIBIT B TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

List of Franchisees as of 12/31/2022

City	State	Address	Company Name	Store Phone Number
Huntsville	AL	933 Bob Wallace Avenue Southwest; Unit 209, Huntsville, AL	The Brass Monkeys LLC	(256) 656-8346
Gilbert (Verde)	AZ	2442 S Recker Road, #101, Gilbert, AZ 85295	Brass Tap Verde, LLC	
Corona	CA	705 N Main St Corona, CA 92880; USA	Bahati Group, Inc	(951) 733-2595
Modesto	CA	4500 Dale Road Suite A; Modesto, CA. 95356	RKAT Enterprises, Inc	
Rocklin	CA	5150 Commons Drive Suite 101	TBTBEER, INC	(916) 246-2729
Vacaville	CA	783 Orange Drive; Vacaville, CA 95687; USA	JC Enterprises, LLC	(707) 724-0634
Colorado Springs	CO	13271 Bass Pro Drive Suite 110; Colorado Springs, CO 80921; USA	Colorado Taps -Site 1, LLC	(719) 487-8076
Boynton Beach	FL	950 N Congress Ave Suite J100; Boynton Beach, FL 33426; USA	Craftmade Boynton LLC	(561) 413-3782
Ft Lauderdale	FL	551 North Federal Highway Suite 600; Ft Lauderdale, FL 33301; USA	TBTBEER, INC	(754) 200-8648
Lakeland	FL	1515 Town Center Drive #G-102; Lakeland, FL 33803; USA	Global Taps Lakeland, LLC	(863) 680-9994
Naples	FL	10601 Bonita Beach Rd SE; Bonita Springs, FL 341335; USA	CRAFTMADE NAPLES LLC	(239) 631-6397
Orlando	FL	781 North Alafaya Trail; Orlando, FL 32828; USA	Cheers Mate Waterford Lakes, LLC	(407) 420-7479
Palm Coast	FL	250 Palm Coast Pkwy NE, Suite 201 BLD G	Draught Holdings, LLC	(386) 449-9978
Panama City Beach	FL	100 Pier Park Drive, Suite 130; Panama City Beach, FL; 32413; USA	Cheers Mate Pier Park, LLC	(850) 708-3131
Pembroke Pines	FL	624 SW 145th Terrace; Pembroke Pines, FL 33027; USA	CRAFTMADE FLAGLER, LLC	(954) 367-6930
Tallahassee	FL	1321 Thomasville Road Unit E; Tallahassee, FL 32303; USA	Global Taps 1321 Thomasville Rd, LLC	(850) 320-6300
Wesley Chapel	FL	2000 Piazza Avenue Unit 110; Wesley Chapel, FL 33543; USA	Linesider Investment Corp	(813) 991-4343
Atlanta	GA	4505 Ashford Dunwoody Rd Suite 32; Atlanta, GA 30346; USA	ONSI-ROESCH, LLC	(770) 557-0232
Hapeville	GA	925 Virginia Av Suite A Hapeville, GA 30354	Pinnacle Spirits, LLC	(404) 500-1990

Cedar Falls	IA	421 Main Street	BURTIS CORE INC.	(319) 260-2080
Baltimore	MD	1205 West Mt. Royal Avenue	BELLEROCK,LLC	(410) 989-3459
National Harbor	MD	164 Fleet Street	M&SR Enterprises	(301) 523-2402
Towson	MD	825 Dulaney Valley Road, Space 1285	The Centcom Group2, LLC	(410) 842-6041
Kalispell	MT	85 Treeline Road, #104	Glacier Oasis, LLC	(406) 309-2345
Vineland	NJ	2738 S Delsea Drive; Vineland, NJ 08360; USA	Leo Restaurant Group, LLC	(610) 229-2241
Myrtle Beach	SC	3090 Deville St; Myrtle Beach, SC; 29577; USA	CHEERS MATE MYRTLE BEACH, LLC	(843) 945-1747
Rock Hill	SC	819 Terrace Park #103	Cheers Mate Rock Hill, LLC	(803) 329-9094
Allen	TX	2540 N. Watters Road, Suite 180; Allen, TX 75013; USA	GKLL LLC	(972) 752-0655
Frisco	TX	1951 Farm-to-Market Road 423, Suite 900, Frisco, TX 75068	DLCB Group, LLC	(214) 618-0218
Highland Village	TX	4151 Waller Creek Suite Q130; Highland Village, TX 75077; USA	DNAV INC.	(832) 341-6330
Houston	TX	922 Holman Street, Suite A	Big Mikes Entertainment, LLC	(281) 501-0319
Katy	TX	7109 Katy-Gaston Rd Suite 1100 Richmond, TX 77406	Phoenaissance Enterprises, Inc.	(832) 487-9835
North Dallas	TX	6959 Arapaho Road; Dallas, TX 75248	Ikon Ventures, Inc	
Prosper	TX	790 North Preston Road, Suite 180; Prosper, TX 75078; USA	VSK, LLC	(630) 209-3783
Roanoke	TX	856 East Highway 114, Suite 400	RJDV1, LLC	(682) 237-7780
Rockwall	TX	2075 Summer Lee Drive Suite R 101 Rockwall, TX 75032; USA	HRK Management, LLC	(469) 769-1254
Round Rock	TX	204 E Main Street; Round Rock , TX 78664; USA	The Main Street Tap, LLC	(512) 341-2337
Richardson	TX	1251 State Stree Suite 650 Richardson, TX 75082	HRK Management, LLC	(469) 757-7862
Sachse	TX	5321 The Station Blvd Unit B150, Sachse, TX 75048	HRK Management, LLC	(945) 202-2628
Williamsburg	VA	2105 Croydon Court; Virginia Beach, VA 23454; USA	Franklin Wayne Herring	(228) 372-4379
Greenfield	WI	7808 West Layton Ave; Greenfield, WI 53220; USA	Brass Brew Crew, Inc	(414) 301-4054

List of Franchisees Who Have Signed Franchise Agreements But Whose Outlets Were Not Open As Of 12/31/2022

Store City	Store State	Store Address	Company Name	Operator Phone
Bakersfield	CA	Treston & Chester Ave	Tap Craft, LLC	(510) 755-3016
Elk Grove	CA	TBD	NSAR, Inc.	(209) 918-0105
Hollister	CA	TBD	Brass Tab of Hollister, Inc	
Manteca	CA	TBD; Manteca, CA; USA	RKAT Enterprises, Inc	(209) 531-8594
Marina	CA	TBD	Blue Dunes, LLC	(714) 833-2849
Mission Viejo	CA	TBD	Bahati Group, Inc	(714) 313-2575
Ontario	CA	TBD	Bahati Group, Inc	(714) 313-2575
Riverside	CA	TBD	Bahati Group, Inc	(714) 313-2575
Stanislaus County	CA	Stanislaus County; TBD, CA; USA	RKAT Enterprises, Inc	(209) 531-8594
Stanislaus County	CA	Stanislaus County; TBD, CA; USA	RKAT Enterprises, Inc	(209) 531-8594
TBD	CA	TBD	Tap Craft, LLC	(510) 755-3016
TBD	CA	TBD	Tap Craft, LLC	(510) 755-3016
TBD	CA	TBD	Tap Craft, LLC	(510) 755-3016
TBD	CA	TBD	Tap Craft, LLC	(510) 755-3016
Tracy	CA	TBD; Tracy, CA; USA	RKAT Enterprises, Inc	(209) 531-8594
Yorba Linda	CA	TBD	Bahati Group, Inc	(714) 313-2575
Brandon	FL	TBD	SCJ HOLDINGS-A, LLC	(931) 494-4325
Trinity	FL	TBD	EAGLES MGMT GROUP LLC	
Atlanta	GA	TBD	ONSI-ROESCH, LLC	(404) 502-3395
Bryan	GA	TBD, Bryan County, GA	OM Restaurants, Inc	(912) 659-6884
Chatam	GA	TBD, Chatam County, GA	OM Restaurants, Inc	(912) 659-6884
Effingham	GA	TBD, Effingham County, GA	OM Restaurants, Inc	(912) 659-6884
Johns Creek	GA	TBD	SR TAP, LLC	(770) 778-0913
Peachtree City	GA	TBD	SR TAP, LLC	(770) 778-0913
Savannah	GA	TBD	OM Restaurants, Inc	(912) 659-6884
Savannah	GA	TBD	OM Restaurants, Inc	(912) 659-6884
Suwanee	GA	TBD	SR TAP, LLC	(770) 778-0913
Tyrone	GA	TBD	SR TAP, LLC	(770) 778-0913
Woodstock	GA	TBD	SR TAP, LLC	(770) 778-0913

Bethesda	MD	TBD	ARRYA, LLC	
Columbia	MD	TBD	ARRYA, LLC	
Gaithersburg	MD	TBD	ARRYA, LLC	
TBD	MD	TBD	TJ Enterprise, LLC	(240) 434-9407
TBD	MD	TBD	TJ Enterprise, LLC	(240) 434-9407
Reno	NV	TBD	Edwards Brothers LTD, LLC	(702) 806-4718
TBD	NV	TBD	TJ Enterprise, LLC	(240) 434-9407
TBD	NV	TBD	TJ Enterprise, LLC	(240) 434-9407
TBD	NV	TBD	TJ Enterprise, LLC	(240) 434-9407
Allentown	PA	TBD	ARRYA, LLC	
Arlington	TX	TBD	GPG Partners, LLC	(309) 648-8607
Aubrey	TX	TBD	Dharma Holdings, LLC & Gokulleela, LLC	
Benbrook	TX	TBD	GPG Partners, LLC	(309) 648-8607
Celina	TX	TBD	Dharma Holdings, LLC & Gokulleela, LLC	
Coppell	TX	TBD	HRK Management, LLC	(201) 572-3365
Cypress	TX	TBD	Phoenaissance Enterprise, Inc	(281) 468-9691
Denton	TX	TBD	Dharma Holdings, LLC & Gokulleela, LLC	
Farmers Branch	TX	TBD	HRK Management, LLC	(201) 572-3365
Flower Mound	TX	TBD; Flower Mound, TX; USA	VSK, LLC	(630) 209-3783
Forney/Terrell	TX	TBD	TALL BOY, LLC	
Grand Prairie	TX	TBD	HRK Management, LLC	(201) 572-3365
Houston	TX	TBD	Bumstead Holdings, LLP	(409) 767-9914
Houston	TX	TBD	Bumstead Holdings, LLP	(409) 767-9914
Houston	TX	TBD	Bumstead Holdings, LLP	(409) 767-9914
Houston	TX	TBD	Bumstead Holdings, LLP	(409) 767-9914
TBD; Houston	TX	TBD	Bumstead Holdings, LLP	(409) 767-9914
Irving	TX	TBD	HRK Management, LLC	(201) 572-3365
Keller	TX	TBD	HRK Management, LLC	(201) 572-3365
Lake Worth	TX	TBD	GPG Partners, LLC	(309) 648-8607
Lavon	TX	TBD	TALL BOY, LLC	
Lewisville	TX	TBD	GPG Partners, LLC	(309) 648-8607

Lucas	TX	TBD	TALL BOY, LLC	
Lubbock	TX	TBD	ROB AND BECK'S TAP, LLC	
McKinney	TX	TBD; McKinney, TX; USA	VSK, LLC	(630) 209-3783
McKinney	TX	TBD	Tipsy Bros, LLC	(201) 290-4991
Melissa	TX	TBD	Tipsy Bros, LLC	(201) 290-4991
Murphy	TX	TBD; Murphy , TX; USA	VSK, LLC	(630) 209-3783
Plano	TX	TBD	HRK Management, LLC	(201) 572-3365
Princeton/Farmersville	TX	TBD	TALL BOY, LLC	
Richmond	TX	TBD	Phoenaissance Enterprise, Inc	(281) 468-9691
Saginaw	TX	TBD	Dharma Holdings, LLC & Gokulleela, LLC	
Sanger	TX	TBD	Dharma Holdings, LLC & Gokulleela, LLC	
Sugarland	TX	TBD	Phoenaissance Enterprise, Inc	(281) 468-9691
The Colony	TX	TBD	HRK Management, LLC	(201) 572-3365
Tomball	TX	TBD	Phoenaissance Enterprise, Inc	(281) 468-9691
Weatherford	TX	TBD	GPG Partners, LLC	(309) 648-8607
Weston	TX	TBD	TALL BOY, LLC	
Richmond	VA	TBD	ARRYA, LLC	(267) 357-7049

EXHIBIT C TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

List of Franchisees That Left The System During The Year Ending 12/31/2022

Store City	Store State	Store Address	Company Name	Franchisee Phone
Mesa	AZ	1033 N Dobson Rd, Suite 104; Mesa, AZ 85201;	Jessie Rowe III	(480) 610-2337
Orland Park	IL	14225 95th Avenue Suite 400; Orland Park, IL 60462;	Tom McMullen	(708) 226-1827
Annapolis	MD	2002 Annapolis Mall Road, Store 1464	Barry Lowenthal	(833) 901-2337
Austin	TX	10910 Domain Dr Ste 120; Austin, TX 78758; USA	Stephan Sheets	(512) 339-2337

List of Franchisees That Transferred An Outlet During The Year Ending 12/31/2022

Store City	Store State	Store Address	Operator	Operator Phone
Ft Lauderdale	FL	551 North Federal Highway Suite 600; Ft Lauderdale, FL 33301;	Mathew Baum	(239) 826-3951

EXHIBIT "D" TO THE DISCLOSURE DOCUMENT

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BRASS TAP
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EXHIBIT "E" TO THE DISCLOSURE DOCUMENT

TRAINING STORE WAIVER & RELEASE

BRASS TAP FRANCHISOR, LLC
THE BRASS TAP®
TRAINING STORE
WAIVER AND RELEASE

I, _____, want to attend the initial training program offered by Brass Tap Franchisor LLC ("**Franchisor**") in order to be qualified to own, operate and/or manage a The Brass Tap® Bar ("**Brass Tap**"), pursuant to a franchise agreement between Franchisor and me, my employer, or a company with which I am affiliated. To induce Franchisor to allow me to attend the initial training program, I agree, attest and acknowledge the following:

1. During the initial training program, I will receive hands-on training and, therefore, there is a risk of injury and harm.

2. I understand and acknowledge that I am not an employee of Franchisor or its affiliates for any purpose whatsoever.

3. Since I am not an employee of Franchisor, I will not be entitled to any workers compensation coverage from Franchisor or any of its affiliates (although I may be entitled to such coverage from my own employer).

4. I waive any right to sue for damages or other relief, and release any claim I may have against Franchisor and/or any of its affiliates, agents, officers and directors, for any claims, losses, damages, liabilities or obligations that arise out of any injury I suffer during and as a result of my training with Franchisor.

5. My participation in the training program does not entitle me to a Franchisor franchise. Franchises are granted only by separate agreement.

_____

Print Name:_____

Date:_____

EXHIBIT "F" TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES/AGENTS

FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	AGENCY	PROCESS, IF DIFFERENT
California	Commissioner of the Department of Financial Protection and Innovation 320 West 4th Street Suite 750 Los Angeles, California 90013 Sacramento 2101 Arena Boulevard Sacramento, California 95834 San Diego 1455 Frazee Road, Suite 315 San Diego, California 92108 San Francisco One Sansome Street, #600 San Francisco, California 94104 1-866-275-2677	
Hawaii	Business Registration Division Securities Compliance Branch Department of Commerce and Consumer Affairs P.O. Box 40 Honolulu, Hawaii 96810	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706	
Indiana	Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street Indianapolis, Indiana 46204	Administrative Office of the Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021
Michigan	Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General G. Mennen Williams Building 525 West. Ottawa Lansing, Michigan 48933	Department of Labor and Economic Growth Corporations Division Bureau of Commercial Services P.O. Box 30054 Lansing, Michigan 48909 (517) 373-7117
Minnesota	Minnesota Department of Commerce 85 7th Place, Suite 280 St. Paul, Minnesota 55101-3165	

STATE	AGENCY	PROCESS, IF DIFFERENT
New York	New York State Department of Law Bureau of Investor Protection and Securities 28 Liberty Street, 15th Floor New York, New York 10005	Secretary of State State of New York 99 Washington Avenue, 6th Floor Albany, New York 12231
North Dakota	Office of Securities Commissioner Fifth Floor 600 East Boulevard Avenue Bismarck, North Dakota 58505	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities 350 Winter Street NE, Room 410 Salem, Oregon 97310	
Rhode Island	Division of Securities 1511 Pontiac Avenue John O. Pastore Complex-Bldg. 68-2 Cranston, RI 02920	
South Dakota	Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823	
Virginia	Ronald W. Thomas, Administrator State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street Richmond, Virginia 23219	Clerk State Corporation Commission 1300 East Main Street Richmond, Virginia 23219
Washington	Department of Financial Institutions Securities Administrator 150 Israel Rd SW Tumwater, WA 98501	Director, Department of Financial Institutions Securities Division, 3rd Floor 150 Israel Rd. SW Tumwater, WA 98501
Wisconsin	Securities and Franchise Registration Wisconsin Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705	

EXHIBIT "G"

BRASS TAP FRANCHISOR, LLC

FRANCHISE DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

Effective Date: _____

Name of Developer: _____

Address of Developer: _____

_____

_____

Summary of Description of Territory: _____

_____

_____

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EXHIBITS:

A: **GLOSSARY**
B: **CONFIDENTIALITY, NONSOLICITATION AND NONCOMPETITION AGREEMENT**

BRASS TAP FRANCHISOR, LLC
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this "**Agreement**") is effective on _____, 20__ (the "**Effective Date**"). The parties to this Agreement are us, **Brass Tap Franchisor**, **LLC** a Delaware limited liability company (referred to in this Agreement as "**we**," "**us**" or "**our**"), and _____ _____ (referred to in this Agreement as "**you**," "**your**" or "**Developer**").

1. INTRODUCTION.

1.1 **The Brass Tap® System.** We and our affiliates have expended considerable time and effort in developing upscale beer bars offering craft beers on tap, a large variety of imported, domestic and local craft beers, a large selection of fine wines and other beverage and food offerings ("**Brass Tap Bars**"). The Brass Tap Bars operate under the service marks and trade names "The Brass Tap®" and under distinctive business formats, methods, procedures, designs, layouts, signs, equipment, menus, recipes, trade dress, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time (the "**System**").

We use, promote and license certain trademarks, service marks and other commercial symbols in the operation of Brass Tap Bars, including the trade and service mark "The Brass Tap®" and other associated design marks and logos, designs, artwork and trade dress, which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of Brass Tap Bars (collectively, the "**Marks**"). We grant to persons who meet our qualifications and are willing to undertake the investment and effort the right to develop and operate multiple Brass Tap Bars located within a defined geographic area. We only grant individuals the right to develop and operate Brass Tap Bars in multiples of five hereunder.

1.2 **Representations.** You represent and warrant to us that:

(a) **Agreement.** You have read this Agreement and our Franchise Disclosure Document;

(b) **Modification.** You understand that we may modify our current form of franchise agreement from time to time; however, any modifications during the term of this Agreement will not vary the amount of the Franchise Fee or royalty fees to be paid by you;

(c) **Terms, Conditions and Covenants**. You understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at all Brass Tap Bars in order to protect and preserve the goodwill of the Marks;

(d) **Independent Investigation.** You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by Brass Tap Bars may evolve and change over time;

(e) **Business Risks.** That an investment in Brass Tap Bars involves business risks and that the success of the venture is largely dependent upon your business abilities and efforts;

(f) **Representation.** As an inducement to our entry into this Agreement, you have made no misrepresentations in obtaining the development rights granted in this Agreement;

(g) **Timing of Disclosure**. We have provided to you a copy of our Franchise Disclosure Document and an executable copy of the Franchise Agreement at least 14 calendar days prior to the execution of the Franchise Agreement or our receipt of any consideration from you;

1.3 **Acknowledgments.** We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of Brass Tap Bars. You acknowledge that:

(a) **Revenues, Sales or Profits**. Any statement regarding the potential or probable revenues, sales or profits of the business venture are made solely in the Franchise Disclosure Document delivered to you prior to signing this **Agreement**;

(b) **Unauthorized Representation**. Any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing Brass Tap Bar owned by us or our affiliates that is not contained in our Franchise Disclosure Document is unauthorized, unwarranted and unreliable and should be reported to us immediately; and

(c) **Notice of Exceptions**. You have not received or relied on any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents, that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. If there are any exceptions to any of the foregoing you agree to: (i) immediately notify our chief executive officer; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it.

1.4 **Business Organization.** If you are at any time a business organization ("**Business Entity**") (like a corporation, limited liability company or partnership) you agree and represent that:

(a) **Authority.** You have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(b) **Governing Documents**. Your organizational or governing documents will recite that the issuance and Transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) **Principal Owners Statement**. The Principal Owners Statement will completely and accurately describe all of your Owners and their interests in you. A copy of our current form of Principal Owners Statement is attached to the Franchise Agreement as Exhibit F;

(d) **Ownership Changes**. You and your Owners agree to revise the Principal Owners Statement as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (any and all ownership changes must be approved in advance by us);

(e) **Guaranty.** Each of your Owners during the term of this Agreement will sign and deliver to us our standard form of Principal Owner's Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Principal Owners Guaranty is attached to the Franchise Agreement as Exhibit E; and

(f) **Documents and Contract**. At our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your Owners and agents (like articles of incorporation or organization, and partnership, operating or shareholder agreements).

2. TERM AND SUCCESSION

2.1 **Term of Agreement.** This Agreement commences on the Effective Date and expires on the earlier of: (i) the last day of the Development Schedule; or (ii) the completion of construction of the last Brass Tap Bar specified in the Development Schedule. This Agreement may be terminated before it expires in accordance with **Section 9**. Upon expiration or termination of this Agreement, you will not have any further rights to acquire franchises to operate Brass Tap Bars; but you may continue to develop, own and operate all Brass Tap Bars subject to the franchise agreements (the "**Franchise Agreement(s)**") with us in accordance with their terms. On expiration of this Agreement we may grant you successor development rights as described below.

2.2 **Successor Rights and Conditions.**

(a) **Exclusive Area**. At the expiration of the term of this Agreement, if you and we both determine that additional Brass Tap Bars should be developed in the Exclusive Area, we will offer you the right to enter into a successor area development agreement (a "**Successor Agreement**") if you meet all of the following conditions:

(i) you agree to further develop the Exclusive Area in accordance with the Development Schedule that you and we agree upon and is established in the Successor Agreement;

(ii) you (or any affiliate) are not in default of any provision of this Agreement, any Franchise Agreement, or any other agreement you (or an affiliate) have entered into with us (or our affiliates);

(iii) you sign and deliver to us the Successor Agreement (which will be our then-current form of Area Development Agreement), which may include different fees and performance criteria and schedules;

(iv) you pay to us the Development Fee required by the Successor Agreement; and

(v) you sign and deliver to us a general release, in the form attached to the Franchise Disclosure Document, of any and all claims against us and our officers, directors, employees, agents, affiliates, successors and assigns.

(b) **Sole Operator**. After initially deciding that the Exclusive Area does not warrant additional Brass Tap Bars, if we later decide otherwise, we may offer you the right to enter into a Successor Agreement (on the conditions described in **Section 2.2(a)** if you continue to be the only operator of Brass Tap Bars in the Exclusive Area).

2.3 **Timing and Method.** Not less than 6 months nor more than 12 months prior to the expiration of this Agreement, you will notify us that you wish to enter into a Successor Agreement with us. After receiving that notice, we will either deliver to you the form of Successor Agreement, including the proposed Development Schedule to be used in the Successor Agreement or our written notice that we have determined that no additional Brass Tap Bars may be developed in the Exclusive Area. You and we must both sign and deliver to each other the Successor Agreement (with a completed Successor Development Schedule) at least 30 days prior to the expiration of the term of this Agreement. If you do not sign and deliver to us the Successor Agreement, and pay the Development Fee required under the Successor Agreement within 30 days prior to the expiration of this Agreement, you will be deemed to have elected not to enter into a Successor Agreement with us. If you do not meet the requirements described in **Section 2.2**, this Agreement will expire when indicated in **Section 2.1**.

2.4 **Rights on Expiration.** Upon expiration of this Agreement and when we determine that the Exclusive Area is large enough for further development unless you sign a Successor Agreement with us, we may then operate or grant other persons franchises to operate Brass Tap Bars within the Exclusive Area. You may continue to own and operate all Brass Tap Bars then in operation under the Franchise Agreements.

3. DEVELOPMENT RIGHTS AND OBLIGATIONS.

3.1 **Development Rights.** If you are in full compliance with all of the provisions of this Agreement and all of the Franchise Agreements, then during the term of this Agreement, we will:

(a) **Designation of Area**. Grant to you (and affiliates) franchises for the ownership and operation of Brass Tap Bars to be located within the following geographic area (the "**Exclusive Area**"):

_____

_____

_____

(b) **No Competing Operations**. Not operate (directly or through an affiliate) nor grant a franchise for the operation of any Brass Tap Bar to be located within the Exclusive Area, except for those franchises granted to you (and affiliates) pursuant to this Agreement.

3.2 **Rights We Reserve.** We (and our affiliates) reserve the right in our sole Control to:

(a) **Outside Exclusive Area**. Establish ourselves, and grant to franchisees the right to establish, Brass Tap Bars anywhere outside the Exclusive Area, on such terms and conditions as we deem appropriate (including immediately proximate to the border of the Exclusive Area).

(b) **Competitive Businesses**. Operate ourselves, and grant franchises to others to operate, within or outside the Exclusive Area, any businesses, whether under the Marks or otherwise, except that we will not operate or franchise another Brass Tap Bar.

(c) **Non-System Products and Services**. Develop, use, and license products or services other than those used in connection with the System whether inside or outside the Exclusive Area, and whether under the Marks or other trademarks;

(d) **Channels of Distribution**. Market and sell, inside and outside of the Exclusive Area, through channels of distribution other than traditional Brass Tap Bars (i.e., through mail order, internet or intranet, website or other forms of e-commerce or grocery, retail or convenience stores or kiosks, or, catalog sales, telemarketing or other direct marketing) or through special purpose sites including sites at which access to the general public is limited (i.e., golf courses, school campuses, colleges, universities, train stations, casinos, airports, stadiums, theme parks, military bases, etc.) goods and services competitive with goods and services offered by Brass Tap Bars, under the Marks or under trade names, service marks or trademarks.

(e) **Special Purpose Sites**. Establish ourselves, and grant to other franchisees the right to establish, Brass Tap Bars at special purpose sites including sites at which access to the general public is limited (i.e., golf courses, school campuses, colleges, universities, on-campus food outlets, train stations, casinos, airports, stadiums, theme parks, military bases, etc.) whether located inside or outside the Exclusive Area.

(f) **Merger or Acquisition**. Establish, purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other

business regardless of the location of that other business' facilities, and that following such activity we may operate, franchise or license those other businesses and/or facilities under any names or marks, regardless of the location of these businesses and/or facilities, which may be within the Exclusive Area or immediately outside its border.

(g) **Media**. Market on the internet and use the Marks on the internet, including all use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media.

We do not have to pay you any compensation if we exercise any of these rights.

3.3 **Development Obligations.** During the term of this Agreement, you will at all times faithfully, honestly and diligently perform your obligations and continuously exert your best efforts to promote and enhance the development of Brass Tap Bars within the Exclusive Area. Without limiting the foregoing obligations, you agree to:

(a) **Sites.** Obtain locations and premises for Brass Tap Bars (the "**Sites**") approved by us; and

(b) **Development Periods**. Commence construction of, develop and open a total of ____ _____ Brass Tap Bars within the time periods ("**Development Periods**") mandated by the following schedule (the "**Development Schedule**"):

Minimum Development Quota			
Development Period	**Number of Brass Tap Bars Opened During Development Period**	**Cumulative # of Brass Tap Bars to be Opened Through End of Development Period**	**Modification (if any) to Site Selection and Development Deadlines Set forth in Franchise Agreement**
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			

Brass Tap Bars will not count towards meeting the Minimum Development Quota for any Development Period until they have been fully constructed, developed and have opened operations in accordance with their respective franchise agreements with us. We determine if any Brass Tap Bar has "**opened**" for purposes of meeting the Development Schedule and any Minimum Development Quota for any Development Period. If a Brass Tap Bar is permanently closed after having been opened, you agree to develop and open a substitute Brass Tap Bar within 1 year from the date of its permanent closing separate and apart from the Development Schedule.

3.4 **Effect of Failure.** Strict compliance with the Development Schedule is the essence of this Agreement. If you do not timely meet your Minimum Development Quota as of the end of any Development Period shown on the Development Schedule, you will be in default of your obligations under this Agreement. If such a default occurs, it will constitute a material breach of this Agreement and we may then, in our sole discretion, elect to:

(a) **Terminate.** Terminate this Agreement;

(b) **Loss of Exclusivity**. Have the right to operate (directly or through affiliates) or grant franchises for the operation of Brass Tap Bars within the Exclusive Area;

(c) **Extension**. Grant you an extension under the Development Schedule for such time period as we specify at our sole option for a non-refundable extension fee equal to the balance of the Franchise Fees for the number of Brass Tap Bars that are to be opened and operated under the Development Schedule but are not yet open; or

(d) **Reduction of Rights**. Reduce the Exclusive Area and the Development Schedule to a size and magnitude that we estimate you are capable of operating otherwise in accordance with this Agreement.

4. DEVELOPMENT FEE.

4.1 **Amount and Consideration.** When you sign this Agreement, you agree to pay to us a development fee (the "**Development Fee**") and to abide by the Development Schedule set forth in **Section 3.3(b)**. The Development Fee is not refundable under any circumstance. The Development Fee you must pay will be equal to half the Franchise Fees afforded to you multiplied by the number of Brass Tap Bars you agree to develop. By way of example, if you are required to develop five Brass Tap Bars under the Development Schedule, the Development Fee will be $31,500 ($12,500 + $8,500 + $5,000 + 3,500 + 2,000). After paying the Development Fee, upon entering into each respective Franchise Agreement for the Brass Tap Bars you agree to develop, you must pay us the remaining half of the applicable reduced Franchise Fee.

4.2 **Franchise Fees.** In connection with your having entered into this Agreement with us, you are entitled to pay us reduced Franchise Fees starting with the second Brass Tap Bar you agree to develop. The reduction in the Franchise Fee will be determined in accordance with the following schedule: (i) $25,000 for the first Brass Tap Bar; (ii) $17,000 for the second Brass Tap Bar; (iii) $10,000 for the third Brass Tap Bar; (iv) $7,000 for the fourth Brass Tap Bar; and, (v) $4,000 for the fifth and all subsequent Brass Tap Bars to be developed under this Agreement. This payment schedule will repeat for each subsequent set of five Brass Tap Bars you agree to develop. For each Brass Tap Bar developed under this Agreement, you are required to pay us half of the Franchise Fee as part of the Development Fee, as described in Section 4.1, and the other half of the Franchise Fee immediately upon executing the Franchise Agreement for each such Brass Tap Bar. The Franchise Fees are non-refundable and are fully earned by us on receipt. By way of example, if you are required to develop five Brass Tap Bars under the Development Schedule then upon entering into your first Franchise Agreement you must pay us a Franchise Fee of $12,500, upon entering into your second Franchise Agreement

you must pay us a Franchise Fee of $8,500, upon entering into your third Franchise Agreement you must pay us a Franchise Fee of $5,000, upon entering into your fourth Franchise Agreement you must pay us a Franchise Fee of $3,500 and upon entering into your fifth Franchise Agreement you must pay us a Franchise Fee of $2,000, in each case immediately upon the execution of each such Franchise Agreement.

5. **SITE SELECTION/FRANCHISES.** Subject to the provisions of this agreement, we will grant franchises to you for the operation of **Brass Tap Bars** to be located within the Exclusive Area on the following conditions:

5.1 **Site Reports.** You agree to submit to us a complete site report (containing such information and collateral materials as we require from time to time) for each "**Site Selection Area**" (defined as one or more trade areas or intersections of streets within which you are interested in locating your Site) within which, and Site at which you propose to establish and operate a Brass Tap Bar, before you acquire any interest in it (by lease or purchase). A complete site report should contain demographic, commercial and market feasibility studies, a site plan, a customary title insurance commitment, zoning verifications, Phase I environmental surveys and other information and photographs and such other information as we determine appropriate periodically. Each Site you submit must be based on your belief that it conforms to the site criteria we establish from time to time.

5.2 **Site Evaluation.** We will evaluate all proposed Site Selection Areas and Sites and all Site Selection Areas and Sites are subject to our prior written approval. You agree to obtain our prior written consent to the Site before you sign any lease for, or a binding purchase agreement for, the proposed Site. Nothing prevents us from operating (directly or through an affiliate), or from granting a franchise for the operation of, a Brass Tap Bar at any Site outside of the Exclusive Area.

5.3 **Site Approval.** We may withhold our consent to a Site for any reason we deem to be based on our good faith business judgment. We will, by delivery of written notice to you, approve or disapprove each Site proposed by you for the operation of a Brass Tap Bar. We agree to exert commercially reasonable efforts to notify you within 30 days after we have received the complete site report and other materials we have requested.

5.4 **Effect of Approval.** You acknowledge and agree that any advice we give you regarding selection of your Site, Site Selection Area(s) or Exclusive Area (whether as part of our System or Manuals, in response to your proposals or inquiries, or otherwise); our proposal or suggestion of any Site, Site Selection Area(s) or Exclusive Area; and/or, our exercise of our rights of inspection or approval, are not meant to be relied on or construed in any way as a representation, express or implied warranty, or any other indicia of the prospective profitability, viability or merit of any location. You waive, release and discharge any claim to the contrary.

5.5 **Franchise Agreement.** If we have approved, and you have obtained lawful possession of, or a formal commitment for the **Site**, we will offer you a franchise to operate a Brass Tap Bar at the proposed Site by delivering to you a Franchise Agreement in a form ready for signing by you (or an affiliate). You understand and agree that we may modify the Franchise Agreement from time to time; however, any modifications during the term of this Agreement will not vary the amount of the Franchise Fee, royalty fees or other fees to be paid to us. You (or an affiliate) must sign and deliver such Franchise Agreement to us within 30 days after our delivery to you along with payment of the applicable Franchise Fee. If you (or your affiliate) do not timely sign and return such Franchise Agreement and tender payment of the Franchise Fee, we may revoke our offer to grant you a franchise to operate a Brass Tap Bar at such proposed Site. Contemporaneously with the signing of the Franchise Agreement, each of your direct or indirect Owners must sign and deliver to us a Principal Owner's Guaranty in the form attached to the Franchise Agreement.

6. **MANAGEMENT OF BUSINESS.**

6.1 **Management.** You (or, if you are a Business Entity a person having management rights and powers (e.g., officers, managers, partners, etc.) (the **"Operating Partner(s)"**) agree to:

(a) **Full Time Efforts**. Exert full-time efforts to the fulfillment of your obligations;

(b) **Supervision.** Supervise the development and operation of Brass Tap Bars franchised pursuant to this Agreement;

(c) **Training**. Attend such training programs, meetings and conventions which we may offer during the term of this Agreement**;** and

(d) **Expenses.** Pay and bear all expenses incurred by you or your Operating Partner(s) in attending such meetings, programs or conventions.

6.2 **Management Personnel.**

(a) **General**: For this business model to work, it is essential that the operating partner be active in its management and active in the trade area to build the relationships needed to grow and sustain the business. You agree to hire and maintain the number and level of management and other skilled personnel required to adequately manage, supervise and provide personal services at all Brass Tap Bars operated by you in accordance with the guidelines we establish from time to time. You agree to promptly notify us of the identities of your key personnel, and any changes in such personnel. You are responsible for insuring that such personnel are properly trained and licensed to perform their duties.

(b) **Ownership Interest**: As a developer of multiple Brass Tap Bars, you will not be in a position to have direct, personal day-to-day management responsibility for the Brass Tap Bars that you will own and operate. However, you understand and acknowledge that each of the Brass Tap Bars that you (or your affiliates) own and operate must be under the direct management supervision and direction of an Operating Partner who meets all the following qualifications and conditions:

(i) Has a sufficient amount of experience in managing and operating restaurants in terms of duration, operational responsibilities and previous training and who has satisfactorily completed our training programs so that such person can demonstrate to our satisfaction that he is capable of managing a Brass Tap Bar;

(ii) Has management responsibility and authority over the Brass Tap Bar on a day-to-day basis;

(iii) Is actively employed on a full-time basis to manage such Brass Tap Bar's operations;

(iv) Is bound by our then-current form of confidentiality and non-competition agreement (or other form of contract satisfactory to us); and

(v) Satisfactorily completes our initial training program, certification and any other training programs we request from time to time.

You will provide to us with your plan for such Operating Partners and you understand that the economic and ownership plan is subject to our approval.

6.3 **Joint and Several.** If two or more persons are at any time the Developer under this Agreement, their obligations to us are joint and several and the term "**you**" refers to all of them.

7. CONFIDENTIAL INFORMATION/EXCLUSIVE RELATIONSHIP

7.1 **Types of Confidential Information.** We possess certain confidential information relating to the development and operation of Brass Tap Bars, which includes but is not limited to the following (collectively, the "**Confidential Information**"):

(a) **System.** The System and the know-how related to its use;

(b) **Plans and Specifications**. Plans, specifications, size and physical characteristics of Brass Tap Bars;

(c) **Site Selection**. Site selection criteria, land use and zoning techniques and criteria;

(d) **Regulatory Requirements**. Methods in obtaining licensing and meeting regulatory requirements;

(e) **Business Methods**. Sources, design and methods of use of equipment, furniture, forms, materials, supplies, Websites, Internet or Intranet, "business to business" or "business to customer" networks or communities and other e-commerce methods of business;

(f) **Marketing.** Marketing, advertising and promotional programs for Brass Tap Bars;

(g) **Staffing.** Staffing and delivery methods and techniques for personal services;

(h) **Managers and Employees**. The selection, testing and training of managers and other employees for Brass Tap Bars;

(i) **Recruitment of Employee Candidates**. The recruitment, qualification and investigation methods to secure employment for employment candidates;

(j) **Computer System**. The Computer System and any computer software and related passwords we make available or recommend for Brass Tap Bars;

(k) **Know-How**. Methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of Brass Tap Bars;

(l) **Supplier Specifications.** Knowledge of specifications for and identities of and suppliers of certain products, materials, supplies, furniture, furnishings and equipment;

(m) **Recipes and Techniques**. Recipes, formulas, preparation methods and serving techniques; and

(n) **Knowledge**. Knowledge of operating results and financial performance of Brass Tap Bars other than those operated by you (or your affiliates);

(o) **Pricing and Purchasing** Pricing, purchase agreements and contracts.

We will disclose certain Confidential Information to you through various manuals and in providing training, guidance and assistance to you from time to time.

7.2 **Nondisclosure Agreement.** You acknowledge and agree that:

(a) **No Interest in Confidential Information**. You will not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of Brass Tap Bars under the Franchise Agreements during the term of this Agreement, and that the duplication or use of the Confidential Information in any other business would constitute an unfair method of competition; and

(b) **Proprietary**. The Confidential Information is proprietary, may involve our trade secrets and is disclosed to you solely on the condition that you agree, and you do agree, that you:

(i) will not use the Confidential Information in any other business or capacity;

(ii) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

(iii) will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Manuals; and

(iv) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information including, restrictions on disclosure to your employees and the use of nondisclosure and noncompetition agreements we may prescribe for employees or others who have access to the Confidential Information.

7.3 **Competitive Restrictions.** You agree and acknowledge that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Brass Tap Bars if owners of franchised Brass Tap Bars were permitted to hold any interest in any business or facility owning, operating, or managing, or granting franchises or licenses to others to own, operate or manage, any bar, sports pub or other business (other than a Brass Tap Bar under a franchise agreement with us) that features menu items, products and/or services similar to any of the menu items, products and/or services offered by the Brass Tap Bars, including, by way of example and without limitation, any bar, lounge, pub or other business that specializes in offering specialty beers, wines and cigars (a "**Competitive Business**"). You also acknowledge that we have entered into this Agreement with you in part in consideration of and in reliance on your agreement to deal exclusively with us. Therefore, you agree as follows:

(a) Noncompetition and Nonsolicitation: During the term of this Agreement neither you nor any of your Owners if you are a Business Entity (a "**Restricted Person**") will:

(i) **No Competitive Business**. Engage in a Competitive Business or perform services for a Competitive Business, directly or indirectly, as a director, owner, proprietor, officer, manager, employee, consultant, representative, agent, independent contractor or otherwise, except under a franchise agreement with us or our affiliates;

(ii) **Disclosed or Beneficial Owner in a Competitive Business**. Have any direct or indirect interest, as a disclosed or beneficial owner, in a Competitive Business, except under franchise agreements with us or our affiliates;

(iii) **No Interest in Other Entity Granting Franchises**. Have any direct or indirect interest, as a disclosed or beneficial owner, in any entity which is granted or is granting franchises or licenses to others to operate any Competitive Business, except Brass Tap Bars under Franchise Agreements with us or our Affiliates;

(iv) **No Recruitment of Employees**. Recruit or hire any employee of ours or our Affiliates or our franchisees without our prior written consent and/or that of the other franchisee (failure to obtain written consent may result in financial sanctions payable to the offended party); or

(v) **No Solicitation**. directly or indirectly, on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, solicit, divert, take away, or interfere with any of the business, customers, clients, contractors, referral sources, trade or patronage of ours, our Affiliates or our franchisees as such may exist throughout the term of this Agreement.

(b) **Public Companies**: Notwithstanding the foregoing, any aggregate ownership of 5% or less of the issued and outstanding shares of any class of stock of a publicly traded company is not prohibited by the provisions of this Section.

(c) **Confidentiality, Nonsolicitation and Noncompetition Agreement**. You must require and obtain, at your expense, execution and delivery to us of restrictive covenants, in the form of Confidentiality, Nonsolicitation and Noncompetition Agreement attached to this Agreement as **Exhibit B** from of all of your Owners, and any person employed by or under an independent contractor relationship with you whom receives or will receive any training by us or you which is directly or indirectly related to the System or involves any of the Confidential Information no later than ten days following the effective date of this Agreement (or, if any individual or entity attains such status after the effective date of this Agreement, within ten days following such individual or entity's attaining such status).

8. **MARKS**.

8.1 **Ownership and Goodwill of Marks.** Your right to use the Marks is derived solely from this Agreement and the Franchise Agreements and limited to your operation of the Brass Tap Bars at the Sites pursuant to and in compliance with the Franchise Agreements and all System Standards we prescribe from time to time during term of the Franchise Agreements. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that neither this Agreement nor the Franchise Agreements confer any goodwill or other interests in the Marks upon you (other than the right to operate the Brass Tap Bars in compliance with the Franchise Agreements). All provisions of this Agreement and the Franchise Agreements applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

8.2 **Limitations on Your Use of Marks.** You agree to use the Marks as the sole identification of the Brass Tap Bars, except that you agree to identify yourself as the independent owner in the manner we prescribe in the Manual or otherwise. We may place a conspicuous notice at a place we designate in each of your Brass Tap Bars identifying you as its independent owner and operator. You agree not to remove, destroy, cover or alter that notice without our prior consent. If you do not do so, we may accomplish the notice or identification as we see fit, and you agree to reimburse us for doing so. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or

symbols (other than logos we license to you), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Mark may be used in any advertising concerning the Transfer, sale or other disposition of any Brass Tap Bar or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at the Brass Tap Bars, on supplies or materials we designate and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

8.3 **Notification of Infringements and Claims.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

8.4 **Discontinuance of Use of Marks.** If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will not be obligated to reimburse you for any direct or indirect loss, including loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

8.5 **Signage.** Signage must comply with all state and local laws and ordinances. You must limit your signage to "**Brass Tap Bar**" or any other signage that we designate. You may not use of any other language (i.e. "Beer Bar" etc.) without our prior written approval which we can withhold for any reason or no reason. If you employ any signage that does not comply with this Agreement, you will be in material breach of this Agreement. You must not use a sign that deviates from the standard logo unless and until you have submitted a request for such deviation to us in writing with drawings and we have approved such deviation in writing.

9. TERMINATION

9.1 **Termination Upon Notice.** We may terminate this Agreement, effective on delivery of notice of termination to you, if:

(a) **Failure to Meet Obligations**. You fail to meet your obligations in accordance with the Development Schedule (unless we exercise other remedies under **Section 3.4(b) - (d)**);

(b) **Unauthorized Transfer**. You (or, if you are a Business Entity, any Operating Partner or any principal Owner) make an unauthorized assignment or Transfer of this Agreement, an ownership interest in you or any interest in any affiliate's Brass Tap Bar or Franchise Agreement granted pursuant to this Agreement;

(c) **Material Misrepresentation**. You (or, if you are a Business Entity, any Operating Partner or any Owner) have made any material misrepresentation or omission in your application for the development rights conferred by this Agreement;

(d) **Conviction of Felony or Serious Crime**. You (or, if you are a Business Entity, any Operating Partner or any Owner) are or have been convicted of, or plead, or have pleaded no contest, or guilty, to a felony or other serious crime or offense that is likely to adversely affect your reputation, our reputation or the reputation of any other Brass Tap Bar;

(e) **Unauthorized Use of Marks**. You (or, if you are a Business Entity, any Operating Partner or any Owner) make any unauthorized use of the Marks or any unauthorized use or disclosure of the Confidential Information;

(f) **Failure to Pay Amounts Due**. You fail to make payments of any amounts due to us or our affiliates under this Agreement or any other agreement that you have with us (including any Franchise Agreement), and do not correct such failure within 10 days after written notice of such failure is delivered to you;

(g) **Failure to Perform Lease Obligations**. You fail to perform or observe any provision of any lease or sublease for any Site, any financing document for any Site or any lease or financing document for any of the approved Operating Assets or Brass Tap Bar Materials (as defined in the **Franchise Agreement**) and do not correct such failure within the applicable cure period;

(h) **Failure to Commence Construction**. You fail to commence construction of your first Brass Tap Bar within 6 months following the effective date of this Agreement;

(i) **Failure to Sign Franchise Agreement After Possession Received**. You do not enter into a franchise agreement within 30 days after you have obtained lawful possession of a lease for or a contract to purchase a Site;

(j) **Bankruptcy/Insolvency**. You, or one of your principal Owners, make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; your business, or a principal Owner's business, is attached, seized, subjected to a writ of distress, warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days; or any order appointing a receiver, trustee or liquidator of you, or a principal Owner, or the business of any of them is not vacated within 30 days following the entry of such order (You must notify us in writing within 10 days of any of the events listed in this **Section 9.2(j)**);

(k) **Dishonest or Unethical Conduct**. You, or any of your principal Owners, engage in any dishonest or unethical conduct which may adversely affect the reputation of Brass Tap Bars or the goodwill associated with the Marks;

(l) **Failure to Comply with Franchise Agreement or Other Agreement**. You fail to comply with any other provision of this Agreement or any provision of any other agreement you have with us (including any Franchise Agreement) and do not correct such failure within 10 days after written notice of such failure to comply is delivered to you;

(m) **Repeated Defaults**. You fail on 2 or more separate occasions within any 12 consecutive month period or on 3 occasions during the term of this Agreement to comply with this Agreement or any other agreement you have with us (including any Franchise Agreement), after we have notified you of the failure whether or not such failures to comply are corrected after notice of the failure is delivered to you; or

(n) **Notice of Termination**. We have delivered to you (or an affiliate) a notice of termination of a Franchise Agreement in accordance with its terms and conditions or you (or your affiliates) have terminated a Franchise Agreement without cause, as defined in such agreement.

9.2 **Cross-Default.** Any default or breach by you, your affiliates and/or any guarantor of yours of any other agreement between us or our affiliates and you and/or such other parties will be deemed a default under this Agreement, and any default or breach of this Agreement by you and/or such other parties will be deemed a default or breach under any and all such other agreements between us or our affiliates and you, your Affiliates and/or any guarantor of yours. If the nature of the default under any other agreement would have permitted us (or our affiliate) to terminate this Agreement if the default had occurred under this Agreement, then we will have the right to terminate all such other agreements in the same manner provided for in this Agreement for termination hereof.

10. EFFECT OF TERMINATION AND EXPIRATION.

10.1 **Continuing Obligations.** All of the obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, until they are satisfied in full or by their nature expire. Within 5 days immediately following termination or expiration of this Agreement for any reason, you must pay to us all fees or other amounts due us under this Agreement, or any other agreement, note, or obligation between you and us.

10.2 **Post-Term Competitive Restrictions.** Upon termination or expiration of this Agreement for any reason, you and your Owners agree that, for a period of 2 years commencing on the effective date of termination or expiration, no Restricted Person will have any direct or indirect interest (e.g. through a spouse, child, or other family member) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any Competitive Business operating:

(a) **Site.** At any Site or within the Exclusive Area;

(b) **Within 15 Miles of Site**. Within 15 miles of any Site or the Exclusive Area; or

(c) **Within 15 Miles of Any Other Brass Tap Bar**. Within 15 miles of any other Brass Tap Bar that is planned, in operation or under construction on the later of the effective date of the termination or expiration.

If any Restricted Person refuses voluntarily to comply with the foregoing obligations, the 2-year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. Each Restricted Person expressly acknowledges that he possesses skills and abilities of a general nature and has other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. You acknowledge and agree that the time and geographic restrictions contained in this Section are reasonable and necessary to protect our interests and investments and do not and will not unduly burden you or deprive you of your ability to earn a living. You acknowledge and agree that any claim you have, or may have arising from this Agreement, or that you otherwise have or may have against us will not constitute a defense to our enforcement of the restrictive covenants contained in this Agreement.

10.3 **Grant of Franchises.** Upon termination or expiration of this Agreement for any reason, your rights under this Agreement will terminate and you agree to immediately and permanently cease your development activities. We will then have no further obligation to grant you additional franchises for Brass Tap

Bars and will be free to operate, or grant other persons franchises to operate Brass Tap Bars within the Exclusive Area.

10.4 **Marks and Confidential Information.** Except in connection with Brass Tap Bars you are then operating under Franchise Agreements, or with respect to which a Franchise Agreement has been signed, you agree to immediately and permanently cease use, by advertising or in any manner whatsoever, the Marks and the Confidential Information; slogan, trademarks, trade names, service marks, designs, trade dress or logos which are similar in nature to the Marks; or any equipment, materials, forms, confidential methods, procedures, recipes and techniques associated with or similar to the System or which display the Marks or any other distinctive forms, slogans, signs, symbols, trade dress or devices associated with or belonging to us.

11. TRANSFERS.

11.1 **By Us.** This Agreement is fully transferable by us, and inures to the benefit of any assignee or other legal successor to our interest, as long as such assignee or successor agrees to be bound by, and assumes all of our continuing obligations under it.

11.2 **By You.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a corporation or partnership, your Owners) and that we have granted this Agreement in reliance upon our perceptions of the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you (or, if you are a Business Entity, your Owners). Therefore, neither this Agreement (or any interest therein) nor any part or all of the ownership of you may be transferred by you or your Owners without our prior written approval. Any such Transfer without our prior written approval constitutes a breach of this Agreement and will convey no rights to, or interests in, this Agreement. As used in this Agreement, the term "**Transfer**" includes your (or your Owners) voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; or (c) any of the Franchise Agreements.

11.3 **Transfer to a Business Entity.** Notwithstanding **Section 11.2**, if you are in full compliance with this Agreement, you may Transfer this Agreement to a Business Entity that conducts no business other than your Brass Tap Bar businesses so long as you own, control and have the right to vote 50% or more of its issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. Furthermore, you may not Transfer any ownership interests of 50% or more to anyone who does not meet our approval. All Owners of 50% or more of every Brass Tap Bar and of any Business Entity must meet our approval. The organizational or governing documents of the business organization must recite that the issuance and Transfer of any ownership interests of 50% or more in the business organization are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the business organization must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or Transfer of 50% or more of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner execute an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of the your obligations under this Agreement.

11.4 **Conditions for Approval of Transfer**.

(a) **Application**. If you (or, if you are a Business Entity, your Owners) are in full compliance with this Agreement and all of the Franchise Agreements, we will not unreasonably withhold our approval of a Transfer that meets all the applicable requirements of this Section. The proposed transferee and its owners must be individuals of good moral character and otherwise meet our then applicable standards for developers of Brass Tap Bars.

(b) **Development Rights**. If the Transfer is of the development rights granted under this Agreement or a controlling interest in the Developer, or is one of a series of Transfers which in the aggregate constitute the Transfer of the development rights granted under this Agreement or a controlling interest in the Developer, all of the following conditions must be met prior to or concurrently with the effective date of the Transfer:

(i) the transferee must have sufficient business experience, aptitude and financial resources to operate your business and develop the Exclusive Area, and must either already own a Brass Tap Bar or is acquiring one or more of them in association with the Transfer;

(ii) you agree to pay us and our Affiliates all amounts owed to us or our Affiliates which are then due and unpaid and submit all required reports and statements which have not yet been submitted, under this Agreement, any Franchise Agreement or any other agreement between you (or an affiliate) and us (or our Affiliates);

(iii) the transferee and/or its personnel must agree to complete our initial training program to our satisfaction;

(iv) the transferee must meet our current owner criteria and agree to be bound by and expressly assume all of the terms and conditions of this Agreement for the remainder of its term;

(v) you (and your Owners) must execute a general release, in the form attached to the Franchise Disclosure Document as Exhibit O, of any and all claims against us, our affiliates and our officers, directors, employees and agents;

(vi) we must approve the material terms and conditions of such Transfer including, without limitation, that the price and terms of payment are not so burdensome as to affect adversely the future development of the Exclusive Area and the operation of Brass Tap Bars in it;

(vii) if the transferee finances any part of the sale price of the transferred interest, you (and your Owners) must agree that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by you (or your Owners) must be subordinate to transferee's obligations to us and our affiliates to comply with this Agreement or Franchise Agreements executed by the transferee;

(viii) all Restricted Persons must sign and deliver to us an agreement in which they will comply with the competitive restrictions contained in **Section 10.2** of this Agreement for 2 years commencing on the effective date of the Transfer; and

(ix) the transferee must pay us a fee equal to $20,000.

In connection with any Transfer permitted under this Section, you agree to provide us with all documents to be signed by you and the proposed assignee or transferee at least 30 business days prior to signing.

11.5 **Right of First Refusal.** If you (or your Owners) at any time determine to Transfer this Agreement (as defined above) you will obtain a bona fide, signed written offer and earnest money deposit (in the amount of 5% or more of the offering price) from a responsible and fully disclosed purchaser and submit an

exact copy of such offer to us. The offer must apply only to an interest in this Agreement or you. It must not include the purchase of any other property or rights of you (or your Owners). The offer must completely describe the purchase price, payment terms, terms of the assumption of liabilities and all other material terms of the Transfer (including all exhibits and other information so that we may readily determine the foregoing). Within 30 days from the date we receive the copy of such offer, we may purchase your rights under this Agreement and the assets of your business on the terms and conditions contained in the offer provided to us, except that:

(a) **Form of Payment**. We may substitute cash for any form of payment proposed in the offer (with a discounted amount if an interest rate will be charged on any deferred payments);

(b) **Credit**. Our credit will be deemed equal to the credit of any proposed purchaser;

(c) **Time for Closing**. We will have no less than 90 days to prepare for a closing; and

(d) **Representations and Warranties**. We are entitled to receive, and you and your Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or with the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:

(i) ownership and condition of and title to stock or other forms of ownership interests and/or assets;

(ii) liens and encumbrances relating to the stock or other ownership interests and/or assets; and

(iii) validity of contracts and the liabilities contingent or otherwise of the corporation whose stock is being purchased.

The 30-day period will not commence until you have delivered to us full and complete documentation to enable us to fully evaluate the offer.

If we exercise our right of first refusal, you and your selling Owner(s) agree that, for a period of 2 years commencing on the date of the closing, you and they will be bound by the competitive restrictions contained in **Section 10.2** of this Agreement.

If we do not exercise our right of first refusal, you or your Owners may complete the Transfer on the terms contained in the offer, subject to our approval of the Transfer as described in this Section of this Agreement. If the Transfer as described in the offer is not completed within 120 days after delivery of the offer to us, or if there is a material change in the terms of the Transfer, we will again have the right of first refusal as described in this Agreement.

11.6 **Death or Permanent Disability.** Upon your death or permanent disability or that of one of your Owners, the executor, administrator, conservator or other personal representative of such person must Transfer his interest within a reasonable time, not to exceed 6 months from the date of death or permanent disability, to a third party approved by us. Such Transfer, including, without limitation, Transfer by devise or inheritance, is subject to all the conditions for Transfers contained in **Section 11.4** and, unless transferred by gift, devise or inheritance, subject to the terms of **Section 11.5**. Failure to dispose of such interest within that time period constitutes a breach of this Agreement. Our consent to a Transfer of any interest subject to the restrictions of this Section does not constitute a waiver of any claims we may have against the assignor; nor will it be deemed a waiver of our right to demand the assignee's exact compliance with any of the terms or conditions of this Agreement or any Franchise Agreements.

11.7 **Public Offerings of Securities.** Notwithstanding any other provisions of this Agreement, you agree not to, without our prior written consent, sell or offer to sell any of your securities if such sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, and the rules and regulations pursuant thereto, or the securities laws of any other state or territory of the United States of America or of any other jurisdiction.

11.8 **Franchise Transfers.** A Transfer of any Brass Tap Bar developed pursuant to this Agreement may be made only in connection with the Transfer of the Franchise Agreement for such Brass Tap Bar, and a Transfer of the Franchise Agreement for any such Brass Tap Bar may be made only in connection with the Transfer of all interests of yours in such Brass Tap Bar (or the affiliate that owns such Brass Tap Bar). A Transfer must comply with all of the requirements for a Transfer set forth in the Franchise Agreement.

12. **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION**.

12.1 **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between the parties. We and you are independent contractors. Nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings as the owner of development rights granted under an Area Development Agreement with us in the ways we specify for doing so. If you do not, we may place such notices to accomplish the foregoing and you must reimburse us for doing so. You agree to place notices of independent ownership on such forms, business cards, stationery, advertising and other materials as we may require from time to time.

12.2 **No Liability for Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit or in a manner that may result in our liability for any of your indebtedness or obligations. You agree to not use the Marks in any way not expressly authorized by this Agreement or the Franchise Agreements. Except as expressly authorized in writing, neither you nor we will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other or be obligated by or have any liability under any agreements or representations made by the other. We will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of your business authorized by or conducted pursuant to this Agreement.

12.3 **Taxes.** We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or your assets or upon us, arising in connection with the business conducted by you pursuant to this Agreement or any Franchise Agreement. Payment of all such taxes is solely your responsibility.

12.4 **Indemnification.** You agree to indemnify, defend and hold us, our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Parties**") harmless from and against and to reimburse them for all claims, obligations and damages described in this Section, any and all taxes described in **Section 12.3** of this Agreement and any and all claims and liabilities directly or indirectly arising out of the operation of your business (even if our negligence is alleged, but not proven), your breach of this Agreement or your use of the Marks in any manner not in accordance with this Agreement. For purposes of this indemnification, "**Claims**" means and includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. The Indemnified Parties have the right to defend any such claim against them in such manner as they deem appropriate or desirable in their sole discretion. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination

of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

13. **ENFORCEMENT.**

13.1 **Severability; Substitution of Valid Provisions.** Except as otherwise stated in this Agreement, each provision of this Agreement, and any portion of any provision, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provisions will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

13.2 **Waivers.** We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; (c) there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else. Any waiver we may grant to you will, without any prejudice to you and without any obligation our part to compensate you, be subject to our continuing review, and may be revoked by us, at any time and for any reason, effective upon our notice to you of our revocation of the waiver.

13.3 **Limitation of Liability.** Neither of the parties will be liable for loss or damage or deemed to be in breach of this **Agreement** if failure to perform obligations results from:

(a) **Compliance with Laws**. Compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;

(b) **Acts of God**. Acts of God, terror, war or similar events;

(c) **Acts or Omissions**. Acts or omissions of a similar event or cause.

However, such events or delays do not excuse payments of amounts owed at any time.

13.4 **Approval and Consents.** Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

13.5 **Waiver of Punitive Damages.** Except for your obligations to indemnify us and claims for unauthorized use of the marks or the confidential information, you and we each waive to the full extent permitted by law any right to, or claim for, any punitive or exemplary damages against the other. You and we also agree that, in the event of a dispute between you and us, the party making a claim will be limited to equitable relief and recovery of any actual damages it sustains.

13.6 **Limitations of Claims.** ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN 1 YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS REVENUES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

13.7 **Governing Law.** EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY FLORIDA LAW WITHOUT REGARD TO ITS CONFLICT OF LAWS PRINCIPLES, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR BUSINESS OPPORTUNITIES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISE OWNER OR BUSINESS OPPORTUNITY SELLER AND PURCHASER, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. References to any law or regulation also refer to any successor laws or regulations and any implementing regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

13.8 **Jurisdiction.** YOU AND WE CONSENT, AND IRREVOCABLY SUBMIT TO, THE EXCLUSIVE JURISDICTION AND VENUE OF THE STATE OR FEDERAL COURTS OF COMPETENT JURISDICTION LOCATED IN HILLSBOROUGH COUNTY, FLORIDA, AND WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS. THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE PARTIES OR THE ENFORCEMENT BY THE PARTIES IN ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION.

13.9 **Waiver of Jury Trial.** YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

13.10 **Cumulative Remedies.** The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

13.11 **Costs and Attorneys' Fees.** If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys fees. Attorneys fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

13.12 **Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

13.13 **Entire Agreement.** This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Notwithstanding the

foregoing, nothing in this Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us. 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 you.

13.14 **No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

13.15 **Construction.** The headings of the sections are for convenience only. If two or more persons are at any time franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. "A or B" means "A" or "B" or both.

13.16 **Certain Definitions.** The term "**Family Member**" refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term "**Affiliate**" means any Business Entity directly or indirectly owned or controlled by a person, under common control with a Person or controlled by a Person. The terms "**Developer**, franchisee, franchise owner, you and your" are applicable to one or more persons, a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term "**person**" includes individuals and Business Entities. The term "**Section**" refers to a section or subsection of this Agreement. The word "**Control**" means the power to direct or cause the direction of management and policies. The word "**Owner**" means: any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this **Agreement** or an interest in you), and the officers, directors partners, members or holders of a beneficial interest in any person who has 5% or more a direct or indirect beneficial interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

13.17 **Timing is of the Essence.** It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words "from" and "commencing on" (and the like) mean "from and including"; and the words "to," "until" and "ending on" (and the like) mean "to but excluding." Indications of time of day mean Florida time.

13.18 **Mediation.** During the term of this Agreement, certain disputes may arise between you and us that may be resolvable through mediation. To facilitate such resolution, you and we agree each party must, before commencing any litigation proceeding, submit the dispute to non-binding mediation at a mutually agreeable location (if you and we cannot agree on a location, the mediation will be conducted at our headquarters) to 1 mediator, appointed under the American Arbitration Association's Commercial Mediation Rules. The mediator will conduct the mediation in accordance with those rules. You and we agree that any statements made by either you or us any such mediation proceedings will not be admissible in any subsequent arbitration or legal proceeding. Each party will bear its own costs and expenses of conducting the mediation and share equally the cost of any third parties who are required to participate. Nevertheless, both you and we have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction without first seeking mediation. However, the parties must immediately and contemporaneously submit the dispute for non-binding mediation.

13.19 **Notices and Payments**. Any notices and reports required or permitted to be given under this Agreement or by the Manuals must be in writing; must be delivered to the other party personally, by certified mail (and return receipt requested, postage prepaid), by documented overnight delivery with a reputable carrier;

and, will be effective on the date that delivery is documented to have been first attempted. We may direct notices to your affiliates to you. All such notices must be addressed to the parties as follows:

If to Us: BRASS TAP FRANCHISOR, LLC
5560 W. Cypress Street, Suite A
Tampa, Florida 33607
Attention: Legal Department

If to You: _____
_____
Attention: _____

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within 10 business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least 2 days prior to such due date, or in which the receipt from the commercial courier service is not dated at least 1 day prior to such due date) will be deemed delinquent.

The parties to this Agreement now sign and deliver this Agreement in 2 counterparts effective as of the date shown on page 1, regardless of the actual date of signature.

BRASS TAP FRANCHISISOR, LLC

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

DEVELOPER

INDIVIDUALS:

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY

_____
[Name]

By: _____
Its: _____
Date: _____

EXHIBIT "A"
GLOSSARY

This Glossary is intended as a general guideline to assist you in reading the Area Development Agreement. You must review the Area Development Agreement to get an exact definition of a term.

TERM	DEFINITION
Affiliate **Section 13.16**	Any Business Entity directly or indirectly owned or controlled by a person.
Agreement **Introductory Paragraph**	The Area Development Agreement between you and us.
Effective Date **Introductory Paragraph**	The date of the Franchise Agreement.
Business Entity **Section 1.4**	A business organization like a corporation, limited liability company or partnership.
Claims **Section 12.4**	All obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses.
Competitive Businesses **Section 7.3**	Any bar, sports pub or other business (other than a Brass Tap Bar under a franchise agreement with us) that features menu items, products and/or services similar to any of the menu items, products and/or services offered by the Brass Tap Bars, including, by way of example and without limitation, any bar, lounge, pub or other business that specializes in offering specialty beers, wines and cigars.
Confidential Information **Section 7.1**	Our confidential information relating to the development and operation of Brass Tap Bars including: (i) the System and the know-how related to its use; (ii)plans, specifications, size and physical characteristics of Brass Tap Bars; (iii) site selection criteria, land use and zoning techniques and criteria; (iv) methods in obtaining licensing and meeting regulatory requirements; (v) sources, design and methods of use of equipment, furniture, forms, materials, supplies, Websites, Internet or Intranet, "business to business" or "business to customer" networks or communities and other e-commerce methods of business; (vi) marketing, advertising and promotional programs for Brass Tap Bars; (vii) staffing and delivery methods and techniques for personal services; (viii) the selection, testing and training of managers and other employees for Brass Tap Bars; (ix) the recruitment, qualification and investigation methods to secure employment for employment candidates; (x) the Computer System and any computer software and related passwords we make available or recommend for Brass Tap Bars; (xi) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of Brass Tap Bars; (xii) knowledge of specifications for and identities of and suppliers of certain products, materials, supplies, furniture, furnishings and equipment; (xiii) recipes, formulas, preparation methods and serving techniques; and (xiv) knowledge of operating results and financial performance of Brass Tap Bars other than those operated by you (or your affiliates).

TERM	DEFINITION
Control **Section 13.16**	The power to direct or cause the direction of management and policies.
Developer **Introductory Paragraph**	You
Development Fee **Section 4.1**	The fee that you must pay us when you sign this Agreement, which fee depends upon the number of Brass Tap Bars you agree to develop within the Exclusive Area, and shall be calculated in the manner set forth in Section 4.1.
Development Periods **Section 3.3(b)**	The time periods within which you must commence construction of, development and open Brass Tap Bars.
Development Schedule **Section 3.3(b)**	The schedule within which your Brass Tap Bars must be developed.
Exclusive Area **Section 3.1(a)**	The geographic area in which you are granted the right develop Brass Tap Bars.
Brass Tap Bars **Section 1.1**	Upscale beer bars offering 40 plus craft beers on tap, 300 varieties of imported, domestic and local craft beers, and a large selection of fine wines.
Family Member **Section 13.16**	Parents, spouses, offspring and siblings, and the parents and siblings of spouses.
Franchise Agreements **Section 2.1**	The franchise agreements between you and us to operate Brass Tap Bars.
Indemnified Parties **Section 12.4**	Us, our affiliates our respective shareholders, directors, officers, employees, agents, successors and assigns that you agree to indemnify, defend and hold harmless from and against all claims, obligations and damages.
Operating Partner(s) **Section 6.1, 6.2**	If you are a Business Entity, the person having management rights and powers (e.g., officers, managers, partners, etc.).
Marks **Section 1.1**	The trade and service mark "The Brass Tap®" and other associated logos, designs, artwork and trade dress and additional trademarks, service marks and commercial symbols that we use, promote and license in conjunction with the operation of Brass Tap Bars.
Owner **Section 13.16**	Any person holding a direct or indirect, legal or beneficial ownership interests or voting rights in another person (or a transferee of this Agreement or an interest in you), and the officers, directors, partners, members or holders of a beneficial interest in any person who has 5% or more a direct or indirect beneficial interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.
Person **Section 13.16**	Individuals and Business Entities.
Restricted Person **Section 7.3(a)**	You or any of your Owners if you are a Business Entity.
Section **Section 13.16**	A section or subsection of this Agreement.
Sites **Section 3.3(a)**	The location and premises for your Brass Tap Bars that we have approved.
Successor Agreement **Section 2.2**	The successor area development agreement that you and we may enter into if both parties determine that additional Brass Tap Bars should be developed in your Exclusive Area and you meet all of our conditions.

TERM	DEFINITION
Successor Development Schedule **Section 2.3**	The schedule within which your Brass Tap Bars under your Successor Agreement must be developed.
System **Section 1.1**	The distinctive business formats, methods, procedures, designs, layout, signs, equipment, menus, recipes, trade dress, standards and specifications we have developed and may improve, further develop or otherwise modify from time to time under which the Brass Tap Bars operate.
System Standards **Section 8.1**	Mandatory and suggested specifications, standards, operating procedures and rules that we prescribe for operation of a Brass Tap Bar.
Transfer **Section 11.2**	You, or your Owners, voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (i) the Franchise Agreement; (ii) you; or (iii) any Franchise Agreement.

EXHIBIT "B" TO THE AREA DEVELOPMENT AGREEMENT

FORM OF

CONFIDENTIALITY, NONSOLICITATION AND NONCOMPETITION AGREEMENT FOR AREA DEVELOPMENT AGREEMENT

CONFIDENTIALITY, NONSOLICITATION AND NONCOMPETITION AGREEMENT

NAME: _____
DEVELOPER: _____
HOME ADDRESS: _____
_____
HOME TELEPHONE: _____
CLASSIFICATION: _____
(Owner, Shareholder, Officer, Director, Attorney, Employee, Etc.)

_____ ("**Developer**") is a developer of Brass Tap Franchisor, LLC ("**Franchisor**") pursuant to an Area Development Agreement entered into by Developer and Franchisor dated _____ (the "**Area Development Agreement**"). I agree that, unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the Area Development Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to Developer, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices of Developer and/or Franchisor which may be communicated to me ("**Confidential Information**"), and I will not divert any business to competitors of Developer and/or Franchisor.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication is in violation of a similar confidentiality agreement), but in no event through any act of mine.

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or data base, nor otherwise make them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree to return to Franchisor or Developer, as the case may be, all Confidential Information or material containing it (in whole or in part) in my possession utilized during my employment, association, service or ownership participation.

I further agree that during the term of my employment, association, service or ownership participation, and under the circumstances set forth in the following paragraph, for a period of two years immediately following its expiration or termination for any reason, I will not, directly or indirectly engage or participate in any Competitive Business, as defined below. I agree that I am prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant.

The term "**Competitive Business**" means any bar, sports pub or other business (other than a Brass Tap Bar under a franchise agreement with us) that features menu items, products and/or services similar to any of the menu items, products and/or services offered by the Brass Tap Bars, including, by way of example and without limitation, any bar, lounge, pub or other business that specializes in offering specialty beers, wines and cigars.

For a period of two years immediately following the expiration or termination of my employment, association, service or ownership participation, I am prohibited from engaging in any Competitive Business, if the other business is located at any of Developer's Sites or within Developer's Exclusive Area; within fifteen miles of any of Developer's Sites or Developer's Exclusive Area, or, within fifteen miles of any other Brass Tap Bar planned, in operation or under construction on the later of the effective date of the termination or expiration of the Area Development Agreement.

It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing herein will prevent me from owning for investment purposes up to an aggregate of 5% of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and so long as I or Developer do not control the company in question.

It is the intention of these provisions that any person or entity having any legal or beneficial interest in or traceable to, down or through me to be bound by the provisions of this covenant, including (without limitation) my spouse, brother, brother-in-law, sister, sister-in-law, parent, parent-in-law, child, son-in-law or daughter-in-law; any direct or indirect beneficiary; any partner (general or limited) or proprietor of mine; and, any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and me. I further agree that upon the expiration or termination of my term of employment/service/association, I will immediately refrain from any and all contacts with customers, for any purpose whatsoever.

I further agree that I will not, on behalf of myself or any other person, or in any capacity associated with any other person or entity, solicit, divert, take away, or interfere with any of the business, customers, referral sources, clients, vendors, suppliers, or contractors of Franchisor or its affiliates (or of any of developers of Franchisor or its affiliates), of Developer or its affiliates or of any Brass Tap Bar developers as may exist during the term of the Area Development Agreement or thereafter.

I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor and Developer for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Franchisor or Developer (or both) prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of confidential information set forth in this agreement. I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of Franchisor's Confidential Information. Further, I expressly agree that any claims I may have against Franchisor will not constitute a defense to Franchisor's enforcement of the covenants not to compete set forth in this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Franchisor in connection with the enforcement of those covenants not to compete set forth in this Agreement.

If all or any portion of this covenant not to use confidential information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Developer and/or Franchisor is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within

permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Developer or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Florida without recourse to Florida (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of Florida, and if the franchised Business is located outside of Florida and the provision would be enforceable under the laws of the state in which the franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Florida or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement; any breach of this Agreement; and, all relations and any and all disputes between myself on the one hand, and Developer or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in Hillsborough County, Florida. I agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in Hillsborough County, Florida.

I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

Witnessed By: _____
(Print Name)

_____
Witness/Date

_____

EXHIBIT "H"
BRASS TAP FRANCHISOR, LLC
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

DATE	**FRANCHISEE**
THE BRASS TAP BAR NUMBER	**ADDRESS OF THE BRASS TAP BAR**

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EXHIBITS:

Exhibit A:	**Site, Site Selection Area(s) and Protected Territory**
Exhibit B:	**Glossary**
Exhibit C:	**Form of Conditional Assignment of Telephone Numbers and Listings**
Exhibit D:	**Form of Conditional Assignment and Assumption of Lease**
Exhibit E:	**Form of Principal Owner's Guaranty**

Exhibit F: **Form of Principal Owner's Statement**
Exhibit G: **Key-Employee Manager Confidentiality Agreement**
Exhibit H: **Confidentiality, Nonsolicitation and Noncompetition Agreement for Franchise Agreement**
Exhibit I: **Lease Addendum**

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is effective as of _____ ___, 20__ (the "**Effective Date**"). The parties to this Agreement are **BRASS TAP FRANCHISOR, LLC,** a Delaware limited liability company, with its principal business address at 5660 W. Cypress Street, Suite A, Tampa, Florida 33607 (referred to in this Agreement as "**Franchisor**," "**we**," "**us**" or "**our**"), and _____ _____, whose principal business address is _____ (referred to in this Agreement as "**you**," "**your**" or "**Franchisee"**).

1. INTRODUCTION.

1.1 **The Brass Tap® System.** We and our affiliates have expended considerable time and effort in developing upscale beer bars offering craft beers on tap, a large variety of imported, domestic and local craft beers, a large selection of fine wines and other beverage and food offerings ("**Brass Tap Bars**"). Brass Tap Bars operate under the Marks (defined below) and under distinctive business formats, methods, procedures, designs, layouts, signs, equipment, menus, recipes, trade dress, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time (collectively, the "**System**").

We use, promote and license certain trademarks, service marks and other commercial symbols in the operation of Brass Tap Bars, including the trade name, trademark and service mark "The Brass Tap®" and other associated design marks and logos, designs, artwork and trade dress, which have gained and continue to gain public acceptance and goodwill, and we may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of Brass Tap Bars (collectively, the "**Marks**"). We grant to persons who meet our qualifications and are willing to undertake the investment and effort, a franchise to own and operate a Brass Tap Bar offering the products and services we authorize and approve and utilizing the System. You have applied for a franchise to own and operate a Brass Tap Bar.

1.2 **Acknowledgments.** You acknowledge and agree that:

(a) **Agreement.** You have read this Agreement and our Franchise Disclosure Document;

(b) **Terms, Conditions and Covenants.** You understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each Brass Tap Bar and to protect and preserve the goodwill of the Marks;

(c) **Independent Investigation.** You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a Brass Tap Bar may evolve and change over time;

(d) **Business Risks**. An investment in a Brass Tap Bar involves business risks and that your business abilities and efforts are vital to the success of the venture;

(e) **Representations**. Any information you acquire from other Brass Tap Bar franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information;

(f) **Business Relationship.** In all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us;

(g) **Attorney Review**. We have advised you to have this Agreement reviewed and explained to you by an attorney; and,

(h) **Timing of Disclosure**. We have provided to you a copy of our Franchise Disclosure Document at least 14 calendar days prior to the execution of the Franchise Agreement or our receipt of any consideration from you.

1.3 **Representations.** You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved your request to purchase a franchise partially in reliance on all of your representations.

1.4 **No Warranties.** We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of Brass Tap Bars. You acknowledge and understand the following:

(a) **Revenues, Sales or Profits.** Any statement regarding the potential or probable revenues, sales or profits of the business venture are made solely in the Franchise Disclosure Document delivered to you prior to signing this Agreement;

(b) **Unauthorized Representations**. Any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing Brass Tap Bar owned by us or our affiliates or that is not contained in our Franchise Disclosure Document is unauthorized, unwarranted and unreliable and should be reported to us immediately; and

(c) **Notice of Exceptions**. You have not received or relied on any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents, that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. If there are any exceptions to any of the foregoing, you agree to: (i) immediately notify our chief executive officer; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it.

1.5 **Business Organization.** If you are at any time a business organization ("**Business Entity**") (like a corporation, limited liability company or partnership) you agree and represent that:

(a) **Authority.** You have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(b) **Governing Documents**. Your organizational or governing documents will recite that the issuance and Transfer of any ownership interests by you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) **Principal Owners**. The Principal Owners Statement will completely and accurately describe all of your Owners and their interests in you. A copy of our current form of Principal Owners Statement is attached to this Agreement as **Exhibit F**.

(d) **Ownership Changes**. You and your Owners agree to revise the Principal Owners Statement as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (any and all ownership changes must be approved by us in advance);

(e) **Guaranty**. Each of your Owners during the term of this Agreement will sign and deliver to us our standard form of Principal Owner's Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Principal Owners Guaranty is attached to this Agreement as **Exhibit E**; and

(f) **Documents and Contract.** At our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your Owners and agents (like articles of incorporation or organization, and partnership, operating or shareholder agreements).

2. GRANT AND TERM.

2.1 **Term.** The term of the Franchise and this Agreement begins on the Effective Date and expires 10 years from the Effective Date. This Agreement may be terminated before it expires in accordance with its terms.

2.2 **Grant.** Subject to the terms of and upon the conditions contained in this Agreement, we grant you a franchise (the "**Franchise**") to: (a) operate a Brass Tap Bar at the Site, and at no other location (temporary or permanent); (b) use the Marks solely in connection with operating the Brass Tap Bar; and (c) use the System in its operation. As long as you are in compliance with this Agreement, we will not grant a franchise to anyone else to operate, or ourselves operate, a Brass Tap Bar within the Protected Territory.

2.3 **Performance.** You agree that you will at all times faithfully, honestly and diligently perform your obligations, continuously exert your best efforts to promote and enhance the Brass Tap Bar and not engage in any other business or activity that conflicts with your obligations to operate the Brass Tap Bar in compliance with this Agreement. You may not operate the Brass Tap Bar from any location other than the Site without our prior written consent. At all times, your Designated Operators must meet our qualifications for Brass Tap Bar managers and participate personally on a daily basis in the direct operation of the Brass Tap Bar.

2.4 **Rights We Reserve.** Notwithstanding any of the foregoing, we (and our affiliates) reserve the right in our sole discretion to:

(a) **Protected Territory**. Establish ourselves, and grant to franchisees the right to establish, Brass Tap Bars anywhere outside the Protected Territory, on such terms and conditions as we deem appropriate (including immediately proximate to the border of the Protected Territory).

(b) **Competitive Business**. Operate ourselves, and grant franchises to others to operate, within or outside the Protected Territory, any businesses, whether under the Marks or otherwise, except for another Brass Tap Bar.

(c) **Non-System Products and Services**. Develop, use, and license products or services other than those used in connection with the System whether inside or outside the Protected Territory, and whether under the Marks or other trademarks.

(d) **Channels of Distribution.** Market and sell, inside and outside of the Protected Territory, through channels of distribution other than traditional Brass Tap Bars (i.e., through mail order, Internet or

Intranet, Website or other forms of e-commerce or grocery, retail or convenience stores or kiosks, or, catalog sales, telemarketing or other direct marketing), or through special purpose sites including sites at which access to the general public is limited (i.e., golf courses, school campuses, colleges, universities, train stations, casinos, airports, stadiums, theme parks, military bases, etc.) goods and services competitive with goods and services offered by Brass Tap Bars, under the Marks or under other trade names, service marks or trademarks.

(e) **Special Purposes Sites**. Establish ourselves, and grant to other franchisees the right to establish, Brass Tap Bars at special purpose sites including sites at which access to the general public is limited (i.e., golf courses, school campuses, college, universities, on-campus food outlets, train stations, casinos, airports, stadiums, theme parks, military bases, etc.) whether located inside or outside the Protected Territory.

(f) **Merger or Acquisition**. Establish, purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and that following such activity we may operate, franchise or license those other businesses and/or facilities under any names or marks, regardless of the location of these businesses and/or facilities, which may be within the Protected Territory or immediately outside its border.

(g) **Media**. Market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media.

We do not have to pay you any compensation if we exercise any of these rights.

3. SUCCESSOR TERMS.

3.1 **Your Right to Acquire a Successor Franchise.** This Agreement expires 10 years from the Effective Date. Upon expiration, if you (and each of your Owners) have substantially complied with this Agreement during its term, and provided that:

(a) **Remodeling**. You maintain possession of and agree to expend at least $100,000 to re-image, remodel and/or expand the Brass Tap Bar, add or replace improvements, equipment and signs and otherwise modify the Brass Tap Bar as we require to bring it into compliance with specifications and standards then applicable for Brass Tap Bars, or

(b) **Possession.** If you are unable to maintain possession of the Site, or if in our judgment the Brass Tap Bar should be relocated, you secure substitute premises we approve, develop such premises in compliance with specifications and standards then applicable for Brass Tap Bars and continue to operate the Brass Tap Bar at the Site until operations are transferred to the substitute premises,

then, subject to the terms and conditions set forth in this **Section 3**, you will have the right to acquire 2 successor franchises to operate the Brass Tap Bar as a Brass Tap Bar (each a "**Successor Franchise**"), for additional 5-year periods on the terms and conditions of the franchise agreement we are then using in granting Successor Franchises for Brass Tap Bars (a "**Successor Franchise Agreement**"), which may contain materially different terms and conditions than this Agreement.

3.2 **Grant of a Successor Franchise.**

(a) **Your Election**: You agree to give us written notice of your election to acquire a Successor Franchise during the first 90 days of the 9th year of the term of this Agreement or during the first 90 days of the 4th year of the term of any 5 year Successor Franchise. We agree to give you written notice ("**Response Notice**"), not more than 90 days after we receive your notice, of our decision: (i) to grant you a Successor Franchise; (ii) to grant you a Successor Franchise on the condition that deficiencies of the Brass Tap Bar, or in your operation of the Brass Tap Bar, are corrected; or (iii) not to grant you a Successor Franchise based on our determination that you and your Owners have not substantially complied with this Agreement during its term.

(b) **Response Notice**: If applicable, our Response Notice will: (i) describe the remodeling and/or expansion of the Brass Tap Bar and other improvements or modifications required to bring the Brass Tap Bar into compliance with then applicable specifications and standards for Brass Tap Bars; and (ii) state the actions you have to take to correct operating deficiencies and the time period in which such deficiencies must be corrected. If we elect not to grant a Successor Franchise, the Response Notice will describe the reasons for our decision. Your right to acquire a Successor Franchise is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice**.**

(c) **Deficiencies**: If our Response Notice states that you must cure certain deficiencies of the Brass Tap Bar or its operation as a condition to the grant of a Successor Franchise, we will give you written notice of a decision not to grant a Successor Franchise unless you cure such deficiencies, not less than 90 days prior to the expiration of this Agreement. However, we will not be required to give you such notice if we decide not to grant you a Successor Franchise due to your breach of this Agreement during the 90 day period prior to its expiration. If we fail to give you: (i) notice of deficiencies in the Brass Tap Bar, or in your operation of the Brass Tap Bar, within 90 days after we receive your timely election to acquire a Successor Franchise; or (ii) notice of our decision not to grant a Successor Franchise at least 90 days prior to the expiration of this Agreement, if such notice is required; we may extend the term of this Agreement for such period of time as is necessary in order to provide you with either reasonable time to correct deficiencies or 90 days notice of our refusal to grant a Successor Franchise.

3.3 **Agreements/Releases.** If you satisfy all of the other conditions to the grant of a Successor Franchise, you and your Owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of Successor Franchises for Brass Tap Bars **("Successor Franchise Agreement")**. You and your Owners further agree to execute general releases, in the form attached to the Franchise Disclosure Document, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. Failure by you or your Owners to sign such agreements and releases and deliver them to us for acceptance and execution within 60 days after their delivery to you will be deemed an election not to acquire a Successor Franchise.

3.4 **Training and Refresher Programs.** Our grant of a Successor Franchise is also conditioned on the satisfactory completion by you (or Designated Operators approved by us) of any new training and refresher programs as we may reasonably require. You are responsible for travel, wages and living costs of attendees.

3.5 **Fees and Expenses.** Our grant of your first Successor Franchise is contingent on your payment to us of a Successor Franchise fee equal to $20,000. We must receive the fee from you when you sign your first Successor Franchise Agreement.

3.6 **Subsequent Successor Franchises.** The conditions for any later granting of subsequent Successor Franchises will be governed by the Successor Franchise Agreement (as described above). You will not be required to pay another Successor Franchise fee if and when you are granted a second Successor Franchise.

4. SITE SELECTION AND DEVELOPMENT.

4.1 **Site/Protected Territory.** You have applied for a franchise to own and operate a Brass Tap Bar only at a location we have approved (the "**Site**"). During the period ending on the 180th day following the Effective Date (or within the period agreed upon in the Area Development Agreement, if applicable) (the "**Site Selection Period**") of the Agreement, we will not ourselves, nor grant a franchise to someone else to, open and operate a Brass Tap Bar at a fixed location inside the Site Selection Area(s). You must adhere to the following time schedule:

(a) **Site Selection Area(s)**: During the first 45 days (or during the time period agreed upon in the Area Development Agreement) of the Site Selection Period, you must obtain our approval of the Site Selection Area(s). The "**Site Selection Area(s)**" will, following our approval, consist of one or more trade areas or intersections of streets within which you are interested in locating your Site. When the Site Selection Area(s) are determined, we will complete **Exhibit A** and provide a copy of it to you.

(b) **Site Identification**: If not already approved on the date of signing the Agreement, you must obtain our prior written approval of a Site you propose within the Site Selection Area. Prior to the 90th day following the Effective Date, you must identify your proposed Site (which must be located within the Site Selection Area(s)) and submit it to us for our approval. We will approve or disapprove a location you propose as the Site within 30 days after we receive the complete site report and other materials we request from you. If we notify you that we will not approve that proposed Site, you must, within the next 30 days of our notice rejecting that proposed Site (but prior to the expiration of the Site Selection Period), identify and submit to us an alternative proposed Site, for our review and approval within the Site Selection Area(s). A Site must meet our then-current criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, suitability for a Brass Tap Bar, competition from and proximity to other businesses and other Brass Tap Bars, the nature of other businesses in proximity to the Site and other commercial characteristics, and the size, appearance and other physical characteristics of the proposed Site.

(c) **Site Approval**: We are not obligated to evaluate or approve any proposed Site submitted to us for approval after the deadlines provided in this Article 4 or outside the Site Selection Area(s). If we do not approve a Site during the deadlines provided in this Article 4, we will not be obligated to permit you to submit an alternative proposed Site to us. Our approval of a Site indicates only that it falls within the acceptable criteria we have established as of the time of our approval.

(d) **Protected Territory**: Upon our approval of the Site and lease, we will designate the "**Protected Territory**" which will consist of the geographic area within a 3-mile radius of the front door of the Site. After our approval of the Site, and the lease has been reviewed and is acceptable to us, we will insert that Site and the Protected Territory into **Exhibit A** and send a copy to you.

(e) **Relocation**: You may not operate or relocate the Brass Tap Bar from any location other than the Site without our prior written consent, which may be withheld or denied in our sole discretion. If we approve the new Site of the Brass Tap Bar, you have nine (9) months from the date of our approval of the new Site in which to secure the new Site and to open and operate the Brass Tap Bar at the new Site. Once you have identified the new Site and we have approved it, and the lease has been reviewed and is acceptable to us, we will prepare a new copy of **Exhibit A** and provide it to you. If you fail to secure the

new Site within nine (9) months of the date of our approval of the new Site, we shall have the right to estimate and bill you for continuing Royalties and other fees for the time period following the nine (9) months based upon your Adjusted Gross Sales at the Brass Tap Bar during the identical period(s) of the last preceding calendar year plus an additional ten percent (10%) of such amount or, if the Brass Tap Bar was not in operation during the identical period of the last preceding year, based upon your average Adjusted Gross Sales during the number of months the Brass Tap Bar was in operation plus an additional ten percent (10%) of such amount.

4.2 **Site Evaluation.** Each proposed Site must be evaluated by us or by a professional site analyst that we have approved. The Site must be approved by us. We will by delivery of written notice to you approve or disapprove a Site you propose for a Brass Tap Bar within 30 days. You acknowledge and agree that any advice we give you regarding selection of your Site, Site Selection Area or any Protected Territory (whether as part of our System or Manuals, in response to your proposals or inquiries, or otherwise); our proposal or suggestion of any Site, the Site Selection Area(s) or any Protected Territory; and/or, our exercise of our rights of inspection or approval, are not meant to be relied on or construed in any way as a representation, express or implied warranty, or any other indicia of the prospective profitability, viability or merit of any location. You waive, release and discharge any claim to the contrary.

4.3 **Lease of Site.**

(a) **Lease of Site**: Once we approve the Site, you must obtain our prior written approval of the proposed lease for the Site, which must contain certain mandatory lease terms. You agree to deliver copies of the proposed lease agreement and related documents to us prior to signing them. You must sign an approved lease for a Site within 1-year of signing this Agreement. You agree not to sign any lease agreement or related documents (or any renewal of it) unless we have previously approved them. Our approval, which will not be unreasonably withheld, will be limited to ensuring that the lease is consistent with this Agreement. If we approve the lease, you agree to deliver a copy of the signed lease to us within 15 days after its execution along with the Lease Assignment (as defined in Section 4.3(b) below).

(b) **Lease Assignment**: When entering into such a lease, you and the lessor must sign our then-current form of Conditional Assignment and Assumption of Lease Agreement, the current form of which is attached as Exhibit D to this Agreement (the "**Lease Assignment**"). You will give the lessor our forms of the Lease Assignment when you begin discussions with the prospective lessor. You agree not to sign any lease or renewal of a lease unless you have also obtained the Lease Assignment signed by the lessor.

(c) **Mandatory Lease Terms**: We may require that the lease or any renewal contain certain provisions, including the following: (i) a provision which expressly permits the lessor of the **Site** to provide us with all revenue and other information it may have related to the operation of your Brass Tap Bar as we may request; (ii) a provision which requires the lessor to contemporaneously provide us with copies of any written notice of default under the lease sent to you and which grants to us, at our option, the right (but not the obligation) to cure any default under the lease (should you fail to do so) within 15 days after the expiration of the period in which you may cure the default; (iii) a provision which evidences your right to display the Marks in accordance with the specifications required by the Confidential Operating Manuals, subject only to the provisions of applicable law; (iv) a provision which requires that any lender or other person will not disturb your possession of the Site so long as the lease term continues and you are not in default (along with such documents as are necessary to ensure that such lenders and other persons are bound); (v) a provision which expressly states that any default under the lease which is not cured within any applicable cure period also constitutes grounds for termination of this Agreement; (vi) a lease term which is at least equal to the initial term of this Agreement, either through an initial term of that length or rights, at

your option, to renew the lease for the full term of this Agreement; and (vii) the premises must be operated as a Brass Tap Bar. Attached to this Agreement as **Exhibit I** is a Lease Addendum containing the currently required lease provisions.

(d) **No Warranty**: You acknowledge that our approval of the lease for the Site does not constitute a guarantee or warranty, express or implied, of the successful operation or profitability of a Brass Tap Bar operated at the Site. Such approval indicates only that we believe that the Site and the terms of the lease fall within the acceptable criteria we have established as of the time of our approval. You further acknowledge that we have advised you to have an attorney review and evaluate the lease.

4.4 **Ownership and Financing.** Instead of leasing a Site, you may propose to purchase, construct, own and operate a Brass Tap Bar on real property owned by you or through affiliates. You will meet certain conditions if you or your affiliates own a Site or at any time prior to acquisition, or subsequently, you or your affiliates propose to obtain any financing with respect to the Site or for your Brass Tap Bar or for any Operating Assets in which any of such items are pledged as collateral securing your performance. The form of any purchase contract with the seller of a Site and any related documents, and the form of any loan agreement with or mortgage in favor of any lender and any related documents, must be approved by us before you sign them. Our consent to them may be conditioned upon the inclusion of various terms and conditions, including the following:

(a) **Notice**. A provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to you or your affiliates or the purchaser;

(b) **Option to Cure**. A provision granting us, at our option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should you fail to do so) within 15 days after the expiration of a period in which you may cure such default or deficiency;

(c) **Cross Default**. A provision which expressly states that any default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for termination of this Agreement and any default under this Agreement, if not cured within the applicable time period, also constitutes a default under the loan or mortgage; and

(d) **Lease Agreement**. Your delivery to us of our standard form of Agreement to Lease which requires you, at our option, to lease the Site to us if the Franchise Agreement is terminated, assigned, or transferred pursuant to our standard form of Lease Agreement, a form of which is attached to the Franchise Disclosure Document.

5. BRASS TAP BAR DEVELOPMENT, DECOR AND OPERATING ASSETS.

5.1 **Brass Tap Bar Development.** You are responsible for developing the Brass Tap Bar. We will provide you with the contact information for our brand-certified architects (each, a "**Certified Architect**"), who you must use to prepare prototype design plans, elevation drawings, specifications, decor and layout (which include: (a) general layout plans; (b) building elevations; and (c) kitchen and bar plans for a Brass Tap Bar, including requirements for design, color scheme, image, interior, layout, Operating Assets (which include fixtures, equipment, signs, and furnishings) and build out schedule for the Brass Tap Bar (collectively, the "**Required Preliminary Plans**"). You are obligated to have prepared, at your sole expense, by either the Certified Architect or another architect of your choosing (subject to our advance approval) all required complete construction plans and specifications (beyond the Required Preliminary Plans) to suit the shape and dimensions of the Site and to ensure that such plans and specifications comply with applicable ordinances, building codes

and permit requirements and with lease requirements and restrictions. You agree to submit construction plans and specifications to us for approval before construction of the Brass Tap Bar is commenced and, at our request, submit all revised or "as built" plans and specifications during the course of such construction. At your request, to the extent we deem necessary, we will assist you in developing the Brass Tap Bar by recommending contractors, other suppliers and otherwise furnishing information to assist you in developing the Brass Tap Bar in accordance with our specifications.

5.2 **Development Expenses.** You agree, at your own expense, to do the following with respect to developing the Brass Tap Bar at the Site:

(a) **Construction Drawings**. Have complete and detailed construction drawings approved by an architect (both the drawings and your architect are subject to our approval);

(b) **Financing.** Secure all financing required to develop and operate the Brass Tap Bar;

(c) **Permits.** Obtain all building, utility, sign, health, sanitation, business and other permits and licenses required to construct and operate the Brass Tap Bar and pay all assessed impact fees;

(d) **Improvements**. Complete all required improvements to the Site and decorate the Brass Tap Bar in compliance with the plans, specifications and schedule we have approved;

(e) **Operating Assets**. Purchase or lease and install all Operating Assets required for the Brass Tap Bar; and

(f) **Opening Inventory**. Purchase an opening inventory of authorized and approved products, materials and supplies.

5.3 **Decor.** You agree that all decor of your Brass Tap Bar must be previously approved by us and must comply with our standards as described in the Confidential Operating Manuals, which may be periodically revised. No Brass Tap Bar is permitted to have pool tables and/or darts without our prior written approval. Your failure to maintain the Brass Tap Bar's decor in compliance with our System and the standards described in the Confidential Operating Manuals constitutes a material breach of this Agreement.

5.4 **ADA Requirements**. You must comply with all local, state, and federal laws, including (without limitation) the Americans with Disabilities Act ("**ADA**"). You must execute and deliver an ADA Certification to us before you open the franchised business to confirm and certify that the franchised business and any proposed renovations comply with the ADA and other requirements.

5.5 **Operating Assets and Brass Tap Bar Materials.** You agree to acquire all services, supplies, materials and food and beverage products, and media products and services (e.g. cable television, and satellite television for use in connection with your Brass Tap Bar (collectively, the "**Brass Tap Bar Materials**") and all fixtures, furnishings, equipment, signs and electronic or computerized devices and services (including telecopiers, cash registers, computers, POS, e-mail, ISP, intranet and internet services, hardware and software) (the "**Operating Assets**") from suppliers we have previously approved. We will only approve suppliers whose Brass Tap Bar Materials and Operating Assets meet the quality standards that we establish from time to time. You agree to only place or display at the Site (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve. You are responsible for the payment of any applicable licensing fees relating to Brass Tap Bar Materials, including any applicable licensing fees related to the playing of sports videos, television, satellite or cable programming, pay-per-view events, or music (if any) in any format at the Brass Tap Bar (e.g. HBO, DSS, ASCAP, BMI or ESPN fees). We may require that you purchase or lease

Operating Assets and Brass Tap Bar Materials through any form of a "business to business," e-commerce, Intranet or Internet supply network that we may designate, establish or participate in from time to time.

5.6 **Insurance Requirements.** As an independent business owner, you will be required to obtain and maintain certain insurance on your business. We must be listed as an additional insured on all liability policies. You will also be required to show proof of coverage and submit this proof on a periodic basis to us, usually annually. The insurance required and the amounts necessary may vary by state, so please check with your state agencies to ensure that your business is properly covered. More detailed information about your insurance requirements is described below.

(a) **Required Types of Insurance**. During the term of this Agreement, you must maintain in force, at your expense and under policies of insurance issued by carriers approved by us, the following types of insurance coverage:

(i) **Umbrella**. "Umbrella" liability insurance;

(ii) **Liability**: Liability insurance against liability for personal services care and negligence;

(iii) **Property**. General casualty and property insurance including fire, flood, hurricane, vandalism and malicious mischief, and extended coverage insurance with a full replacement value of your inventory and contents of the Brass Tap Bar, covering such risks as are covered in the Standard Extended Coverage Endorsement; and

(iv) **Worker's Compensation**. Workers' compensation in the amounts required by applicable law for the Brass Tap Bar.

(b) **Recommended Types of Insurance.** In addition to the required insurance types set forth above, we recommend that you also maintain in force, at your sole cost and expense and under policies of insurance issued by carriers approved by us, the following types of insurance coverage:

(i) **Product Liability.** Comprehensive, public and product liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Brass Tap Bar;

(ii) **PCI Compliance**: PCI and data security insurance;

(iii) **Motor Vehicle**. Comprehensive motor vehicle insurance (including personal injury protection, uninsured motorist protection, and "umbrella" coverage) for any motor vehicles operated by the Brass Tap Bar;

(iv) **Business Interruption**. Business interruption insurance;

(v) **Employee Coverage**. Comprehensive crime and blanket employee dishonesty insurance;

(vi) **Leasehold or Financing.** Such other insurance as is required by lease or other financing document (if any) for the Brass Tap Bar; and

(vii) **Other.** Other insurance policy types recommended by your insurance advisor.

(c) **Coverage Requirements.** You must maintain the insurance coverages in the minimum amounts we prescribe from time-to-time in our System Standards. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances.

(d) **Policy Terms.** All insurance policies you obtain and maintain must:

(i) **No Limitations**. Contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our affiliates, directors, officers or agents;

(ii) **Indemnification**. Extend to provide indemnity for all obligations assumed by you under this Agreement and all items for which you are required to indemnify us under the provisions of this Agreement or otherwise;

(iii) **Additional Insureds**. Name us as additional insureds;

(iv) **Subrogation.** Contain a waiver of the insurance company's right of subrogation against us;

(v) **Coverage**. Provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;

(vi) **Notice of Termination**. Provide that the insurance company will provide us with at least thirty (30) days' prior written notice of termination, expiration, cancellation or material modification of any policy; and

(vii) **Limits.** Provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent.

(e) **Evidence of Coverage.** Before expiration of each of your insurance policies, you must obtain and furnish us with a copy of the new, renewal or replacement policy extending your coverage, along with evidence of the premium payment. You must also allow any inspections of the Brass Tap Bar required to obtain or maintain the insurance.

(f) **Impact of Not Meeting Our Insurance Requirements.** If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain the insurance policies and must promptly sign all forms required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf.

(g) **Insurance Does Not Waive or Limit Your Obligations**. Your obligation to maintain insurance coverage and/or our maintenance of insurance on your behalf will not reduce or absolve you of any indemnification obligations described in this Agreement.

(h) **These Are Minimum Insurance Requirements.** You should consult with your own insurance advisor/broker regarding any additional insurance needs. These are only minimum coverage requirements. You may need more. In general, your need for more coverage will depend on your own financial situation, risk tolerances and local risk issues.

5.7 **Changes to Approved Suppliers.** If you want to propose a new supplier of Brass Tap Bar Materials or Operating Assets, you agree to submit to us sufficient written information about the proposed new supplier to enable us to approve or reject either the supplier or the particular item and to be responsible for any expenses incurred in the process by us or you. We will have 30 days from receipt of the information to approve or reject the proposed new supplier or items. We may consider in providing such approval not just the quality standards of the products or services, but their delivery capabilities, financing terms and ability to service our franchise system as a whole. We may terminate or withhold approval of any Brass Tap Bar Materials or Operating Assets, or any supplier of such item that does not meet our quality standards by giving you written notice. If we do so, you agree to immediately stop purchasing from such supplier or using such Brass Tap Bar Materials or Operating Assets in your Brass Tap Bar until we notify you that such supplier or such Brass Tap Bar Materials or Operating Assets meet our quality standards. At our request, you agree to submit to us sufficient information about a proposed supplier and samples of the proposed Brass Tap Bar Materials or Operating Assets for our examination so that we can determine whether they meet our quality standards. We also have the right to require our representatives to be permitted to inspect the proposed supplier's facilities at your expense.

5.8 **Brass Tap Bar Opening.** You agree not to open the Brass Tap Bar for business until:

(a) **Standards and Specifications**. We approve the Brass Tap Bar as developed in accordance with our specifications and standards;

(b) **Pre-Opening Training**. Pre-opening training of you and your personnel has been completed to our satisfaction including operator certification at our corporate training facility;

(c) **Franchise Fee.** The Franchise Fee and all other amounts then due to us have been paid;

(d) **Insurance.** We have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept;

(e) **Signed Counterpart Copies of Required Documents**. We have received signed counterparts of all required documents pertaining to your acquisition of the Site;

(f) **Organizational Documents**. If you are a business entity, we have received your Articles of Incorporation, Partnership Agreements and/or other organizational documents; and

(g) **Pre-Opening Marketing Requirements**. All pre-opening marketing requirements have been completed to our satisfaction, including successful completion of the 120 Day Online Program.

(h) **Pre-Opening Visit**. We will send a corporate representative to visit your Brass Tap Bar to determine the status of your building and equipment. We do not charge any fees in connection with this pre-opening visit.

You agree to commence construction of (or remodeling in the case of your purchase of an existing building) the Brass Tap Bar within 180 days after signing the lease (or contract in the case of your purchasing an existing building).

5.9 **Opening Market Initiatives.** You agree to complete all pre-opening and post-opening marketing initiatives as described in the marketing manuals. You agree to execute advertising and sponsorship initiatives by utilizing weekly newspaper advertising, sponsorship, etc. as described and outlined in the

marketing manuals. You agree to spend no less than $5,000 for such purposes during the first 5 months of business.

6. **FEES.**

6.1 **Franchise Fee.** Unless you are entering into this Agreement pursuant to an Area Development Agreement, you agree to pay us a nonrecurring and nonrefundable initial franchise fee (the "**Franchise Fee**") in the amount of $25,000, payable as follows: 50% upon signing this Agreement and 50% when you sign your lease or six (6) weeks prior to opening the Brass Tap Bar, whichever occurs first. The Franchise Fee is nonrefundable and is fully earned by us when paid.

6.2 **Royalty.** You agree to pay us a recurring monthly royalty fee ("**Royalty**" or "**Royalties**") in the amount of 4% of your Brass Tap Bar's monthly Adjusted Gross Sales (defined below). We must receive the Royalty on or before the Payment Day of each month for the immediately preceding month.

6.3 **Training Fee.** You must pay us a non-refundable training fee at least 90 days prior to the scheduled opening of the Brass Tap Bar in consideration of our providing our initial training program and sending our representatives to the Brass Tap Bar for on-site training prior to the opening of your Brass Tap Bar. The training fee will vary based on the number of Brass Tap Bars you own and operate upon signing this Agreement in accordance with the following: (i) $15,000 for your first Brass Tap Bar; (ii) $10,000 for your second Brass Tap Bar; (iii) $8,000 for your third Brass Tap Bar; (iv) $5,000 for your fourth Brass Tap Bar; and (v) $4,000 for your fifth and all subsequent Brass Tap Bars.

6.4 **Non-Compliance Fee.** Any deviation from any contractual requirement, including failing to comply with System Standards, failing to honor or participate in promotional programs, closing your Brass Tap Bar on unauthorized days, and any other deviation, is a violation and will require us to incur incalculable administrative and management costs to address the violation (separate and apart from any damages your violation might cause to the System, our business opportunities, and the goodwill associated with the Marks). Therefore, if you fail to comply with any of the System Standards or any provision of any agreement between us, in addition to any other remedies we may be entitled to, we reserve the right to charge you one or more non-compliance fees upon written notice to you. The non-compliance fee equals $250 per day while the non-compliance is ongoing, may be modified from time to time upon written notice to you, may be charged daily if the non-compliance is ongoing, and may vary in an amount greater than $250 per day based on the severity of the violation, the number of the violations, and whether the violations have been repeated. The non-compliance fee will be used to compensate us for our incalculable administrative and management costs due to your violations.

6.5 **Electronic Funds Transfer and Payment Procedure.** We require you to pay all payments of the Royalties or any other amounts due us under this Agreement to us by electronic funds transfer. We will designate the day of each week or month (the "**Payment Day**") for the Royalty payment or payment of other amounts due us under this Agreement. We may designate different Payment Days for different amounts due us under this Agreement (e.g. Royalty, Marketing Contributions, etc.). You agree to comply with the procedures we specify in our Confidential Operating Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. You will give us authorization, in a form that we designate, to initiate debit entries or credit correction entries to the Brass Tap Bar's bank operating account (the "**Account**") for payments of Royalties and other amounts due under this Agreement, including any applicable interest charges. You will make the funds available in the Account for withdrawal by electronic transfer no later than the Payment Day. The amount actually transferred from the Account to pay Royalties will be based on the Brass Tap Bar's Adjusted Gross Sales as determined by us based on our review of your POS System. Notwithstanding the foregoing, however, you must still report your Brass Tap Bar's Gross Sales and Adjusted

Gross Sales on a daily basis in the form and at the time that we designate in our manuals or otherwise. If we determine at any time that you have under-stated the Gross Sales or Adjusted Gross Sales set forth in any such report or underpaid Royalties or other amounts due to us, we may immediately transfer to ourselves such additional amounts owed to us, including applicable interest and late changes, from the Account. Any overpayment will be credited to the Account through a credit, effective as of the next scheduled Payment Day after you and we determine that such credit is due.

6.6 **Definition of "Gross Sales."** As used in this Agreement, the term "**Gross Sales**" means all revenue you derive from operating the Brass Tap Bar, including, but not limited to, all amounts you receive at or away from the Site from any activities or services whatsoever including any that are in any way associated with the Marks, and whether from cash, check, barter, credit or debit card or credit transactions, including the redemption value of gift certificates redeemed by you regardless of whether such gift certificates are issued by you or someone else; but excluding (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and (2) customer refunds, adjustments, credits and allowances actually made by the Brass Tap Bar. Gross Sales also includes revenues from delivery service sales, retail, concessions, hotel room service, catering, special functions, etc. and sales of products bearing or associated with the Marks. Gross Sales also includes revenues from retail sales whether or not such retail products bear or are associated with the Marks.

6.7 **Definition of "Adjusted Gross Sales."** As used in this Agreement, "**Adjusted Gross Sales**" means **Gross Sales** less: (i) complimentary food and beverage service; (ii) the value of gift certificates and the amounts paid for them; and, (iii) the amount of all reasonable over-rings, allowances, discounts to customers, tips to employees (including discounts attributable to coupon sales, provided they have been included in Gross Sales) as determined by us in our sole judgment. If we determine in our sole judgment that the amount of over-rings, allowances, and discounts to customers is excessive as compared to the system-wide average, we may require you to increase the amount of your Adjusted Gross Sales in the amount that we determine.

6.8 **Interest on Late Payments.** All amounts which you owe us will bear interest after their due date at the annual rate of 18% or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to, or otherwise finance your operation of, the Brass Tap Bar. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in **Section 16** of this Agreement.

6.9 **Late Payment Penalties.** All Royalties, Marketing Contributions, amounts due for purchases by you from us, and any interest accrued thereon, and any other amounts which you owe us, or our affiliates, are subject to a late payment fee of 10% of the amount due. The late payment fee is due immediately on any delinquent payments and any applicable interest begins to accrue from the first date of underpayment. The provision in this Agreement concerning late payment fees survives termination or expiration of this Agreement and does not mean that we accept or condone late payments, nor does it indicate that we are willing to extend credit to, or otherwise finance the operation of, your Brass Tap Bar.

6.10 **Application of Payments.** Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us. You acknowledge and agree that we have the right to set off any amounts you or your Owners owe us against any amounts we might owe you or your Owners.

6.11 **Payment Offsets.** We may set off from any amounts that we may owe you any amount that you owe to us, or our affiliates, for any reason whatsoever, including without limitation, Royalties, Marketing Contributions, late payment penalties and late payment interest, amounts owed to us or our affiliates for purchases or services or for any other reason. Thus, payments that we make to you may be reduced, in our

discretion, by amounts that you owe to us or our affiliates from time to time. In particular, we may retain (or direct to our affiliates) any amounts that we have received for your account as a credit and payment against any amounts that you may owe to us, or our affiliates, at any time. We will notify you monthly if we do so.

6.12 **Discontinuance of Service.** If you do not timely pay amounts due us under this Agreement, we may discontinue any services to you, without limiting any of our other rights in this Agreement.

6.13 **Alternative Royalties and Other Payments.** If a state or local law in which your Brass Tap Bar is located prohibits or restricts in any way your ability to pay and our ability to collect the Royalties and/or the Marketing Contributions derived from the sale of alcoholic beverages at your Brass Tap Bar (an "**Alcohol Restriction Law**"), you will be required to pay whatever increased percentages of all Adjusted Gross Sales not deriving from the sale of alcohol necessary so that the Royalties and Marketing Contributions you pay equal the Royalties and Marketing Contributions you would make if you were not subject to an Alcohol Restriction Law.

7. TRAINING AND ASSISTANCE.

7.1 **Initial Training.** No later than 30 days prior to the opening of your Brass Tap Bar, you or, if you are a Business Entity, your primary operating partner (the "**Operating Partner**") and your designated manager who is responsible for the day to day operation of the Brass Tap Bar (the "**Operating Manager**"), (collectively, the "**Designated Operators**") must attend and complete, to our satisfaction, our 3-week training program ("**Initial Training**") and pass the training certificate process (the "**Training Certificate**") at certified training locations we designate, which currently include locations near Tampa, Florida (each a "**Certified Training Location**"). In addition, the Designated Operators must, at your expense, obtain TIPS certification by a designated supplier in the territory where you are to open your Brass Tap Bar. We will also provide Beef's Operator Training Program to a third individual at your option. You will be responsible for all travel, wages and living expenses which the trainees incur in connection with the Initial Training. You must pay us a non-refundable training fee at least 90 days prior to the scheduled opening of your Brass Tap Bar in consideration of our providing Initial Training prior to the opening of your Brass Tap Bar. The training fee will vary based on the number of Brass Tap Bars you own and operate upon signing this Agreement in accordance with the following: (i) $15,000 for your first Brass Tap Bar; (ii) $10,000 for your second Brass Tap Bar; (iii) $8,000 for your third Brass Tap Bar; (iv) $5,000 for your fourth Brass Tap Bar; and (v) $4,000 for your fifth and all subsequent Brass Tap Bars.

7.2 **Opening On-Site Assistance for your First Brass Tap Bar.** We, or our designee, will provide you with five of our trained representatives for up to five days of on-site training, support and assistance during the week prior to your Brass Tap Bar opening ("**Training Week**") and three of our trained representatives for six days of on-site training, support and assistance during the week that your Brass Tap Bar opens ("**Opening Week**").

7.3 **Opening On-Site Assistance for your Second or Subsequent Brass Tap Bar.** During Training Week, we will provide you with two of our trained representatives, and you must designate three employees from your existing store(s) (the "**Designated Trainer Employees**"), to provide on-site training, support and assistance. We will pay for the associated expenses, including all travel, lodging and wage expenses, incurred by our representatives and your three Designated Trainer Employees in connection with such Training Week activities. During Opening Week, we will provide you with one trained representative for one day, and you must provide your three Designated Trainer Employees for the entire Opening Week, to provide on-site training, support and assistance. We will pay for the associated expenses, including all local travel, lodging and wage expenses, incurred by our representative for the one day he/she attends Opening Week and you will pay for the associated expenses, including all local travel, lodging and wage expenses, incurred by your Designated Trainer Employees in connection with training your staff during the entire Opening Week. If the

initial week's sales volume and demands of the business are determined to exceed the capabilities of the Designated Operators and employees, a member of our staff, or our designee, will be furnished to assist in the operations of your Brass Tap Bar for an undetermined additional period of time that we determine is appropriate. You must pay us any costs incurred for this additional training and support.

7.4 **Ongoing Assistance.** We will provide continuing advisory assistance to you in the operation, advertising, merchandising, display, promotion and public relations technique of the Brass Tap Bar as we deem necessary. We, or our designee, will also provide additional or refresher training programs for you and your employees as we deem appropriate. We will provide you, from time to time, with advice and written materials concerning techniques of managing and operating the Brass Tap Bar. At your request, we will make additional or refresher training in form and content as we deem appropriate available at your Brass Tap Bar or at other locations we designate for an additional fee (the "**Additional Training Fee**") equal to our then-current daily wage per trainer, plus expenses (including travel, lodging and meals). At your expense, you will provide all items necessary for such training at your Brass Tap Bar.

7.5 **Additional Training for your First Brass Tap Bar.** If, at any time after the Brass Tap Bar opens, you hire additional management personnel or replace one or more of your Designated Operators, you must ensure that such new employees are satisfactorily trained and certified at an approved training store at your expense. Any Operating Manager subsequently designated by you must complete either the Initial Training or, at a minimum, a four-day training at our headquarters in Tampa, Florida in order to earn the certifications that we require (the "**Headquarters Training**"). You must pay us our then-current additional training fee that we impose for providing the Initial Training or Headquarters Training to additional, replacement or successor employees. You must also pay for all expenses you, your Operating Manager and employees incur for any training program, including costs of travel, lodging, meals and wages. You agree to furnish meals to our, or our designee's, training personnel during the time when your kitchen is in operation when they are at your Brass Tap Bar, at no cost to us. We may require the Designated Operators and/or other previously trained and experienced managers or employees to attend periodic refresher training courses at such times and locations that we designate. You must pay to us, or our designee, the Additional Training Fee for each person who receives additional training by us or our designee (other than the three individuals who receive Initial Training).

7.6 **Initial Training for your Second or Subsequent Brass Tap Bar**. Before the opening of your second or any successor Brass Tap Bar, your Operating Manager must complete the Initial Training. You may choose to yourself conduct two weeks of such Initial Training at your existing location; however, the third week of Initial Training must be conducted by us or one of our designated representatives at a location we designate. You must pay for the associated expenses, including all travel, lodging and wage expenses, incurred by your Operating Manager in connection with attending the Initial Training.

7.7 **Remedial Training**. If we determine it to be necessary, we may provide you with remedial training or assistance subject to the availability of our personnel. You must pay us any fee which we may charge you and other franchisees to defray the direct costs of providing this remedial training. In addition, you must be responsible for any and all other expenses incurred in connection with sending your employees to such remedial training including, without limitation, the costs of transportation, lodging, meals, training materials and any wages. We will, in our sole discretion, select the time and location of all remedial training.

7.8 **Annual Meeting**. We may also, from time to time, conduct an annual conference, convention or training session. We will determine the duration, curriculum and location of these. We may designate that attendance at an annual meeting by you and/or your Operating Manager is mandatory. We will pay for presenting the annual meeting. You must pay for your attendees' expenses while attending the annual meeting, including travel, lodging, meals and wages. We will hold this meeting when we believe it is prudent to do so.

7.9 **General Guidance.** We will advise you from time to time regarding the operation of the Brass Tap Bar based on reports you submit to us or inspections we make. In addition, we will furnish guidance to you with respect to:

(a) **Standards and Specifications**. Standards, specifications and operating procedures and methods utilized by Brass Tap Bars;

(b) **Fixtures, Furnishings, Equipment and Signage**. Purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies;

(c) **Beer Products**. Beer products and service methods;

(d) **Suppliers**. Use of suppliers, approved products, volume buying;

(e) **Advertising**. Advertising and marketing programs;

(f) **Employee Training**. Employee training; and

(g) **Accounting.** Administrative, bookkeeping and accounting procedures.

Such guidance will, at our discretion, be furnished in our Confidential Operating Manuals, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the Brass Tap Bar. At your request, we will furnish additional guidance and assistance. If your requests for additional or special training and guidance are, in our opinion, excessive we may charge you a fee to cover expenses that we incur in connection with such training or guidance, including Per Diem Fees and travel and living expenses for our personnel.

8. MARKS.

8.1 **Ownership and Goodwill of Marks.** Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Brass Tap Bar at the Site pursuant to and in compliance with this Agreement and all System Standards we prescribe from time to time during its term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Brass Tap Bar in compliance with this Agreement). All provisions of this Agreement apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

8.2 **Limitations on Your Use of Marks.** You agree to use the Marks as the sole identification of the Brass Tap Bar, except that you agree to identify yourself as the independent owner in the manner we prescribe in the Confidential Operating Manuals or otherwise. We may place a conspicuous notice at a place we designate in your Brass Tap Bar identifying you as its independent owner and operator. You agree not to remove, destroy, cover or alter that notice without our prior consent. If you do not do so, we may accomplish the notice or identification as we see fit, and you agree to reimburse us for doing so. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Mark may be used in any advertising concerning the transfer, sale or other disposition of the Brass Tap Bar or an ownership interest in you. You agree to display the Marks

prominently in the manner we prescribe at the Brass Tap Bar, on supplies or materials we designate and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

8.3 **Notification of Infringements and Claims.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

8.4 **Discontinuance of Use of Marks.** If we deem it advisable at any time in our sole control for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will not be obligated to reimburse you for any direct or indirect loss, including loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

8.5 **Signage.** Signage must comply with all state and local laws and ordinances. You must limit your signage to "**Brass Tap Bar**" or any other signage that we designate. You may not use of any other language (i.e. "Beer Bar" etc.) without our prior written approval which we can withhold for any reason or no reason. If you employ any signage that does not comply with this Agreement, you will be in material breach of this Agreement. You must not use a sign that deviates from the standard logo unless and until you have submitted a request for such deviation to us in writing with drawings and we have approved such deviation in writing.

8.6 **Media**. Except as expressly limited in this Agreement, we (for ourselves, our affiliates and designees) retain all rights with respect to use of the Marks and the System to sell any products or services, similar to those which you sell, through any alternate channels of distribution. This includes, but is not limited to, retail locations and other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, over the Internet, or through other forms of electronic media (including social technology, social media and social networking platforms). We exclusively reserve the Internet and other forms of electronic media as channels of distribution for us, and you may not independently market on the Internet or through other forms of electronic media, or conduct e-commerce without our prior written consent.

9. CONFIDENTIAL INFORMATION.

9.1 **Types of Confidential Information.** We possess (and will continue to develop and acquire) certain confidential information (the "**Confidential Information**") relating to the development and operation of Brass Tap Bars, which includes (without limitation):

(a) **System**. The System and the know-how related to its use;

(b) **Plans and Specifications**. Plans, specifications, size and physical characteristics of Brass Tap Bars;

(c) **Site Selection**. Site selection criteria, land use and zoning techniques and criteria;

(d) **Regulatory Requirements**. Methods in obtaining licensing and meeting regulatory requirements;

(e) **Business Methods.**: Sources, design and methods of use of equipment, furniture, forms, materials, supplies, Websites, Internet or Intranet, "business to business" or "business to customer" networks or communities and other e-commerce methods of business;

(f) **Marketing**. Marketing, advertising and promotional programs for Brass Tap Bars;

(g) **Staffing**. Staffing and delivery methods and techniques for personal services;

(h) **Managers and Employees**: The selection, testing and training of managers and other employees for Brass Tap Bars;

(i) **Recruitment of Employee Candidates**. The recruitment, qualification and investigation methods to secure employment for employment candidates;

(j) **Computer Software**. Any computer software and related passwords we make available or recommend for Brass Tap Bars;

(k) **Know-How**. Methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation, advertising, marketing and franchising of Brass Tap Bars;

(l) **Supplier Specifications**. Knowledge of specifications for and identities of and suppliers of certain products, materials, supplies, furniture, furnishings and equipment;

(m) **Techniques**. Methods and serving techniques;

(n) **Knowledge**. Knowledge of operating results and financial performance of Brass Tap Bars other than those operated by you (or your affiliates); and,

(o) **Pricing and Purchasing**. Pricing, purchase agreements and contracts.

9.2 **Disclosure and Limitations on Use**. We will disclose much of the Confidential Information to you and personnel of the Brass Tap Bar by furnishing the Confidential Operating Manuals to you and by providing training, guidance and assistance to you. In addition, in the course of the operation of your Brass Tap Bar, you or your employees may develop ideas, concepts, methods, process, techniques or improvements ("**Improvement**") relating to your Brass Tap Bar or the System. You must promptly notify us and provide us with all information related thereto. Any such Improvement shall become our sole property and we will be the sole owner of all related intellectual property rights and the Improvement will become Confidential Information. You hereby assign to us any rights you may have or acquire in the Improvement, including the right to modify the Improvement, and you waive and/or release all rights of restraint and moral rights therein and thereto. You must assist us in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You hereby irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of intellectual property right related to any such Improvement. If the foregoing provisions of this **Section 9.2** are found to be invalid or otherwise unenforceable, you hereby grant us a worldwide, perpetual, non-exclusive,

fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe your rights therein. We may use the Improvements and authorize you and others to use them in the operation of Brass Tap Bars or any other aspect of the System. You will not be entitled to any compensation in connection with any Improvement you develop and/or your assignment of rights you may have or acquire in the Improvement.

9.3 **Confidentiality Obligations.** You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your Brass Tap Bar as we see fit, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us, and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

(a) **No Use of Confidential Information**. Will not use the Confidential Information in any other business or capacity;

(b) **In-Term and Post-Term Confidentiality**. Will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

(c) **No Unauthorized Copies of Confidential Information**. Will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Confidential Operating Manuals; and

(d) **Prevention of Unauthorized Use**. Will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to your employees and the use of nondisclosure and noncompetition agreements we may prescribe for employees or others who have access to the Confidential Information.

9.4 **Exceptions to Confidentiality.** The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

(a) **Generally Known Information**. Disclosure or use of information, processes, or techniques which are generally known and used in the Brass Tap Bar business (as long as the availability is not because of a disclosure by you), provided that you have first given us written notice of your intended disclosure and/or use; and

(b) **Judicial or Administrative Proceedings**. Disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

10. EXCLUSIVE RELATIONSHIP.

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among Brass Tap Bars if franchised owners of Brass Tap Bars were permitted to hold interests in or perform services for a Competitive Business (defined below). You also acknowledge that we have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You agree that, during the term of this Agreement, neither you nor any of your Owners (nor any of your or your Owners' spouses or children) will:

(a) **Disclosed or Beneficial Owner**. Have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than the Brass Tap Bar;

(b) **Direct or Indirect Controlling Interest**. Have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located;

(c) **Other Agency Capacities**. Perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located; or

(d) **No Recruitment of Employees**. Recruit or hire any person who is our employee or the employee of any Brass Tap Bar without obtaining the prior written permission of that person's employer (failure to do so may result in financial sanctions payable to the offended party).

The term "**Competitive Business**" as used in this Agreement means any bar, club, pub, tavern or other facility that features beer, wine, or other alcoholic beverages, or any other products, menu items and/or services similar to any of the products, menu items and/or services offered by Brass Tap Bars (other than a Brass Tap Bar under a franchise agreement with us).

11. OPERATION AND SYSTEM STANDARDS.

11.1 **Confidential Operating Manuals.** During the term of this Agreement, we will allow you to access, in electronic or in another format we designate, our manuals (the "**Manuals**"), consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer software and written materials or other formats) that we generally furnish to franchisees from time to time for use in operating a Brass Tap Bar. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules ("**System Standards**") that we prescribe from time to time for the operation of a Brass Tap Bar and information relating to your other obligations under this Agreement and related agreements. You agree to follow the System Standards and other standards, specifications and operating procedures we establish periodically for the System that are described in the Manuals. We also reserve the right to make the Manuals accessible to you on-line via computer systems or other electronic formats (like Internet, Intranet, CD-ROM, Websites or e-mail). You also must comply with all updates and amendments to the System as described in newsletters or notices we distribute, including via computer systems e.g., internet, CD or other media we select. Any form of the Manuals we make accessible to you on-line will be deemed our Confidential Information. You agree to maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. The Manuals may be modified, updated and revised (in written or electronic format) by us from time to time to reflect changes in System Standards. You agree to keep your copy of the Manuals, if any, current and in a secure location at the Brass Tap Bar. In the event of a dispute relating to its contents, the master copy of the Manuals we maintain at our principal office will be controlling. However, in the event we utilize on-line Manuals, the most recent on-line Manuals will control any disputes between the on-line version and printed copies of the Manuals. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals. If your copy of the Manuals is lost, destroyed or significantly damaged, you agree to obtain a replacement copy at our then applicable charge which is currently $150 (unless we have made on-line Manuals accessible to you. If so, you may utilize the on-line Manuals instead of purchasing other printed Manuals.)

11.2 **Compliance with System Standards.** You acknowledge and agree that your operation and maintenance of the Brass Tap Bar in accordance with System Standards are essential to preserve the goodwill of the Marks and all Brass Tap Bars. Therefore, at all times during the term of this Agreement, you agree to operate and maintain the Brass Tap Bar in accordance with each and every System Standard, as we periodically

modify and supplement them during the term of this Agreement. System Standards may regulate any one or more of the following with respect to the Brass Tap Bar:

(a) **Maintenance.** Design, layout, decor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs; televisions; music and other entertainment services; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;

(b) **Required Items**. Types, models and brands of required fixtures, furnishings, equipment, signs, software, materials and supplies;

(c) **Signage.** Types, content, size, materials and standards for signage;

(d) **Required or Authorized Products**. Required or authorized products and product categories including for all food and beverage items and portions devoted to each supplier of products (e.g., "taps" for beer);

(e) **Designated Suppliers.** Designated or approved suppliers of fixtures, furnishings, equipment, signs, software, products, materials and supplies including for all food and beverage items, approved distributors and/or distribution systems and approved trade accounts;

(f) **Terms and Conditions of Sale.** Terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, including direct labor, that you obtain from us, unaffiliated suppliers or others;

(g) **Marketing.** Sales, marketing, advertising and promotional programs and materials and media used in such programs;

(h) **Marks.** Use and display of the Marks;

(i) **Staffing**. Staffing levels for the Brass Tap Bar, and qualifications, training, dress and appearance of employees;

(j) **Hours of Operation**. Days and hours of operation and meals served (lunch and dinner) at the Brass Tap Bar;

(k) **Product and Service Development**. Participation in market research and testing and product and service development programs and customer satisfaction programs;

(l) **Payment Options**. Acceptance of credit cards, corporate and other franchisee issued gift certificates, coupons, frequent diner programs, gift cards and payment systems and check verification services;

(m) **Accounting.** Bookkeeping, accounting, data processing and record keeping systems, including software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;

(n) **Insurance**. Types, amounts, terms and conditions of insurance coverage required to be carried for the Brass Tap Bar and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or

impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the Brass Tap Bar at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;

(o) **Compliance with Laws**. Complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or the Brass Tap Bar;

(p) **Operations**. Regulation of such other aspects of the operation and maintenance of the Brass Tap Bar that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Brass Tap Bars, for example, you are required to have approved live entertainment each Thursday, Friday and Saturday night at your Brass Tap Bar;

(q) **Internet/Intranet.** Your use of, or mandatory or recommended participation in any e-commerce, Intranet, Internet or Website communities, systems or processes, Website and compliance with any Internet, Intranet or e-commerce policies or procedures which may establish from time to time; and

You agree that System Standards prescribed from time to time in the Manuals, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all System Standards as periodically modified.

11.3 **Modification of System Standards.** We may periodically modify System Standards, which may accommodate regional or local variations as we determine. Such modifications may obligate you to invest additional capital into your Brass Tap Bar ("**Capital Modifications**") and/or cause you to incur higher operating costs. However, such modifications will not alter your fundamental status and rights under this Agreement. We will not obligate you to make any Capital Modifications when such investment cannot in our reasonable judgment be amortized during the remaining term of this Agreement, plus all eligible successor periods, unless we agree to extend the term of your franchise so that such additional investment, in our reasonable judgment, may be amortized; unless such investment is necessary in order to comply with applicable laws. We agree to give you up to 90 days to comply with Capital Modifications we require. However, if a Capital Modification requires an expenditure of more than $20,000 we agree to give you up to 180 days from the date such request is made to comply with such Capital Modification. In no event will we require you to spend in any 12-month period in excess of 25% of our high estimate of the cost of the sum of leasehold improvements and furniture, fixtures and equipment from our Franchise Disclosure Document during the term of this Agreement in connection with Capital Modifications. Notwithstanding anything to the contrary set forth above, we reserve the right to require you to make any Capital Modifications in order to re-image your Brass Tap Bar when at least 75% of the Brass Tap System has already adopted such new re-image.

11.4 **Interior and Exterior Upkeep**. You agree at all times to maintain the Brass Tap Bar's interior and exterior and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the upkeep of the Brass Tap Bar established in the Manuals and by federal, state and local laws.

11.5 **Hours of Operation and Live Entertainment.** You agree to operate the Brass Tap Bar between the hours of 12:00 pm and the latest hour establishments in your jurisdiction are permitted to serve alcohol, Monday through Sunday, unless we have otherwise approved in advance in writing. Standard system-wide holidays allow for closing of the Brass Tap Bar on Thanksgiving Day and Christmas Day, subject,

however, to any contrary requirements contained in our Manual. You are required to have approved live entertainment at your Brass Tap Bar on Thursday, Friday and Saturday nights.

11.6 **Accounting, Computers and Records.** It is your responsibility to obtain accounting services and any required hardware or software related to them. You will at all times maintain the records reasonably specified in the Manuals, including, without limitation, sales, inventory and expense information. To the extent we require support for accounting software used by you, such support will only be provided with respect to the accounting software then used by us in the operation of our own (or our affiliates' own) Brass Tap Bars.

11.7 **Computer System.** You agree to use in developing and operating the Brass Tap Bar the computer equipment and operating software (and related training and periodic software support) (the "**Computer System**") that we periodically specify. We may require you to obtain specified computer hardware or software and may modify specifications for and components of the Computer System from time to time. We currently require you to purchase, install and maintain an RTIconnect™ Back Office System and a TOAST POS System for each Brass Tap Bar you operate. Our modifications and specifications for components of the Computer System may require you to incur cost to purchase, lease or license new or modified computer hardware or software and to obtain service and support for the Computer System during the term of this Agreement. You agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (any additions or modifications). Within 60 days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and require. We have the right to charge you for any computer usage costs that we incur as a result of your use of the Computer System. The Computer System must be capable of connecting with our Computer System so that we can daily review the results of your Brass Tap Bar's operations. We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary software that we license to you and other maintenance and support services that we or our affiliates furnish to you related to the Computer System. You are responsible for all ISP and other connectivity related fees and costs relating to your use of the Computer System. You agree to maintain an active e-mail address at all times and inform us of it.

11.8 **Trade Accounts and Taxes.** You agree to maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly. You agree to timely pay all taxes incurred in connection with your Brass Tap Bar's operations. If you fail to maintain your trade accounts in a current status, timely pay such taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such obligations on your behalf. If we elect to do so, then you agree to reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against all amounts which we may owe you.

11.9 **Proprietary Materials.** You agree to purchase from us or approved manufacturers or suppliers all articles used in operating the Brass Tap Bar; some of which bear the Marks. These items include, but are not limited to, food and non-food items, sauces, employee clothing (such as ties, hats and aprons) and menus (collectively, the "**Proprietary Materials**"), at the then prevailing prices, plus freight, taxes and delivery costs. The items may also include products like glassware, dinnerware, clothing, ties, hats, tee shirts, etc. for retail sale to customers.

11.10 **Approved Products.** You agree not to sell any food or beverage products or other items at the Brass Tap Bar that we have not previously approved for sale. You agree to only use and display menus that have been prescribed or approved (except for prices) in advance by us. You agree to sell all the food and beverage products that are included on the prescribed or approved menus, and no others. You agree to strictly follow all of our recipes for all menu items as such recipes are specified from time to time in the Manuals or otherwise. You agree not to, without our prior written consent, sell, dispense, give away or otherwise provide

food or beverage products or other items except by means of retail sales or complimentary meals to employees or customers at the Brass Tap Bar, a program of charitable giving or under an approved delivery service in accordance with this Agreement. You will immediately implement changes to the products, food, service or other items requested by us, including menu changes. You agree to maintain an inventory of food and beverage products sufficient to meet the daily demands of the Brass Tap Bar for all items specified in the menus. Any and all recipes or menu changes submitted by you for inclusion on the menus will become our property and you agree to sign all documents necessary to convey all rights and title, including all rights in such recipes to us.

11.11 **Allowances**. You acknowledge and agree that we shall have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to you or to us or our affiliates based upon your purchases of products and other goods and services. These Allowances are based on System-wide purchases of food, beverages, paper goods, merchandise and other items. You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us or our designee to collect and retain any or all such Allowances without restriction (unless otherwise instructed by the supplier).

11.12 **Co-Branding**. You must not engage in any co-branding at or in connection with the Brass Tap Bar except with our prior written consent. We will not be required to approve any co-branding chain or arrangement except in its discretion, and only if we have recognized that co-branding chain as an approved co-brand for operation within the Brass Tap Bar. "**Co-Branding**" includes the operation of an independent business, product line or operating system owned or licensed by another entity (not us) that is featured or incorporated within the Brass Tap Bar or is adjacent to the Brass Tap Bar and operated in a manner which is likely to cause the public to perceive it to be related to the Brass Tap Bar licensed and franchised hereunder.

11.13 **Vending or Other Machines**. All vending, gaming machines, pay telephones, automatic teller machines, Internet kiosks or any other mechanical or electrical device to be installed or maintained at the Brass Tap Bar, must receive our prior written approval.

11.14 **Management.** Your Designated Operators must assume responsibility for the Brass Tap Bar's day-to-day management and operation and supervision of the Brass Tap Bar's personnel. During all hours of operations, the Brass Tap Bar must be under the direct supervision of at least one of your Designated Operators and one other management-level employee, both of whom must have satisfactorily completed Initial Training or, with regard to any Operating Manager subsequently designated by you, the Headquarters Training. Both Designated Operators must meet our qualifications for a Brass Tap Bar Manager. All of your managerial employees must sign our form of Confidentiality Agreement attached to this Agreement as **Exhibit G**, or other form satisfactory to us. If you will not be actively supervising and managing the Brass Tap Bar, or if you are a business entity, or the Brass Tap Bar will not be managed and supervised by one of your Principal Owners who meets the following requirements, you must recruit, hire and maintain Designated Operators of the Brass Tap Bar who meet the following qualifications and conditions:

(a) **Experience**. The Designated Operators must have a sufficient amount of experience in managing and operating full service Brass Tap Bars (in terms of duration, operational responsibilities, previous training, etc.) as a general manager or in a similar supervisory position to demonstrate to us that he or she is capable of managing a Brass Tap Bar on a full-time daily basis;

(b) **Management Responsibility**. The Designated Operators must have management responsibility and authority over the day-to-day operations of the Brass Tap Bar;

(c) **Active Employment**. The Designated Operators must be actively employed by you or the Business Entity on a full-time basis to manage the Brass Tap Bar's operations;

(d) **Confidentiality Agreement**. The Designated Operators must sign our Confidentiality, Nonsolicitation and Noncompetition Agreement attached to this Agreement as **Exhibit H** (or other contract in form and substance satisfactory to us); and

(e) **Completion of Training**. The Designated Operators must have satisfactorily completed the Initial Training program and any other training programs we require from time to time. Any Operating Manager subsequently designated by you, must complete either the Initial Training or, at a minimum, the Headquarters Training.

11.15 **Personnel.** You agree to hire, train and supervise Brass Tap Bar employees in accordance with the specifications set forth in the Manuals. All personnel must meet every requirement imposed by applicable federal, state and local law as a condition to their employment.

11.16 **Alcoholic Beverage Agreements.** Continuously throughout the terms of this Agreement, you agree to provide alcoholic beverage services that we designate in our Manual at the Brass Tap Bar in accordance with our System Standards and subject to all applicable laws, unless we waive this requirement in advance in writing. We have the right to approve the form of any agreements, and all modifications to them, between you and any person or entity providing alcoholic beverage services to you, and the quality and brands of beer, wine and other beverages we have approved to be sold at the Brass Tap Bar.

11.17 **Authorization to Release Information**. You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with whom you do business with to disclose to us any financial information in their possession relating to you or the Brass Tap Bar which we may request. You further authorize us to disclose to prospective franchisees or other third parties data from your reports if we determine, in our sole discretion, that such disclosure is necessary or advisable.

11.18 **Adequate Reserves and Working Capital**. You must at all times maintain adequate reserves and working capital sufficient for you to fulfill all your obligations under this Agreement and to cover the risks and contingencies of the franchised business for at least three months. These reserves may be in the form of cash deposits or lines of credit.

11.19 **Notification of Legal Proceedings; and Crisis Management Events**. You must notify us in writing within ten (10) days after you receive actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the Brass Tap Bar or that may adversely affect your operation of the Brass Tap Bar or ability to meet your obligations hereunder. Upon the occurrence of a "Crisis Management Event" (as defined herein), you shall immediately inform our president (or as otherwise instructed in the Manuals) by telephone. We will cooperate fully with you with respect to your response to the Crisis Management Event. For purposes of this Agreement, "Crisis Management Event" means any event that occurs at or about the Brass Tap Bar that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the System, the Marks, or image or reputation of us or our affiliates.

11.20 **Variation of Terms**. You acknowledge that because uniformity under many varying conditions may not be possible or practical, we reserve the right to materially vary our standards or franchise agreement terms for any franchised Brass Tap Bar, based on the timing of the grant of the franchise, the peculiarities of the particular protected territory or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions or any other condition which we consider important to the successful operation of the

franchised Brass Tap Bar. You will have no right to require us to disclose any variation or to grant the same or a similar variation to you.

12. MARKETING AND PROMOTION.

12.1 **Establishment of Marketing and Development Fund.** Recognizing the value of advertising and marketing to the goodwill and public image of Brass Tap Bars, we have established a system-wide marketing and development fund (the "**Marketing and Development Fund**") for such advertising, marketing and public relations programs and materials we deem necessary or appropriate in our sole discretion. You agree to contribute to the Marketing and Development Fund (the "**Marketing Contributions**"), 1.5% of your monthly Adjusted Gross Sales (except as described below), payable in the same manner as the Royalty. The Marketing and Development Fund will be operated by us or our designee in accordance with the terms of this Agreement and the Marketing and Development Fund Policies. Currently, the Marketing and Development Fund is operated by The Brass Tap Marketing and Development Fund Inc. (the "**Marketing Fund Corporation**"), a Florida not for profit corporation as our designee. We reserve the right to charge a separate fee for the development, hosting and maintenance of Internet and Intranet Websites. We reserve the right to defer or reduce contributions of a Brass Tap Bar franchisee and, upon 30 days' prior written notice to you, to reduce or suspend contributions to and operations of the Marketing and Development Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Marketing and Development Fund. If the Marketing and Development Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Marketing and Development Fund during the preceding 12-month period. Our affiliates will contribute to the Marketing and Development Fund on the same basis as franchise owners for any Brass Tap Bars they own and operate.

12.2 **Local Advertising.** After you spend $5,000 on local advertising initiatives during the first 5 months of business (see Section 5.9 above), you must spend a minimum amount equal to 1.5% of the monthly Adjusted Gross Sales of your Brass Tap Bar for local advertising. You must obtain and maintain records demonstrating your local advertising efforts and associated spending and submit them to us upon our request. You must open and maintain a separate bank account for your monthly contributions to local advertising.

12.3 **Use of the Funds.** We or our designee will direct all programs financed by the Marketing and Development Fund, with sole control over the creative concepts, materials and endorsements, and the geographic, market, media placement and allocation and any Internet or Intranet websites, networks or communities it operates or participates in, or which requires your participation. You agree that the Marketing and Development Fund may be used to pay the costs of preparing or producing video, audio, Internet, Intranet, e-commerce, Website or written advertising materials; administering national or regional advertising programs, including, without limitation: purchasing direct mail or other media advertising; or employing or contracting with advertising, promotion or marketing agencies; supporting public relations; market research; other advertising, promotion or marketing activities; conducting product development; research; developing new purchasing and marketing programs, campaigns or networks (including via Internet, Intranet, Website(s) or other forms of e-commerce); all costs associated directly or indirectly with the operation, maintenance, hosting or development of websites bearing our marks; or establishing Internet, Intranet, Website or other forms of e-commerce communities, networks, systems, methods, processes, databases or monitoring systems, which may include our establishing one or more Internet or Intranet Websites for purposes of: linking suppliers of products and services to our Website(s); our electronic monitoring your performance under this Agreement; our sharing or selling information to third parties; our establishing business to business or business to customer e-commerce; promoting the development and growth of franchises or soliciting franchisees; or your reporting of Royalties, Gross Sales and Adjusted Gross Sales or other information as we designate from time to time. The Marketing and Development Fund may be used and for defraying the reasonable salaries (whether individuals directly employed by us or under agreement with us), administrative hosting, development maintenance costs and

overhead incurred by us our designees in connection with the Marketing and Development Fund. The Marketing and Development Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

12.4 **Accounting for the Funds.** The Marketing and Development Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Marketing and Development Fund and its programs, including, without limitation, conducting market surveys, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Marketing and Development Fund. We or our designee may spend, on behalf of the Marketing and Development Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Brass Tap Bars to the Marketing and Development Fund in that year, and the Marketing and Development Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Marketing and Development Fund will be used to pay advertising costs before other assets of the Marketing and Development Fund are expended. We or our designee will prepare a periodic statement of monies collected and costs incurred by the Marketing and Development Fund and furnish the statement to you upon written request. We or our designee have the right to cause the Marketing and Development Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

12.5 **Marketing and Development Fund Limitations.** You acknowledge that the Marketing and Development Fund is intended to maximize recognition of the Marks and patronage of Brass Tap Bars. Although we or our designee will endeavor to utilize the Marketing and Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all Brass Tap Bars, we or our designee undertake no obligation to ensure that expenditures by the Marketing and Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Marketing and Development Fund by Brass Tap Bars operating in that geographic area or that any Brass Tap Bar will benefit directly or in proportion to its contribution to the Marketing and Development Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section, we or our designee assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the Marketing and Development Fund.

12.6 **Advertising and Promotion.** You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted to us for approval before you use them. If you do not receive written disapproval within 30 days after our receipt of such materials, we will be deemed to have given the required approval. You may not use any advertising or promotional materials that we have disapproved.

12.7 **Directory Listings.** In addition to your obligation to participate in the Marketing and Development Fund and conduct local advertising, at your expense, you agree to obtain telephone directory listings in the "white and yellow pages" in the size and manner we specify, displaying the Marks. If other franchise owners operate Brass Tap Bars in the market area serviced by the directories, then you will participate in and pay your pro rata share (based on number of Brass Tap Bars) of the cost of such listings and advertising.

12.8 **Websites.** You acknowledge and agree that any Website constitutes "**advertising**" under this Agreement. Any Website you develop or utilize must meet all other terms and conditions for advertising described in this Agreement. For this purpose, a "**Website**" means an interactive electronic document(s),

contained in a network of computers linked by communications software, that you operate or authorize others to operate that refers to your Brass Tap Bar, the Marks, us, and/or the System. The term Website also includes Internet, Intranet and World Wide Web home pages or e-mail address sites. You must not establish any Website without our prior written approval of its form, content and information presented due to our substantial interest in protecting the Marks, the System and the Confidential Information. We may require you to participate in a centralized Website operated by us, without any compensation to you. We may refuse to permit you to operate or establish any Website. We reserve the right to establish one or more Internet, Intranet or other forms of e-commerce Websites, networks or communities for purposes of: promoting the development, growth, sales and solicitation of franchises; our establishing or participating in, and requiring or authorizing your participation in, or in connection with: e-commerce; establishing purchasing, supply or referral programs, networks or communities in which you must participate; or monitoring your performance under this Agreement and other purposes we designate from time to time which we deem to promote the development and operation of the System. From time to time we will establish and notify you of our establishment of website policies and other forms of e-commerce policies, which will become part of our System Standards and be provided in the Manual or other written communication by you. We own all right, title and interest in and to information compiled from, derived from or obtained by us via your or our use of Websites or our establishment of the Intranet, Internet or other forms of e-commerce networks or communities. Furthermore, you agree to the following:

(a) **Website**. You agree that we may establish electronic links from our Website to your Website, and that other franchise associates may establish electronic links to your Website from their Websites; without any compensation to you. We may prohibit you from linking any Website to your Website for any reason without compensation to you.

(b) **Use of Marks**. You must not use any Mark as part of any URL domain name, Internet or e-mail address, or any other identification of you in any electronic medium or with any prefix, suffix or other modifying words, terms, designs, or symbols, or in any modified form, without our written consent.

(c) **Obligations on Termination**. If this Agreement expires or terminates for any reason, you must immediately stop using any Website that utilizes any of the Marks or the System, or that are linked to any of our Websites or the Website of any of our franchise associates. You must also then remove and change any Website, domain names, Internet or intranet addresses, e-mail addresses or other identification that utilize any of the Marks.

(d) **E-Mail Address**. You agree to establish, maintain and notify us of an active e-mail address at all times, and notify us of a change in email address within 3 business days of the change.

12.8 **Electronic Media**. You may not separately register any domain name or any portion of any domain name containing the Marks or participate or market on any website or other form of electronic media (including, without limitation, through the use of social technology, social media, social networking platforms or other forms of electronic media not yet developed) using the Marks without prior express written approval from us. Your general conduct on the Internet and in the use of other forms of electronic media is subject to the terms and conditions of this Agreement and all other rules, requirements or policies that we may identify from time to time. You must provide us with all proposed content for our Internet marketing programs, and you will sign Internet and intranet usage agreements, if any, as requested by us. **Section 12.6** of this Agreement shall not apply to your use of the Internet; however, we may, at any time after you commence use of any approved electronic media, prohibit further use, effective upon receipt of written notice by you.

12.9 **Cooperatives**. We may require that you join an advertising cooperative, if one is formed, in the geographic area in which your Brass Tap Bar is located. We do not have the power to require cooperatives to be formed, changed, dissolved or merged.

13. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

13.1 **Accounting System.** You agree to establish and maintain at your own expense a bookkeeping, accounting and recordkeeping system conforming to the requirements and formats we prescribe from time to time. We may require you to use approved computer hardware, software and Websites in order to maintain certain sales data and other information we designate from time to time, including updating of Manuals and for communication purposes. You agree that we may have access to such sales data and other information through the computer system at all times.

13.2 **Reports.** You agree to furnish to us on such forms that we prescribe from time to time:

(a) **Development and Opening Progress**. Following the Effective Date, and weekly thereafter until your Pub opens, a report of your progress in the development and opening of your Brass Tap Bar;

(b) **Sales Tax**. At our request, within 5 days after their filing, copies of all sales tax and alcohol surtax returns for the Brass Tap Bar and copies of the canceled checks for the required sales taxes and alcohol surtaxes;

(c) **Gross Sales**. On the first business day of each month, a report on the Brass Tap Bar's Gross Sales and Adjusted Gross Sales during the immediately preceding calendar month;

(d) **Quarterly Profit and Loss Statement**. Within 30 days after the end of each calendar quarter, a profit and loss statement for the Brass Tap Bar for the immediately preceding calendar month and year-to-date and a balance sheet as of the end of such month;

(e) **Annual Profit and Loss Statement**. Within 30 days after the end of the Brass Tap Bar's fiscal year, annual profit and loss and source and use of funds statements and a balance sheet for the Brass Tap Bar as of the end of such fiscal year; and

(f) **State and Federal Tax Returns**. Within 10 days after our request, exact copies of federal and state income and other tax returns and such other forms, records, books and other information we may periodically require.

We may require that any of the reports described in this **Section 13.2** or any information you are required to provide us under this Agreement or our System Standards be provided to us in electronic format via a secure Website (Internet or Intranet) at times and in the manner we designate, from time to time.

13.3 **Access to Information.** You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you or the location of the Brass Tap Bar. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis if we reasonably believe that the reports are incorrect. Moreover, we have the right as often as we deem appropriate (including on a daily basis) to access, electronically or otherwise, all computer registers and other computer systems that you are required to maintain in connection with the operation of the Brass Tap Bar and to retrieve electronically or otherwise, all information (including sales, product mix, or other information) relating to the Brass Tap Bar's operations.

13.4 **Copies of Reports.** You agree to furnish us with a copy of all sales, income and other tax returns relating to your Brass Tap Bar, at our request. You will also send us copies of any sales or other reports sent to any landlord or governmental agency, at our request.

14. INSPECTIONS AND AUDITS.

14.1 **Our Right to Inspect the Brass Tap Bar.** To determine whether you and the Brass Tap Bar are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours without prior notice, to:

(a) **Inspection.** Inspect the Brass Tap Bar;

(b) **Observation of Operations.** Observe, photograph and videotape the operations of the Brass Tap Bar for such consecutive or intermittent periods as we deem necessary;

(c) **Testing and Analysis of Products.** Remove samples of any products, materials or supplies for testing and analysis;

(d) **Interviewing**. Interview personnel and customers of the Brass Tap Bar; and

(e) **Inspection of Books and Records**. Inspect and copy any books, records and documents relating to your operation of the Brass Tap Bar.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal, interviews and electronic (Internet or Intranet) record access. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You agree to correct or repair any unsatisfactory conditions we specify within 5 days.

14.2 **Our Right to Audit.** We have the right at any time during your business hours to inspect and audit, or cause to be inspected and audited, your (if you are a Business Entity) and the Brass Tap Bar's business, bookkeeping and accounting records, purchasing records, advertising and marketing records and expenditures, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information is not accurate (i.e., your Gross Sales or Adjusted Gross Sales are understated by 3% or more), you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and wages of our employees. You also must pay us any shortfall in the amounts you owe us, including late fees and interest, within 10 days of our notice. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law, which may include termination of this Agreement.

15. TRANSFER.

15.1 **By Us.** This Agreement is fully transferable by us, and inures to the benefit of any transferee or other legal successor to our interests, as long as such transferee or successor agrees to be bound by, and assumes all of our continuing obligations under, this Agreement.

15.2 **By You**. You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your Owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your Owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (or any interest in it) nor any ownership or other interest in you or the Brass Tap Bar may be transferred without our prior written approval. Any Transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "**Transfer**" includes your (or your Owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) you; (b) this Agreement; or (c) the Brass Tap Bar. An assignment, sale, gift or other disposition includes the following events: (i) transfer of or change in ownership of capital stock or a partnership interest; (ii) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you; (iii) any issuance or sale of your stock or any security convertible to your stock; (iv) transfer of an interest in you, this Agreement or the Brass Tap Bar in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law; (v) transfer of an interest in you, this Agreement or the Brass Tap Bar, in the event of your death or the death of one of your Owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or (vi) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the Brass Tap Bar or your transfer, surrender or loss of possession, control or management of the Brass Tap Bar.

15.3 **Conditions for Approval of Transfer.** If you (and your Owners) are in full compliance with this Agreement, then subject to the other provisions of this **Section 15**, we will not unreasonably withhold approval of a Transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet our then applicable standards for Brass Tap Bars franchisees. A Transfer of ownership, possession or control of the Brass Tap Bar may only be made if the transferee enters into a new Franchise Agreement. If the Transfer is of your Brass Tap Bar(s) or a controlling interest in you, or is one of a series of transfers which in the aggregate constitutes the Transfer of your Brass Tap Bar(s) or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of any Transfer:

(a) **Business Experience.** The transferee has sufficient business experience, aptitude and financial resources to operate the Brass Tap Bar and has been approved as a franchisee;

(b) **Payment of Royalties and Fees Owed**. You have paid all Royalties, Marketing Contributions, amounts owed for purchases from us and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;

(c) **Completion of Initial Training**. The transferee (and its Designated Operators) and its managerial employee (if different from your manager) have completed our Initial Training;

(d) **New Franchise Agreement**. The transferee has agreed to enter into a new Franchise Agreement;

(e) **Transfer Fee Paid.** You or the transferee pay us a transfer fee equal to $20,000 (the "**Transfer Fee**"), one-half (½) of which is payable prior to the transferee's trainees beginning Initial Training. The Transfer Fee is used to defray expenses we incur in connection with the Transfer and the costs of conducting the Initial Training for up to 2 trainees of the Transferee (one of whom must be a managerial employee responsible for the Brass Tap Bar's kitchen operations). We may provide training to your employees, other than trainees. If we do so, you must pay us a fee not to exceed $875 per person trained by us (other than the 2 trainees described above). You must pay all travel, wages and living expenses for you, other trainees and your employees to attend the training. This subsection will not apply if

the proposed Transfer is among your Owners, but the transferee is required to reimburse us for any administrative costs we incur in connection with the Transfer;

(f) **Costs of Compliance**. The transferee agrees to pay the costs required to bring the Brass Tap Bar into compliance with the then current System Standards (including the purchase and installation of our then-current approved POS System);

(g) **General Release**. You (and your transferring Owners) have executed a general release, in the form attached to the Franchise Disclosure Document, of any and all claims against us and our shareholders, officers, directors, employees and agents;

(h) **Approval of Terms and Conditions.** We have approved the material terms and conditions of such Transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Brass Tap Bar;

(i) **Subordination of Financing**. If you or your Owners finance any part of the sale price of the transferred interest, you and/or your Owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your Owners have reserved in the Brass Tap Bar are subordinate to the transferee's obligation to pay Royalties, Marketing Contributions and other amounts due to us and otherwise to comply with this Agreement;

(j) **Non-Compete Covenant**. You and your transferring Owners have executed a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the Transfer, by the post-term competitive restrictions otherwise contained in this Agreement; and

(k) **Cease Use of Marks**. You and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other Brass Tap Bars you own and operate) identify yourself or themselves or any business as a current or former Brass Tap Bar, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a Brass Tap Bar in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us.

15.4 **Transfer to a Business Entity.** Notwithstanding the foregoing, if you are in full compliance with this Agreement, you may Transfer this Agreement to a Business Entity that conducts no business other than the Brass Tap Bar and, if applicable, other Brass Tap Bar so long as you own, control and have the right to vote 51% or more of its issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. All other owners are subject to our approval. The organizational or governing documents of the Business Entity must recite that the issuance and Transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or Transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner execute an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of the your obligations under this Agreement.

15.5 **Transfer Upon Death or Disability.** Upon your death or disability or, if you are a Business Entity, the death or disability of the Owner of a controlling interest in you, your or such Owner's executor, administrator, conservator, guardian or other personal representative must transfer your interest in this

Agreement or such Owner's interest in you to a third party. Such disposition of this Agreement or the interest in you (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed 6 months from the date of death or disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "**disability**" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an Owner of a controlling interest in you from managing and operating the Brass Tap Bar.

15.6 **Operation Upon Death or Disability.** If, upon your death or disability or the death or disability of the owner of a controlling interest in you, the Brass Tap Bar is not being managed by a trained manager, your or such Owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed 15 days from the date of death or disability, appoint a manager to operate the Brass Tap Bar. Such manager will be required to complete Initial Training at your expense. Pending the appointment of a manager as provided above or if, in our judgment, the Brass Tap Bar is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest in you, we have the right, but not the obligation, to appoint a manager for the Brass Tap Bar. All funds from the operation of the Brass Tap Bar during the management by our appointed manager will be kept in a separate account, and all expenses of the Brass Tap Bar, including wages, other costs and travel and living expenses of our manager, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to the Royalty and Marketing Contributions payable under this Agreement) during the period that our appointed manager manages the Brass Tap Bar. Operation of the Brass Tap Bar during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your Owners for any debts, losses or obligations incurred by the Brass Tap Bar or to any of your creditors for any products, materials, supplies or services the Brass Tap Bar purchases during any period it is managed by our appointed manager.

15.7 **Effect of Consent to Transfer.** Our consent to a Transfer of your Brass Tap Bar (s) or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Brass Tap Bar (s) or transferee or a waiver of any claims we may have against you (or your Owners).

15.8 **Our Right of First Refusal.** If you (or any of your Owners) at any time determine to sell, assign or Transfer for consideration an interest in your the Brass Tap Bar (s) or an ownership interest in you, you (or such Owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of 5% or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror) and immediately submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in the Brass Tap Bar and may not include an offer to purchase any of your (or your Owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your Owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your Owners) for the interest in you or the Brass Tap Bar must reflect the bona fide price offered and not reflect any value for any other property or rights.

We have the right, exercisable by written notice delivered to you or your selling Owner(s) within 30 days from the date of the delivery to us of both an exact copy of such offer and all other information we

request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

(a) **Form of Payment**. We may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);

(b) **Credit**. Our credit will be deemed equal to the credit of any proposed purchaser;

(c) **Timing of Purchase After Notice**. We will have not less than 60 days after giving notice of our election to purchase to prepare for closing; and

(d) **Representations and Warranties**. We are entitled to receive, and you and your Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to: (i) ownership and condition of and title to stock or other forms of ownership interest and/or assets; (ii) liens and encumbrances relating to the stock or other ownership interest and/or assets; and (iii) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

If we exercise our right of first refusal, you and your selling Owner(s) agree that, for a period of 2 years commencing on the date of the closing, you and they will be bound by the post-term competitive restrictions otherwise described in this Agreement.

If we do not exercise our right of first refusal, you or your Owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the Transfer as otherwise provided in this Agreement, provided that, if the sale to such purchaser is not completed within 120 days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30-day period following either the expiration of such 120-day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

16. TERMINATION OF AGREEMENT.

16.1 **By You.** If you and your Owners are in compliance with this Agreement and we materially fail to comply with this Agreement and do not correct or commence correction of such failure within 60 days after written notice of such material failure is delivered to us, you may terminate this Agreement effective 60 days after delivery to us of written notice of termination. Your termination of this Agreement for any other reason or without such notice will be deemed a termination without cause.

16.2 **By Us.** We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:

(a) You (or any of your Owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise;

(b) You or the required number of your Designated Operators fail to successfully complete all training obligations to our satisfaction or you have not fulfilled all of the conditions for management of the Brass Tap Bar;

(c) You (i) fail to obtain our approval of the Site within the required time periods or (ii) fail to commence construction of the Brass Tap Bar within 180 days after signing the lease;

(d) You abandon or fail to actively operate the Brass Tap Bar for 2 or more consecutive business days, unless the Brass Tap Bar has been closed for a purpose we have approved or because of casualty or government order;

(e) You surrender or Transfer control of the operation of the Brass Tap Bar without our prior written consent;

(f) You (or any of your Owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense that is likely to adversely affect your reputation, our reputation or the reputation of any other Brass Tap Bar;

(g) You (or any of your Owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the Brass Tap Bar or another Brass Tap Bar or the goodwill associated with the Marks;

(h) You (or any of your Owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the Brass Tap Bar;

(i) In the event of your death or disability or the death or disability of the Owner of a controlling interest in you, this Agreement or such Owner's interest in you is not assigned as required under this Agreement;

(j) You lose the right to possession of the Site;

(k) You (or any of your Owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manuals in violation of this Agreement;

(l) You violate any health, safety or sanitation law, ordinance or regulation and do not begin to cure the noncompliance or violation immediately, and correct such noncompliance or violation within 5 days, after written notice is delivered to you, except we may require the immediate shut down of your Brass Tap Bar in the event we deem such violation to be a health threat to anyone;

(m) You fail to make payments of any amounts due to us or our affiliates under this Agreement or any other agreement that you have with us, and do not correct such failure within 10 days after written notice of such failure is delivered to you;

(n) You fail to make payments of any amounts due to approved suppliers of products or services and do not correct such failure within 10 days after written notice of such failure is delivered to you by such supplier;

(o) You fail to pay when due any federal or state income, service, sales or other taxes due on the operations of the Brass Tap Bar, unless you are in good faith contesting your liability for such taxes;

(p) You (or any of your Owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct such failure within 30 days after written notice of such failure to comply is delivered to you;

(q) You fail to purchase and maintain in inventory the products, services, equipment, materials, supplies, etc., of the type and quality or from suppliers we designate and/or if you purchase any products, services, equipment, materials, supplies, etc., of a type or quality or from suppliers who we advise that purchase is expressly unauthorized, and you fail to cure such defaults within three (3) days after receiving notice to do so from us;

(r) You (or any of your Owners) fail on 2 or more separate occasions within any period of 12 consecutive months or on 3 occasions during the term of this Agreement to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you;

(s) You make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the Brass Tap Bar is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days; or any order appointing a receiver, trustee or liquidator of you or the Brass Tap Bar is not vacated within 30 days following the entry of such order. You are required to notify us in writing within 10 days of any of the above events;

(t) You do not fully comply with the Exclusive Relationship provisions in **Section 10** of this Agreement at any time during the Term;

(u) You knowingly conceal revenues; maintain false books or records; falsify information or otherwise defraud or make false representations to us; or, submit any substantially false reports to us;

(v) After curing a default which is subject to cure, you commit the same act of default within 12 months;

(w) You interfere or attempt to interfere with our contractual relations with other franchisees, customers, employees, advertising agencies or third parties;

(x) You commit any act or default which materially impairs the goodwill associated with the Marks and which, by its nature, is incurable, or, if the default is curable, you fail to cure the default following delivery of written notice to cure at least 72 hours in advance;

(y) You repeatedly fail to comply with one or more requirements of this Agreement, whether or not corrected after notice;

(z) You do not devote the amount of your time and attention and/or your best efforts to the performance of your duties under this Agreement necessary for the proper and effective operation of your Brass Tap Bar;

(aa) You do not purchase or maintain any insurance required by this Agreement;

(bb) You breach the provisions of this Agreement regarding advertising standards and rules and you do not cure the breach within 3 days following written notice from us;

(cc) You engage in any act or conduct, or fail to engage in any act or conduct, which under this Agreement specifically authorizes us to terminate this Agreement immediately upon notice to you;

(dd) You fail to maintain and operate your Brass Tap Bar in a good, clean and sound manner, in strict compliance with our standard for quality, cleanliness and maintenance as set forth in our Manuals or otherwise and do not correct such failure within 15 days after our written notice of such failure is delivered to you.

16.3 **Your Failure to Pay Constitutes Your Termination of This Agreement.** Your failure to timely cure any breach of your obligation to make payments of Royalties, Marketing Contributions or any other monies due and owing to us or our affiliates under this Agreement, or to timely cure any other material breach of this Agreement committed by you, in either instance following our notice to you that you have committed a breach of this Agreement and granting you an opportunity to cure said breach, will be irrevocably deemed to constitute your unilateral rejection and termination of this Agreement and all related agreements between you and us or our affiliates, notwithstanding that a formal notice of such termination(s) ultimately issues from us, and you must never contend or complain otherwise.

16.4 **Cross-Default.** Any default or breach by you, your affiliates and/or any guarantor of yours of any other agreement between us or our affiliates and you and/or such other parties will be deemed a default under this Agreement, and any default or breach of this Agreement by you and/or such other parties will be deemed a default or breach under any and all such other agreements between us or our affiliates and you, your affiliates and/or any guarantor of yours. If the nature of the default under any other agreement would have permitted us (or our affiliate) to terminate this Agreement if the default had occurred under this Agreement, then we will have the right to terminate all such other agreements in the same manner provided for in this Agreement for termination hereof. Your "**affiliates**" means any persons or entities controlling, controlled by or under common control with you.

16.5 **Notice Required By Law**. Notwithstanding anything to the contrary contained in this **Section 16,** in the event any valid, applicable law of a competent governmental authority having jurisdiction over this Agreement and the parties hereto shall limit ours right of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. We will not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

16.6 **Interim Management**. After we have given you written notice that you are in default, we may (but are not obligated to) assume interim management of the Brass Tap Bar during the pendency of any cure period or in lieu of immediately terminating this Agreement. If we elect to assume interim management of the Brass Tap Bar, (i) our election will not relieve you of your obligations under this Agreement; (ii) we will not be liable for any debts, losses, costs or expenses incurred in the operation of the Brass Tap Bar during any such interim management period; (iii) we will have the right to charge a reasonable fee for the management services; and (iv) you agree to, and hereby do, indemnify and hold us harmless against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with the interim management of the Brass Tap Bar, other than those arising solely from our gross negligence or willful misconduct. We may delegate our responsibilities under this **Section 16.6** to any designee, employee or agent of ours, as we may direct.

17 RIGHTS AND OBLIGATIONS UPON TERMINATION.

17.1 **Payment of Amounts Owed To Us**. You agree to pay us within 15 days after the effective date of termination or expiration of this Agreement, or on such later date that the amounts due to us are determined, such Royalties, Marketing Contributions, amounts owed for purchases from us, interest due on any of the foregoing and all other amounts owed to us which are then unpaid. In addition, in the event the agreement

is terminated before expiration of the Term, to account for the actual damages that we shall suffer as a result of the termination of this Agreement, you shall also pay us, within fifteen (15) days following the date of termination, an amount equal to the greater of (a) $100,000 or (b) the aggregated Royalties and Marketing Contributions paid by your Brass Tap Bar for the twelve (12) months immediately preceding the effective date of termination multiplied by three (3). In this regard, you acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages we will incur upon the termination of this Agreement due to the complications inherent in determining the actual losses and expenses we will incur. You further acknowledge and agree that this calculation of our potential damages is a reasonable, good faith estimate of such damages. If we are unable to make this calculation because of your failure to report the Gross Sales of the Brass Tap Bar, we may estimate the Gross Sales of the Brass Tap Bar for the applicable period based upon the historical financial information available to us at such time. The obligation to pay the amounts set forth in this paragraph will give rise to and remain, until paid in full, a lien in our favor against any and all of assets, property, furnishings, equipment, signs, fixtures and inventory owned by you or the Brass Tap Bar at the time of termination and against any of your money which we are holding or which is otherwise in our possession.

17.2 **Marks and De-Identification.** Upon the termination or expiration of this Agreement:

(a) **Notification**. You must notify us of your intent, and the date that you intend, to discontinue business of your Brass Tap Bar. You agree that such notification does not release you from any obligations or liabilities under this Agreement.

(b) **Cease Identification as Licensee or Franchisee/Use of Marks.** You may not directly or indirectly at any time or in any manner (except with respect to other Brass Tap Bars you own and operate) identify yourself or any business as a current or former Brass Tap Bar, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark or other indicia of a Brass Tap Bar in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us. Within ten (10) days of termination or expiration you are to deliver to us, at your own expense, all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a The Brass Tap®. In our sole judgment, we may waive this requirement in writing provided that you provide a sworn Certificate of Destruction/De-identification detailing your compliance with these terms;

(c) **Cancel Fictitious Business Names**. You agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations or licenses (including without limitation, any alcohol, city/state and health department licenses) relating to your use of any Mark and to provide us with a copy of business/fictitious name change documentation from the governing municipality within 15 days of the effective date of the termination/expiration of this Agreement;

(d) **Return of Signage.** If we do not have or do not exercise an option to purchase the Brass Tap Bar, you agree to deliver to us within 10 days after, as applicable, the effective date of expiration/termination of this Agreement or the Notification Date all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a Brass Tap Bar and allow us, without liability to you or third parties, to remove all such items from the Brass Tap Bar;

(e) **De-Identification of Brass Tap Bar**. If we do not have or do not exercise an option to purchase the Brass Tap Bar, you agree that, after, as applicable, the effective date of expiration/terminations of this Agreement or the Notification Date, you will promptly and at your own expense make such alterations we specify to distinguish the Brass Tap Bar clearly from its former appearance and from other Brass Tap Bars so as to prevent confusion by the public, including, without limitation, removing all exterior

and interior signage bearing the The Brass Tap® name or logo including channel letter signage, pylon signage, interior signage and window decals; removing all furnishings bearing the The Brass Tap® name or logo; removing all memorabilia and décor items including pictures, jerseys, pennants, sporting good equipment, uniforms, plaques, etc. bearing inscriptions, engraving, autographs or any notation of any type that includes the The Brass Tap® name or logo; removing the System graphics and receipt printouts including the The Brass Tap® name or logo and the POS System data base key and forwarding it to us immediately upon closure of your Brass Tap Bar; removing and ceasing to use of any private labeled items; removing all retail merchandise bearing the The Brass Tap® name or logo; removing all Marks; repainting of the interior of the site to reflect a change in the basic color scheme so as to clearly distinguish it from its former appearance/concept and from other The Brass Tap® Bar; ensuring that the total number of draft and bottled beers on any new menu does not exceed 6; and any and all other alterations we specify to distinguish the Brass Tap Bar clearly from its former appearance and from other Brass Tap Bars.

(f) **Return Proprietary Information**. If we do not have or do not exercise an option to purchase the Brass Tap Bar, you must return to us all proprietary manuals including operations manuals, marketing workbooks and guides, marketing materials, and discount cards. These items are to be returned to us via ground delivery service, shipped no later than the day of closing, and a copy of the bill of lading/shipping order provided to us.

(g) **Unused Gift Certificates**. If we do not have or do not exercise an option to purchase the Brass Tap Bar, you must destroy all remaining unused gift certificates. You must provide a signed and notarized statement attesting to the quantity (dollar amount) of unredeemed gift certificates outstanding and a method for reimbursement to franchise members of the The Brass Tap® System for a period of one year from date of store closing. Reimbursement must be guaranteed by funds held in escrow or affidavit.

(h) **Telephone Directory Listings.** If we do not have or do not exercise an option to purchase the Brass Tap Bar you agree that, after, as applicable, the effective date of expiration/termination of this Agreement or the Notification Date, you will obtain a new telephone number and notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and any regular, classified or other telephone directory listings formerly or currently used at or for the Brass Tap Bar, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify; and

(i) **Compliance with Obligations**. You agree to furnish us, within 30 days after, as applicable, the effective date of expiration of this Agreement or the Notification Date, with evidence satisfactory to us of your compliance with the foregoing obligations.

(j) **Execution of Termination Agreements**. Immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner.

17.3 **Confidential Information.** You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and, within ten (10) days of the termination or expiration of this Agreement, return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

17.4 **Competitive Restrictions.** Upon termination or expiration of this Agreement for any reason whatsoever (and you have not acquired, a Successor Franchise), you agree that, for a period of 2 years commencing on the effective date of termination or expiration neither you nor any of your Owners will have any direct or indirect interest (including through a spouse, child or other Family Member) as a disclosed or

beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any Competitive Business operating:

(a) **At the Site**. At the Site or within the Protected Territory;

(b) **Within 15 Miles of Site.** Within 15 miles of the Site or Protected Territory; or

(c) **Within 15 Miles of Another Brass Tap Bar**. Within 15 miles of any other Brass Tap Bar in operation or under construction on the later of the effective date of the termination or expiration.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the 2-year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you or your Owners of your or their personal goodwill or ability to earn a living. All persons with an ownership or voting interest in you if you are a Business Entity franchisee, all individual franchisees if you are not a Business Entity and any person employed by or under an independent contractor relationship with you whom receives or will receive any training by us or you which is directly or indirectly related to the System or involves any of the Confidential Information must execute the Confidentiality, Nonsolicitation and Noncompetition Agreement attached to this Agreement as **Exhibit H** no later than ten days following the effective date of this Agreement (or, if any individual or entity attains such status after the effective date of this Agreement, within ten days following such individual or entity's attaining such status). In addition, subject to **Section 17.5** below, upon termination or expiration of this Agreement for any reason whatsoever (and you have not acquired, a Successor Franchise), you agree that you will not sell any fixtures, furniture, equipment, signs, inventory, materials and/or supplies to any third party that will or plans to open a Competitive Business at the Site.

17.5 **Our Right to Purchase.**

(a) **Exercise of Option**. Upon our termination of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within 60 days from the date of such termination, to purchase the Brass Tap Bar from you, including the leasehold rights to the Site. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "**Notification Date**"). We have the unrestricted right to assign this option to purchase the Brass Tap Bar. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

(b) **Leasehold Rights**. You agree at our election: (i) to assign your leasehold interest in the Site to us pursuant to the Lease Assignment; (ii) to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease; or (iii) to lease to us if you own the Site in accordance with the Agreement to Lease and our standard form of Lease Agreement, a form of which is attached to the Franchise Disclosure Document.

(c) **Purchase Price**. The purchase price for the Brass Tap Bar will be its fair market value, determined in a manner consistent with reasonable depreciation of the Brass Tap Bar's equipment, signs, inventory, materials and supplies, provided that the Brass Tap Bar will be valued as an independent business and its value will not include any value for: (i) the Franchise or any rights granted by this Agreement; (ii) the Marks; or (iii) participation in the network of Brass Tap Bars.

The Brass Tap Bar's fair market value will include the goodwill you developed in the market of the Brass Tap Bar that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Site will also be considered in determining the Brass Tap Bar's fair market value.

We may exclude from the assets purchased cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Brass Tap Bar's operation or that we have not approved as meeting standards for Brass Tap Bars, and the purchase price will reflect such exclusions.

(d) **Appraisal**. If we and you are unable to agree on the Brass Tap Bar's fair market value, its fair market value will be determined by 3 independent certified business appraisers who collectively will conduct 1 appraisal. We will appoint one appraiser, you will appoint one appraiser and the two party-appointed appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within 15 days after we notify you that we are exercising our option to purchase the Brass Tap Bar, and the two appraisers so chosen are obligated to appoint the third appraiser within 15 days after the date on which the last of the two party-appointed appraisers was appointed. You and we will bear the cost of our own appraisers and share equally the fees and expenses of the third appraiser chosen by the two party-appointed appraisers. The appraisers are obligated to complete their appraisal within 30 days after the third appraiser's appointment. At our option, you must deliver to us title and possession of the Bar and the Operating Assets associated with it prior to the closing and prior to the completion of the appraisal process. If we decide to do so, the transfer will be complete at the time we exercise the option with the closing to consist solely of payment of the purchase price and delivery of signed documents.

The purchase price will be paid at the closing of the purchase, which will take place not later than 90 days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your Owners owe to us. At the closing, you agree to deliver instruments transferring to us: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; (ii) all licenses and permits of the Brass Tap Bar which may be assigned or transferred; and (iii) the leasehold interest and improvements in the Site.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. You and your Owners further agree to execute general releases, in the form attached to the Franchise Disclosure Document, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

17.6 **Continuing Obligations.** All of our and your (and your Owners' and Affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Examples include indemnification, payment, identification and dispute resolution provisions. You further agree that the de-identification procedures set forth in **Section 17.2** may change over time and that specific circumstances may require different de-identification requirements and procedures. We may therefore require any additional or different requirements and procedures as may be necessary to fully de-identify the Brass Tap Bar or the Site to our satisfaction upon termination or expiration of this Agreement. You agree to comply with any such de-identification procedures and requirements set forth by us.

18. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

18.1 **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Brass Tap Bar personnel and others as the owner of the Brass Tap Bar under a franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time to time. If you do not do so, we may place the notices and accomplish the foregoing as we see fit, and you must reimburse us for doing so.

18.2 **No Liability for Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Brass Tap Bar's operation or the business you conduct pursuant to this Agreement.

18.3 **Taxes.** We will have no liability for any sales, use, alcohol surcharge, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or the Brass Tap Bar, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes are your responsibility.

18.4 **Indemnification.** You agree to indemnify, defend and hold us, our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (the **"Indemnified Parties"**) harmless from and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all taxes arising out of the operation of your Brass Tap Bar, and any and all claims and liabilities directly or indirectly arising out of the Brass Tap Bar's operation (even if our negligence is alleged, but not proven); any element of your development, opening and operation of your Brass Tap Bar, including (without limitation) any personal injury, death or property damage suffered by any customer, visitor, operator, employee or guest of the Brass Tap Bar; crimes committed on or near your Brass Tap Bar or vehicles used by your Brass Tap Bar; all acts, errors, neglects or omissions engaged in by you, your contractors or subcontractors, as well as any third party, arising out of or related to the design, construction, conversion, build-out, outfitting, remodeling, renovation or upgrading of your Brass Tap Bar, whether or not any of the foregoing was approved by us; defects in any Brass Tap Bar you construct and/or operate, whether or not discoverable by you or by us; all acts, errors, neglects or omissions of you or the Brass Tap Bar and/or the owners, officers, directors, management, employees, agent, servants, contractors, partners, proprietors, affiliates or representatives of you or Brass Tap Bar (or any third party acting on your behalf or at your direction), whether in connection with the Brass Tap Bar or otherwise; all liabilities arising from or related to your offer, sale and/or delivery of products and/or services as contemplated by this Agreement; and, any action by any customer of yours or visitor to your Brass Tap Bar or any other facility of your franchised business; or your breach of this Agreement.

For purposes of this indemnification, **"claims"** includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of

investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

18.5 You are the Sole and Exclusive Employer of your Employees. You hereby irrevocably affirm, attest and covenant your understanding that your employees are employed exclusively by you and in no fashion is any such employee either employed, jointly employed or co-employed by us. You further affirm and attest that each of your employees is under the exclusive dominion and control of you and never under the direct or indirect control of us in any fashion whatsoever. You alone hire each of your employees; set their schedules; establish their compensation rates; and, pay all salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/Affordable Care Act contributions/unemployment insurance premiums). You alone have the ability to discipline or terminate your employees to the exclusion of us, which have no such authority or ability. You further attest and affirm that any minimum requirements we establish are solely for the purpose of ensuring that your franchised Business is at all times operated at those levels necessary to operate your franchised Business in conformity with the System and the products, services, standards of quality and efficiency, and other Brass Tap brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. You also affirm and attest that any recommendations you may receive from us regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist you to efficiently operate your franchised Business, and that you are entirely free to disregard our recommendations regarding such employee compensation. Moreover, you affirm and attest that any training provided by us for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a franchised Business and in no fashion reflects any employment relationship between us and such employees. Finally, should it ever be asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, including (if necessary) appearing at any venue requested by us to testify on our behalf (and, as may be necessary, submitting yourself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer or co-employer of any of your employees).

19. ENFORCEMENT.

19.1 **Severability; Substitution of Valid Provisions.** Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provisions will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

19.2 **Waivers.** We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us

under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

19.3 **Limitation of Liability.** Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from:

(a) **Compliance with Laws**. Compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;

(b) **Acts of God**. Acts of God, terror, war or similar events;

(c) **Acts or Omissions**. Acts or omissions of a similar event or cause.

However, such delays or events do not excuse payments of amounts owed at any time.

19.4 **Approval and Consents.** Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

19.5 **Waiver of Punitive Damages.** **EXCEPT FOR YOUR OBLIGATIONS TO INDEMNIFY US AND CLAIMS FOR UNAUTHORIZED USE OF THE MARKS OR CONFIDENTIAL INFORMATION, YOU AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.**

19.6 **Limitations of Claims.** **ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN 1 YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS REVENUES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.**

19.7 **Governing Law.** **EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY FLORIDA LAW WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR BUSINESS OPPORTUNITIES OR GOVERNING THE RELATIONSHIP**

BETWEEN A FRANCHISOR AND FRANCHISEE, OR BETWEEN A BUSINESS OPPORTUNITY SELLER AND PURCHASER, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. References to any law or regulation also refer to any successor laws or regulations and any impending regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

19.8 **Jurisdiction.** **YOU AND WE CONSENT, AND IRREVOCABLY SUBMIT TO, THE EXCLUSIVE JURISDICTION AND VENUE OF THE STATE AND FEDERAL COURTS OF COMPETENT JURISDICTION FOR HILLSBOROUGH COUNTY, FLORIDA, AND WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS. THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE PARTIES FOR THE ENFORCEMENT OF ANY JUDGMENT IN ANY OTHER APPROPRIATE JURISDICTION.**

19.9 **Waiver of Jury Trial.** **YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.**

19.10 **Cumulative Remedies.** The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

19.11 **Costs and Attorneys' Fees.** If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys fees. Attorneys fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

19.12 **Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

19.13 **Entire Agreement.** This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us. 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.

19.14 **No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

19.15 **Construction.** The headings of the sections are for convenience only. If two or more persons are at any time franchise owners hereunder, whether or not as partners or joint venturers, their obligations and

liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. "A or B" means "A" or "B" or both.

19.16 **Certain Definitions.** The term "**Family Member**" refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term "**Affiliate**" means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The terms "**Franchisee**", franchise owner, you and your are applicable to one or more persons, a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term "**Person**" includes individuals, corporations, partnerships (general or limited), limited liability companies, and all artificial or legal entities. The term "**Section**" refers to a section or subsection of this Agreement. The word "**Control**" means the power to direct or cause the direction of management and policies. The word "**Owner**" means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

19.17 **Timing is of the Essence.** It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words "from" and "commencing on" (and the like) mean "from and including"; and the words "to," "until" and "ending on" (and the like) mean "to but excluding." Indications of time of day mean Florida time.

19.18 **Mediation.** During the term of this Agreement, certain disputes may arise between you and us that may be resolvable through mediation. To facilitate such resolution, you and we agree that each party must, before commencing any litigation proceeding, submit the dispute for non-binding mediation to be conducted at our headquarters in Hillsborough County, Florida, to 1 mediator, in accordance with the then current rules of the American Arbitration Association. The mediator will conduct a mediation in accordance with such rules. You and we agree that any statements made by either you or us in any such mediation proceeding will not be admissible in any subsequent arbitration or other legal proceeding. Each party will bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate. Nevertheless, both you and we have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. However, the parties must immediately and contemporaneously submit the dispute for non-binding mediation.

19.19 **Private Disputes. ANY DISPUTE AND ANY LITIGATION WILL BE CONDUCTED AND RESOLVED ON AN INDIVIDUAL BASIS ONLY AND NOT A CLASS-WIDE, MULTIPLE PLAINTIFF OR SIMILAR BASIS. ANY SUCH PROCEEDING WILL NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING INVOLVING ANY OTHER PERSON, EXCEPT FOR DISPUTES INVOLVING AFFILIATES OF THE PARTIES.**

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

have entered into with us or any of our affiliates, in accordance with the termination provisions of this Agreement.

19.21 **Our Withholding of Consent – Your Exclusive Remedy.** In no event may you make any claim for money damages based on any claim or assertion that we have unreasonably withheld or delayed any consent or approval under this Franchise Agreement. You waive any such claim for damages. You may not claim any such damages by way of setoff, counterclaim or defense. Your sole remedy for the claim will be an action or proceeding to enforce this Agreement, for specific performance or for declaratory judgment.

20. NOTICES AND PAYMENTS.

Any notices and reports required or permitted to be given under this Agreement or by the Manuals must be in writing; must be delivered to the other party personally, by certified mail (and return receipt requested, postage prepaid), by documented overnight delivery with a reputable carrier; and, will be effective on the date that delivery is documented to have been first attempted.

All such notices must be addressed to the parties as follows:

If to Us: BRASS TAP FRANCHISOR, LLC
5660 W. Cypress Street, Suite A
Tampa, Florida 33607
Attention: Chris Elliott

If to You: _____
_____
_____
E-mail: _____
Attention: _____

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within 10 business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least 2 days prior to such due date, or in which the receipt from the commercial courier service is not dated 1 day prior to such due date) will be deemed delinquent.

Intending to be bound, you and we sign and deliver this Agreement in 2 counterparts effective on the Effective Date, regardless of the actual date of signature.

"**US**":

BRASS TAP FRANCHISOR, LLC

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

"**YOU**":

By: _____
Name: _____
Date: _____

_____
[*Business Entity Name]*

By: _____
Name: _____

Title:_____
Date:_____

EXHIBIT "A" TO FRANCHISE AGREEMENT

SITE, SITE SELECTION AREA(S) AND PROTECTED TERRITORY

(1) Your Site Selection Area(s) prior to approval of the Site consists of the following trade area(s) or intersections of streets:

_____

_____

_____

_____

(2) If the Site Selection Area(s) are to be determined after the Effective Date, check the box ☐. When we approve the Site, we will complete the description of the Site Selection Area(s) at that time.

(3) Your Site is located at:

_____

_____

_____

_____

Your Protected Territory is the geographic area within a circle with a 3-mile radius of the Site. Check box ☐ if map is attached.

EXHIBIT "B" TO THE FRANCHISE AGREEMENT

GLOSSARY

This Glossary is intended as a general guideline to assist you in reading the Franchise Agreement. You must review the Franchise Agreement to get an exact definition of a term.

TERM	DEFINITION
Allowances Section 11.11	The manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits offered by suppliers to you or to us or our affiliates based upon your purchases of products and other goods and services, which Allowances we have the right to collect and retain.
Account Section 6.5	The Brass Tap Bar's bank operating account.
Adjusted Gross Sales Section 6.7	Gross Sales less: (i) complimentary food and beverage service, or sums collected and actually paid by you for any sales, drink or other excise tax imposed by any duly constituted governmental authority on alcoholic beverages sales in a state that prohibits the payment of Royalties on such sales; (ii) the value of gift certificates and the amounts paid for them; and, (iii) the amount of all reasonable over-rings, allowances, discounts to customers, tips to employees (including discounts attributable to coupon sales, provided they have been included in Gross Sales) as determined by us in our sole judgment
Affiliate Section 19.16	Any Business Entity directly or indirectly owned or controlled by a person.
Agreement Introductory Paragraph	The Franchise Agreement between you and us.
Alcohol Restriction Law Section 6.13	A state or local law which prohibits or restricts in any way your ability to pay and our ability to collect Royalties, Marketing Contributions or other amounts derived from the sale of alcoholic beverages.
Anti-Terrorism Laws Section 19.20	Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war.
Initial Training Section 7.1	The initial 3-week training program that we, or our designee, furnish before the Brass Tap Bar opens.
Business Entity Section 1.5	A business organization like a corporation, limited liability company or partnership.
Capital Modifications Section 11.3	Any modification that we make to the System Standards.
Certified Architect Section 5.1	Our brand-certified architects who you must use to prepare prototype design plans, elevation drawings specifications, decor and layout for your Brass Tap Bar, including requirements for design, color scheme, image, interior layout and operation assets which include fixtures, equipment, signs and furnishing (collectively, the "**Required Preliminary Plans**").

TERM	DEFINITION
Certified Training Locations Section 7.1	Locations we designate for training, which currently include locations near Tampa, Florida.
Claims Section 18.4	All obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses.
Competitive Businesses Section 10	Any bar, club, pub, tavern or other facility that features beer, wine, or other alcoholic beverages, or any other products, menu items and/or services similar to any of the products, menu items and/or services offered by Brass Tap Bars (other than a Brass Tap Bar under a franchise agreement with us).
Computer System Section 11.7	The computer equipment and operating software (and related training and periodic software support) that we specify.
Confidential Information Section 9.1	Our confidential information relating to the development and operation of Brass Tap Bars including: (i) the System and the know-how related to its use; (ii) plans, specifications, size and physical characteristics of Brass Tap Bars; (iii) site selection criteria, land use and zoning techniques and criteria; (iv) methods in obtaining licensing and meeting regulatory requirements; (v) sources, design and methods of use of equipment, furniture, forms, materials, supplies, Websites, Internet or Intranet, "business to business" or "business to customer" networks or communities and other e-commerce methods of business; (vi) marketing, advertising and promotional programs for Brass Tap Bars; (vii) staffing and delivery methods and techniques for personal services; (viii) the selection, testing and training of managers and other employees for Brass Tap Bars; (ix) the recruitment, qualification and investigation methods to secure employment for employment candidates; (x) the Computer System and any computer software and related passwords we make available or recommend for Brass Tap Bars; (xi) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of Brass Tap Bars; (xii) knowledge of specifications for and identities of and suppliers of certain products, materials, supplies, furniture, furnishings and equipment; (xiii) recipes, formulas, preparation methods and serving techniques; and (xiv) knowledge of operating results and financial performance of Brass Tap Bars other than those operated by you (or your affiliates).
Control Section 19.16	The power to direct or cause the direction of management and policies.
Designated Operator Section 7.1	You or the Operating Partner and Operating Manager who must satisfactorily complete Initial Training.
Designated Trainer Employees Section 7.3	You are required to provide three employees from your existing store(s) to provide on-site training, support and assistance for the opening of your second or subsequent Brass Tap Bar.

TERM	DEFINITION
Disability Section 15.5	A mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the Brass Tap Bar.
Effective Date Introductory Paragraph	The date of the Franchise Agreement.
Family Member Section 19.16	Parents, spouses, offspring and siblings, and the parents and siblings of spouses.
Brass Tap Bar Materials Section 5.5	All services, supplies, materials and food and beverage products, and media products and services (e.g. cable television, satellite television, and music (if any)) for use in connection with your Brass Tap Bar.
Brass Tap Bar Section 1.1	Upscale beer bars offering 40 plus craft beers on tap, 300 varieties of imported, domestic and local craft beers, a large selection of fine wines and other beverage and food offerings, in a distinctive and innovative environment we have developed, which operate under distinctive business formats, methods, procedures, designs, layouts, signs, equipment, menus, recipes, trade dress, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time.
Franchise Section 2.2	The right to operate a Brass Tap Bar at the Site using the Marks and the System.
Franchise Fee Section 6.1	The initial franchise fee that you must pay us on the Effective Date.
Franchisee Introductory Paragraph	You
Franchisor Introductory Paragraph	Us
Gross Sales Section 6.6	All revenue you derive from operating the Brass Tap Bar, including, but not limited to, all amounts you receive at or away from the Site from any activities or services whatsoever including any that are in any way associated with the Marks, and whether from cash, check, barter, credit or debit card or credit transactions, including the redemption value of gift certificates redeemed by you regardless of whether such gift certificates are issued by you or someone else; but excluding (i) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and (ii) customer refunds, adjustments, credits and allowances actually made by the Brass Tap Bar. Gross Sales also includes revenues from delivery service sales, retail, concessions, hotel room service, catering, special functions, etc. and sales of products bearing or associated with the Marks.
Headquarters Training Section 7.5	A four-day training at our headquarters in Tampa, Florida provided in order for any subsequently designated Operating Manager to earn the certifications that we require.
Improvements Section 9.2	Ideas, concepts, methods, techniques or improvements relating to the Brass Tap Bar or the System that you or your employees may develop.

TERM	DEFINITION
Indemnified Parties Section 18.4	Us, our affiliates our respective shareholders, directors, officers, employees, agents, successors and assigns that you agree to indemnify, defend and hold harmless from and against all claims, obligations and damages.
Interim Management Section 16.6	After we have given you written notice that you are in default, we may (but are not obligated to) assume interim management of the Brass Tap Bar during the pendency of any cure period or in lieu of immediately terminating the Franchise Agreement.
Lease Assignment Section 4.3(b)	Out form of Conditional Assignment and Assumption of Lease Agreement that you and the lessor must entered into.
Manuals Section 11.1	Our manuals consisting of such materials (including, as applicable audiotapes, videotapes, magnetic media, computer software and written materials) that we generally grant access to franchisees for use in operating a Brass Tap Bar.
Marketing Contributions Section 12.1	You contribution to the Marketing Development Fund of 1.5% of monthly Adjusted Gross Sales.
Marketing Development Fund Section 12.1	A system-wide marketing and development fund that we have established for such advertising, marketing and public relations programs and materials we deem necessary or appropriate.
Marketing Fund Corporation Section 12.1	The Florida not-for-profit corporation (Brass Tap Marketing and Development Fund, Inc.) that is operating the Marketing Development Fund.
Marks Section 1.1	The trade and service marks "The Brass Tap®" and other associated logos, designs, artwork and trade dress and additional trademarks, service marks and commercial symbols that we use, promote and license in conjunction with the operation of Brass Tap Bar.
Notification Date Section 17.5(a)	The date on which we notify you whether or not we are exercising our option to purchase your Brass Tap Bar upon termination of the Franchise Agreement.
Opening Week Section 7.2	The six day period during the week that your Brass Tap Bar opens, during which we provide certain training.
Operating Assets Section 5.5	All fixtures, furnishing, equipment, signs, and electronic or computerized devices and services (including telecopiers, cash registers, computers, POS, e-mail, ISP, intranet and internet services, hardware and software) for use in connection with your Brass Tap Bar.
Operating Partner Section 7.1	You, or if you are a Business Entity, your primary operating partner.
Operating Manager Section 7.1	Your designated manager who is, responsible for day to day operation of the Brass Tap Bar and has successfully completed Initial Training.
Owner Section 19.16	Any person holding a direct or indirect, legal or beneficial ownership interests or voting rights in another person (or a transferee of this Agreement or an interest in you), and the officers, directors, partners, members or holders of a beneficial interest in any person who has 5% or more a direct or indirect beneficial interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

TERM	DEFINITION
Payment Day Section 6.5	The day of each week or month that we designate for payment of Royalties or other amounts due us.
Per Diem Fee Section 7.6	The additional fee that we will charge if you request additional or refresher training.
Person Section 19.16	Individuals and Business Entities.
Principal Owner Section 1.5	An Owner who owns more than 10% of the voting securities of the Business Entity
Proprietary Materials Section 11.9	All articles used in operating the Brass Tap Bar that bear the Marks, including seasonings, sauces, dressings, employee clothing (such as ties, hats and aprons) and menus.
Protected Territory Section 4.1	The geographic area within a 3-mile radius of the front door of your Brass Tap Bar.
Remedial Training Section 7.5	If we determine it to be necessary, we may provide you with remedial training or assistance subject to the availability of our personnel.
Response Notice Section 3.2(a)	The written notice that we will give you not more than 90 days after we receive notice of your election to acquire a Successor Franchise.
Royalty Section 6.2	The royalty in the amount of 4.0% of Adjusted Gross Sales that you pay us on a monthly basis.
Section Section 19.16	A section or subsection of this Agreement.
Site Section 4.1	The location for your Brass Tap Bar that we have approved.
Site Selection Area(s) Section 4.1	The one or more trade areas or intersections of streets within which you are interested in locating your Site.
Site Selection Period Section 4.1	The period ending on the 180th day following the Effective Date (or the time period agreed upon in your Area Development Agreement, if applicable).
Successor Franchise Section 3.1	The 2 successor franchises that you will have the right to enter for additional 5-year periods if you have substantially complied with the Franchise Agreement during the Term and provided that you comply with the other requirements for obtaining a Successor Franchise.
Successor Franchise Agreement Section 3.1	The Franchise Agreement signed by the parties upon Franchisor's grant of a Successor Franchise to Franchisee
System Section 1.1	The distinctive business formats, methods, procedures, designs, layout, signs, equipment, menus, recipes, trade dress, standards and specifications we have developed and may improve, further develop or otherwise modify from time to time under which the Brass Tap Bars operate.
System Standards Section 11.1	Mandatory and suggested specifications, standards, operating procedures and rules that we prescribe for operation of a Brass Tap Bar.
Training Certificate Section 7.1	The certificate that you obtain by completing the Training Certificate Process.

TERM	DEFINITION
Training Week Section 7.2	The five day period prior to your Brass Tap Bar opening during which we provide certain training.
Transfer Section 15.2	You or your Owners voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (i) the Franchise Agreement; (ii) you; or (iii) the Brass Tap Bar.
Transfer Fee Section 15.3	The fee equal to $20,000 that you or the transferee must pay to help defray expenses we incur in connection with the transfer, plus the costs of training up to 2 trainees of the Transferee.
Website Section 12.8	An interactive electronic document, contained in a network of computers linked by communications software, that you operate or authorize others to operate that refers to your Brass Tap Bar, the Marks, us, and/or the System. The term Website also includes Internet, Intranet and World Wide Web home pages or e-mail address sites.

EXHIBIT "C" TO THE FRANCHISE AGREEMENT

FORM OF

CONDITIONAL ASSIGNMENT AND ASSUMPTION OF TELEPHONE NUMBERS AND LISTINGS

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS (this "**Assignment**") is effective as of _____, 20__, between **BRASS TAP FRANCHISOR, LLC,** a Delaware limited liability company ("**we,**" "**us**" or "**our"**) and _____ _____whose current place of business is _____ _____ ("**you**" or "**your**"). You and we are sometimes referred to collectively as the "**parties**" or individually as a "**party**."

BACKGROUND INFORMATION:

We have simultaneously entered into the certain Franchise Agreement (the "**Franchise Agreement**") dated as of _____, 20___ with you, pursuant to which you plan to own and operate a franchise to operate as a The Brass Tap® Brass Tap Bar (the "**Brass Tap Bar**"). We use, among other things, certain proprietary knowledge, procedures, formats, systems, forms, printed materials, applications, methods, specifications, standards and techniques we authorize or develop (collectively the "**System**"). We identify Brass Tap Bars and various components of the System by certain trademarks, trade names, service marks, trade dress and other commercial symbols (collectively the "**Marks**"). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings of the Brass Tap Bar if the Franchise Agreement is terminated.

OPERATIVE TERMS:

You and we agree as follows:

1. **Background Information**: The background information is true and correct. This Assignment will be interpreted by reference to the background information. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.

2. **Conditional Assignment**: You assign to us, all of your right, title and interest in and to those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "**Numbers and Listings**") associated with the Marks and used from time to time in connection with the operation of the Brass Tap Bar. We will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless we notify the telephone company and/or the listing agencies with which you have placed telephone directory listings (collectively, the "**Telephone Company**") to effectuate the assignment of the Numbers and Listings to us. Upon termination or expiration of the Franchise Agreement we will have the right and authority to ownership of the Numbers and Listings. In such event, you will have no further right, title or interest in the Numbers and Listings and will remain liable to the Telephone Company for all past due fees owing to the Telephone Company on or before the date on which the assignment is effective. As between the parties, upon termination or expiration of the Franchise Agreement, we will have the sole right to and interest in the Numbers and Listings.

3. **Power of Attorney**: You irrevocably appoint us as your true and lawful attorney-in-fact to: (a) direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us; and (b) sign on your behalf such documents and take such actions as may be necessary to effectuate the assignment. Notwithstanding anything else in the Assignment, however, you will immediately notify and instruct the Telephone Company to effectuate the assignment described in this Assignment to us when, and only when: (i) the Franchise Agreement is terminated or expires; and (ii) we instruct you to so notify the Telephone Company. If you fail to promptly direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us, we will direct the Telephone Company to do so. The Telephone Company may accept our written direction, the Franchise Agreement or this Assignment as

conclusive proof of our exclusive rights in and to the Numbers and Listings upon such termination or expiration. The assignment will become immediately and automatically effective upon Telephone Company's receipt of such notice from you or us. If the Telephone Company requires that you and/or we sign the Telephone Company's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, our signature on such forms or documentation on your behalf will effectuate your consent and agreement to the assignment. At any time, you and we will perform such acts and sign and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement. The power of attorney conferred upon us pursuant to the provisions set forth in this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our consent.

4. **Indemnification**: You will indemnify and hold us and our affiliates, stockholders, directors, officers and representatives (collectively, the "**Indemnified Parties**") harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Telephone Company.

5. **Binding Effect**: This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns.

6. **Assignment to Control**: This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company.

7. **Attorneys' Fees, Etc.**: In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term "**attorneys' fees**" means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in arbitration proceedings.

8. **Severability**: If any of the provisions of this Assignment or any section or subsection of this Assignment are held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. **Governing Law and Forum**: This Assignment is governed by Florida law. The parties will not institute any action against any of the other parties to this Assignment except in the state or federal court of competent jurisdiction in Hillsborough County, Florida, and they irrevocably submit to the jurisdiction of such courts and waive any objection they may have to either the jurisdiction or venue of such court.

ASSIGNOR:	**ASSIGNEE**: **BRASS TAP FRANCHISOR, LLC**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

EXHIBIT "D" TO THE FRANCHISE AGREEMENT

FORM OF

CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE (this "**Assignment**") is made, entered into and effective as of the effective date of the Lease (as defined herein below), by, between and among **BRASS TAP FRANCHISOR, LLC** ("**we,**" "**us**" or "**our**"), and _____ _____whose current principal place of business is _____ _____("**you**" or "**your"**).

BACKGROUND INFORMATION

We entered into that certain Franchise Agreement (the "**Franchise Agreement**") dated as of _____, 20___ with you, pursuant to which you plan to own and operate a Brass Tap Bar franchise (the "**Brass Tap Bar**") located at that certain location approved by us pursuant to Sections 2 and 4 of the Franchise Agreement between you and us dated _____, 20____ (the "**Approved Location**" or "**Site**"). In addition, pursuant to that certain Lease Agreement (the "**Lease**"), you have leased or will lease certain space containing the Brass Tap Bar described therein from _____ (the "**Lessor**"). The Franchise Agreement requires you to deliver this Assignment to us as a condition to the grant of a franchise.

OPERATIVE TERMS

We and you agree as follows:

1. **Background Information**: The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information.

2. **Incorporation of Terms**: Terms not otherwise defined in this Assignment have the meanings as defined in the Lease.

3. **Indemnification of Us**: You agree to indemnify and hold us and our affiliates, stockholders, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.

4. **Assignment**: You grant to us a security interest in and to the Lease, all of the furniture, fixtures, inventory and supplies located in the Site and the franchise relating to the Brass Tap Bar, and all of your rights, title and interest in and to the Lease as collateral for the payment of any obligation, liability or other amount owed by you or your affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by you under the terms of the Lease, or, in the event we make any payment to the Lessor as a result of your breach of the Lease, then such payment by us, or such breach or default by you, will at our option be deemed to be an immediate default under the Franchise Agreement, and we will be entitled to the possession of the Site and to all of your rights, title and interest in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any of our other rights or remedies under any other Agreements or under other applicable laws or equities. This Assignment will constitute a

lien on your interest in and to the Lease until satisfaction in full of all amounts owed by you to us. In addition, our rights to assume all obligations under the Lease provided in this Assignment are totally optional on our part. You agree to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by us to perfect or document the interests and assignments granted herein.

5. **No Subordination**: You will not permit the Lease to become subordinate to any lien without first obtaining our written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for your operations on the Site and the agreements and other instruments referenced herein. You will not terminate, modify or amend any of the provisions or terms of the Lease without our prior written consent. Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void.

6. **Exercise of Remedies**: In any case of default by you under the terms of the Lease or under the Franchise Agreement, we will be entitled to exercise any one or more of the following remedies:

(a) to take possession of the Site, or any part thereof, personally, or by our agents or attorneys;

(b) to without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all your furniture, fixtures, inventory, books, records, papers and accounts;

(c) to exclude you, your agents or employees from the Site;

(d) as your attorney-in-fact or in our own name, and under the powers herein granted, to hold, operate, manage and control the Brass Tap Bar and conduct the business, if any, thereof, either personally or by our agents, with full power to use such measures, legally rectifiable, as we may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to us to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;

(e) to cancel or terminate any unauthorized agreements or subleases entered into by you, for any cause or ground which would entitle us to cancel the same;

(f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious; and

(g) to insure and reinsure the same for all risks incidental to our possession, operation and management thereof; and/or

(h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of your rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of your default under the Lease.

7. **Power of Attorney**: You do hereby irrevocably appoint us as your true and lawful attorney-in-fact in your name and stead and hereby authorizes us, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and

operate the Site to any person, firm or corporation upon such terms and conditions as we may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as we would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon us pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our written consent.

8. **Election of Remedies**: It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to us and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the parties, but are deemed an additional remedy and are cumulative with the remedies therein and elsewhere granted to us, all of which remedies are enforceable concurrently or successively. No exercise by us or any of the rights hereunder will cure, waive or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by us will be construed as a waiver of any of our rights and remedies and no waiver by us of any such rights and remedies will be construed as a waiver by us of any future rights and remedies.

9. **Binding Agreements**: This Assignment and all provisions are binding upon the parties, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words "we," "us" or "our" or "you" and "your" includes all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **Assignment to Control**. This Assignment governs and controls over any conflicting provisions in the Lease.

11. **Attorney's Fees, Etc**. In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys' fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing Party.

12. **Severability**. If any of the provisions of this Assignment or any section or subsection of this Assignment is be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

"YOU":	**"US"**:
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

EXHIBIT "E" TO THE FRANCHISE AGREEMENT

FORM OF

PRINCIPAL OWNER'S GUARANTY

PRINCIPAL OWNER'S GUARANTY

This Guaranty must be signed by each of the principal owners (referred to as "**you**" or "**your**" for purposes of this Guaranty only) of _____ (the "**Business Entity**") under the Franchise Agreement dated _____, 20___ (the "**Agreement**") with **BRASS TAP FRANCHISOR, LLC** ("**we**," "**us**" or "**our**").

1. **Incorporation of Terms.** Each term of the Agreement is incorporated into this Guaranty.

2. **Guaranty**. In consideration of and as an inducement to us signing and delivering the Agreement, each of you signing this Guaranty personally, unconditionally and jointly and severally: guarantee to us and our successors and assigns that (a) the Business Entity will punctually pay and perform every obligation and obey every restriction and covenant set forth in the Agreement and (b) each of you agrees to be personally bound by, and personally liable for the breach of, each and every obligation, restriction and covenant in the Agreement.

3. **Payment**. If the Business Entity fails to make any payment when due or otherwise defaults under any of the terms of the Agreement, immediately upon demand, you will pay to us the full amount owed, plus any interest or penalty allowed under the Agreement. All payments are made without set-off, deduction or withholding for any reason, and are final and free from any defense, claim or counterclaim of you, except the defense that the Business Entity has paid all obligations in full.

4. **Waivers**. Each of you waives: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

5. **Consents and Agreements**. Each of you consents and agrees that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to the Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

6. **Enforcement Costs**. If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

7. **Effectiveness**. Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Florida law and we may enforce our rights regarding it in the courts of Hillsborough or Pinellas Counties, Florida. Each of you irrevocably submits to the jurisdiction and venue of such courts.

Each of you now signs and delivers this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY	**GUARANTORS**
_____	_____
_____	_____
_____	_____
_____	_____
	DATE _____

EXHIBIT "F" TO THE FRANCHISE AGREEMENT

FORM OF

PRINCIPAL OWNER'S STATEMENT

PRINCIPAL OWNERS STATEMENT

This form must be completed by you if you have multiple owners or if you, or your franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). We are relying on the truth and accuracy of this form in awarding the Franchise Agreement to you.

1. **Form of Owner**. Franchisee is a (check one):

(a)	General Partnership	□
(b)	Corporation	□
(c)	Limited Partnership	□
(d)	Limited Liability Company	□
(e)	Other	□
	Specify: _____	

Franchisee was formed under the laws of _____.
(state)

2. **Business Entity.** Franchisee was incorporated or formed on _____, 20__, under the laws of the State of _____. Franchisee has not conducted business under any name other than your corporate, limited liability company or partnership name and _____. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	Position(s) Held

3. **Owners**. The following list includes the full name and mailing address of each person who is one of your owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Owner's Name and Address	Description of Interest

4. **Governing Documents**. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Principal Owners is current and complete as of _____, 20__

OWNER

INDIVIDUALS:

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

_____
[Name]

By:_____

Title:_____

EXHIBIT "G" TO THE FRANCHISE AGREEMENT

FORM OF

OPERATING MANAGER CONFIDENTIALITY AGREEMENT

OPERATING MANAGER CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT (this "**Agreement**") is effective as of _____, 20___, between _____, a _____ _____("**we**," "**us**," "**our**" or "**Franchisee**") and _____ ("**you**" or "**your**"), an employee or independent contractor of ours.

BACKGROUND INFORMATION:

We have entered into a Franchise Agreement (the "**Franchise Agreement**") with **BRASS TAP FRANCHISOR, LLC**, a Delaware limited liability company (the "**Franchisor**") to operate a The Brass Tap® Bar (the "**Bar**") at _____ (the "**Site**") in a protected marketing area (the "**Protected Territory**") that will consist of the geographic area within a 3-mile radius of the front door of the Bar. The Bar is operated pursuant to formats, specifications, standards, methods and procedures prescribed or approved by the Franchisor (the "**System**"). We possess or have access to certain confidential information, consisting of location selection criteria; the System; the operations manual; other proprietary materials; the sales and marketing techniques used, and knowledge of and experience in developing and operating Brass Tap Bars; customer information; marketing and advertising programs for Brass Tap Bars; knowledge of specifications for and suppliers of certain goods, services, furniture, fixtures, equipment, software, furnishings and signs, materials and supplies; and knowledge of operating results, costs and financial information, data and performance of Brass Tap Bars other than the Bar, certain of which the Franchisor licenses to us or which are developed by us under the Franchise Agreement but are owned by the Franchisor (the "**Confidential Information**").

You acknowledge that we and the Franchisor have provided you with Confidential Information and specialized and extensive training regarding the System. You understand and acknowledge that the System and Confidential Information are the Franchisor's proprietary trade secrets, and are confidential. We have an obligation under our Franchise Agreement to maintain the Confidential Information as secret and confidential. You represent to us and the Franchisor that you have other skills that you can utilize if, for any reason, your relationship with us ends.

OPERATIVE TERMS:

Accordingly, you and we agree as follows:

1. **Confidentiality**. You will (a) not use the Confidential Information in any capacity; (b) maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement and your employment by, or association with, us; (c) not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (d) comply with all procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information.

2. **Extension of Time Period**. The time period during which you are to refrain from any of the activities listed in this Agreement will be automatically extended by any length of time during which you or any of your affiliates, successors or assigns are in breach of any provision of this Agreement. This Agreement will continue through the duration of the extended time periods.

3. **Suspension of Compensation**. We will not be required to pay any other compensation to you during any period of time in which you are in breach of this Agreement. Upon such breach, you forfeit payment of such amounts without limitation on any other remedies available to us for redress.

4. **No Defense or Setoff**. You must not assert, by way of defense or setoff, any alleged breach or damage caused by you if we must enforce this Agreement against you.

5. **Injunctive Relief**. You and we agree that the breach of this Agreement will result in irreparable harm to us or the Franchisor, and that no monetary award can fully compensate us or the Franchisor if you violate it. Thus, if you breach this Agreement, you agree that we will be entitled to an injunction restraining you from any further breach. Such injunctive relief may be obtained without bond, but upon due notice, in addition to such other and further remedies or relief as may be available to us or the Franchisor at equity or law.

6. **Relationship**. This Agreement governs only certain aspects of your relationship with us. The terms and conditions of your employment or provision of services for us remain the same as they have been before the date of this Agreement, or as established afterwards. By entering into this Agreement, neither you nor we are committing to employ or engage the other, or to work for the other for any period of time or under any new or different terms and conditions. If you are an employee, this Agreement does not change your status as "at will".

7. **Miscellaneous**.

(a) **Complete Agreement**: This Agreement contains the complete agreement between the parties concerning this subject matter. This Agreement supersedes any previous or contemporaneous agreement, representation or understanding, oral or written, between them. The continued relationship between the parties described in this Agreement constitutes full and sufficient consideration for the binding commitment of the parties to this Agreement.

(b) **Waiver and Amendment**: A waiver or amendment of this Agreement, or any provision of it, will be valid and effective only if it is in writing and signed by all parties or the party waiving such provision. No waiver of any term of this Agreement will operate as a waiver of any other term of this Agreement or of that same term at any other time.

(c) **Rights Cumulative**: No right or remedy available to any party is exclusive of any other remedy. Each and every remedy will be cumulative to any other remedy given under this Agreement, or otherwise legally existing upon the occurrence of a breach of this Agreement.

8. **Certain Definitions**: As used throughout this Agreement, the following terms have the following meanings:

(a) The term "**person**" means any corporation, professional corporation or association, partnership (limited or general), joint venture, trust, association or other Bar entity or enterprise or any natural person;

(b) The term "**affiliate**" means, with respect to any person, any other person that directly, indirectly, or through one or more intermediaries, controls, is controlled by or is under common control with, such person, and includes any subsidiaries or other Bar entities that are beneficially owned by such person or its affiliates;

(c) The term "**attorneys' fees**" means any and all charges levied by an attorney for his services, including time charges, expenses and other reasonable fees including paralegal fees and legal assistant fees, and includes fees earned in settlement, at trial, on appeal or in bankruptcy proceedings.

9. **Attorneys' Fees**: In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Agreement, the prevailing party will be entitled to full reimbursement of its litigation or arbitration expenses from the other party. Litigation or arbitration expenses include attorneys' fees, costs, arbitration fees, expert witness fees and other related expenses including paralegal fees, travel and lodging expenses and court and arbitration filing costs. Reimbursement is due within 30 days of written notice after determination

10. **Governing Law**: This Agreement is governed by the law of the state where the Brass Tap Bar is located. The prevailing party in any litigation involving this Agreement must be reimbursed its attorney's fees from the nonprevailing party.

11. **Third Party Beneficiary**: The parties understand and acknowledge that the Franchisor is a third-party beneficiary of the terms of this Agreement and, at its option, may enforce the provisions of this Agreement against you. Your obligations under this Agreement will continue for the benefit of our and the Franchisor's successors and assigns.

12. **Survival**: The provisions of this Agreement survive any termination of the Franchise Agreement or the relationship between you and us.

13. **Background Information**: The background information is true and correct and is incorporated into this Agreement. This Agreement will be interpreted with reference to the background information.

Intending to be bound, the parties sign below:

THE "FRANCHISEE":	"**YOU**":
Name:_____	Name:_____
Its: _____	Its:_____
Date:_____	Date: _____

EXHIBIT "H" TO THE FRANCHISE AGREEMENT

FORM OF

CONFIDENTIALITY, NONSOLICITATION AND NONCOMPETITION AGREEMENT FOR FRANCHISE AGREEMENT

CONFIDENTIALITY, NONSOLICITATION AND NONCOMPETITION AGREEMENT

NAME: _____

FRANCHISEE: _____

HOME ADDRESS: _____

_____

HOME TELEPHONE: _____

CLASSIFICATION: _____

(Owner, Shareholder, Officer, Director, Attorney, Employee, Etc.)

_____ ("**Franchisee**") is a franchisee of Brass Tap Franchisor, LLC ("**Franchisor**") pursuant to a Franchise Agreement entered into by Franchisee and Franchisor dated _____ (the "**Franchise Agreement**"). I agree that, unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the Franchise Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to in Franchisee, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices of Franchisee and/or Franchisor which may be communicated to me ("**Confidential Information**"), and I will not divert any business to competitors of Franchisee and/or Franchisor.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication is in violation of a similar confidentiality agreement), but in no event through any act of mine.

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or data base, nor otherwise make them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree to return to Franchisor or Franchisee, as the case may be, all Confidential Information or material containing it (in whole or in part) in my possession utilized during my employment, association, service or ownership participation.

I further agree that during the term of my ownership participation, and under the circumstances set forth in the following paragraph, for a period of two years immediately following its expiration or termination for any reason, I will not, directly or indirectly engage or participate in any Competitive Business, as defined below. I agree that I am prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant.

For a period of two years immediately following the expiration or termination of my employment, association, service or ownership participation, I am prohibited from engaging in any Competitive Business, if the other business is located at the Site; within Franchisee's Protected Territory; within fifteen miles of the Site or the Protected Territory, or, within fifteen miles of any other Brass Tap

Bar in operation or under construction on the later of the effective date of the termination or expiration of the Franchise Agreement.

The term "Competitive Business" means any bar, sports pub or other business (other than a Brass Tap Bar under a franchise agreement with us) that features menu items, products and/or services similar to any of the menu items, products and/or services offered by the Brass Tap Bars, including, by way of example and without limitation, any bar, lounge, pub or other business that specializes in offering specialty beers, wines and cigars.

I am further prohibited from selling any fixtures, furniture, equipment, signs, inventory, materials and/or supplies to any third party that will or plans to open a Competitive Business at the Site following the expiration or termination of the Franchise Agreement.

It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing herein will prevent me from owning for investment purposes up to an aggregate of 5% of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and so long as I or Franchisee do not control the company in question.

It is the intention of these provisions that any person or entity having any legal or beneficial interest in or traceable to, down or through me to be bound by the provisions of this covenant, including (without limitation) my spouse, brother, brother-in-law, sister, sister-in-law, parent, parent-in-law, child, son-in-law or daughter-in-law; any direct or indirect beneficiary; any partner (general or limited) or proprietor of mine; and, any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and me. I further agree that upon the expiration or termination of my term of employment/service/association, I will immediately refrain from any and all contacts with customers, for any purpose whatsoever.

I further agree that I will not, on behalf of myself or any other person, or in any capacity associated with any other person or entity, solicit, divert, take away, or interfere with any of the business, customers, referral sources, clients, vendors, suppliers, or contractors of Franchisor or its affiliates (or of any of franchisees of Franchisor or its affiliates), of Franchisee or its affiliates or of any Brass Tap Bar franchisees as may exist during the term of the Franchise Agreement or thereafter.

I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor and Franchisee for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Franchisor or Franchisee (or both) prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of confidential information set forth in this agreement. I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of Franchisor's Confidential Information. Further, I expressly agree that any claims I may have against Franchisor will not constitute a defense to Franchisor's enforcement of the covenants not to compete set forth in this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Franchisor in connection with the enforcement of those covenants not to compete set forth in this Agreement.

If all or any portion of this covenant not to use confidential information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Franchisee and/or Franchisor is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not

invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Franchisee or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Florida without recourse to Florida (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of Florida, and if the franchised Business is located outside of Florida and the provision would be enforceable under the laws of the state in which the franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Florida or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement; any breach of this Agreement; and, all relations and any and all disputes between myself on the one hand, and Franchisee or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in Hillsborough County, Florida. I agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in Hillsborough County, Florida.

I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

_____
(Print Name)

_____
(Signature)

EXHIBIT "I" TO THE FRANCHISE AGREEMENT

LEASE ADDENDUM

ADDENDUM TO LEASE AGREEMENT

THIS ADDENDUM TO LEASE AGREEMENT (this "**Lease Addendum**") is effective as of _____ (the "**Effective Date**"), and is being signed simultaneously with the Lease (the "**Lease**") dated _____ between _____ ("**Tenant**") and _____ _____("**Landlord**") for the real property located at _____ _____ (the "**Premises**").

1. **Incorporation and Precedence**. This Lease Addendum is incorporated into the Lease and supersedes any conflicting provisions in it. Capitalized terms not otherwise defined in this Lease Addendum have the meanings as defined in the Lease.

2. **Background**. Tenant will operate a _____ (the "**Business**") at the Premises under a franchise agreement and ancillary agreements (collectively, the "**Franchise Agreement**") with _____ ("**Franchisor**"). Under the Franchise Agreement, Tenant granted Franchisor a security interest in the Lease, all of the furniture, inventory and supplies located in the Premises related to the Business as collateral for the payment of any obligation, liability or other amount owed by Tenant or its affiliates to Franchisor under the Franchise Agreement. The Franchise Agreement also requires that the Lease contain the provisions set forth in the Lease Addendum.

3. **Use of Premises**. During the term of the Lease, the Premises may only be used for the operation of an authorized Business and for no other purpose.

4. **Term of Lease**. The term of the Lease must be, at least, ten (10) years, with the Tenant having the right to renew the Lease for two additional five (5) year terms.

5. **Marks**. Landlord consents to Tenant's use and installation of the marks, trade dress, signage and related features associated with Franchisor's franchised system that Franchisor may prescribe from time to time, subject to the provisions of applicable law.

6. **Copies of Reports and Correspondence**. Landlord agrees to provide Franchisor with: (i) all revenue and other information Landlord may have related to Tenant's operation of the Business as Franchisor may request, and (ii) copies of all letters and notices sent to Tenant pertaining to the Lease and the premises, at the same time that these letters and notices are sent to Tenant. Tenant consents to Landlord providing such information and documentation to Franchisor.

7. **Lease Default Assumption**. Landlord will give written notice to Franchisor (concurrently with the giving of such notice to Tenant) of any defaults (each, a "**Default**") by Tenant under the Lease by certified mail, return receipt requested, or by nationally recognized overnight courier service, at the following address or to such other address as Franchisor may provide to Landlord from time to time: Jamie Cecil, 5660 West Cypress Street, Suite A, Tampa, FL 33607 (the "**Notice**"). The Notice to Franchisor shall be a prerequisite for Landlord's exercise of any remedies resulting from a Default. If Tenant fails to cure such Default, the Notice will grant Franchisor the right, but not the obligation, to cure such Default within 15 business days after the expiration of Tenant's cure period under the Lease. Franchisor's election to cure such Default shall not be deemed an election to assume the Lease, unless and until Franchisor expressly does so in writing. If Franchisor cures a Default and wishes to assume the Lease, upon written notice by Franchisor or its designee to Landlord (the "**Lease Default Assumption Notice**"): (i) Franchisor or another franchisee, licensee, joint venture partner or other designee of Franchisor will become the lessee of the Premises and will be liable for all obligations under the Lease arising after the date of the Lease Default Assumption Notice, and (ii) Landlord will recognize

Franchisor or another franchisee, licensee, joint venture partner or other designee of Franchisor as the lessee of the Premises effective as of the date of the Lease Default Assumption Notice. If Franchisor assumes the obligations of and replaces Tenant as the lessee under the Lease, Franchisor will be permitted to reassign the Lease to another franchisee, licensee, joint venture partner or other designee of Franchisor.

8. **Franchise Agreement Termination/Expiration Assumption**. Upon the expiration or termination of the Franchise Agreement, Franchisor will have the option to assume the obligations of and replace Tenant as the lessee under the Lease or to have another franchisee, licensee, joint venture partner or other designee of Franchisor assume the obligations of and replace Tenant as the lessee under the Lease. To exercise this option, Franchisor or its designee must cure any defaults under the lease within 15 days of the Franchise Agreement's termination or expiration, and provide written notice to the Landlord of the decision to assume the Lease (the "**Franchise Agreement Termination/Expiration Assumption Notice**"), in which case: (i) Franchisor or another franchisee, licensee, joint venture partner or other designee of Franchisor will become the lessee of the Premises and will be liable for all obligations under the Lease arising after the date of the Franchise Agreement Termination/Expiration Assumption Notice, and (ii) Landlord will recognize Franchisor or another franchisee, licensee, joint venture partner or other designee of Franchisor as the lessee of the Premises effective as of the date of the Franchise Agreement Termination/Expiration Assumption Notice. If Franchisor assumes the obligations of and replaces Tenant as the lessee under the Lease, Franchisor shall have the right to later reassign the Lease to another franchisee, licensee, joint venture partner or other designee of Franchisor.

9. **Landlord Acknowledgement**. Landlord acknowledges that Tenant alone is responsible for all debts, payments and performances under the Lease unless and until Franchisor or another franchisee, licensee, joint venture partner or other designee takes actual possession of the Premises.

10. **Non-Disturbance**. So long as the Lease term continues and Tenant is not in Default under the Lease, Tenant's use, possession and enjoyment of the Premises will not be interfered with by any lender of Landlord or any other person.

11. **Default Under Franchise Agreement**. Any Default under the Lease which is not cured by Tenant within any applicable cure period also constitutes grounds for termination of the Franchise Agreement.

12. **Amendment**. The Lease may not be modified, amended canceled or terminated without Franchisor's advance written consent, which Franchisor may not unreasonably withhold. Landlord will promptly provide Franchisor with copies of all proposed modifications, amendments, cancellations or terminations and true and correct copies of the executed modifications, amendments, cancellations or terminations.

13. **Third Party Beneficiary**. Landlord and Tenant acknowledge that Franchisor is not a party to the Lease, but that Franchisor is intended to be a third party beneficiary of this Lease Addendum with an independent right to enforce its terms against Landlord and Tenant.

14. **Benefits and Successors.** The benefits of this Lease Addendum inure to Franchisor and to its successors and assigns.

15. **Remaining Provisions Unaffected**. Those parts of the Lease that are not expressly modified by this Lease Addendum remain in full force and effect.

Intending to be bound, Landlord and Tenant sign and deliver this Lease Addendum effective on the Effective Date, regardless of the actual date of signature.

"Landlord":	**"Tenant"**:
_____	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

EXHIBIT "I" TO THE DISCLOSURE DOCUMENT

FORM OF

AGREEMENT TO LEASE

AGREEMENT TO LEASE

THIS AGREEMENT TO LEASE (this "**Agreement**") is made, entered into and effective on___ _____, 20___ (the "**Effective Date**") by _____ _____, a _____ ("**you**" or "**your**"), for the benefit of BRASS TAP FRANCHISOR, LLC., a Delaware limited liability company, ("**we**," "**us**" or "**our**").

BACKGROUND INFORMATION:

You entered into that certain Franchise Agreement (the "**Franchise Agreement**") dated as of _____, 20___, with us, pursuant to which you will own and operate a Brass Tap® Bar franchise (the "**Brass Tap Bar**"). The Brass Tap Bar is, or will be, located at an Approved Location, located at _____(the "**Premises**"). You, or _____ (the "**Affiliate**"), owns the Premises.

OPERATIVE TERMS:

You and we agree as follows:

1. **Background Information**. The background information is true and correct, and is incorporated in this Agreement by reference.

2. **Lease**. If the Franchise Agreement is terminated, assigned, or transferred in any manner whatsoever (or deemed to have been under the Franchise Agreement) (a "**Triggering Event**"), then, at our option, you or the Affiliate will enter into a written lease with us in substantially the same form as the Lease Agreement (the "**Lease**") attached to this Agreement to Lease. Any changes to the form of the Lease or any addendum or modification to it will not be effective unless it has been previously approved by us.

3. **Binding Agreements**. This Agreement and all its provisions are binding upon us, the Affiliate and you; and your successors, assigns and legal representatives. The words "**Affiliate**," "**we**," "**us**," "**our**," "**you**" or "**your**" when used in this Agreement include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals signing on behalf of corporate entities represent and warrant that such signatures are duly authorized by all necessary corporate and shareholder authorizations and approvals.

4. **Severability**. If any part(s) of this Agreement are held invalid for any reason, the remainder of this Agreement will not be affected and will remain in full force and effect in accordance with its terms.

5. **Governing Law**. This Agreement is governed by Florida law.

6. **Dispute Resolution**. All parties agree that all unresolved disputes concerning this Agreement must be submitted to mediation as required by the Franchise Agreement. All terms concerning the resolution of disputes contained in the Franchise Agreement are incorporated into this Agreement (including reimbursement of attorneys' fees, jurisdiction and venue, etc.).

(**SIGNATURE PAGE FOLLOWS**)

IN WITNESS WHEREOF, the parties have signed this Agreement as of the Effective Date.

WITNESSES:

Print Name:_____

Print Name:_____

Print Name:_____

Print Name:_____

Print Name:_____

Print Name:_____

"YOU":

_____,
a _____

By:_____
Name:_____
Title:_____

AFFILIATE:

_____,
a _____

By:_____
Name:_____
Title:_____

"US":

BRASS TAP FRANCHISOR, LLC,
a Delaware limited liability company

By:_____
Name:_____
Title:_____

EXHIBIT "J" TO THE DISCLOSURE DOCUMENT

FORM OF

LEASE AGREEMENT

LEASE AGREEMENT

LEASE

THIS LEASE (this "**Lease**"), dated the _____ day of _____, 202___, is entered into between _____, a _____ ("**Landlord**") and **BRASS TAP FRANCHISOR, LLC,** a Delaware limited liability company ("**Tenant**").

BACKGROUND

Tenant, as Franchisor, and Landlord, as Franchisee, entered into that certain Franchise Agreement dated as of _____, 202__ (the "**Franchise Agreement**"), pursuant to the terms of which Landlord has operated a The Brass Tap® bar (the "**The Brass Tap Bar**") within the leased premises described below. The leased premises are owned by Landlord. Pursuant to an Agreement to Lease dated _____, the Landlord agreed to lease The Brass Tap Bar to the Tenant on the occurrence of certain conditions.

SECTION 1
GRANT AND TERM

1.1 **Leased Premises**. In consideration of the Franchise Agreement and the rents and covenants set forth in this Lease, Landlord demises and leases to Tenant, and Tenant leases from Landlord, the parcel of land, more particularly described in Exhibit "A" attached hereto, together with the building and other improvements thereon and appurtenances thereto and all furniture, trade fixtures, equipment, and other personal property located therein as of the Commencement Date, as defined in Section 1.5 (collectively the "**leased premises**"). A site plan of the leased premises is shown on Exhibit "B" attached hereto.

1.2 **Length of Term**. The term of this Lease begins on the Commencement Date and ends on the date the Franchise Agreement would have expired on its own terms plus all successor periods. Should the Commencement Date occur on a day other than the first day of a month, then the term of this Lease is extended to the last day of the last calendar month of the term.

1.3 **Options to Extend Term**. Tenant is granted _____ (___) option(s) to renew the Lease each for an additional period of _____ (___) years (a "**Renewal Period**") commencing on the first day after the last day of the then existing term of this Lease (a "**Renewal Period Commencement Date**") upon the following conditions: (1) Landlord must receive written notice of Tenant's election to exercise its renewal option not less than 120 days before the expiration of the then current term of the Lease; (2) no event of default by Tenant will have occurred during the term of the Lease which remains uncured at the time of election; and (3) all terms, covenants and conditions of the Lease as set forth for the initial term of the Lease prevail in each Renewal Period except that: (i) the term of the Lease is extended for the Renewal Period; and (ii) Base Rent will be increased by _____ percent (____%) on each Renewal Period Commencement Date.

1.4 **Commencement of Rent and Term**. The term of this Lease commences on _____ (the "**Commencement Date**"). Tenant's obligation to pay Base Rent in accordance with Section 2 of this Lease commences of the 30th day following the Commencement Date. Should the Commencement Date occur on a day other than the first day of a month, then the amounts due hereunder for such partial calendar month will be prorated based on the number of days of such month that are within the term of this Lease and payable on the Commencement Date. Notwithstanding the foregoing, Tenant's obligation to pay rent (Base Rent and Additional Rent) in accordance with Section 2

will not commence until the 30th day following the day full possession of the leased premises is delivered to Tenant free from any claims of third parties.

1.5 **Lease Optional for Tenant**. Tenant is not obligated to take possession of the leased premises following a termination of the Franchise Agreement. It is Tenant's option to elect whether or not to take possession of the leased premises following a termination of the Franchise Agreement. In the event that Tenant does not elect to take possession of the leased premises within 30 days following the termination of the Franchise Agreement, this Lease is null and void and of no further force or effect.

1.6 **Delivery of Leased Premises**. On the Commencement Date, Tenant must deliver to Landlord, the leased premises in the condition existing as of the Commencement Date and no equipment, trade fixtures or other personal property constituting a part of the leased premises must be removed by Tenant from the leased premises on or following the Commencement Date.

1.7 **Holding Over after the Term**. In the event Tenant remains in possession of the leased premises after the expiration of the term or termination of this Lease, Tenant's tenancy will be deemed a tenancy from month-to-month, under all the same terms, covenants, and conditions of this Lease.

1.8 **Failure to Deliver Premises**. In the event Landlord fails to turn over possession of the leased premises to Tenant on Commencement Date, Landlord will pay to Tenant, as liquidated damages, a sum equal to _____ Dollars ($_____) for each day from and including the Commencement Date until and including the date possession of the leased premises is delivered to Tenant.

SECTION 2
RENT

2.1 **Base Rent**. Tenant covenants and agrees to pay Landlord base rent ("**Base Rent**") for the leased premises an annual sum equal to the lesser of $_____ per square foot or six percent of Gross Sales (as defined in the Franchise Agreement), payable in equal monthly installments of $_____. The monthly installments of Base Rent is due on or before the first day of each calendar month, in advance, at _____ _____, _____, Florida _____ or at such other place designated by Landlord. The Base Rent must be paid to Landlord without notice or demand.

2.2 **Real Estate Taxes**. Tenant must pay as additional rent during the term of this Lease all general ad valorem real estate taxes and assessments (collectively "**Taxes**") imposed or assessed against the leased premises during the term of this Lease. Taxes for any tax year or other period only a portion of which falls within the term of this Lease prorated between Landlord and Tenant based on the portion of such tax year or other period falling within the term of this Lease. Tenant may pay any Taxes in installments, if permitted by the taxing authority and will only be responsible for such installments as become due during the term of this Lease. Tenant must pay such Taxes, before delinquent, directly to the taxing authority. Tenant may contest in good faith by appropriate proceedings any Taxes assessed against the leased premises. Tenant hereby agrees to pay and discharge the contested Taxes as finally determined, together with any interest or penalties thereon. Landlord must join in any such proceedings, and hereby agrees that the same may be brought in its name, if required by applicable law and regulation. In addition, Landlord agrees to cooperate with Tenant in such proceedings to the extent reasonably necessary or appropriate for Tenant to reasonably proceed with such contest. Tenant must be entitled to any refund of any Taxes paid by it.

2.3 **Taxes on Leasehold or Personalty**. Tenant is responsible for and must pay before delinquent all taxes, assessments and charges assessed during the term of this Lease against Tenants leasehold interest or any personal property used in connection with the leased premises.

2.4 **Sales Tax**. Tenant agrees to pay Landlord any applicable sales or privilege taxes imposed in connection with this Lease or the sums payable hereunder. The sales or privilege tax imposed in connection with any installment of Base Rent must be paid by Tenant together with such installment. This Section 2.4 applies to any tax imposed by Florida Statute 212.031, as well as increases in or replacements to such tax and any similar additional tax generally paid by tenants.

2.5 **Additional Offset Rights**. Tenant may offset against the Base Rent due hereunder any sums owed by Landlord to Tenant under the Franchise Agreement or under Section 1.9 (Failure to Deliver Premises) of this Lease.

SECTION 3
USE AND OPERATION

Tenant must use the leased premises for the purpose of operating a BRASS TAP BAR, or for any other lawful use.

SECTION 4
ALTERATIONS, ADDITIONS AND IMPROVEMENTS

4.1 **Alterations by Tenant**. Tenant must not make or cause to be made any structural alterations, additions or improvements to the leased premises without Landlord's previous written consent. Tenant may make non-structural alterations, additions and improvements without Landlord's previous consent. All alterations, additions and improvements must be done in a good workmanlike manner. All alterations, additions or improvements excluding, however, Tenant's furniture, trade fixtures, equipment, and other personal property, becomes the property of the Landlord upon the expiration or termination of the Lease, except as Landlord may otherwise agree.

4.2 **Construction Liens**. Landlord's interest in the leased premises is not subject to liens for improvements made by Tenant and Tenant has no power or authority to subject the leased premises or any portion thereof to any mechanics', construction or other liens. Tenant must promptly pay all contractors, subcontractors, materialmen, and laborers so as to prevent any liens from attaching to the leased premises. If any lien is made or filed against the leased premises or any part thereof, arising out of any services, labor or material furnished or alleged to have been furnished to, for or on behalf of Tenant, Tenant must, at Tenant's sole cost and expense, discharge or transfer such lien to a lien transfer bond or other security in accordance with the Florida Construction Lien Law, within 30 days after written request by Landlord.

SECTION 5
MAINTENANCE AND REPAIR

5.1 **Responsibilities of Landlord**. Landlord must maintain the foundation and roof of the building that constitutes a part of the leased premises and the structural soundness of the concrete floors and exterior walls of such building (excluding exterior doors, entrances, glass and windows) in good repair and condition. Landlord is not be required to commence any repairs until after written notice (or oral notice in emergency situations) from Tenant that a repair is necessary. The notice must set forth the repair needed and, if the repair is of a nature requiring Landlord's immediate attention, a statement to that effect. Landlord will diligently make any required repairs. In the event Landlord fails to make or

promptly commence and diligently pursue any maintenance or repairs required by this Section (including taking any necessary steps to mitigate any impact on Tenant's business), and such failure results or threatens to result in a material interference with or disruption to Tenant's business in the leased premises, Tenant may (in addition to all other rights and remedies it may have) cure such failure or take such steps as is reasonably necessary to protect its business and recover from Landlord upon demand all reasonable costs, expenses and disbursements incurred by Tenant in connection therewith, plus a 15% administrative fee. If such sum is not paid within 10 days after demand therefor, Tenant may offset such amounts against Base Rent due under this Lease.

5.2 **Responsibilities of Tenant**. Except only for those portions of the leased premises which are the responsibility of Landlord pursuant to Section 5.1 above, Tenant will at all times maintain the entire leased premises in good order, appearance, condition and repair.

5.3 **Surrender of Leased Premises**. Upon the expiration or termination of the term of this Lease, Tenant must surrender and deliver the leased premises to Landlord broom clean and maintained and repaired as provided for by this Lease, subject to ordinary wear and tear, breakage and obsolescence of personal property, and alterations, additions and improvements in accordance with Section 4 of this Lease.

SECTION 6
INSURANCE

6.1 **Insurance to be Provided by Tenant**. Tenant must maintain during the entire term of this Lease, the following:

(a) casualty insurance, insuring Landlord and Tenant as their interests may appear, against loss or damage by fire and other customarily insured risks, insuring Tenant's leasehold improvements and all furniture, trade fixtures, equipment, and other items of Tenant's personal property in the leased premises; and

(b) comprehensive general liability insurance, including public liability and property damage, insuring against claims for bodily injury, death or property damage occurring on, in or about the leased premises. Such insurance must have a minimum combined single limit of liability of at least _____. Such insurance must cover Tenant as the named insured and Landlord as an additional insured.

6.2 **Insurance to be Provided by Landlord**. Landlord must maintain during the entire term of this Lease, casualty insurance, insuring Landlord and Tenant as their interests may appear, against loss or damage by fire and other customarily insured risks in the amount of the full replacement cost of the building which makes up a part of the leased premises.

6.3 **General Insurance Requirements**. Each policy of insurance required to be carried by Tenant or Landlord will be issued by companies of recognized financial standing authorized to issue such insurance in the State of Florida. At the request of either party, the other party must deliver to the requesting party, certificates of the insurers, evidencing all of the insurance which is required to be maintained by such party hereunder.

SECTION 7
DAMAGE OR DESTRUCTION

In the event that the leased premises are totally or partially damaged or destroyed by fire or other casualty, Landlord will assess the damage and repair and restore the leased premises (less Tenant's furniture, trade fixture, equipment and other personal property) to substantially the same condition as they were in immediately before such damage or destruction. If (a) the damage or destruction results from a cause not required to be insured, (b) the leased premises cannot be rebuilt under then existing governmental requirements, or (c) this Lease is in the last 12 months of the term, Landlord or Tenant may elect to terminate this Lease upon giving notice of such election in writing to the other; provided that Landlord may not terminate this Lease as a result of it being within the last 12 months of the term if Tenant has and agrees to exercise an option to renew and extend the term of this Lease. If this Lease is not terminated as provided for above, Landlord will repair and restore the portion of the leased premises required to be repaired and restored by Landlord with due diligence and in any event within 180 days after the casualty. Tenant must be entitled to an abatement of Base Rent due under this Lease from the date when the damage occurs until the earlier of (i) the date Tenant reopens for business or (ii) 90 days after the date possession of the leased premises is delivered to Tenant with the repairs and restoration to be conducted by Landlord completed.

SECTION 8
UTILITIES

Tenant is responsible for and must promptly pay all charges and assessments for water, gas, electricity, sewer, storm water, trash removal, hazardous waste disposal, or any other utility used or consumed in or at the leased premises during the term of this Lease. Landlord will cooperate to have any utilities needed by Tenant transferred to Tenant.

SECTION 9
SUBORDINATION/NONDISTURBANCE/ATTORNMENT/ESTOPPEL

9.1 **Subordination**. Subject to Section 9.2 below, Tenant agrees that this Lease and the interest of Tenant in the leased premises are hereby automatically made subject to and subordinate at all times to all mortgages and all advances made thereon and any modification, additions, renewals, consolidations or extensions thereto, which may hereafter affect the leased premises.

9.2 **Nondisturbance**. The subordination set out in Section 9.1 is subject to and conditioned upon the agreement of the holder of any such mortgage that such holder will not, in the exercise of any right, remedy or privilege granted by the mortgage, or any other documents executed in connection with the mortgage, or otherwise available to such holder at law or in equity, disturb Tenant's possession of the leased premises or any of Tenant's rights under this Lease, so long as Tenant is not in default (beyond any applicable cure period provided for in this Lease) under any provision of this Lease at the time the holder exercises such right, remedy or privilege. Without limitation of the foregoing, the subordination set out in Section 9.1 is subject to and conditioned the agreement of the holder of the mortgage that (i) Tenant must not be named as a party to any foreclosure proceeding instituted by such holder; (ii) any sale or other transfer of the leased premises, pursuant to any foreclosure or any voluntary conveyance or other proceeding in lieu of foreclosure, will be subject to this Lease and all of Tenant's rights hereunder; and (iii) upon any sale or other transfer of the leased premises, this Lease will continue in full force and effect. Landlord will use its best efforts to obtain from the holder of any mortgage encumbering the leased premises as of the date of this Lease, a nondisturbance agreement in a form reasonably satisfactory to Tenant, agreeing to be bound by the nondisturbance provisions of this Section 9.2.

9.3 **Attornment**. Tenant will, in the event any proceedings are brought for the foreclosure of any mortgage covering the leased premises or in the event a deed is given in lieu of foreclosure, recognize the purchaser at the foreclosure sale or grantee in lieu of foreclosure as the Landlord under this Lease. Upon any attornment under this Section 9.3, this Lease continues in full force and effect as a direct Lease between Tenant and the person or entity to whom Tenant attorns, except that such person or entity will not be: (a) liable for any breach, act or omission of any prior landlord; or (b) bound by any rent or additional rent or other payment in lieu of rent which Tenant might have paid to any prior landlord more than 30 days in advance of the date due under this Lease; or (c) bound by any amendment or modification of this Lease made without the mortgage holder's prior written consent after the date upon which Tenant receives notice from the mortgage holder that the mortgage holder wishes to consent to any such amendment; or (d) bound by any notice given by Tenant to any prior landlord, unless also given to such person or entity; or (e) subject to any then existing offset right of Tenant, unless expressly provided for in this Lease; or (f) liable for any security deposit or other sums held by any prior landlord, unless actually received.

9.4 **Estoppel Certificates**. Landlord and Tenant will each, from time to time, within 5 days after receiving a written request from the other, execute and deliver to the requesting party and any third party with whom the requesting party is dealing, a written statement in a form reasonably acceptable to all parties, certifying to the correctness of any reasonably ascertainable facts that are covered by the terms of this Lease.

SECTION 10
ASSIGNMENT AND SUBLETTING

Except as permitted by this Section, Tenant must not transfer or assign this Lease or sublease all or any part of the leased premises without Landlord's prior written consent. Tenant may, at any time, assign this Lease or sublease the leased premises to any person or entity which directly or indirectly controls, is controlled by or is under common control with Tenant or to any franchisee of Tenant. Upon any such assignment to a franchisee the Tenant named in this Lease will be released of any further obligations under this Lease. Tenant will provide prior notice to Landlord of any assignment of subletting to a franchisee.

SECTION 11
WASTE AND NUISANCE/GOVERNMENTAL REGULATIONS

11.1 **Waste and Nuisance**. Tenant will not commit or allow to be committed any waste upon the leased premises or any nuisance or other act or thing which may disturb the quiet enjoyment of any owners of the properties adjoining the leased premises.

11.2 **Governmental Regulations**. Tenant will comply with all laws, orders, rules, regulations, ordinances, directives and other requirements of all county, municipal, state and federal governments and of their administrative departments, agencies, bureaus and officials and other applicable governmental authorities, now in force, or which may hereafter be in force relative to its use of the leased premises.

SECTION 12
TAKINGS

12.1 **Total Taking.** If the whole of the leased premises is taken or condemned by eminent domain (or by voluntary conveyance under threat of eminent domain), then this Lease will terminate as of the day before the date of title vesting and all rent and other sums due hereunder will be paid up to that date.

12.2 **Partial Taking**. If any part of the leased premises is taken or condemned by eminent domain (or by voluntary conveyance under threat of eminent domain), and in the event that such partial taking or condemnation renders the leased premises unsuitable for the business of Tenant, as determined by Tenant, then Tenant will have the right to terminate this Lease by notice given to Landlord within 60 days after the date of title vesting. In the event of a partial taking or condemnation which does not render the leased premises unsuitable for the business of Tenant, then this Lease continues unmodified in full force and effect.

12.3 **Damages**. In the event of any condemnation or taking, whether whole or partial, regardless of the extent to which the leased premises is affected, the award, damages or proceeds paid or awarded in connection with such condemnation or taking will be allocated between Landlord and Tenant as provided for by Florida law.

SECTION 13
DEFAULT

13.1 **Events of Default by Tenant**. Each of the following constitutes an event of default:

(a) Tenant's failure to pay any installment of minimum annual or any other sum required to be paid hereunder within 10 days after written notice from Landlord to Tenant that such sum is past due.

(b) A petition in bankruptcy is filed by or against Tenant and is not discharged within 30 days.

(c) Tenant makes a general assignment for the benefit of creditors.

(d) Tenant's failure to keep, observe or perform any of the other terms, conditions or covenants set forth in this Lease if the failure continues for 30 days after written notice from Landlord of such failure, or such longer period as is necessary to cure such failure using diligent efforts.

13.2 **Remedies of the Landlord**. Landlord may, without any additional notice to Tenant, do any one or more of the following if an event of default occurs:

(i) terminate this Lease and immediately regain possession of the leased premises through any lawful means. If Landlord terminates this Lease, Landlord may hold Tenant liable for rents accrued under this Lease through the date this Lease is terminated.

(ii) terminate Tenant's right to possession of the leased premises, without terminating this Lease, and retake possession of the leased premises for the account of Tenant and hold Tenant liable for (in addition to rents accrued through the date tenant's right to possession is terminated) the

difference between the rents set forth in this Lease and any rents which Landlord can obtain from the releting of the leased premises using diligent efforts.

(iii) cure the event of default, and recover from Tenant upon demand all reasonable costs and expenses incurred by Landlord to cure the event of default.

The waiver of Landlord of any breach of any term, condition or covenant of this Lease is not a waiver of any subsequent breach of the same or any other term, condition or covenant herein contained.

13.3 **Administrative Fees**. In the event any payment due Landlord under this Lease is not paid within 10 days of the due date, Tenant agrees to pay to Landlord an amount equal to 2.5% of the amount due for such delinquent payment. In the event that any check given to Landlord by Tenant for any payment under this Lease is dishonored for insufficient funds, Landlord will be entitled to make an administrative charge to Tenant of $50.00 per event.

SECTION 14
ACCESS BY LANDLORD

Landlord and Landlord's agents will have the right to enter the leased premises (including the building that constitutes a part thereof) (i) to examine the leased premises; (ii) in connection with the exercise of any right or remedies provided by law or this Lease; (iii) in an emergency situation where such situation makes entry necessary for Landlord; (iv) to show the leased premises to prospective purchasers or mortgagees; and (v) to make such installations, repairs, alterations, improvements or additions and to do such maintenance as required by Landlord under this Lease. Any such entry will be at reasonable times agreed upon by Tenant and after notice, oral or written (except in emergencies where circumstances make entry without notice necessary) to Tenant. Any such entry will be done in a manner to minimize any interference with the operation of Tenant's business in the leased premises.

SECTION 15
RIGHT OF FIRST REFUSAL

15.1 **Right of First Refusal**. Should Landlord, at any time during the term of this Lease, receive an offer to purchase the leased premises (or any part thereof) and desires to accept said offer, or should Landlord, at any time make an offer to sell the leased premises (or any part thereof), Landlord will give Tenant notice in writing of such offer, setting forth the name and address of the proposed purchaser, the amount of the proposed purchase price, and all other terms and conditions of such offer, and Tenant will have the first option to purchase the leased premises, exercisable by giving written notice to Landlord of its intention to purchase the leased premises within the sixty-day period following receipt of such notice from Landlord, at the same price and on the same terms and conditions of such offer. In the event Tenant elects to purchase the leased premises under this Section 16.1, the sale will be conducted in accordance with the terms of Section 15.4 through 15.9, inclusive.

15.2 **Rights Cumulative**. The right of first refusal granted in this Section 16 and the Option to Purchase granted in Section 15 are coexistent and independent. The election by Tenant not to exercise any right or option in any situation where such right or option could have been exercised will not affect Tenant's right to exercise such right or option in any future situation where such right or option is applicable.

SECTION 16
NOTICE

16.1 **Notice to Landlord**. Any notice by Tenant to Landlord under or in connection with this Lease will be in writing and served by (i) certified or registered mail return receipt requested, postage prepaid, or (ii) nationally recognized overnight courier, addressed to Landlord at the following address or at such other address as Landlord may designate by written notice to Tenant.

_____
_____
_____

16.2 **Notice to Tenant**. Any notice by Landlord to Tenant under or in connection with this Lease will be in writing and served by (i) certified or registered mail return receipt requested, postage prepaid, or (ii) nationally recognized overnight courier, addressed to Tenant at the following address or at such other address as Tenant may designate by written notice to Landlord.

The Brass Tap Franchisor, LLC
5660 W. Cypress Street, Suite A
Tampa, Florida 33607

16.3 **Notice Given**. Notice given in accordance with this Section is deemed to be given and received on the earlier of (i) 3 days after being deposited in the U.S. mail in accordance with this Section; (ii) the next delivery day after being delivered for next day delivery to a nationally recognized overnight carrier; or (iii) the date upon which the return receipt is signed or delivery is refused or the notice is designated non-deliverable by the postal authorities.

SECTION 17
QUIET ENJOYMENT

Landlord warrants and covenants that Tenant will peacefully and quietly have, hold and enjoy the leased premises for the entire term of this Lease, subject however to the terms, covenants and conditions of this Lease.

SECTION 18
RIGHTS OF FRANCHISOR

In the event Tenant assigns this Lease to a franchisee of Tenant, the following provisions will apply following such assignment. For purposes of this Section 18, _____ will be referred to as "**Franchisor**."

(a) **Assignment and Subletting**. Landlord's consent will not be necessary for an assignment or subletting (i) to Franchisor or (ii) to a person or entity which directly or indirectly controls, is controlled by, or is under common control with Franchisor or (iii) to any other franchisee of Franchisor. Tenant or Franchisor will give Landlord notice of any such assignment or subletting prior to such assignment or subletting.

(b) **Default of Tenant**. In the event a default occurs at any time during the term of the Lease, Landlord will provide notice of such default to Franchisor by certified

mail, return receipt requested or by nationally recognized overnight courier service to the following address:

_____

_____

_____

_____

or to such other address as Franchisor will provide to Landlord. Franchisor will have 10 business days after receipt of such notice to cure any default resulting from the failure to pay any rental or other sums due under the Lease, and 20 business days after receipt of such notice to cure all other defaults or, if such default is one that requires more than 20 business days to cure, Franchisor will have such additional time as is reasonably necessary to cure the default so long as Franchisor diligently pursues the cure. Landlord will not have the right to exercise any rights or remedies provided by the Lease or otherwise available until such time as notice is given to Franchisor, and the Franchisor's cure period has expired.

(c) **Franchisor as Tenant**. In the event Franchisor becomes the tenant under the Lease, whether by assignment or by exercise of its rights under its franchise documents, Landlord recognizes Franchisor as the Tenant under the Lease and Franchisor will, within 10 days of it becoming the Tenant, cure any then existing default in the payment of rent; provided however that Franchisor will not have any obligation to cure any default in the payment of rent as to which Franchisor was not given notice by Landlord within 20 days following the date such rent was due. The preceding sentence will not prevent Landlord from pursuing Tenant for such past due rent. Nothing in this Agreement and no exercise of any rights hereunder (including, without limitation, any curing of any Tenant's default by Franchisor) will be construed as creating on Franchisor any liability or obligation under the Lease or as Franchisor assuming any liability or obligation under the Lease; any assumption by Franchisor of any obligations under the Lease will only occur by specific written assumption executed by Franchisor. In the event Franchisor succeeds to the interest of Tenant under the Lease, Franchisor will not be responsible for any claims which Landlord may have against any prior Tenant under the Lease; except that Franchisor will pay any past due rental, subject to the limitations set out above. If Franchisor assumes the Lease, its liability under the Lease will extend only to the period of time that it is the Tenant under the Lease and will terminate upon any permitted assignment of the Lease by Franchisor.

(d) **Amendment**. Landlord and Tenant will not cancel, terminate, modify or amend this Lease including, without limitation, Franchisor's rights under this Section, without Franchisor's prior written consent, except that, subject to Franchisor's cure rights, this paragraph will not prevent Landlord from exercising any right to cancel or terminate the Lease due to Tenant's default.

(e) **Successors**. The benefits of this Section will inure to Franchisor's successors and assigns.

SECTION 19
MISCELLANEOUS

19.1 **Entire Agreement**. Except as may be provided in the Franchise Agreement, this Lease contains the entire agreement between Landlord and Tenant concerning the leasing of the leased premises, and no other representations or agreements, either oral or written, will survive the execution of this Lease. No subsequent alteration, amendment, change, or addition to this Lease will be binding upon the Landlord or the Tenant unless in writing and signed by the party against whom enforcement is sought. All Exhibits referenced as being attached hereto are by such reference made a part hereof.

19.2 **Consent**. Whenever Landlord's consent is required or requested under this Lease, Landlord agrees not to unreasonably withhold, delay or condition such consent.

19.3 **No Partnership or Joint Venture**. It is the intent of the parties that their relationship under this Lease be that of Landlord and Tenant only.

19.4 **Captions and Section Numbers**. The captions and section numbers appearing in this Lease are inserted as a matter of convenience and will not be viewed as defining or limiting the scope or intent of any Section of this Lease.

19.5 **Brokers Commissions**. Landlord and Tenant represent and warrant to each other that they have dealt with no broker or brokers in connection with this Lease. The party who breaches this warranty agrees to defend and indemnify the other against, and hold it harmless from all demands, claims, liabilities and costs (including, without limitation, attorneys' fees) arising from any claim for brokerage commissions or finder's fees arising out of the actual or alleged acts or commitment of said breaching party.

19.6 **Attorneys' Fees**. In any litigation arising out of this Lease, the prevailing party will be entitled to recover reasonable attorneys' fees and costs including but not limited to fees and costs at the trial and appellate level as well as in the course of any arbitration, administrative or bankruptcy proceedings.

19.7 **Partial Invalidity**. If any term, covenant, or condition of this Lease or the application thereof to any person or circumstances is, to any extent, declared invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected thereby and each term, covenant or condition of this Lease will be valid and be enforced to the fullest extent permitted by law.

19.8 **Recording**. Neither Landlord nor Tenant will record this Lease without the written consent of the other. At the request of either party, Landlord and Tenant will execute and record a short form of this Lease.

19.9 **Timing is of the Essence**. It will be a material breach of this Lease to fail to perform any obligation within the time required or permitted by this Lease.

19.10 **Waiver of Jury Trial**. The undersigned parties hereby waive trial by jury in any proceeding based upon or arising out of Tenant's use of the leased premises, this Lease or the Landlord-Tenant relationship created by this Lease.

19.11 **Radon Gas**. The following notice is required by Florida Statute 404.056(8): Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state

guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

19.12 **Florida Lease**. The place of negotiation, execution, and delivery of this Lease and the location of the leased premises being the State of Florida, this Lease is governed by and construed and enforced in accordance with the laws of the State of Florida without reference to the conflicts of law principles of the State.

19.13 **Successors**. This Lease is binding on the parties hereto and their several respective successors, and assigns.

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease on the dates indicated below.

WITNESSES:

Print Name:_____
As to Landlord

Print Name:_____
As to Landlord

Print Name:_____
As to Tenant

Print Name:_____
As to Tenant

LANDLORD:

_____,
a _____

By:_____
Name:_____
Title:_____

Date:_____

TENANT:

_____,
a _____

By:_____
Name:_____
Title:_____

Date:_____

EXHIBIT "K" TO THE DISCLOSURE DOCUMENT

FORM OF

FRANCHISEE QUESTIONNAIRE

FRANCHISEE QUESTIONNAIRE

Prior to the final execution of a Franchise Agreement, this questionnaire must be completed in its entirety. Completion of this questionnaire confirms that BRASS TAP FRANCHISOR, LLC ("**Franchisor**"), its employees and representatives have fully complied with all applicable franchise registration and disclosure laws relating to the purchase of your franchise.

1. Full Name of Franchisee:

_____

2. The Brass Tap® Location:

_____x

3. Franchisee is: (check applicable box)

[ ] Individual [ ] Corporation [ ] General Partnership [ ] Limited Partnership

[ ] Other _____

4. If Franchisee is other than an individual, indicate the capacity in which the undersigned is authorized to act on behalf of the Franchisee: (check applicable box)

[ ] Officer (insert title): _____
[ ] General Partner
[ ] Other (please explain): _____

5. Did Franchisee receive a Franchise Disclosure Document? [ ] Yes [ ] No

6. On what date was the Franchise Disclosure Document received, and by whom?

Date: _____ Recipient: _____

7. Name of our Company Representative who primarily worked with you on this sale:

_____

8. Have you discussed the benefits and risks of operating a The Brass Tap® bar with an attorney, accountant or other professional advisor?

   [ ] Yes [ ] No

9. Do you understand the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

   [ ] Yes [ ] No

10. Has any Franchisor employee or representative speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a The Brass Tap® bar that we or our franchisees operate?

[ ] Yes [ ] No

11. Has any Franchisor employee or representative speaking on our behalf made any statement or promise concerning a The Brass Tap® bar that is contrary to, or different from, the information contained in our Disclosure Document?

    [ ] Yes [ ] No

12. Has any Franchisor employee or representative speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a The Brass Tap® bar?

    [ ] Yes [ ] No

13. Has any Franchisor employee or representative speaking on our behalf made any statement or promise concerning the total amount of revenue a The Brass Tap® bar will generate?

    [ ] Yes [ ] No

14. Has any Franchisor employee or representative speaking on our behalf made any statement or promise regarding the costs you may incur in operating a The Brass Tap® bar that is contrary to, or different from, the information contained in our Disclosure Document?

    [ ] Yes [ ] No

15. Has any Franchisor employee or representative speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a The Brass Tap® bar?

    [ ] Yes [ ] No

16. Has any Franchisor employee or representative speaking on our behalf made any statement or promise about Franchisor's parent or affiliated companies other than the information contained in the Disclosure Document?

    [ ] Yes [ ] No

17. Has any Franchisor employee or representative speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support services or assistance that we will furnish to you that is contrary to, or different from, the information contained in our Disclosure Document?

    [ ] Yes [ ] No

18. If you have answered "Yes" to any of questions 10 through 17 above, please provide a full explanation of your answer in the following blank lines. Attach additional pages, if necessary. If you answered "No" to each of questions 10 through 17, leave the following lines blank.

_____

_____

_____

_____
_____
_____
_____

19. Please list all The Brass Tap® locations you have visited during your research on our franchise system:

_____ _____
_____ _____
_____ _____
_____ _____
_____ _____

You understand that Franchisor is relying on the truthfulness and completeness of your responses to the questions above in granting a Franchise to you. By signing this Franchise Questionnaire, you are stating you have responded truthfully to all of the above questions.

The following provision applies only to franchisees and franchises that are subject to state registration/disclosure laws in: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, Virginia, Washington and Wisconsin.

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.

FRANCHISEE: DATE:

_____ _____

_____

(Print Name)

Individually and on behalf of:

_____

* This questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

EXHIBIT "L" TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC AND OTHER ADDENDA AND RIDERS

STATE SPECIFIC DISCLOSURES

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES

REQUIRED BY THE STATE OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, VIRGINIA, WASHINGTON AND WISCONSIN.

No Waiver of Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, Virginia, Washington and Wisconsin:

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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM
CALIFORNIA DISCLOSURE DOCUMENT

The following is added to the Special Risks to Consider About This Franchise cover page:

Spousal Liability. Your spouse will be liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

The following paragraphs are added to the Disclosure Document:

www.brasstapbeerbar.com

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

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

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

Termination Upon Bankruptcy. 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.).

Post-Termination Noncompetition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.

Applicable Law. The Franchise Agreement requires application of the laws of Florida with certain exceptions. These provisions may not be enforceable under California law.

Venue. The Franchise Agreement requires venue to be limited to Florida. This provision may not be enforceable under California law. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil

Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Releases. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Material Modifications. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your franchise agreement.

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

The following paragraph is added at the end of Item 19 of the Franchise Disclosure Document pursuant to the regulations promulgated under the California Franchise Investment Law:

The financial performance figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information."

RIDER TO
FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA

This Rider is entered into this _____, 20___ (the "**Effective Date**"), between Brass Tap Franchisor, LLC, a Delaware limited liability company, (referred to in this Agreement as "**Franchisor**," "**we**," "**us**" or "**our**"), and _____ _____(referred to in this Agreement as "**you**," "**your**" or "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

1. Precedence and Defined Terms. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. The following is added to the Agreement:

> No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other inconsistent term of any document executed in connection with the franchise.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

US: **BRASS TAP FRANCHISOR, LLC**	**YOU:**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

ILLINOIS ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, an y 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 are set forth in sections 19 and 30 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 waiver compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

For info about obtaining a liquor license in Illinois, see: https://www2.illinois.gov.ilcc/Pages/Applications.aspx

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

For the text of the Illinois Liquor Control Act of 1934, see: https://ilga.gov/legislation/ilcs/ilcs3.asp?ActID=1404&ChapterID=26

RIDER TO
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

This Rider is entered into this _____, 20___ (the "**Effective Date**"), between Brass Tap Franchisor, LLC, a Delaware limited liability company, (referred to in this Agreement as "**Franchisor**," "**we**," "**us**" or "**our**"), and _____ _____(referred to in this Agreement as "**you**," "**your**" or "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. The following is added to the Agreement:

Illinois law governs the 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 are set forth in sections 19 and 30 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 waiver compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

For info about obtaining a liquor license in Illinois, see: https://www2.illinois.gov.ilcc/Pages/Applications.aspx

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

For the text of the Illinois Liquor Control Act of 1934, see: https://ilga.gov/legislation/ilcs/ilcs3.asp?ActID=1404&ChapterID=26

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.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

US: **BRASS TAP FRANCHISOR, LLC**	**YOU:**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RIDER TO
AREA DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS

This Rider is entered into this _____, 20___ (the "**Effective Date**"), between Brass Tap Franchisor, LLC, a Delaware limited liability company (referred to in this Agreement as "**we**," "**us**" or "**our**"), and _____ _____(referred to in this Agreement as "**you**," "**your**") and amends the Area Development Agreement between the parties dated as of the Effective Date (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Acknowledgments**. The following is added to Section 1.3 of the Agreement:

> 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.

3. **Termination**. The following is added to Section 9 of the Agreement:

> The conditions under which this agreement can be terminated and the parties' rights on termination may be affected by Illinois law, 815 ILCS 705/1-44.

4. **Limitation of Claims**. The following is added to Section 13.6 of the Agreement:

> No action can be maintained to enforce any liability created by the Illinois law unless brought before the earlier of (i) the expiration of 3 years after the act or transaction constituting the violation upon which such action is based; (ii) the expiration of 1 year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by Illinois Law; or (iii) 90 days after delivery to you of a written notice disclosing the violation.

5. **Governing Law and Jurisdiction**. Sections 13.7 and 13.8 of the Agreement are amended by adding the following:

> All matters coming under Illinois law will be governed by the Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois for all matters coming under the Illinois law.

6. **Waiver of Jury Trial**. Section 13.9 of the Area Development Agreement is deleted in its entirety.

7. **Entire Agreement**. Section 13.13 of the Agreement is amended by adding the following:

> Nothing contained in the Agreement waives any of your rights to rely on the disclosures made by us in our Franchise Disclosure Document or any corresponding rights you have under Illinois law.

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

9. For info about obtaining a liquor license in Illinois, see: https://www2.illinois.gov.ilcc/Pages/Applications.aspx

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

11. For the text of the Illinois Liquor Control Act of 1934, see: https://ilga.gov/legislation/ilcs/ilcs3.asp?ActID=1404&ChapterID=26

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

US: **BRASS TAP FRANCHISOR, LLC**	**YOU:**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

INDIANA ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. Notwithstanding the terms of Section 19.7 of the Franchise Agreement and Section 13.7 of the Area Development Agreement, the Franchise Agreement and Area Development Agreement will be governed by Indiana law, rather than Florida law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the franchise agreement, shall supersede the provisions of Article 16 of the Franchise Agreement and Article 9 of the Area Development Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. No release language set forth in the Franchise Agreement or Area Development Agreement shall relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
4. Section 17.4 of the Franchise Agreement, Section 7.3 of the Area Development Agreement and Exhibits Q-1 and Q-2 to the Franchise Disclosure Document (Confidentiality, Nonsolicitation and Noncompetition Agreement) are revised to limit the geographical extent of the post-term covenant not to compete to Franchisee's Protected Territory for all franchises sold in the State of Indiana.
5. Section 19.5 of the Franchise Agreement and Section 13.5 of the Area Development Agreement ("Waiver of Punitive Damages") is deleted from all Franchise Agreements and Area Development Agreements used in the State of Indiana.
6. Notwithstanding the terms of Section 9.17 of the Franchise Agreement and Section 12.4 of the Area Development Agreement ("Indemnification"), Franchisee will not be required to indemnify Franchisor and the other Indemnitees for any liability caused by Franchisee's proper reliance on or use of procedures or materials provided by Franchisor or caused by Franchisor's negligence.

RIDER TO
FRANCHISE AGREEMENT
FOR USE IN INDIANA

This Rider is entered into this _____, 20___ (the "**Effective Date**"), between Brass Tap Franchisor, LLC, a Delaware limited liability company (referred to in this Agreement as "**Franchisor**," "**we**," "**us**" or "**our**"), and _____ _____(referred to in this Agreement as "**you**," "**your**" or "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

1. Notwithstanding the terms of Section 19.7 of the Franchise Agreement the Franchise Agreement will be governed by Indiana law, rather than Florida law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the franchise agreement, shall supersede the provisions of Article 16 of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. No release language set forth in the Franchise Agreement shall relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
4. Section 17.4 of the Franchise Agreement, Section 7.3 of the Area Development Agreement and Confidentiality, Nonsolicitation and Noncompetition Agreement are revised to limit the geographical extent of the post-term covenant not to compete to Franchisee's Protected Territory for all franchises sold in the State of Indiana.
5. Section 19.5 of the Franchise Agreement ("Waiver of Punitive Damages") is deleted from all Franchise Agreements used in the State of Indiana.
6. Notwithstanding the terms of Section 9.17 of the Franchise Agreement ("Indemnification"), Franchisee will not be required to indemnify Franchisor and the other Indemnitees for any liability caused by Franchisee's proper reliance on or use of procedures or materials provided by Franchisor or caused by Franchisor's negligence.
7. Notwithstanding the terms of Section 1.2 of the Franchise Agreement, 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.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

US:	**YOU:**
BRASS TAP FRANCHISOR, LLC	
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RIDER TO
AREA DEVELOPMENT AGREEMENT
FOR USE IN INDIANA

This Rider is entered into this _____, 20___ (the "**Effective Date**"), between Brass Tap Franchisor, LLC, a Delaware limited liability company (referred to in this Agreement as "**Franchisor**," "**we**," "**us**" or "**our**"), and _____ _____ (referred to in this Agreement as "**you**," "**your**" or "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

1. Notwithstanding the terms of Section 13.7 of the Area Development Agreement, the Area Development Agreement will be governed by Indiana law, rather than Florida law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the franchise agreement, shall supersede the provisions of Article 9 of the Area Development Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. No release language set forth in the Area Development Agreement shall relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
4. Section 7.3 of the Area Development Agreement and the Confidentiality, Nonsolicitation and Noncompetition Agreement are revised to limit the geographical extent of the post-term covenant not to compete to Franchisee's Protected Territory for all franchises sold in the State of Indiana.
5. Section 13.5 of the Area Development Agreement ("Waiver of Punitive Damages") is deleted from all Franchise Agreements and Area Development Agreements used in the State of Indiana.
6. Notwithstanding the terms of Section 12.4 of the Area Development Agreement ("Indemnification"), Franchisee will not be required to indemnify Franchisor and the other Indemnitees for any liability caused by Franchisee's proper reliance on or use of procedures or materials provided by Franchisor or caused by Franchisor's negligence.
7. Notwithstanding the terms of Section 1.3 of the Area Development Agreement, 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.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

US: **BRASS TAP FRANCHISOR, LLC**	**YOU:**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

MARYLAND ADDENDUM TO THE
FRANCHISE DISCLOSURE DOCUMENT

1. Item 5 is amended by adding the following language at to the end:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. Item 17 is amended by adding the following language after the table:

(a) You may sue in Maryland for claims arising under the Maryland franchise registration and disclosure law (the "**Maryland Law**"). Any claims arising under the Maryland law must be brought within 3 years after the grant of the franchise.

(b) The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under Federal Bankruptcy Law (11 U.S.C. Section 1010 et seq.)

(c) 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.

3. Exhibit R to the Franchise Disclosure Document (Franchisee Questionnaire) is amended by adding the following language:

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 Registration Law.

RIDER TO
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

This Rider is entered into this _____, 20___ (the "**Effective Date**"), between Brass Tap Franchisor, LLC, a Delaware limited liability company (referred to in this Agreement as "**Franchisor**," "**we**," "**us**" or "**our**"), and _____ _____(referred to in this Agreement as "**you**," "**your**" or "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **No Release, Estoppel or Waiver of State Law**. 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 Registration and Disclosure Law.

3. **Jurisdiction**. Any litigation arising on claims under the Maryland Franchise Registration and Disclosure Law may be brought by the Franchisee in Maryland.

4. **Limitation on Claims**. Nothing in this Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. **General Release**. No general release required as a condition of renewal, sale and/or assignment or transfer will apply to any liability arising under the Maryland Franchise Registration and Disclosure Law.

6. **Fee Deferral**. Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you shall be deferred until we complete our pre-opening obligations under the Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

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

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

US: **BRASS TAP FRANCHISOR, LLC**	**YOU:**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RIDER TO
AREA DEVELOPMENT AGREEMENT
FOR USE IN MARYLAND

This Rider is entered into this _____, 20___ (the "**Effective Date**"), between Brass Tap Franchisor, LLC, a Delaware limited liability company (referred to in this Agreement as "**Franchisor**," "**we**," "**us**" or "**our**"), and _____ _____(referred to in this Agreement as "**you**," "**your**" or "**Franchisee**") and amends the Area Development Agreement between the parties dated as of the Effective Date (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **No Release, Estoppel or Waiver of State Law**. 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 Registration and Disclosure Law.

3. **Jurisdiction**. Any litigation arising on claims under the Maryland Franchise Registration and Disclosure Law may be brought by the Franchisee in Maryland.

4. **Limitation on Claims**. Nothing in this Agreement will reduce the 3-year statute of limitations afforded a franchisee for brining a claim arising under the Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. **General Release**. No general release required as a condition of renewal, sale and/or assignment or transfer will apply to any liability arising under the Maryland Franchise Registration and Disclosure Law.

6. **Fee Deferral**. Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you shall be deferred until we complete our pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by you shall be deferred until the first franchise under the Agreement opens.

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

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

US: **BRASS TAP FRANCHISOR, LLC**	**YOU:**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

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 protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This 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 subfranchisor.

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, 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
CONSUMER PROTECTION DIVISION
Attention: Franchise
G. Mennen Williams Building
525 West Ottawa Street, 7th Floor
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

MINNESOTA ADDENDUM TO THE
DISCLOSURE DOCUMENT

1. Item 13 is amended to add the following:

   With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.12, Subd. 1(g) which requires us to indemnify you from any loss, costs or expenses arising out of any claims, suits or demands regarding your use of the Marks.

2. Item 17, summary column for (c) is amended to add the following:

   Any release signed as a condition of renewal will not apply to any claims you may have under the Minnesota Franchise Act.

3. Item 17, summary column for (f) is amended to add the following:

   With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Sbds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the franchise agreement and that consent to transfer of the franchise will not b unreasonably withheld.

4. Item 17, summary column for (m) is amended to add the following:

   Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

5. Item 17, summary columns for (v) and (w) are amended to add the following:

   Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statues, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. 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.

7. The Limitation of Claims section must comply with Minnesota Statutes Section 80C.17, Subd. 5.

RIDER TO
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

This Rider is entered into this _____, 20___ (the "**Effective Date**"), between Brass Tap Franchisor, LLC, a Delaware limited liability company ("**Franchisor,**" "**we**," "**us**" or "**our**"), and ___ _____ ("**you**," "**your**" or "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Acknowledgements**. The following is added to Section 1.2.

   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.

3. **Limitation of Claims**. Section 19.6 of the Agreement is deleted in its entirety.

4. **Termination**. Section 16 of the Agreement is amended to add the following:

   With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80c.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure).

5. **Jurisdiction**. The following is added to Section 19.6:

   Minn. Stat. Sec. 80C.21 and Minn. Rules 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or franchise agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

6. **Waiver of Jury Trial**. Section 19.9 is deleted in its entirety.

7. **Notification of Infringement and Claims**. The following is added at the end of Section 8.3:

   We will protect your right to use the Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks to the extent required by Minn. Stat. Sec. 80C.122, Subd. 1(g).

8. **Releases.** No release signed as a condition of renewal, transfer or our purchase of your business under Section 3.3, Section 15.3 (f) or 17.5, respectively, will apply to any claims you may have under the Minnesota Franchise Act.

9. **Injunctive Relief**. 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.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

US: **BRASS TAP FRANCHISOR, LLC**	**YOU:**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RIDER TO
AREA DEVELOPMENT AGREEMENT
FOR USE IN MINNESOTA

This Rider is entered into this _____, 20___ (the "**Effective Date**"), between Brass Tap Franchisor, LLC, a Delaware limited liability company ("**we**," "**us**" or "**our**"), and _____ _____ (the "**you**," "**your**" or "**Developer**") and amends the Area Development Agreement between the parties dated as of the Effective Date, (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Acknowledgements**. The following is added to Section 1.3.

   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.

3. **Limitation of Claims**. Section 13.6 of the Agreement is deleted in its entirety.

4. **Termination**. Section 9 of the Agreement is amended to add the following:

   With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80c.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure).

5. **Jurisdiction**. The following is added to Section 13.8:

   Minn. Stat. Sec. 80C.21 and Minn. Rules 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or franchise agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

6. **Waiver of Jury Trial**. Section 13.9 is deleted in its entirety.

7. **Notification of Infringement and Claims**. The following is added at the end of Section 8.3:

   We will protect your right to use the Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks to the extent required by Minn. Stat. Sec. 80C.122, Subd. 1(g).

8. **Releases.** No release signed as a condition of renewal or transfer under Section 2.2 (a) (v) or Section 11.4 (b) (v), respectively, will apply to any claims you may have under the Minnesota Franchise Act.

9. **Injunctive Relief**. 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.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

BRASS TAP FRANCHISOR, LLC	**DEVELOPER**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

NEW YORK ADDENDUM TO THE
DISCLOSURE DOCUMENT

1. The following information is added to the State Cover Page of the Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTMENT PROTECTION BUREAU, 28 LIBERTY STREET, 15TH FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE 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 DISCLOSURE DOCUMENT.

2. The following paragraphs are added at the beginning of Item 3 of the Disclosure Document:

Except as provided below, neither the franchisor, any predecessor, any person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

(a) 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) has any 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) 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) 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 paragraph is added at the beginning of Item 4 of the Disclosure Document:

Except as described below, neither the franchisor nor any of its affiliates, its predecessors, officers identified in Item 2, or general partner have, during the 10-year period immediately preceding the date of the disclosure document: (a) filed as debtor (or had filed against us, it, him, or her) a petition to start an action under the U.S. Bankruptcy

Code or any foreign bankruptcy code; (b) obtained a discharge of our, its, his, or her debts under the U.S. Bankruptcy Code or any foreign bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy code or that obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

4. The following language is added to the end of the second paragraph in Item 5:

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

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), titled "**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 GBL Sections 687.4 and 687.5 be satisfied.

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

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

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

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

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

The forgoing 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.

RIDER TO
FRANCHISE AGREEMENT
FOR USE IN NEW YORK

THIS RIDER (the "**Rider**") is effective as of _____, 20___ (the "**Agreement Date**"), and amends the Franchise Agreement dated _____, 20____ (the "**Agreement**"), between Brass Tap Franchisor, LLC, a Delaware limited liability company ("**Franchisor**," "**we**," "**us**" or "**our**"), and _____ ("**you**," "**your**" or "**Franchisee**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Acknowledgements**. The following is added to Section 1.2 of the Franchise Agreement.

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.

3. **Confidential Operating Manuals.** The following sentence is added to Section 11.1 of the Franchise Agreement ("Confidential Operating Manuals"):

"Any new or different requirement set forth in the Manuals will not unreasonably increase your obligations or place an excessive economic burden on your operations."

4. **General Releases.** Sections 3.3, 15.3 (f) and 17.5 of the Franchise Agreement are each amended to include the following language immediately following the requirement that Franchisee execute a General Release:

"Provided, however, that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this proviso that the non-waiver provisions of GBL, Section 687.4 and 687.5 be satisfied."

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

US:	**YOU:**
BRASS TAP FRANCHISOR, LLC	
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RIDER TO
AREA DEVELOPMENT AGREEMENT
FOR USE IN NEW YORK

THIS RIDER (the "**Rider**") is effective as of _____, 20___ (the "**Agreement Date**"), and amends the Area Development Agreement dated _____, 20____ (the "**Agreement**"), between Brass Tap Franchisor, LLC, a Delaware limited liability company ("**we**," "**us**" or "**our**"), and _____ ("**you**," "**your**" or "**Franchisee**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Acknowledgements**. The following is added to Section 1.3 of the Area Development Agreement.

> 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.

3. **General Releases.** Sections 2.2 (a) (v) and 11.4 (b) (v) of the Area Development Agreement are each amended to include the following language immediately following the requirement that Franchisee execute a General Release:

> "Provided, however, that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this proviso that the non-waiver provisions of GBL, Section 687.4 and 687.5 be satisfied."

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

US:	**YOU:**
BRASS TAP FRANCHISOR, LLC	
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RHODE ISLAND ADDENDUM TO THE
DISCLOSURE DOCUMENT

In recognition of the requirements of the State of Rhode Island Franchise Investment Act (the "Act"), §19-28.1 *et seq.,* the Franchise Disclosure Document submitted by Brass Tap Franchising, LLC, for use in the State of Rhode Island is amended as follows:

1. Item 17 u.- Dispute resolution by arbitration or mediation shall comply with §19-28.1-21 of the Act - Private civil actions - and be amended to read:

(a.) A person who violates any provision of this Act is liable to the franchisee for damages, costs, and attorneys and experts fees. In the case of a violation of §§ 19-28.1-5, 19-28.1-8, or 19-28.1-17(1)-(5), the franchisee may also sue for rescission. No person shall be liable under this section if the defendant proves that the plaintiff knew the facts concerning the violation.

(b) Every person who directly or indirectly controls a person liable under this section, every principal executive officer or director of the liable person, every person occupying a similar status or performing similar functions, and every agent or employee of a liable person, who materially aids in the act or transaction constituting the violation, is also liable jointly and severally with and to the same extent as the person liable under this section, unless the agent, employee, officer, or director proves he or she did not know, and in the exercise of reasonable care could not have known of the existence of the fact by reason of which the liability is alleged to exist.

2. Item 17 v. - Choice of forum and Item 17 w. - Choice of law shall comply with § 19-28.1-14 of the Act - Jurisdiction and venue - and be amended to read:

A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.

RIDER TO
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER (the "**Rider**") is effective as of _____, 20___ (the "**Agreement Date**"), and amends the Franchise Agreement dated _____, 20____ (the "**Agreement**"), between Brass Tap Franchisor, LLC, a Delaware limited liability company ("**we**," "**us**" or "**our**"), and _____ ("**you**," "**your**" or "**Franchisee**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Governing Law.** Any provision in the Franchise Agreement which designates the governing law as that of any state other than the State of Rhode Island is deleted from Franchise Agreements issued in the State of Rhode Island.

3. **Jurisdiction and Venue.** §19-28.1.-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

4. **Acknowledgements**. The following is added to Section 1.2 of the Franchise Agreement.

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.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

US:	**YOU:**
BRASS TAP FRANCHISOR, LLC	
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RIDER TO
AREA DEVELOPMENT AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER (the "**Rider**") is effective as of _____, 20___ (the "**Agreement Date**"), and amends the Area Development Agreement dated _____, 20____ (the "**Agreement**"), between Brass Tap Franchisor, LLC, a Delaware limited liability company ("**we**," "**us**" or "**our**"), and _____ ("**you**," "**your**" or "**Franchisee**").

1. **Precedence And Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Governing Law.** Any provision in the Area Development Agreement which designates the governing law as that of any state other than the State of Rhode Island is deleted from Area Development Agreements issued in the State of Rhode Island.

3. **Jurisdiction and Venue.** §19-28.1.-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

4. **Acknowledgements**. The following is added to Section 1.3 of the Area Development Agreement.

> 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.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

US:	**YOU:**
BRASS TAP FRANCHISOR, LLC	
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

SOUTH DAKOTA ADDENDUM TO THE
DISCLOSURE DOCUMENT

1. The summary statement of provision (q) of Item 17 is deleted in its entirety and the following substituted in its place:

> Covenants not to compete upon termination or expiration of a Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.

2. Any provision that provides that the parties' waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota Law. If any of the provisions in this Disclosure Document, the Franchise Agreement or the Area Development Agreement are inconsistent with this paragraph, the terms of this paragraph will prevail with regard to any franchise sold in South Dakota.

RIDER TO
FRANCHISE AGREEMENT
FOR USE IN SOUTH DAKOTA

THIS RIDER (the "**Rider**") is effective as of _____, 20___ (the "**Agreement Date**"), and amends the Franchise Agreement dated _____, 20____ (the "**Agreement**"), between Brass Tap Franchisor, LLC, a Delaware limited liability company ("**we**," "**us**" or "**our**"), and _____ ("**you**," "**your**" or "**Franchisee**").

1. **Precedence And Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Acknowledgements**. The following is added to Section 1.2.

   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.

3. **Termination**. The following is added to Section 16:

   You will have 30 days written notice with an opportunity to cure prior to termination for the following: breach of the franchise agreement, failure to meeting performance and quality standards and failure to make royalty payments.

4. **Covenants Not to Complete**. Covenants not to compete on termination or expiration of a franchise agreement are generally unenforceable in the state of South Dakota, except in certain instances as provided by law. This statement is given for informational purposes only.

5. **Jurisdiction and Venue**. Any provision which designates jurisdiction or venue or requires you to agree to jurisdiction or venue in a forum outside South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

US:	**YOU:**
BRASS TAP FRANCHISOR, LLC	
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

RIDER TO
AREA DEVELOPMENT AGREEMENT
FOR USE IN SOUTH DAKOTA

THIS RIDER (the "**Rider**") is effective as of _____, 20___ (the "**Agreement Date**"), and amends the Area Development Agreement dated _____, 20____ (the "**Agreement**"), between Brass Tap Franchisor, LLC, a Delaware limited liability company ("**we**," "**us**" or "**our**"), and _____ ("**you**," "**your**" or "**Franchisee**").

1. **Precedence And Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Acknowledgements**. The following is added to Section 1.3.

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.

3. **Termination**. The following is added to Section 10:

You will have 30 days written notice with an opportunity to cure prior to termination for the following: breach of the franchise agreement, failure to meeting performance and quality standards and failure to make royalty payments.

4. **Covenants Not to Complete**. Covenants not to compete on termination or expiration of a franchise agreement are generally unenforceable in the state of South Dakota, except in certain instances as provided by law. This statement is given for informational purposes only.

5. **Jurisdiction and Venue**. Any provision which designates jurisdiction or venue or requires you to agree to jurisdiction or venue in a forum outside South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

US: **BRASS TAP FRANCHISOR, LLC**	**YOU:**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

VIRGINIA ADDENDUM TO THE
DISCLOSURE DOCUMENT

The following statements are added to Item 17.h.

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

WASHINGTON ADDENDUM TO THE
DISCLOSURE DOCUMENT

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the "**Act**"), Chapter 19.100 RCW, prevails.

In lieu of an impound of franchise fees, we will not require or accept the payment of any initial franchise fees until you have (a) received all initial training that you are entitled to under the Franchise Agreement or offering circular, and (b) are open for business.

Section RCW 19.100.180 of the Act, may supersede the franchise agreement in your relationship with us, including the area of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with us including the area 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 our reasonable estimated or actual cost in effectuating 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.

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT AND RELATED AGREEMENTS

In recognition of the requirements by the Washington Franchise Investment Protection Act and the Rules and Regulations promulgated thereunder (the "**Act**"), the Franchise Agreement and/or Area Development Agreement shall be modified as follows:

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

In lieu of an impound of franchise fees, franchisor will not require or accept the payment of any initial franchise fees until you have (a) received all initial training that you are entitled to under the Franchise Agreement or offering circular, and (b) are open for business.

Because franchisor has material pre-opening obligations with respect to each franchised business you open under the Area Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and is deferred until franchisor has met all its pre-opening obligations under the Area Development Agreement and you are open for business with respect to each such locations.

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.

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.

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.

US: **BRASS TAP FRANCHISOR, LLC**	**YOU:**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

WISCONSIN ADDENDUM TO THE
DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.

2. The following shall apply to Franchise Agreements and Area Development Agreements in the State of Wisconsin:

a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 shall apply to and govern the provisions of Franchise Agreements and Area Development Agreements issued in the State of Wisconsin.

b. That Act's requirement, including the requirements that, in certain circumstances, a franchisee receives ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the requirements of Article 16 of the Franchise Agreement and Article 9 of the Area Development Agreement to the extent they may be inconsistent with the Act's requirements.

EXHIBIT "M" TO THE DISCLOSURE DOCUMENT

FORM OF RELEASE

FORM OF RELEASE

The following is our current general release form that we expect to include in a release that a franchisee, developer, and/or transferor may sign as part of a renewal, approved transfer or purchase by us of the assets of a franchisee's Brass Tap bar. We may periodically modify the release.

THIS RELEASE is given by _____and their predecessors, agents, affiliates, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (collectively, "**we**," "**us**" or "**ours**"), to Brass Tap Franchisor, LLC and all of its predecessors, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their heirs, beneficiaries, executors and administrators (collectively, "**you**" or "**your**").

Effective on the date of this Release, we forever release and discharge you from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, which we now have or ever had against you, including without limitation, anything arising out of that certain Franchise Agreement dated _____ (the "**Franchise Agreement**"), the franchise relationship between the parties, and any other relationships between you and us; except your obligations under the _____ Agreement dated effective _____. This Release is effective for: (a) any and all claims and obligations, including those of which we are not now aware; and (b) all claims we have from anything which has happened up to now; provided, however, that all liabilities arising under Indiana Code Sec. 23-2-2.7, the Maryland Franchise Registration and Disclosure Law and/or the Minnesota Franchise Act are excluded from this release, and that all rights enjoyed by us under the Franchise Agreement and any causes of action arising in our favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law, Section 687.4 and 687.5 be satisfied. If we are domiciled or have our principal place of business in the State of California, then we hereby expressly waive and relinquish all rights and benefits under Section 1542 of the California Civil Code, which provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS/HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM/HER MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

We are bound by this Release. We freely and voluntarily give this Release to you for good and valuable consideration and we acknowledge its receipt and sufficiency.

We represent and warrant to you that we have not assigned or transferred to any other person any claim or right we had or now have relating to or against you.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by Florida law.

This Release is effective _____, notwithstanding the actual date of signatures.

(**Signature Page Follows**)

IN WITNESS WHEREOF, the undersigned execute this Release:

By:_____

Its: _____
(Type/Print Name and Title)

Date:_____

* This questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

BRASS TAP FRANCHISOR, LLC
STATE EFFECTIVE DATES

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

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

State	Effective Date
California	Pending
Illinois	Pending
Indiana	May 17, 2023
Maryland	Pending
Michigan	May 17, 2023
Minnesota	Pending
New York	Pending
North Dakota	Not Effective
Rhode Island	Pending
South Dakota	May 17, 2023
Virginia	Pending
Washington	Pending
Wisconsin	May 17, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT "N" TO THE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

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

If The Brass Tap Franchisor, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Brass Tap Franchisor, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on Exhibit "F".

The franchisor is Brass Tap Franchisor, LLC, located at 5660 W. Cypress Street, Suite A, Tampa, Florida 33607. Its telephone number is (813) 226-2333.

Issuance date: May 16, 2023.

The name, principal business address and telephone number of the franchise seller for this offering is: Steve Slowey, 5660 W. Cypress Street, Suite A, Tampa, Florida 33607, _____; ____ _____.

Brass Tap Franchisor, LLC authorizes the agents listed in Exhibit "F" to receive service of process for it.

I received a disclosure document dated May 16, 2023, that included the following Exhibits:

Exhibit A	Financial Statements
Exhibit B	List of Franchisees
Exhibit C	List of Franchisees Who Have Left the System
Exhibit D	Confidential Operating Manual Table of Contents
Exhibit E	Training Store Waiver and Release
Exhibit F	List of State Agencies/Agents for Service of Process
Exhibit G	Form of Area Development Agreement
Exhibit H	Form of Franchise Agreement
Exhibit I	Form of Agreement to Lease
Exhibit J	Form of Lease Agreement
Exhibit K	Franchisee Questionnaire
Exhibit L	State Specific and other Addenda and Riders
Exhibit M	Form of Release
Exhibit N	Receipts

_____ _____

Date Prospective Franchisee

Please sign this copy of the Receipt, date your signature, and return it to: Brass Tap Franchisor, LLC at 5660 W. Cypress Street, Suite A, Tampa, Florida 33607, or by e-mailing a copy to us by pdf at sslowey@fscfranchiseco.com.

RECEIPT

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

If Brass Tap Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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Exhibit M	Form of Release
Exhibit N	Receipts

_____ _____

Date Prospective Franchisee

Keep this copy for your records. This disclosure document may be available in several formats including on paper, on a CD, or in pdf format.