
FRANCHISE DISCLOSURE DOCUMENT



Farm Stores Franchising, LLC
2937 S.W. 27th Avenue, Suite 301
Coconut Grove, Florida 33133
(800) 726-3276

victor.a@farmstores.com

www.farmstores.com

www.swissfarms.com

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The Farm Stores or Swiss Farms Franchise Business that you will own and operate is a “double drive-thru” retail store utilizing our business systems, which offers grocery products, coffee, compatible bakery products, sandwiches, and related food and beverage items and other services we approve.

The total investment necessary to begin operation of a new Farm Stores or Swiss Farms Franchise Design Build model ranges from \$160,400 to \$365,200. This includes \$50,900 to \$171,600 that must be paid to us or an affiliate. The total investment necessary to begin operation of a new Farm Stores or Swiss Farms Franchise build-out model ranges from \$396,700 to \$825,700. This includes \$17,900 to \$30,600 that must be paid to us or an affiliate. We also offer to certain qualified persons rights of first refusal to develop three Farm Stores or Swiss Farms within a Development Area under a Area Development Agreement. The total investment necessary to begin operation of three Farm Stores or Swiss Farms Design Build Franchises ranges from \$115,400 to \$290,200. This includes \$63,400 to \$156,600 that must be paid to us or an affiliate. The total investment necessary to begin operation of three Farm Stores or Swiss Farms build-out Franchises ranges from \$229,900 to \$610,700. This includes \$27,900 to \$40,600 that must be paid to us or an affiliate.

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

You may wish to receive the disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Victor Arechavaleta at 2937 S.W. 27th Avenue, Suite 301, Coconut Grove, Florida 33133; (800) 726-3276.

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

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

Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: April 29, 2022

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 K.
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 M 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 Farm Stores® or Swiss Farms® 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 Farm Stores® or Swiss Farms® franchisee?	Item 20 or Exhibit K lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

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

THE FRANCHISOR

The Franchisor is Farm Stores Franchising, LLC and is referred to in this FDD as “FSF,” “we,” “us” or “our.” The Franchisee is the person, persons or Business Entity to whom we grant the right to purchase and operate a Franchise Business and is referred to as “you” and “your.” If the Franchisee is a Business Entity, each of the equity owners (the “Franchise Owners”) must sign the Guaranty of Franchisee’s Obligations included in Exhibit F. *Unless otherwise defined in this FDD, all capitalized terms are defined in ARTICLE 18 of the Franchise Agreement attached as Exhibit C.*

We are a Delaware limited liability company formed on June 16, 2014. We conduct business under the trade name “Farm Stores®” and “Swiss Farms®”. Our principal business address is 2937 S.W. 27th Avenue, Suite 301, Coconut Grove, Florida 33133. Our sole business is the offer and sale of: (i) Farm Stores unit franchises, (ii) Farm Store area representative rights (“Area Representative Rights”) to those who offer and support our Farm Store franchises and Swiss Farms franchises in their designated area as area representatives (“Area Representatives”); and (iii) Swiss Farms unit franchises. We began conducting a Farm Stores business of the type you will operate in June 2014. We first began offering Farm Stores franchises in January 2015 and Swiss Farm franchises in 2020. We have not engaged in any other line of business and have not offered franchises in any other line of business.

Exhibit B contains our agents for service of process in all states.

OUR PARENTS, PREDECESSORS, AND AFFILIATES

Our predecessor is Farm Stores Corporation (“FSC”). FSC was incorporated in Delaware on November 1999 originally under the name Farms Store Grocery, Inc. Its name was changed to Farm Stores Corporation on April 6, 2006 and has since qualified to do business in Florida. FSC has conducted a business of the type you will operate for 16 years. FSC has not offered franchises in this or any line of business. FSC was granted the right in Miami-Dade County, Florida to operate “Farm Stores” stores and to sublicense to various Retail Dealers the right to: (a) use the Proprietary Marks to identify the Retail Dealer’s Premises and the Farm Stores Branded Products sold at the Retail Dealer Premises; and (b) use the Proprietary Features at the Retail Dealer Premises. Additionally, FSC has entered into contracts with third party vendors for its local, regional and national distribution of Farm Stores Branded Products. For example, Sunny Florida Dairy has dairy products distribution rights to supermarkets, convenience stores, etc. In June 2014, FSF acquired substantially all of the Farm Stores assets of FSC including its license rights from our affiliate The Golden Cow, LLC, 17 Farm Store Units, 40 Retail Dealer Agreements and related leases/subleases. FSC’s principal business address is 2937 S.W. 27th Avenue, Suite 301, Coconut Grove, Florida 33133.

We do not have any affiliates that offer franchises in any line of business or provide products or services to franchisees. We have no parent company.

THE FRANCHISE OFFERED

You will sign our franchise agreement, attached as Exhibit C (the “Franchise Agreement”), to receive the right to own and operate a double drive-thru store bearing the “Farm Stores®” or “Swiss Farms®” marks selling grocery products, coffee, compatible bakery products, sandwiches, and related food and beverage items and other services we approve (each, a “Franchised Business”). When you execute the Franchise Agreement, you will determine whether your Franchised Business will be a Farm Stores® Franchised Business or a Swiss Farms® Franchised Business. Except for the primary marks and as otherwise noted in this disclosure document, Farm Store franchises and Swiss Farm franchises are operated the same as each other, including, without limitation, offering and selling the same or similar products and services, using the same suppliers, and using the same proprietary system and information that we have developed. All Franchised Business stores must be developed and operated to our specifications and standards, which continually evolve and may vary by location and are generally reflected in our then-current Manual, which we have the authority to modify at any time and at our sole discretion. We currently offer two models in connection with developing and establishing your Franchised Business, a Design Build model (“Design Build Model”) and a Franchisee Buildout (“Franchisee Buildout”), both of which, once opened, are operated in the same manner. Uniformity of products sold in Franchised Business stores is important, and you have no discretion in the products you sell. The Franchise Agreement is limited to a single, specific location. The distinguishing characteristics of the Business System include distinctive double drive-thru design, color and identification schemes and furnishings; special menu items; standards, specifications and procedures for operations; quality of products and services offered; management programs; training and assistance; and marketing, advertising and promotional programs, all of which we may change, supplement, and further develop. The typical Franchised Business store depends upon serving a large number of customers for its success and is generally located in demographically compatible areas. Most products are purchased primarily for off-premises consumption: “take-out” or “take-home.”

Area Development Rights. In addition to the single Farm Stores or Swiss Farms Franchised Business discussed above, we offer to certain qualified persons the right of first refusal to develop 3 Franchised Businesses within a specified Development Area in accordance with a Development Schedule to be negotiated by the parties. Our form of Area Development Agreement is included as Exhibit D. You must pay us an Area Development Fee equal to \$10,000 (other than the Initial Franchise Fee for the first Franchise Business that you must purchase at the same time you purchase Area Development Rights). For each Franchised Business you develop you must sign our then-current form of Franchise Agreement and pay the Initial Franchise Fee at the time you sign a lease. The then-current form of Franchise Agreement may contain different terms from those included in the version attached to this disclosure document as Exhibit C. We will credit \$5,000 of the Area Development Fee against the Initial Franchise Fee for the 2nd and 3rd Franchise Business you develop. If you fail to timely achieve the Development Schedule, you may lose all future development rights if we elect to terminate the Area Development Agreement. We will then have the right to reassign these area development rights to another party or we may retain these rights. You may keep your Franchised Units then developed or under construction, provided you are not in default under the Franchise Agreements.

Market and Competition. The general market for the products and services you offer is the general public. You will have to compete with other businesses selling similar products and services. Competitors include supermarkets, grocery stores, convenience stores, gas stations, specialty coffee shops, etc. You may also compete with other existing and new Farm Stores and Swiss Farms stores within your area. You may also compete with our retail dealers if your Franchised Business is located in Florida. Competition may also include “Farm Stores” and “Swiss Farms” products sold through other channels of distribution (such as supermarket sales, the Internet, and other venues). There is also competition for suitable store locations. Principal factors that will vary but that will impact our brand’s competitive position are name recognition (which is stronger in some regions than in others), product quality, variety, store appearance, location and advertising.

Industry-Specific Regulations. We are not aware of any laws or regulations specific to the operation of a Franchise Business that do not apply to other businesses generally or to other similar convenience store establishments. We are not presently aware of any other regulations or special permits or licenses required for you to operate your Franchise Business; however, you should inquire with your state and local authorities to ensure that your Franchise Business complies with all applicable laws and regulations including standards, specifications and requirements for the construction and maintenance of your premises; fire safety, general emergency procedures, and customer/employee safety regulations; and, specifications and requirements that govern health and sanitary conditions, employment discrimination, and sexual harassment laws. There may be other laws applicable to your Franchise Business. We urge you to make additional inquiries and contact your attorney about these laws and regulations.

ITEM 2 - BUSINESS EXPERIENCE

MAURICE BARED – CEO, PRESIDENT AND MEMBER OF BOARD OF MANAGERS

Maurice E. Bared is President and CEO of the company and has been since January 1, 2017. Prior to that he was our COO, Vice President of Operations and a member of our Board of Managers since our organization on June 14, 2014. He was the Chief Operating Officer of Farm Stores Corporation and its subsidiaries. He has held that position since 2001. He is located at our corporate office in Coconut Grove, Florida.

ADELAIDA BATISTA – CFO AND CHIEF INFORMATION OFFICER

Ade Batista joined us in June of 2017 as CFO & CIO for Farm Stores Franchising. Prior to joining us, Ms. Batista worked as an independent management consultant for Cerulean Advisory in Miami, Florida From February 2006 until June 2017.

VICTOR ARECHAVALETA – VICE PRESIDENT OF BUSINESS DEVELOPMENT

Victor Arechavaleta has been our Vice President of Business Development since June 14, 2014.

CHRIS GRAY – VICE PRESIDENT OF OPERATIONS

Chris Gray has been our Vice President of Operations since May 2020, and has been the Vice President of Operations for an area representative Holstein Penn LLC, located in Broomall, Pennsylvania since May 2020. Prior to that, Chris worked for Swiss Farm Stores, Inc., in Broomall, Pennsylvania as the President and CEO from January 2019 to May 2020, the Vice President of Business Management from June 2017 to January 2019, and the IT Director from January 2012 to June 2017.

AREA REPRESENTATIVES

Please See Exhibit L to the FDD for required ITEM 2, 3, and 4 disclosures about our Area Representatives.

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

INITIAL FRANCHISE FEE

The Initial Franchise Fee for a Franchise Business is \$25,000. We fully earn the Initial Franchise Fee upon execution of the franchise agreement and it becomes non-refundable, except as provided below.

If any Trainee who is required to successfully complete our initial training program to our satisfaction fails to do so, and we elect to terminate your Franchise Agreement due to this failure, then we may refund up to 50% of the Initial Franchise Fee without interest. We will retain the balance to cover our costs and expenses for the assistance we have provided to you under the Franchise Agreement.

If you fail to obtain an approved site for the Franchise Business, or if we cannot agree on a site, within 180 days from the Agreement Date, and we elect to terminate the Franchise Agreement due to this failure, then we may refund up to 50% of the Initial Franchise Fee.

The Initial Franchise Fee is uniform to all Franchisees currently purchasing a Franchise Business.

INITIAL FRANCHISE FEE FOR PURCHASE OF AN ADDITIONAL FRANCHISE

If you currently own a Franchise Business and you desire to purchase an additional Franchise Business, regardless of whether under an Area Development Agreement, we will

discount the Initial Franchise Fee to \$20,000 for the 2nd Franchise and to \$15,000 for the 3rd and all additional Franchises.

AREA DEVELOPMENT FEE (3 FRANCHISE UNITS)

When you sign the Area Development Agreement for 3 Franchise Units, you will pay us an Area Development Fee of \$10,000 (in addition to the Initial Franchise Fee for the first Franchised Business that you must purchase at the time you sign the Area Development Agreement). We fully earn the Area Development Fee and it becomes non-refundable upon execution of the Area Development Agreement. When you sign each Franchise Agreement for each Franchised Business developed (other than the first Franchised Business), you will receive a credit of \$5,000 against the Initial Franchise Fee then due.

REAL ESTATE SERVICES FEE

The Initial Franchise Fee for a Franchise does not include your payment to us for consultation regarding your proposed site. If you are granted the right to develop and open one Franchised Business, then you must pay to us an additional fee of \$2,500 (the “Real Estate Services Fee”) for real estate services we provide in consulting, reviewing, evaluating, and approving of a site for your Franchised Business. If you sign an Area Development Agreement for three stores, then the Real Estate Services Fee is equal to \$5,000.

The Real Estate Service Fee applies to both the Design Build Model and the Franchisee Buildout, and is due in full upon signing your Franchise Agreement and is fully earned and non-refundable. In return for the Real Estate Services Fee, we provide you our Real Estate Services more fully described in our Manuals. If you request and we provide Real Estate Services to more than five sites, we may charge you the Real Estate Services Fee on a per-site basis. If we charge additional Real Estate Services Fees they are due upon demand, generally before you commence operations. If you do not submit an acceptable site for the Franchised Business and execute a lease for it acceptable to us within 180 days after the date you sign the Franchise Agreement, we may cancel the Franchise Agreement.

OPENING DEADLINE EXTENSION FEE

In the event you fail to open and commence operations of your Franchised Business within the requisite time period set forth in your Franchise Agreement, then you may extend the opening deadline date by up to 3 months if you can demonstrate to our satisfaction that you have taken all reasonable efforts to open your Franchised Business by the required deadline (the “First Extension”). If we grant you the First Extension, and you do not open your Franchised Business by the First Extension deadline, then you may again extend the deadline to open your Franchised Business by one additional 3-month period (the “Second Extension”) by paying us an opening deadline extension fee equal to \$2,500 (the “Opening Deadline Extension Fee”). If you fail to timely open your Franchised Business and are unable to extend the opening deadline, whether because you failed to satisfy the requirements for the First or Second Extension or do not have any extensions left, then we may terminate your Franchise Agreement.

LEASE INITIATION FEE

The Lease Initiation Fee is earned by us when you choose to use the Design Build option and we elect to coordinate development and construction of your store with the designated developer or general contractor. It is the fee we charge for our services in coordinating that construction and financing of the project. The fee is variable and dependent on the complexity, inherent value, and the costs and expenses arising from the development project. It can range from \$25,000 to \$125,000. If we, in our sole discretion, choose to not provide these services in connection with the Design Build option, then we will not charge you this fee. We do not charge this fee or provide these services for the buildout option.

TRAINING FEES

You must pay us a fee equal to \$200 per day for the Initial Training that we provide at your Franchise Business for any Franchised Business offering you choose to purchase. Currently, we expect that Initial Training at your Franchised Business will last approximately two to three days (for a total of \$400 to \$600).

ITEM 6 - OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	The greater of (i) 6% of total weekly Gross Sales revenues from your Store, or (ii) \$360	Payable electronically every Wednesday.	“Gross Sales” includes total revenues from all sales of every kind made at, through or from your Franchised Business, including sales of tobacco products, food products, accessories, goods, merchandise, E-commerce, and all services. “Gross Sales” is net of refunds, discounts or credits and does not include sales taxes collected. The weekly royalty is subject to annual adjustment to reflect increases in the Consumer Price Index (CPI-U). Franchise Agreement (“FA”) Sec. 3.1(c).
Local Advertising	2% of monthly Gross Sales	As incurred	This is not a fee paid to us, it is a required expenditure on your part for your local advertising. You shall spend these monies locally or regionally to promote the Franchised Business. FA Sec. 7.2.
Marketing Fund Contributions	Currently, the greater of (i) 1% of weekly Gross Sales, or (ii) \$60. This amount may be increased up to 2% of total weekly Gross Sales and/or \$120.	Payable electronically every Wednesday.	We receive reimbursement of our cost of supervising and administering the Marketing Fund, currently, 15% of the annual aggregate marketing and promotional fees collected (including Marketing Fund Contributions), plus our actual cost paid to third parties in creating and placing advertising. You must pay the Marketing Fund Contribution regardless of whether your Franchised Business is profitable.
Intranet Portal Fee	Up to \$50 per month	On demand	Our intranet portal currently contains all of the materials, news, and communications that we circulate to franchisees, and a troubleshooting ticket system. This fee is for the developing, hosting,

Type of Fee	Amount	Due Date	Remarks
			maintaining, upgrading, and updating our intranet portal. We are not currently charging this fee, but we reserve the right to start charging it at any time upon notice to you.
Regional Cooperative Advertising	As determined by the members of the Cooperative (not more than 2% of monthly Gross Sales)	Within 10 days of the end of the previous calendar month	We have not established cooperatives. Once formed, Company-Owned Units have the same voting power as Franchised Units. We will credit your payments to the Cooperative against your Local Advertising expenditures.
On-Site Initial Training or Additional Assistance	\$200 per day	On demand	Payable when we conduct on-site Initial Training at your Franchise Business, or if any of our personnel provide assistance after Initial Training. FA. Sec. 3.9.
Renewal Fee	\$10,000	Not later than 30 days before renewal.	We may require you to sign the then-current form of Franchise Agreement. FA Sec. 3.1(h).
Transfer Fee	\$5,000 or 5% of sale price, whichever is greater; or \$1,500 if you transfer your Franchised Business to your wholly-owned entity.	Before completion of transfer.	Payable on transfer, but no fee if transfer to (i) employee, officer or other owners (up to 49%); (ii) family members; (iii) within 6 months after the Effective Date of the Franchise Agreement to a corporation with the same ownership; or (iv) as a result of death or disability. In addition to the transfer fee, a transferee must deposit \$3,000 with us to be applied to "Under New Management" advertising. Sale price includes the sale price of the Franchised Business and the leasehold. FA Sec. 3.1(g), 10.2(g).
Interest and Late Charges	The lesser of 1.5% per month or the highest commercial contract interest rate allowed by law; late charge of \$100 per overdue payment	Amounts not received by us within five (5) days after the due date shall incur interest; late charges begin to accrue immediately upon receipt of invoice	Due on all overdue amounts. FA Sec. 13.2.
NSF Charges	Our costs and expenses	On demand	We may require you to reimburse us for the costs and expenses that we incur if you deliver a check or submit an electronic payment which is returned due to insufficient funds or is otherwise not paid.
Reimbursement of Taxes	Amount of taxes	On demand	You must reimburse us, upon demand, for any taxes imposed by your state or local government on any payments paid to us if you have no physical presence in your jurisdiction. FA Sec. 3.1(j).
Audit Fee	Cost of audit plus the amount of the underpayment plus interest from the date such amount was due until	Cost of inspection – when billed; Underpayment and interest – immediately.	Due if the audit or any other inspection should reveal that any payments to us have been underpaid. Further, you shall reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). FA Sec. 8.3.

Type of Fee	Amount	Due Date	Remarks
	received by Franchisor		
Attendance Fees for certain required or optional additional training courses or conferences	Currently, \$300 per person.	Payable within 10 days of demand	For attendance at optional or mandatory annual courses. The annual conference is mandatory. You must pay the attendance fee for mandatory courses and conferences even if you fail to attend. You must also pay for your own travel and living expenses. We may hold the annual conference in person or virtually, at our discretion FA Sec. 2.9(g).
Special Assistance Fees	Currently, \$250 per day plus our out-of-pocket expenses	As agreed between you and us.	Upon your request and subject to our availability, we will provide onsite non-routine guidance and assistance to address your unusual or unique operating problems at our reasonable per diem fees. FA Sec. 2.9(h).
Employee Uniform Compliance Fee	\$100 per violation	On demand	We may charge you a penalty of \$100 per occurrence if a store inspection or visit by us or a representative of us finds employees or managers out of uniform.
Indemnification	Actual cost to us	Immediately upon receipt of invoice	You indemnify and hold us harmless from all damages (including reasonable attorneys' fees and costs), from claims brought by third parties involving your ownership or operation of your Franchise Business. This indemnity obligation continues in full effect after the expiration or termination of your Franchise Agreement. FA Sec. 14.2(a).
Enforcement Costs	Actual cost to us	Immediately upon receipt of invoice	If any arbitration, legal action or other proceeding is begun to enforce the Franchise Agreement, or for an alleged dispute, breach, default under any provision of your Franchise Agreement, the prevailing party is entitled to recover reasonable pre-institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs. If we engage legal counsel for your failure to pay when due any monies owed under your Franchise Agreement or submit when due any reports, information or supporting records, or for any failure otherwise to comply with your Franchise Agreement, you must reimburse us for all of the Enforcement Costs we incur. FA Sec. 17.7. We may also require you to reimburse us for our attorneys' costs and fees if we amend the Franchise Agreement upon your request or we issue you a default or termination notice. FA Sec. 3.1.
Liquidated Damages for Opening Without Our Consent	\$500 per week	Immediately upon receipt of invoice	You agree not to open your Franchise Business for business before we have given you our written consent. F.A. Sec. 4.11(a).

Type of Fee	Amount	Due Date	Remarks
Liquidated Damages for Premature Termination	A lump sum equal to the total of all Royalty Fees for 36 months	Immediately upon receipt of invoice	This amount is due if you default under your Franchise Agreement in lieu of us having to sue and prove our actual damages. You are also liable for pre-judgment and post-judgment interest and our attorneys' fees and costs. Other than a claim for monetary damages or lost profits, this payment is not exclusive of any other remedies that we have including a right to injunctive relief. This payment does not relieve you from your obligations that survive the termination or expiration of the Franchise Agreement. FA Sec. 12.9.
Liquidated Damages for Violation of Covenant Not to Compete	\$1,000 per week	Immediately upon receipt of invoice	In addition to our right to seek injunctive relief, if you compete with us, directly or indirectly, including conspiring with a family member or third party, in violation of the Franchise Agreement, we have the right to require that you report to us all sales made by the Competitive Business and pay us liquidated damages without deeming to have modified the Franchise Agreement. FA Sec. 13.1(b).
Insurance Reimbursement	Actual cost to us plus a 15% administrative fee	As incurred	If you fail to obtain or maintain required insurance coverage and we elect to procure such insurance coverage on your behalf, then, in addition to our out of pocket costs, we may also charge you an administrative fee.

We may require that all fees payable to us be paid through an electronic funds transfer or ACH. Even if we do not require payment through an ACH, we reserve the right to charge you an additional fee for the use of any other payment instrument. This additional fee will cover our additional expenses in processing a non-ACH payment to us or any third party.

Unless stated otherwise, all fees are uniformly imposed by us and are payable to us. All fees payable to us are non-refundable.

As security for your monetary and other obligations to us under the Franchise Agreement or any other agreement between you and us, you will grant to us a first priority security interest in the assets comprising your Franchise Business. You will sign the Security Agreement, and the UCC-1 Financing Statement and Rider included in Exhibit H.

ITEM 7 – ESTIMATED INITIAL INVESTMENT

A -1. YOUR ESTIMATED INITIAL INVESTMENT – SINGLE DESIGN BUILD MODEL

Type of Expenditure	Amount (Low Estimate)	Amount (High Estimate)	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee ¹	\$15,000	\$25,000	Lump Sum	On signing the Franchise Agreement	Us

Type of Expenditure	Amount (Low Estimate)	Amount (High Estimate)	Method of Payment	When Due	To Whom Payment is to Be Made
Real Estate Services Fee ²	\$2,500	\$5,000	Lump Sum	On signing the Franchise Agreement	Us
Furniture, Fixtures and Equipment ³	\$35,000	\$70,000	Lump Sum	Prior to Opening	Approved Suppliers
Licenses and Permits ⁴	\$2,500	\$5,000	As Incurred	Prior to Opening	Governmental Authorities
Point of Sale System (hardware and software) ⁵	\$2,500	\$5,000	Lump Sum	Prior to Opening	Designated Supplier
Lease Initiation Fee ⁶	\$25,000	\$125,000	Lump Sum	Prior to Opening	Us
Prepaid Rent and Security Deposit and Escrow for Real Estate Taxes, (where applicable) ⁷	\$8,000	\$16,000	Lump Sum	On signing lease	Us or third party landlord
Utility Deposits ⁸	\$500	\$1,500	Lump Sum	Prior to Opening	Utility companies
Office and Store Supplies, and Small Wares ⁹	\$200	\$500	Lump Sum	Prior to Opening	Third Party Vendor
Opening Inventory ¹⁰	\$12,000	\$15,000	Lump Sum	Prior to Opening	Approved Suppliers
Insurance ¹¹	\$3,000	\$5,000	Lump Sum	Prior to Opening	Insurance Agent or Company
Grand Opening Advertising & Promotions Expenditures ¹²	\$5,000	\$15,000	As Incurred	During the first 90 days of operation	Third Parties
Attorney's Fees ¹³	\$1,500	\$6,000	Lump Sum	Prior to Opening	Attorney
On-Site Accountant's Fee ¹³	\$1,000	\$3,000	Lump Sum	Prior to Opening	Accountant
Initial Training	\$400	\$600	Lump Sum	Prior to Opening	Us
Travel, Lodging, Meals, etc. for Initial Training ¹⁴	\$1,000	\$5,000	As Incurred	Prior to Opening	Airlines, Hotels and Restaurants
Uniforms	\$300	\$600	Lump Sum	Prior to Opening	Designated Supplier
Additional Funds (3 to 6 months) ¹⁵	\$40,000	\$60,000	As Incurred	During the first 3 to 6 months of operation	Third Parties
TOTAL¹⁶	\$160,400	\$365,200			

Notes to Chart A-1

¹ **Initial Franchise Fee** See Item 5 for a description of the Initial Franchise Fee. The low estimate assumes you are purchasing your 3rd or more additional Franchise.

² **Real Estate Services Fee** See ITEM 5 INITIAL FEES for a description of the Real Estate Services Fee. The high range assumes 3 site evaluations.

³ **FF&E** This estimate includes estimated costs associated with furniture, furnishings, custom displays, installations, equipment, trade fixtures, office equipment and certain items on the store premises. The amount and specific items vary depending upon the location (freight), store size, and condition of a particular store.

⁴ **Licenses and Permits** Local, municipal, county and state regulations vary on what licenses and permits you must obtain to operate a Franchise Business. In Florida, you must obtain city and county occupational licenses and city and county retail licenses. If the state has a sales tax, like Florida, you must also obtain a Sales Tax Dealer Permit because you will be collecting and remitting the sales taxes you collect to the Department of Revenue. If you are going to sell beer and wine, you must also obtain a beer and wine license. If you are going to sell tobacco products you must obtain a Retail Tobacco Products Dealer Permit.

⁵ **POS System** You will be required to purchase a designated POS system and install a high speed Internet connection designated for downloading and credit card confirmation. This estimate includes costs, electrical units, junction boxes, installation of a cable modem (and cable), and other items necessary for the POS System to be installed and operate. Currently, we are utilizing Lighning for our Designated POS Supplier and Skoop integrated for our mobile ordering solution.

⁶ **Lease Initiation Fee** This estimate represents our Design Build Model to purchase the Franchised Business where the premises have or may be developed by the landlord/developer to our specifications, so you are able to reduce or eliminate some of the initial development fees. The landlord passes these costs and expenses on to you as part of periodic rent payments. You may pay this initiation fee to us or a designated Area Representative to facilitate construction of the location and potentially hold the lease.

⁷ **Prepaid Rent and Security Deposit and Escrow for Real Estate Taxes (Where Applicable)** Lease costs will vary based upon variances in: (i) size in square feet leased; cost per square foot; (iii) amount of percentage rent, if any; (iv) the sales figure that percentage rent begins to apply (the "break point"); (v) common area maintenance costs; and (vi) merchants association costs. These variances are determined by location, the length of the lease, the age of the leased property, local market conditions, and the size of the Premises and the bargaining power of the developer or the property management company.

⁸ **Utility Deposits** You will incur certain deposits with local utilities, for example, electric, telephone, gas, water, etc. These will vary depending on the policies of the local utilities.

⁹ **Supplies** We will only allow office and store supplies, and small wares that support the image and positioning of the Business System in the marketplace. Supplies of this nature include the format, type, decoration and style as they relate to store and office supplies, particularly in the area of stationery, tissue, boxes, bags and forms. You agree to the importance of image and positioning to the Business System and agree to use only the supplies we specify or otherwise approve. These costs are based upon our estimate of the initial supplies and small wares.

¹⁰ **Inventory** The opening inventory will include the products on our list of products. The minimum level is \$12,000 of inventory and the maximum level is \$15,000. We retain the right to change the minimum and maximum levels in response to our perceptions of changing market conditions. The minimum inventory may fluctuate as a function of seasonal sales variations as reflected by industry trends and the local market causing the initial inventory investment to be greater. There is a cost variance in inventory as the size of the store and inventory per square foot varies. A dollar amount is not the primary determinant of the size of the inventory. The density of product per square and cubic foot as a function of the price, style and coordination of products determines the size of the inventory. A more appropriate measure of minimum inventory is SKU's density as reflected in local style and product preference adjusted for the season and the location's foot traffic. We work with you to establish and balance inventories. The purchase price for any inventory purchased from us is not refundable, except for defective merchandise. You must also purchase uniforms for your employees.

¹¹ **Insurance** You must maintain certain commercial general liability and damage insurance specified in the Manual. The method and timing of payments is between you and your insurer. Because the selection of the carrier, size of the Premises, location of the Premises, lease requirements (i.e., if windstorm is necessary), value of the leasehold improvements, amount of inventory, amount of wages and other related conditions vary considerably, it is difficult to estimate the ultimate cost to any given franchisee. We base this estimate on the rates in effect in Florida. The cost of workers' compensation insurance varies from state to state. Your insurance may increase on an annual basis.

¹² **Grand Opening** We feel strongly that a retail operation should enter the market in an aggressive way to minimize early lack of awareness of the Franchise Business among large numbers of consumers in the local trade area. Grand opening activities vary greatly based upon the nature of the events you elect and the local rates for services selected, for example, printing and advertising. You are required to spend an amount that we designate between \$5,000 to \$15,000 on Grand Opening Advertising Expenditures that we approve. Grand Opening Advertising & Promotions Expenditures may be made to vendors that you select, which may include us or our affiliates, according to a budget that we have approved in advance. All Grand Opening Advertising Expenditures must conform to the advertising requirements described in Item 11. All Grand Opening Advertising Expenditures must be made within 90 days of opening. You will supply us with an accounting of your expenditures upon our request.

¹³ **Accountant and Attorney Fees** These estimates include attorneys' fees, publication fees, filing fees and other costs for incorporation, compliance with your state's fictitious or assumed name statute and review of this Franchise Disclosure Document, and lease review and negotiation, depending on the scope of representation. These fees may vary from state to state depending on each state's laws and the prevailing rates of attorneys' fees. We also recommend that you retain an accountant to advise you including the preparation of a business plan, tax advice on Business Entity formation, set up of accounting system, tax planning and compliance.

¹⁴ **Travel and Living Expenses During Initial Training** Up to 3 people may attend Initial Training free of charge. A portion of Initial Training will be held at a location we designate, which may be at our office, at a training restaurant, or at another location. After you have completed training at a location we designate, we will also provide on-site training at your Franchise Business for a fee of \$200 per day. We assume no responsibility for your human resource-related liabilities or costs during Initial Training. At least one individual you send to Initial Training will be you or a Franchise Owner. Additional costs of training that you will bear are transportation, lodging, compensation and meals for the Trainees. The estimate is for items that are non-discretionary in nature. Generally, these costs vary widely as a function of the distance

traveled, the accommodations selected, the restaurants eaten in, the distance between the hotel and the training center and the transportation selected.

¹⁵ **Additional Funds** You should have adequate working capital before beginning operation of the Franchise Business. Working capital should be sufficient to pay your expenses in operating the Franchise Business during the initial period of operation (estimated to be 3 to 6 months) and capable of covering the excess of expenses over cash flow from the Franchise Business including employee salaries and taxes, inventory replenishment, insurance premiums, rent, utilities and other normal expenses that are associated with the day-to-day business operation of the Franchise Business. You must be able to meet operating expenses from pre-opening, including hiring and training expenses, until the Franchise Business develops sufficient cash flow to cover all costs. These figures do not include any payments to you during the start-up period. You must have sufficient personal resources to cover your living expenses. You should work with your accountant to develop a personal/family cash flow budget and determine if there is sufficient revenue on the personal level to provide for your family through the start-up period. Clearly, additional capital requirements will be a function of your decisions regarding nearly every aspect of your Franchise Business, for example, the size of the payroll, rent, utilities, size of the operation and many other expenses that you decide to incur.

¹⁶ **Total** We relied on our collective management experience, our affiliates, and our predecessor's experiences to compile these estimates. You should review these figures carefully with your business advisor prior to deciding to acquire the Franchised Business. We do not offer financing directly or indirectly for any part of the initial investment. This estimate represents our Design Build Model to purchase the Franchised Business, where the location has been already been developed to our specifications so franchisee is able to reduce or eliminate some of the initial development fees. The developer typically passes these costs and expenses on to the franchisee as part of periodic rent payments. In some cases a franchisee may choose to work with a third-party developer who secures a location, builds out the premises, and furnishes the Franchise Business before entering into a lease agreement with the franchisee. Often, these costs and expenses are amortized over the duration of the lease. As described in this note, franchisees who open a Design Build Model store will still incur these expenses over time through rent payments or other fees paid to the third-party developer, and the amounts paid to the third party developer may ultimately exceed the estimates for these items in the table above.

A -2. YOUR ESTIMATED INITIAL INVESTMENT – SINGLE FRANCHISEE BUILDOUT

Type of Expenditure	Amount (Low Estimate)	Amount (High Estimate)	Method of Payment	When Due	To Whom Payment is to Be Made
Franchise Fee ¹	\$15,000	\$25,000	Lump Sum	On signing the Franchise Agreement	Us
Real Estate Services Fee ²	\$2,500	\$5,000	Lump Sum	When our real estate services are requested	Us
Site Development Costs ³	\$0	\$200,000	Lump Sum or Financed	Prior to Opening	Landlord or Contractor

Building Costs ⁴	\$110,000	\$150,000	Lump Sum or Financed	Prior to Opening	Landlord or Contractor
Architect's and Engineer's Fees ⁵	\$16,000	\$16,000	Lump Sum	Prior to Opening	Architect or Engineer
Furniture, Fixtures and Equipment ⁶	\$60,000	\$70,000	Lump Sum	Prior to Opening	Approved Suppliers
Licenses and Permits ⁷	\$7,500	\$20,000	As Incurred	Prior to Opening	Governmental Authorities
Point of Sale System (hardware and software) ⁸	\$2,500	\$5,000	Lump Sum	Prior to Opening	Designated Supplier
Prepaid Rent and Security Deposit and Escrow for Real Estate Taxes, (where applicable) ⁹	\$0	\$16,000	Lump Sum	On signing lease	Third party landlord
Utility Deposits ¹⁰	\$500	\$1,500	Lump Sum	Prior to Opening	Utility companies
Office and Store Supplies, and Small Wares ¹¹	\$3,500	\$5,000	Lump Sum	Prior to Opening	Third Party Vendor
Opening Inventory ¹²	\$12,000	\$15,000	Lump Sum	Prior to Opening	Approved Suppliers
Insurance ¹³	\$3,000	\$5,000	Lump Sum	Prior to Opening and annually thereafter	Insurance Agent or Company
Grand Opening Advertising & Promotions Expenditure ¹⁴	\$5,000	\$15,000	As Incurred	During the first 90 days of operation	Third Parties
Attorney's Fees ¹⁵	\$1,500	\$6,000	Lump Sum	Prior to Opening	Attorney
Accountant's Fee ¹⁶	\$1,000	\$3,000	Lump Sum	Prior to Opening	Accountant
Initial Training	\$400	\$600	Lump Sum	Prior to Opening	Us
Travel, Lodging, Meals, etc. for Initial Training ¹⁷	\$1,000	\$5,000	As Incurred	Prior to Opening	Airlines, Hotels and Restaurants
Uniforms ¹⁸	\$300	\$600	Lump Sum	Prior to Opening	Designated Supplier
Additional Funds (3 to 6 months) ¹⁹	\$40,000	\$60,000	As Incurred	During the first 3 to 6 months of operation	Third Parties
TOTAL²⁰	\$396,700	\$825,700			

Notes to Chart A-2

¹ **Initial Franchise Fee** See ITEM 5 INITIAL FEES for a description of the Initial Franchise Fee. The low estimate assumes you are purchasing your 3rd or more additional Franchise.

² **Real Estate Services Fee** See ITEM 5 INITIAL FEES for a description of the Real Estate Services Fee. The high range assumes 3 site evaluations.

³ **Site Development** Real estate costs vary considerably according to the type of store, fair market values in your area, your real estate interest (leasehold or ownership), and location. The estimated range pertains to underground work on the site, such as sewage, electrical work, and drainage. Your costs vary depending on the size of the site and municipal requirements. The store will usually occupy leased land, and will typically contain 6,500 to 21,000 square feet. The site development costs will be \$0, if the landlord is paying for the site development costs or site development has already been completed. Your General Contractor will need completed detailed plans and specifications to allow him to bid accurately and apply for permits. This figure also included pylon signs.

⁴ **Building Costs** The estimate assumes you pay the entire cost of construction with no allowance or contribution by the landlord for construction and if union labor is used, these costs may additionally increase. Certain locations may require special design criteria that could add to the estimate.

⁵ **Architect's and Engineer's Fees** You must retain a local architect to conform our standard plans and specification to the approved site. You may also need to engage an engineer to prepare and seal any applicable drawings in accordance with local code and regulations.

⁶ **FF&E** This estimate includes estimated costs associated with furniture, furnishings, custom displays, installations, equipment, trade fixtures, office equipment and certain items on the store premises. The amount and specific items vary depending upon the location (freight), store size and condition of a particular store.

⁷ **Licenses and Permits** Local, municipal, county and state regulations vary on what licenses and permits you must obtain to operate a Franchise Business. In Florida, you must obtain city and county occupational licenses and city and county retail licenses. If the state has a sales tax, like Florida, you must also obtain a Sales Tax Dealer Permit because you will be collecting and remitting the sales taxes you collect to the Department of Revenue. If you are going to sell beer and wine, you must also obtain a beer and wine license. If you are going to sell tobacco products you must obtain a Retail Tobacco Products Dealer Permit.

⁸ **POS System** You will be required to purchase a designated POS system and install a high speed Internet connection designated for downloading and credit card confirmation. This estimate includes costs, electrical units, junction boxes, installation of a cable modem (and cable), and other items necessary for the POS System to be installed and operate.

⁹ **Rent and Security Deposit** The low estimate in the above chart is based upon ground lease rates equal to \$2.00 per square foot, and the high estimate is based upon \$6.00 per square foot, however, ground lease rates can significantly vary by market and due to a variety of factors. Leases may obligate the tenant to pay the landlord an additional "percentage rent" amount, equal to the amount by which the rent per square foot is exceeded by a percentage of Gross Sales. Leases are usually "triple net," requiring the tenant to reimburse the landlord for all of the landlord's costs of operation. These costs include taxes, insurance and maintenance. Common Area Maintenance ("CAM") charges are determined by negotiation with the landlord and will vary from location to location. We assume that the landlord will require first and last months' rent and a security deposit equal to one months' rent. In addition, rent may be subject to tax. For

example, Florida imposes a 6.8% state sales tax on commercial rent. The tenant usually pays this tax. Lease costs will vary based upon variances in: (i) size in square feet leased; cost per square foot; (iii) amount of percentage rent, if any; (iv) the sales figure that percentage rent begins to apply (the "break point"); (v) common area maintenance costs; and (vi) merchants association costs. These variances are determined by location, the length of the lease, the age of the leased property, local market conditions, and the size of the Premises and the bargaining power of the developer or the property management company. Frequently, developers will attempt to discuss rent as a percentage of gross receipts as expressed in a cost per square foot. They are accustomed to seeing costs expressed as a percentage of Gross Sales.

¹⁰ **Utility Deposits** You will incur certain deposits with local utilities, for example, electric, telephone, gas, water, etc. These will vary depending on the policies of the local utilities.

¹¹ **Supplies** We will only allow office and store supplies, and small wares that support the image and positioning of the Business System in the marketplace. Supplies of this nature include the format, type, decoration and style as they relate to store and office supplies, particularly in the area of stationery, tissue, boxes, bags and forms. You agree to the importance of image and positioning to the Business System and agree to use only the supplies we specify or otherwise approve. These costs are based upon our estimate of the initial supplies and small wares.

¹² **Inventory** The opening inventory will include the products on our list of products. The minimum level is \$12,000 of inventory and the maximum level is \$15,000. We retain the right to change the minimum and maximum levels in response to our perceptions of changing market conditions. The minimum inventory may fluctuate as a function of seasonal sales variations as reflected by industry trends and the local market causing the initial inventory investment to be greater. There is a cost variance in inventory as the size of the store and inventory per square foot varies. A dollar amount is not the primary determinant of the size of the inventory. The density of product per square and cubic foot as a function of the price, style and coordination of products determines the size of the inventory. A more appropriate measure of minimum inventory is SKU's density as reflected in local style and product preference adjusted for the season and the location's foot traffic. We work with you to establish and balance inventories. The purchase price for any inventory purchased from us is not refundable, except for defective merchandise.

¹³ **Insurance** As discussed in ITEM 8, we require that you carry certain commercial general liability and damage insurance specified in the Manual. The method and timing of payments is between you and your insurer. Because the selection of the carrier, size of the Premises, location of the Premises, lease requirements (i.e., if windstorm is necessary), value of the leasehold improvements, amount of inventory, amount of wages and other related conditions vary considerably, it is difficult to estimate the ultimate cost to any given franchisee. We base this estimate on the rates in effect in Florida. The cost of workers' compensation insurance varies from state to state. Your insurance may increase on an annual basis.

¹⁴ **Grand Opening** We feel strongly that a retail operation should enter the market in an aggressive way to minimize early lack of awareness of the Franchise Business among large numbers of consumers in the local trade area. Grand opening activities vary greatly based upon the nature of the events you elect and the local rates for services selected, for example, printing and advertising. You are required to spend an amount that we designate between \$5,000 to \$15,000 on Grand Opening Advertising Expenditures that we approve. Grand Opening Advertising & Promotions Expenditures may be made to vendors that you select, which may include us or our affiliates, according to a budget that we have approved in advance. All Grand Opening Advertising Expenditures must conform to the advertising requirements described in Item 11. All Grand Opening Advertising Expenditures must be made within 90 days of opening. You will supply us with an accounting of your expenditures upon our request.

¹⁵ **Attorney's Fees** You may sign the Franchise Agreement individually or through a Business Entity formed to operate the Franchise Business. You will have to comply with the fictitious, assumed, or trade name statutes of the state in which the Franchise Business will be located. These estimates include attorneys' fees, publication fees, filing fees and other costs for incorporation, compliance with your state's fictitious or assumed name statute and review of this Franchise Disclosure Document, and lease review and negotiation, depending on the scope of representation. These fees may vary from state to state depending on each state's laws and the prevailing rates of attorneys' fees.

¹⁶ **Accountant's Fees** We recommend that you retain an accountant to advise you including the preparation of a business plan, tax advice on Business Entity formation, set up of accounting system, tax planning and compliance.

¹⁷ **Travel and Living Expenses During Initial Training** Up to 3 people may attend Initial Training free of charge. A portion of Initial Training will be held at a location we designate, which may be at our office, at a training restaurant, or at another location. After you have completed training at a location we designate, we will also provide on-site training at your Franchise Business for a fee of \$200 per day. We assume no responsibility for your human resource-related liabilities or costs during Initial Training. At least one individual you send to Initial Training will be you or a Franchise Owner. Additional costs of training that you will bear are transportation, lodging, compensation and meals for the Trainees. The estimate is for items that are non-discretionary in nature. Generally, these costs vary widely as a function of the distance traveled, the accommodations selected, the restaurants eaten in, the distance between the hotel and the training center and the transportation selected.

¹⁸ **Uniforms** All employees working at your Franchise Business must wear a clean and neat uniform that we specify in the Manuals.

¹⁹ **Additional Funds** You should have adequate working capital before beginning operation of the Franchise Business. Working capital should be sufficient to pay your expenses in operating the Franchise Business during the initial period of operation (estimated to be 3 to 6 months) and capable of covering the excess of expenses over cash flow from the Franchise Business including employee salaries and taxes, inventory replenishment, insurance premiums, rent, utilities and other normal expenses that are associated with the day-to-day business operation of the Franchise Business. You must be able to meet operating expenses from pre-opening, including hiring and training expenses, until the Franchise Business develops sufficient cash flow to cover all costs. These figures do not include any payments to you during the start-up period. You must have sufficient personal resources to cover your living expenses. You should work with your accountant to develop a personal/family cash flow budget and determine if there is sufficient revenue on the personal level to provide for your family through the start-up period. Clearly, additional capital requirements will be a function of your decisions regarding nearly every aspect of your Franchise Business, for example, the size of the payroll, rent, utilities, size of the operation and many other expenses that you decide to incur.

²⁰ **Total** We relied on our collective management experience, our affiliates, and our predecessor's experiences to compile these estimates. You should review these figures carefully with your business advisor prior to deciding to acquire the Franchised Business. We do not offer financing directly or indirectly for any part of the initial investment. This estimate represents our Franchisee Buildout to purchase the Franchised Business. Because the costs and expenses set forth in the chart above will vary widely from franchisee to franchisee, you should review these figures carefully for yourself, and preferably with a business advisor of your own choosing before making any decision to purchase the franchise or the Franchisee Buildout.

**B-1. YOUR ESTIMATED INITIAL INVESTMENT - AREA DEVELOPMENT
AGREEMENT DESIGN BUILD MODEL**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Area Development Fee ¹	\$10,000	Lump Sum	On signing the Area Development Agreement	Us
Real Estate Services Fee ²	\$2,500 - \$0*	Lump Sum	On signing the Area Development Agreement	Us
Initial Investment for Your Initial Franchised Business	\$160,400– \$365,200	See Chart 7(A-1) above		
Total Estimated Initial Investment	\$172,900 - \$375,200			

Notes to Chart B-1

¹ **Area Development Fee** The estimates set forth in this Chart assume that you will be entering into an Area Development Agreement for the right to open and operate three Franchised Businesses (each Design Build Models) within a Development Area and the cost of opening the first Franchised Business. \$5,000 of the Area Development Fee will be credited toward the Initial Franchise Fee for the 2nd Franchise Business, and \$5,000 will be credited toward the Initial Franchise Fee for the 3rd Franchise Business. Other than the Area Development Fee for three units, this figure does not include the costs associated with opening a second and subsequent locations, which may incur additional costs.

² **Real Estate Services Fee.** The Real Estate Services Fee under an Area Development Agreement is \$5,000. However, because the “Initial Investment for Your Initial Franchised Business” in the above chart already includes a Real Estate Services Fee with an estimated range of \$2,500 to \$5,000, the above chart reflects the additional amount of the Real Estate Services Fee that you may have to pay under an Area Development Agreement if you only pay \$2,500 under the Franchise Agreement.

**B-2. YOUR ESTIMATED INITIAL INVESTMENT - AREA DEVELOPMENT
AGREEMENT FRANCHISEE BUILDOUT**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Area Development Fee ¹	\$10,000	Lump Sum	On signing the Area Development Agreement	Us
Real Estate Services Fee ²	\$2,500 - \$0*	Lump Sum	On signing the Area Development Agreement	Us
Initial Investment for Your Initial Franchised Business	\$396,700 – \$825,700	See Chart 7(A-2) above		
Total Estimated Initial Investment	\$409,200 – \$835,700			

Notes to Chart B-2

¹ **Area Development Fee** The estimates set forth in this Chart assume that you will be entering into an Area Development Agreement for the right to open and operate three Franchised Businesses (Franchisee Buildouts) within a Development Area and the cost of opening the first Franchised Business. \$5,000 of the Area Development Fee will be credited toward the Initial Franchise Fee for the 2nd Franchise Business, and \$5,000 will be credited toward the Initial Franchise Fee for the 3rd Franchise Business. Other than the Area Development Fee for three units, this figure does not include the costs associated with opening a second and subsequent locations, which may incur additional costs.

² **Real Estate Services Fee.** The Real Estate Services Fee under an Area Development Agreement is \$5,000. However, because the “Initial Investment for Your Initial Franchised Business” in the above chart already includes a Real Estate Services Fee with an estimated range of \$2,500 to \$5,000, the above chart reflects the additional amount of the Real Estate Services Fee that you may have to pay under an Area Development Agreement if you only pay \$2,500 under the Franchise Agreement.

UNLESS EXPLICITLY STATED OTHERWISE, NONE OF THE PAYMENTS IN THIS ITEM ARE REFUNDABLE.

ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases From Us

Except as otherwise disclosed in this disclosure document, there are no goods or services that you must purchase from us, however, we and our affiliates reserve the right to be a or the only designated supplier for any good or service in the future.

Purchases From Our Designated Suppliers

At present, you must purchase some items from the following Designated Suppliers:

Bakery product vendors: Pagnifique, Panna Café, Venfood, and Empanadas 305

Designated suppliers: Zuma and Sons (FL), Harold Levinson Associates (PA, NJ, NY, CT), Gordon's Food service (TX) Goya Foods Inc. (TX), Brisas Corp. (FL), Eby-Brown (GA)

Farm Stores milk and egg nog: Sunny Florida Dairy (FL)

Farm Stores ice cream: Valentini Ice Cream (only required in Florida)

Swiss Premium Milk and Teas (Only required at Swiss Farm Stores in PA):
Swiss Premium Dairy

Milkshakes vendor: F'Real

Designated suppliers: Zuma and Sons (FL), Harold Levinson Associates (PA, NJ, NY, CT), Gordon's Food service (TX), Andalusia Distribution Company (GA, FL, AL), Team Modern (KY), Eby-Brown (GA)

We may change the Designated Supplier and/or the items you must purchase from our Designated Supplier based on our experience.

Purchases From Approved Suppliers

You must purchase or lease equipment, supplies, inventory, advertising materials, construction services and other products and services used for the operation of your Franchise Business only from Approved Suppliers. These Approved Suppliers have demonstrated: (i) the ability to meet our standards and specifications for these items; (ii) possess adequate quality controls and capacity to supply your needs promptly and reliably; and (iii) have been approved in writing by us and not later disapproved. We will attempt to negotiate agreements with Approved Suppliers that, in our good faith belief, are in the best interest of all Franchise Businesses. We may approve a single Designated Supplier for any brand and may approve a Designated Supplier only as to a certain brand or brands. We retain the right to receive compensation from these Designated and Approved Suppliers for our negotiation. In approving suppliers for the Business System, we may take into consideration factors like the price and quality of the products or services and the supplier's reliability. We may concentrate purchases with 1 or more suppliers to obtain the lowest prices and/or the best advertising support and/or services. We may condition approval of a supplier on our requirements on the frequency of delivery, standards of service, warranty policies including prompt attention to complaints, and concentration of purchases. We may grant temporary approval pending our additional evaluation of the supplier. We may change our list of Approved Suppliers and the goods or services supplied based on our experience.

We are not currently an approved supplier, but we and our affiliates reserve the right to be in the future.

APPROVAL OF ALTERNATE SUPPLIERS

Our criteria for alternate supplier approval are available to you. If you propose to purchase or lease any equipment, supplies, inventory, advertising materials, construction services or other products or services that are not proprietary to us from an unapproved supplier, you must submit to us a written request for approval, or request the supplier to do so itself.

Procedures for Our Approval. We have the right to require, as a condition of our approval, that the proposed supplier permit our representatives to inspect its facilities. If we request, the supplier will deliver samples to us or to our designated independent, certified laboratory for testing. We are not liable for damage to any sample that may result from the testing process.

Fees. We may require as a condition to its approval, that the supplier present satisfactory evidence of insurance, for example, product liability insurance, protecting our Franchisees and us from all claims from the use of the item within the Business System.

Time Period for Notices. We will give you written notice of our approval or disapproval by email within 10 days after all review and completion of the above conditions.

Right of Revocation. We reserve the right to reinspect the facilities and products of any approved supplier and continue to sample the products at the supplier's expense. We reserve the right to revoke approval upon the supplier's failure to continue to meet our standards and specifications. You will receive written notification of approval or disapproval of a supplier within 7 days after we have investigated and inspected the supplier.

PURCHASES UNDER OUR SPECIFICATIONS

We have developed specifications for a number of goods and services. Specifications are available upon request and include minimum standards of quality, construction, economies of scale, name recognition, appearance and function. We may change our specifications as a result from our experience and or changes in the market place or changes in law. We will issue any changes to all Franchisees through changes to the Manual.

Purchase of Store Site

If you intend to purchase the site for the Franchise Business, you must submit the purchase agreement to us for our written approval. You are solely responsible for securing any necessary purchase, construction, permanent or other financing of the site and the Premises. Once you acquire ownership of the Premises, you will enter into with us the Agreement with Landlord, both as landlord and as the Franchisee, in the form included as Exhibit I.

Lease of Premises

Any lease with a third party must provide that the effectiveness of the lease is conditioned upon your obtaining our written approval. Our approval will be given when the property owner, you and we sign our form of Agreement with Landlord attached as Exhibit I to the Franchise

Disclosure Document. We do not represent that we have any special expertise in negotiating leases. You agree that our approval or disapproval of a proposed lease does not impose any liability on us.

Plans and Specifications

You must use the prototype architectural drawings for the Store, and our specifications and standards pertaining to equipment, inventory, signage, fixtures, menu boards, furnishings, accessory features and design and layout we make available to you. We will loan to you our prototype architectural drawings for the Store (the "Design Specifications").

Insurance

You must obtain and maintain at your expense certain insurance that includes the risks, amount of coverage and deductibles we require. Currently we require, at a minimum, the following:

- Commercial General liability insurance with minimum limits of \$1,000,000 per occurrence, which includes coverage for:
 1. Contractual liability
 2. The sale of food and beverages, including alcoholic beverages where it is permitted by law
 3. Vehicles owned or operated in the course of the Business
 4. Product liability.
- Workers' compensation insurance to provide full coverage for any statutory benefits required by all laws applicable to Franchisee's employees.
- Employer's liability insurance and liquor liability insurance with minimum limits of \$1,000,000 per occurrence to the extent such insurance is reasonably available as determined solely by FSF.
- Property and Casualty insurance coverages in amounts and with provisions that are acceptable to FSF, and which comply with the terms and requirements of all leases, subleases and other agreements to which the Franchisee's Premises or any assets related thereto may be or become subject from time to time.

Local Advertising

You must submit to us for our approval all materials used for Local Advertising, unless the materials have been previously approved by us or the materials consist only of materials we provide. You are free to use your own advertising material only if you have obtained our prior written approval.

Point of Sale (POS) System

We have an approved supplier for the POS System. (See ITEM 11, COMPUTER SYSTEMS).

Customer Loyalty Programs

You must contract with our Approved Suppliers of customer loyalty programs and/or gift cards/certificates that may involve the issuance and acceptance of gift cards (or other gift redemption devices) through the POS System or other channels.

REVENUE FROM REQUIRED PURCHASES OR LEASES BY FRANCHISEES

During our fiscal year ended December 31, 2021, we received \$174,007 as a result of franchisee purchases of required products and services, which constitutes 3.45% of our total revenues of \$5,051,664. This amount represents rebates received in connection with franchisee purchases from third-party vendors, as well as pass-through amounts collected for franchisee purchases from third-party vendors. Rebates received during 2020 were based on a flat amount for each item purchased.

MAGNITUDE OF REQUIRED PURCHASES OR LEASES

We estimate that the proportion of required purchases and leases to all purchases and leases by you of goods and services is 80% in establishing the Franchise Business and 80% in operating the Franchise Business.

PAYMENTS FROM DESIGNATED SUPPLIERS

We may derive revenue directly or in the form of rebates or other payments from suppliers, based directly or indirectly on the sale of products and services to franchisees. We reserve the right to receive rebates or other payment and estimate that this revenue will range between 0% to 15% or more of the total purchase price of those items. Franchisees shall not under any circumstances derive revenue directly or indirectly from designated or approved suppliers.

PURCHASING OR DISTRIBUTION COOPERATIVES

There are currently no purchasing or distribution cooperatives that you must join or in which you may participate.

NEGOTIATION OF PURCHASE ARRANGEMENTS

From time to time we do negotiate purchase arrangements with suppliers for your benefit and/or the benefit of the other franchisees. We cannot guarantee that any suppliers can provide franchisees with such benefits.

MATERIAL BENEFITS

We do not provide material benefits to you based on your purchase of particular products or services or use of particular suppliers.

ITEM 9 - FRANCHISEE'S OBLIGATIONS

FRANCHISE AGREEMENT

This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in the Franchise Agreement and in other items of this Franchise Disclosure Document.

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Franchise Disclosure Document Item
a. Site selection and acquisition/lease	Section 4.1	Not Applicable	ITEMS 11, 12
b. Pre-opening purchases/leases	Sections 4.1, 4.2, 4.3, 4.4, 4.8, 4.9, 4.11, 4.12, 4.13, 4.14, 4.15	Not Applicable	ITEMS 5, 7, 8, 11
c. Site development and other pre-opening requirements	Sections 4.1, 4.2, 4.3, 4.4, 4.9	Not Applicable	ITEMS 7, 8, 11
d. Initial and ongoing training	Sections 2.8, 2.11, 2.13(k)	Not Applicable	ITEMS 6, 7, 8, 11
e. Opening	Section 4.4	Not Applicable	ITEMS 7, 8, 11
f. Fees	Sections 1.5(d), 2.8(a), 2.13(l), 2.15, 2.16, 3.1, 3.4, 4.11(d), 4.24, 6.2, 8.3, 9.7, 10.2(b)(ii), 10.2(f)(vi), 12.9 and 13.1(c), 16.2(iv), 17.5	ARTICLE 3	ITEMS 5, 6, 7, 8, 11
g. Compliance with standards and policies/Operating Manual	Sections 2.1, 2.2, 2.3, 2.5, 2.6, 2.9, 3.3, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.9, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.18, 4.23, 4.25, 4.27, 5.2, 7.2(b), 7.3, 7.4, 7.5, 7.6, 7.7, 8.1, 8.2, 8.4, 9.1, 9.2, 9.3, 9.5, 11.2, 20.3, ARTICLE 6	ARTICLE 4	ITEMS 8, 11, 14, 16
h. Trademarks and proprietary information	ARTICLES 5, 6, 14	Not Applicable	ITEMS 13, 14
i. Restrictions on products/services offered	Sections 1.2(b), 1.4, 4.7, 4.11, 4.12, 4.13, 4.22, 4.23	Section 1.1	ITEMS 8, 16
j. Warranty and customer service requirements	Sections 4.7, 4.18	Sections 1.2, 1.3, 1.4, 1.5, 4.1	ITEM 16
k. Territorial development and sales quotas	Not Applicable	Not Applicable	ITEM 12
l. Ongoing product/service purchases	Sections 4.7, 4.11, 4.12	Not Applicable	ITEMS 8, 11

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Franchise Disclosure Document Item
m. Maintenance, appearance and remodeling requirements	Sections 4.1, 4.2, 4.3, 4.6, 4.19, 4.23	Not Applicable	ITEMS 6
n. Insurance	ARTICLE 9	Not Applicable	ITEMS 6, 7, 8
o. Advertising	ARTICLE 7	Not Applicable	ITEMS 6, 7, 8, 11
p. Indemnification	Section 14.2	Not Applicable	ITEMS 6
q. Owner's participation/management/staffing	Sections 2.8, 4.9, 4.10, 4.15, 4.21	Section 4.2	ITEMS 15
r. Records and reports	ARTICLE 8	Not Applicable	ITEM 11
s. Inspections and audits	ARTICLE 8	Section 5.2	ITEMS 6, 11, 13
t. Transfer	ARTICLE 10	Section 6.2	ITEMS 6, 17
u. Renewal	Sections 16.2, 16.3	Not Applicable	ITEMS 6, 17
v. Post-termination obligations	ARTICLE 12	Not Applicable	ITEM 17
w. Non-competition covenants	ARTICLE 13	Section 9.1	ITEM 17
x. Dispute resolution	ARTICLE 17	Not Applicable	ITEMS 17
y. Liquidated Damages	Section 4.11, 12.9, 13.1	Not Applicable	ITEM 17

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.

FRANCHISE AGREEMENT

PRE-OPENING OBLIGATIONS

After the parties sign the Franchise Agreement but before you open your Franchise Business, we will provide you with the following assistance and services, as long as you are not in default under your Franchise Agreement:

Store Site Selection (Section 2.1 of the Franchise Agreement).

If you elect, and we agree, to develop a Franchised Business using our Design Build Model, then you are designating us or an Area Representative to locate a site on your behalf and facilitate the construction of the Franchised Business, with your participation and approval. We, or the Area Representative, will locate and approve a site within 180 days of signing the Franchise Agreement, using our reasonable business judgment and the

then-current criteria for a new Franchised Business. The selection of a site by us or the Area Representative is not a representation or warranty that the Franchised Business will be profitable at that site or that your sales will reach any predetermined levels. As with the site selection approval process for the Franchisee Buildout, our (and if applicable, the Area Representative's) selection of a site is only an indication that the proposed site meets our minimum criteria for sites. Furthermore, you agree that you will be purchasing the Design Build Model "AS IS," and we will not warrant or guaranty the quality or other characteristics of the structure or the Franchised Business. We may require you to execute additional documents in connection with your approval of the site for the Design Build Model and/or in taking possession of the premises.

If you elect to develop a Franchised Business using our Franchisee Buildout, then you will need to comply with the following requirements:

Site for Store. You must locate a site suitable for the operation of the Franchised Business that is acceptable to us within and sign a lease or a purchase contract within 180 days after signing the Franchise Agreement. The site must meet our criteria for demographic characteristics, traffic patterns, parking, the character of neighborhood, competition from and proximity to other businesses and other Farm Stores and Swiss Farms Franchised Businesses, the nature of other businesses in proximity to the site, other commercial characteristics and the size, appearance and other physical characteristics of an acceptable site. The proposed site must be approved by us in writing before you sign a binding lease or otherwise securing the proposed site. You must provide us with a complete Site Report and such other information and materials as we may request before signing a lease or entering into a binding contract to acquire the site in any way. This may include a complete Prospective Location Submission Package (a "Site Package") that includes: a store development request; Demographics/Traffic Data; digital photos/video of the proposed site traffic and signage; aerial photographs and maps; a lease outline drawing of the unit and a Site Plan of the shopping center or surrounding business district; and such other materials as we may designate. You must follow and complete to our satisfaction our onsite selection process. We may designate a third party to assist you or we may assist you in finding a site. We may require you to contract with a real estate agent, at your expense, who will assist you with your real estate needs. If you do not submit an acceptable lease or purchase contract within the 180-day period, or if we cannot agree on a site, we may terminate the Franchise Agreement. If you and we cannot agree on a site within the timeframe, then we may, in our discretion, refund up to 50% of the Initial Franchise Fee to you.

Franchisor provides assistance with providing equipment, signs, fixtures, opening inventory, and supplies, but Franchisor does not deliver or install said items. Franchisor may provide assistance directly as well as provide a list of approved suppliers to you. Franchisor will provide written specifications for these items.

Franchisor does not provide assistance with conforming the premises to local ordinances and building codes if you select your own site; however, for Design Build models franchisor does provide this assistance. Franchisor does not assist in hiring and training employees. Franchisor does not provide to you required permits, but in a Design

Build model does provide assistance with constructing, remodeling, or decorating the premises.

No Special Expertise. We do not represent that we have any special expertise in selecting sites for the operation of a Franchise Business. Our approval of a site is not a representation or warranty that the Franchise Business will be profitable or that your sales will attain any predetermined levels. Our approval is only our indication that the proposed site meets our minimum criteria for Franchised Business sites.

Lease Assistance. If the site is to be leased directly by you, the terms of the lease are subject to our prior written approval. We have the right to grant permission or reject the terms of any lease for the Franchise Location. Our consent is subject to the landlord, you and us signing our form of Agreement with Landlord attached as Exhibit I. Our failure to reject a lease in writing within 30 days after you submit the lease constitutes our permission to proceed. We also have the right to require you to sign additional documents, which provide for the protection of our rights and interests, as we may require. We do not represent that we have any special expertise in negotiating leases. You agree that our approval or disapproval of a proposed lease does not impose any liability on us. We do not generally own the Premises, and you are not required to lease the Premises from us. (Section 2.2 of the Franchise Agreement.)

Plans and Specifications. We will loan to you our prototype architectural drawings for the Premises for the construction of the Store. We also loan to you our specifications and standards pertaining to equipment, inventory, signage, fixtures, menu boards, furnishings, accessory features and design and layout we make available to you (the "Design Specifications"). On or before the Opening Date, you must destroy all hard and electronic copies of these Drawings and Design Specifications. (Section 2.3 of the Franchise Agreement.) We do not provide assistance with conforming the Premises to local ordinances and building codes, obtaining any required permits, and/or constructing, remodeling or decorating the Premises.

Uniform Requirements. The Manual includes our specifications for your employee uniforms that you must purchase directly from our Designated Supplier. (Section 4.6 of the Franchise Agreement.)

Website; Intranet. We have created a website for Farm Stores and Swiss Farms, www.farmstores.com and www.swissfarms.com, respectively, and an Intranet for use by our Franchisees and us. You will be able to access our designated system tools and materials through our Intranet. We reserve the right to charge you a fee in the amount up to \$50 per month in connection with developing, hosting, maintaining, upgrading, and updating our Intranet. We will list your Franchise Business on our Website. (Section 2.4 of the Franchise Agreement.)

Lists, Forms and Schedules. (Section 2.5 of the Franchise Agreement.)

We will loan to you, either in hard copy form or as electronic files, the following for use in the operation of the Franchise Business:

List of Items. A list of equipment, fixtures, furnishings, supplies, materials, inventory and other items necessary to open and operate your Franchise Business and a list of Designated Suppliers, Approved Suppliers and product specifications. We do not deliver or install any of the equipment, fixtures, furnishings, supplies, materials, inventory or other items;

Specifications. Specifications for business cards, stationary, receipts, point-of-sale materials, frequent customer cards, gift cards, reporting documents, and other business forms and materials we deem necessary for the operation of the Franchise Business that you purchase from Approved Suppliers.

Financial Reporting. Requirements regarding your establishment of daily, weekly and monthly reporting systems; bookkeeping procedures; and accounting procedures, which you must adopt and implement at the Franchise Business. These forms and schedules are contained in the Manual or our Intranet. We do not warrant the completeness, legality or enforceability of any agreements or forms we provide to you. You must retain your own legal counsel to review and revise these agreements and forms so they comply with all applicable federal and state laws.

Initial Training. We will provide Initial Training for up to 3 Trainees. (Section 2.6 of the Franchise Agreement.) We describe the details of Initial Training under the heading TRAINING PROGRAM below. We do not assist with hiring or training of your employees.

Access to Manual. We will give you access to the secured portion of our Intranet to view the Manual and any supplemental manuals or training materials. Our practice is to give you access before you attend Initial Training. (Section 2.7 of the Franchise Agreement.)

CERTIFICATE OF PERFORMANCE OF PRE-OPENING OBLIGATIONS

After we have performed all of our pre-opening obligations and you are open for business, we may request you to sign a certification in the form included in the Manual (“Certificate of Performance”) confirming our performance. If, you believe, in good faith, that we have not completed certain of our pre-opening obligations, you will note the alleged deficiencies on Schedule A – List of Deficiencies to Certificate of Performance specifically describing the obligations that you believe we have not performed. [Subsection 4.11(d) of the Franchise Agreement]

STATEMENT OF COSTS TO OPEN

Within 6 months after you open, you will prepare and provide us with a complete and detailed written statement in the form contained in the Manual or in the training materials on the Intranet containing a breakdown of all costs you incurred in the construction and operation of the Franchise Business. [Subsection 4.11(e) of the Franchise Agreement]

TIME TO OPEN

The typical length of time between the signing of the Franchise Agreement and the opening of the Franchise Business can vary from 3 to 12 months. The factors that affect this

period usually includes the time needed to acquire a site for your Franchise Business, to negotiate a lease, to arrange for financing, to comply with local ordinances, to hire employees, and other operational issues, etc., and the time when you complete satisfactorily Initial Training.

However, you are required to open your Franchised Business within 12 months of signing the Franchise Agreement. In the event you fail to do so, then you may extend the opening deadline date by up to 3 months if you can demonstrate to our satisfaction that you have taken all reasonable efforts to open your Franchised Business by the required deadline (the “First Extension”). If we grant you the First Extension, and you do not open your Franchised Business by the First Extension deadline, then you may again extend the deadline to open your Franchised Business by one additional 3-month period (the “Second Extension”) by paying us the Opening Deadline Extension Fee. If you fail to timely open your Franchised Business and are unable to extend the opening deadline, whether because you failed to satisfy the requirements for the First or Second Extension or do not have any extensions left, then we may terminate your Franchise Agreement. (Sections 3.8 and 4.11 of the Franchise Agreement)

ONGOING OBLIGATIONS AFTER OPENING

Provided you are not in default under your Franchise Agreement, we, or a designated agent of ours, will perform the following obligations during the operation of your Franchise Business:

Field Visits. We will assist you in the development and operation of your Franchise Business which may include periodic visits by one of our field representatives. [Subsection 2.9(a) of the Franchise Agreement.]

Assistance by Telephone or E-Mail. We will provide you with informational assistance by telephone, virtually (such as, through Microsoft Teams chat), and e-mail including consultation on matters involving operations, advertising, promotion, and business methods. [Subsection 2.9(b) of the Franchise Agreement.]

Website. We will maintain the website for use by our Franchisees and us in accordance with Section 7.4 of the Franchise Agreement. [Subsection 2.9(c) of the Franchise Agreement].

Production of Advertising Materials. We will make available to you various advertising, marketing, and promotional materials for use in your Designated Marketing Area (“DMA”) using funds from the Marketing Fund. [Subsection 2.9(d) of the Franchise Agreement.]

Advertising and Public Relations Campaigns. If we create and implement the Marketing Fund, we will generally promote the Franchise Businesses through advertising and public relations campaigns using funds from the Marketing Fund. [Subsection 2.9(e) of the Franchise Agreement.]

Special Assistance. At your request and based on the availability of our staff, we will provide onsite non-routine guidance and assistance to address your unusual or unique operating problems at our reasonable per diem fees (currently \$200 per day) and our out-of-pocket expenses. [Subsection 2.9(h) of the Franchise Agreement.]

Research and Development. We will continue to research and develop new products and services and other aspects of the Business System, as we deem appropriate in our sole discretion. We may conduct market research and testing to determine consumer trends and the salability of new products and services. You acknowledge that we may choose to offer certain products or services that are not a normal part of the Business System to certain Franchisees for test marketing or other purposes. You agree that we may not make these products or services available to you for testing. If we select your Franchise Business, and if you agree, you will participate in our market research programs, in test marketing new products and/or services in the Franchise Business. If you participate in any test marketing, you agree to purchase a reasonable quantity of the products or services to be tested and to effectively promote and make a good faith effort to sell them. You will provide us with timely reports and other relevant information regarding those efforts. [Subsection 2.9(i) of the Franchise Agreement.]

License of Intellectual Property. Subject to the terms of the Franchise Agreement, we license to you the right to use the “Farm Stores®” or “Swiss Farms®” trade name and the other Intellectual Property. (Section 2.10 of the Franchise Agreement.)

OPTIONAL ASSISTANCE AFTER OPENING

Provided you are not in default under your Franchise Agreement, we may provide the following:

Refresher or Additional Training. We may require you and/or previously trained and experienced personnel from your Franchised Business to attend periodic refresher courses at locations we designate. You are responsible for all travel, lodging and living expenses that you and each other person incurs in connection with any refresher or additional training program. Refresher or additional training and product information may be implemented through the distribution of digital media and materials produced by us or third parties and provided to you electronically materials produced by us or third parties. You acknowledge that participation in refresher or additional training is required and that all related materials remain confidential and our proprietary property. [Subsection 2.9(f) of the Franchise Agreement.]

Conferences and Related Optional or Required Training. We may make available to you optional or mandatory staff training courses, seminars, conferences, or other programs at a location determined by us. We also reserve the right to hold any training courses, seminars, conferences, or other programs virtually. We may charge an attendance fee, and you must pay all of your travel and living expenses. We may hold mandatory annual conferences to discuss Products and Services, sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs, merchandising procedures and other topics. Our current attendance fee is \$300 per person. If you fail to attend the mandatory annual conference, you must pay a fine of \$300 which is payable by ACH. Conferences we require will be held at our Florida headquarters or at other locations that we designate. Our current elective courses are approximately 2 to 3 hours in duration and may be held remotely. [Subsection 2.9(g) of the Franchise Agreement.]

ADVERTISING PROGRAMS UNDER FRANCHISE AGREEMENT

Grand Opening Advertising Program [Section 7.1 of the Franchise Agreement]

You are required to spend an amount that we designate between \$5,000 to \$15,000 on Grand Opening advertising and Promotions expenditures that we approve. All Grand Opening Advertising Expenditures must be made within 90 days of opening. Prior to commencing the Grand Opening Advertising program, you will submit for our approval a plan for such proposed expenditures. In addition, you will submit all Grand Opening materials to us for approval at least 30 days before the scheduled Grand Opening activities. You will provide such verification (receipts, etc.) as we require substantiating the Grand Opening expenditures.

Local Advertising [Section 7.2 of the Franchise Agreement]

Your Expenditures. You must spend for Local Advertising and promotions, which may include store discounts, during each month an amount equivalent to at least 2% of monthly Gross Sales. This is in addition to the expenditures for Grand Opening. You must provide reports of your Local Advertising expenditures each month in the form or format we prescribe or as otherwise set forth in the Manual or in writing.

Our Approval. You must submit to us for our approval all materials used for Local Advertising, unless we have previously approved the materials or the materials consist of materials we have provided. All materials containing the Intellectual Property must include the applicable designation - service markSM, trademarkTM, registered[®] or copyright[©], or any other designation we specify. If you have not received our written disapproval of materials you submitted within 10 days from the date we received the materials, then we are deemed to have approved the materials. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved, if in our judgment, the materials or advertising may injure or be harmful to the Business System. You will have 5 days after you receive of our written notice to discontinue using the materials or advertising, unless otherwise agreed in writing. Your submission of advertising to us for our approval does not affect your right to determine the prices that you sell your products or services.

Franchise Opportunities Available. Subject to any legal restrictions, you must place a sign we supply to you in a conspicuous place within the Premises as well as on all menus, containing substantially the following statement: “[Farm Stores / Swiss Farms] Franchise Opportunities Available.” You must immediately refer all responses to us in accordance with our Manual or as we otherwise specify in writing. You have no authority to act for us in franchise sales.

Search Directories. You must register your franchise business on at least 2 major search engine business directories. These listings must be kept up-to-date with the correct phone number of the Franchise Business.

Websites and Social Media. You may not advertise on the Internet using, or establish, create, or operate an Internet site, website, or social media account using any

domain name or account name containing, the words “Farm Stores,” “Swiss Farms” or any variation thereof without our prior written consent. If we grant you our prior written consent, then you must follow our requirements for the use of social media as specified by us in our Manual or otherwise in writing. We may establish and modify from time to time social media campaigns and other Internet activities. You agree to participate in and comply with the mandatory promotional social media campaigns and Internet activities that we may prescribe from time to time for Franchise Businesses. You agree to bear your own costs and expenses of participating in such promotions.

Participation in Certain Promotions. You must participate in all required advertising and promotional programs we establish. If the promotional program involves any product that is listed on the then-current product list (including any limited time offers), we may suggest, but will not require, that you offer the item at a price lower than your everyday price. Required and/or approved promotions and discounts provided to customers may be credited towards your required minimum Local Advertising expenditures.

No Solicitation Outside DMA. We do not grant you an exclusive marketing area but you may advertise within your DMA using channels and designs that we approve of. You will not solicit business outside your DMA by a toll-free number, catalog, direct mail, Internet, website or other advertising or solicitation method without our prior written consent.

Internet Advertising, Marketing/Website, Email, and Social Media [Section 7.4 of the Franchise Agreement]

Website. We will list your Franchise on the “Locations” page of our Website. We maintain sole and exclusive rights to all content and information displayed or collected on our Website. The content and information includes company information, user demographics and profiles, pictures and graphics, testimonials, advertisements, franchise information, product and/or service information and all other information that we may designate in writing.

Domain Name. We prohibit you from registering any domain name using the Intellectual Property and from hosting a website to promote the Franchise Business or the products or services without our prior written consent. We retain all rights to the trade names and other Intellectual Property, and any associated Internet domains used to identify the Business System.

Email Addresses. We will provide you with an email address in the farmstores.com domain for use in the operation of your Franchised Business and communications with us. You may not create and/or use an email address in any other domain that contains the words “Farm Stores” or “Swiss Farms” or any variation thereof.

Social Media Accounts. We will coordinate with you for the creation of social media accounts you can use to promote your Franchised Business and communicate with your customers. As new social media networks become popular and advisable to use for these purposes, we will guide in implementing them. In any case, you may not create and/or

use a social media account in relation to the Franchised Business without our prior approval in writing.

Regional Cooperative Advertising (Section 7.3 of the Franchise Agreement)

You agree that we have the right to establish a regional advertising cooperative in any DMA. DMAs are generally based upon groups of counties that make up a particular television market as determined by the Nielsen Media Research. For the most part, the DMAs correspond to the standard metropolitan statistical areas defined by the Federal Government Office of Management and Budget. If we have established a regional advertising cooperative in your DMA, then upon our request, you will immediately become a member of the Cooperative for the DMA that includes your Franchised Business. Your Franchise Business does not have to be a member of more than 1 Cooperative.

Purposes of Cooperative. We may organize the Cooperative for the exclusive purpose of administering advertising programs and developing standardized promotional materials for use by its members. The Cooperative may adopt its own written rules and procedures approved by the members of the Cooperative, but the rules or procedures must be approved by us. The rules and procedures cannot restrict or expand your rights or obligations under the Franchise Agreement. Except as otherwise contained in the Franchise Agreement, and subject to our approval, any lawful action of the Cooperative at a meeting attended by 67% of the members, including assessments for Local Advertising, binds you if approved by 67% of the members present. Each Franchised Unit and Company-Owned Unit has one (1) vote; however no Franchisee (or controlled group of Franchisees) has more than 25% of the vote in the Cooperative regardless of the number of Franchise Businesses owned by any Franchisee.

Our Approval of Advertising. We must approve in writing all advertising or promotional plans or materials the Cooperative proposes to use or furnish to its members. The Cooperative must submit to us all plans and materials in accordance with the procedure stated in Subsection 7.2(b) of the Franchise Agreement.

Members' Contributions to Cooperative. The Cooperative has the right to require each of its members to contribute to the Cooperative an amount not to exceed 2% of that member's monthly Gross Sales. We credit this amount against your obligation for Local Advertising as provided by Subsection 7.2(a) of the Franchise Agreement. Each member will submit to the Cooperative, no later than the 10th day of each month for the preceding calendar month, his, her or its contribution together with all other statements or reports the Cooperative or we require.

Quarterly Reports. The Cooperative will prepare quarterly unaudited reports of its advertising and marketing expenditures. The reports will be sent by the Cooperative to its members and to us.

Impasses. If an impasse occurs based on its members' inability or failure to resolve within 45 days any issue affecting the establishment or effective functioning of the Cooperative, the issue, upon request of a member of the Cooperative, will be submitted to

us for consideration. Our resolution of the issue is final and binding on all members of the Cooperative.

Changes, Dissolution or Merger of Cooperatives. We have the right to form, change, dissolve or merge any Cooperative.

MARKETING FUND (Section 7.5 of the Franchise Agreement.)

Marketing Fund. We have created a special marketing fund (the “Marketing Fund”), into which we will deposit all of the Marketing Fund Contributions for the collective benefit of Farm Stores businesses and Swiss Farms businesses. Company-Owned units also contribute to the Marketing Fund. The Advertising Contributions from both Farm Stores businesses and Swiss Farms businesses may be, and currently are, co-mingled in the Marketing Fund. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Marketing Fund.

Administration. We administer the Marketing Fund. We use the funds in the Marketing Fund to pay for the costs of creating various advertising, marketing, and promotional materials that we deem beneficial to the Business System. We may use these materials for our website, advertising the System online, to purchase regional and/or national media to promote the Franchised Businesses and by you and the other Franchisees for your Local Advertising activities. We also have the right to lend funds to the Marketing Fund or borrow funds from the Marketing Fund. We can charge the Marketing Fund for our costs for services we provide, in lieu of engaging third party agencies to provide these services. We will not use any of the funds to offer or sell Franchise Businesses to prospective franchisees. We are entitled to receive from the Marketing Fund reimbursement for our administrative expenses in supervising the Marketing Fund. Currently, the amount of this reimbursement equals 15% of the annual contributions to the Marketing Fund. We will also be reimbursed for the actual cost paid to third parties in creating and placing the advertising. The amount of reimbursement may change at any time based on our assessment of our costs of supervising and administering the Marketing Fund.

Expenditures. All expenditures are at our sole discretion. We may spend in any calendar year more or less than the total Marketing Fund Contributions to the Marketing Fund in that year. We may loan to the Marketing Fund or borrow from other lenders for the Marketing Fund to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. We will carry any monies not spent by the Marketing Fund in any particular year to fund production expenses in the next year.

Advertising Rebates. You authorize us to act as your sole agent to enter into contracts with parties, other than Designated Suppliers and Approved Suppliers, offering promotion, discount or other programs where you would receive rebates or marketing allowances (“Advertising Rebates”) relating to our purchase of advertising, marketing, and promotional materials. We will contribute all Advertising Rebates paid to us, based on your purchases, and the purchases of other Franchised Units and Company-Owned Units, to the Marketing Fund. By signing the Franchise Agreement, you assign all of your right, title and interest in all Advertising Rebates to us, and authorize us to furnish any proof of purchase evidence as may be required in accordance with the contracts.

Annual Report. We will prepare an annual report of the receipts and expenditures of the Marketing Fund and send a copy of the report to you and all other Franchisees within 150 days after the end of each fiscal year. This Marketing Fund will not be audited.

Types of Media. We intend to use many types of media, which may include social media, print media, online advertising, television and radio where appropriate and cost effective. We may use in-house advertising personnel or we may engage the services of advertising and public relations firms to assist in our advertising program. We will determine the cost, form or media, content, format, production and timing, including regional or local concentration and seasonal exposure, location and all other matters involving advertising, public relations and promotional campaigns.

We can allocate and spend funds from the Marketing Fund to and in different DMAs as we deem best for the entire Farm Stores brand and Swiss Farms brand collectively. We do not promise or guaranty that we will spend such amounts from the Marketing Fund in your DMA or with respect to either the Farm Stores or Swiss Farms brand in any proportion to your contribution to the Marketing Fund. [Subsection 7.5(b) of the Franchise Agreement.]

ADVERTISING RECEIPTS AND EXPENDITURES FOR FISCAL YEAR 2020

Marketing Fund

For the fiscal year ending December 31, 2021, we collected a total of \$350,077 in Marketing Fund Contributions, and we made the following expenditures from the Marketing Fund:

Category	Amount of Expenditure	% of Total Amount Spent
Administration Fee	\$52,851.17	22.5%
Advertising - Digital/Social	\$5,380.88	2.3%
Advertising-Branding/Promotions	\$5,303.87	2.3%
Advertising-Signs/Posters	\$8,295.93	3.5%
Software tools & Equipment	\$24,634.65	10.5%
Franchisee Reimbursements	\$108,788.76	46.3%
Grand Opening	\$3,577.32	1.5%
Mobile App & Delivery Services	\$23,414.17	10.0%
Advertising-TV and Radio	\$470.00	0.2%
Advertising - Direct Mail	\$2,500.00	1.1%
TOTAL	\$235,216.75	100.0%

Other Advertising Information

We have the sole right to enforce your obligations and those of all other Franchisees that make Marketing Fund Contributions. Neither you, nor any other Franchisee obligated to make

Marketing Fund Contributions, is a third-party beneficiary of the funds nor has any right to enforce any obligation to contribute the funds. (Subsection 3.1(d) of the Franchise Agreement.)

We assume no other direct or indirect liability or obligation to you for the maintenance, direction or administration of the Marketing Fund, except as expressly provided in Section 7 of the Franchise Agreement. We reserve the right to terminate the collection and disbursement of the Marketing Fund Contributions and the Marketing Fund. Upon termination, we will disburse the remaining funds to existing Franchised Units and Company-Owned Units on a pro-rata basis based on their relative amount of contributions. (Section 7.8 of the Franchise Agreement.)

Company-Owned Units are required to contribute to the Marketing Fund and any Cooperative on the same basis that Franchised Units are required to contribute. We do not have to use any of our own funds on the advertising programs for the franchise system (Section 7.7 of the Franchise Agreement). Any monies not spent by the Marketing Fund or any Regional Cooperative Advertising Fund in any particular year are carried over to fund production and advertising expenses in the next year. (Subsections 7.3(b) and 7.5(c) of the Franchise Agreement). We collect 15% of the amounts received to reimburse us for our costs of providing goods or services to the Marketing Fund and any Advertising Cooperative (Subsection 7.5(b) of the Franchise Agreement).

There is no advertising council composed of Franchisees.

OTHER ADVERTISING FUNDS

We have no other advertising funds. There may be additional advertising requirements contained in the lease of your Premises. The extent of these advertising requirements may be subject to negotiation; consequently, the extent of any advertising obligation may be unknown to us.

POS SYSTEM

We have a designated Point-Of-Sale (POS) system that you are required to use exclusively in the operation of your store's sales transactions. You must purchase POS System hardware that meets the minimum specifications required by the designated POS system and us to operate a Franchise Business:

Hardware. The following is our current minimum recommended hardware list:

- Two all in one touch screen PC terminals or computer and touch screen combination
- Two thermal receipt printers
- Two cash drawers
- Two barcode and QR scanners
- Two wireless credit card payment devices

- One plain paper office printer and scanner
- Power Battery Backup

Software. You must use the following software:

- POS software of Designated Provider
- Farm Stores Communications & Management Hub (Intranet system)
- Microsoft office 365 account administered by Us

Cost of the POS System. The cost of the POS System hardware is currently \$2,500 to \$5,000. The lower figure assumes a lease/rental program with higher monthly costs to cover your equipment lease payments. The license fee for the POS software is currently \$149 per month per store, which is subject to change. Hardware costs are variable by location and choice of vendor.

Ongoing Maintenance, Repairs, Upgrades or Updates. Franchisee must update and/or upgrade cash registers or computer systems as Franchisor reasonably requires. Certain hardware may need to be updated or upgraded as necessary for use with any upgraded POS software or payment processor that you are required to use. We do not have to provide to your ongoing maintenance, repairs, upgrades or updates. All software and maintenance upgrades are currently included in the monthly license fee, estimated to be approximately \$1,300 annually. This monthly subscription fee does not include parts and/or labor for the repair of any of the hardware. You must purchase or license any other software or computer hardware we require as well as any hardware upgrades necessary to operate the POS software.

Type of Data Generated and Stored. The POS System is comprised of an electronic cash register system. We have operated the POS System in our company owned stores. Its principal functions are to provide permanent financial records of sales transactions at your Franchise Business and to collect and manage information about the nature of those transactions. The types of information that they collect and generate are sales levels by item, item pricing, product movement statistics, individual unit and category sales data, various financial information to prepare store reports and time and attendance information for employee payroll calculations.

Our Independent Access to Your Data. We will have independent electronic access via the Internet to the information that the computer and POS Systems generate. There are no contractual limitations on our right to access this information about your Franchise Business. You agree that we have the right to retrieve all data and information from your computer and POS Systems, as we deem necessary. If permitted by any third-party suppliers, we reserve the right to request and obtain any information and data about your franchised business directly from those suppliers.

THE OPERATING MANUAL

After you have signed your Franchise Agreement and shortly before Initial Training, we will provide to you, on loan, a copy of our Operating Manual (“Manual”), which is the same for both Farm Stores and Swiss Farms franchisees. The Table of Contents of the Manual, as of the

issuance date of this disclosure document is included in Exhibit P. The Manual currently totals 27 pages. We will provide any revisions to the Manual as they are periodically released.

FRANCHISE AGREEMENT

TRAINING OF FRANCHISEES

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The- Job Training	Location
Product Education	8	0	Our Corporate Office or other designated location
Customer Service, Business Planning and Budgeting, Advertising, Gift Cards, ACH, Compliance & Basic Bookkeeping	8	0	Our Corporate Office or other designated location
Marketing, Grass Roots Marketing, Public Relations, Customer Service, Purchasing and Receiving, Store Operation and Maintenance	8	0	Our Corporate Office or other designated location
Marketing, Promotions, Grand Opening Preparation	8	0	Our Corporate Office or other designated location
Review Store Procedures; POS Training; Hands on Customer Service	8	0	A Training Store or Your Store
Sales and Inventory Recap; Merchandising; Customer Service	0	9	At Your Store
Customer Service	0	9	At Your Store
TOTAL HOURS	40	18	

Training Schedule and Location. We conduct the training classes when at least 3 Trainees are ready to attend Initial Training. Initial training will occur at the following locations: (a) a corporate office in Coconut Grove, Florida, or Delaware County, Pennsylvania, a store in Miami, Florida, or Delaware County, Pennsylvania, or another location that we designate, and (b) at your Franchise Business, at least 30 days before you open. You must pay us a fee of \$200 per day for Initial Training that we provide at your Franchise Business, and we expect that Initial Training at your Franchise Business will take place over approximately 2 to three days.

Instructional Materials. The instructional materials are made available through our intranet, as well as through links to other resources.

Experience of Instructors. Our Operations team is involved in some aspects of training, but much of the technical parts are completed by in-house or third party instructors or consultants who are well experienced in their field, i.e. food safety, POS. Our Area Representatives also participate in providing initial training to you if you are located within an Area Representative's designated geographic area. All trainers will have at least one (1) year of experience participating

in the Farm Stores business. See Exhibit L for the background and experience of our Area Representatives.

Your Expenses in Attending Training. Training for up to 3 individuals at our corporate offices is included in the Initial Franchise Fee. You are responsible for all expenses your Trainees incur in attending Initial Training including all travel, lodging and meal expenses. We also require that you participate in on-site training at your Franchise Business as part of Initial Training, at a cost of \$200 per day. [Subsection 2.6(a) of the Franchise Agreement.]

Trainees. We must approve all Trainees. Each Trainee must sign our form of Confidentiality and Non-Competition Agreement contained in the Manual as a condition of our approval. You or the principal Franchise Owner must be one of the Trainees. If you will not be managing the day-to-day operations of your Franchise Business you may designate another person as your Manager who will manage the day-to-day activities of your Franchise Business as one of the Trainees. All Trainees must successfully complete our Initial Training to our satisfaction. [Subsection 2.6(a) of the Franchise Agreement.]

Discretionary Training Program. There is no discretionary training program.

Conferences and Related Optional or Required Training. We may make available to you optional or mandatory staff training courses, seminars, conferences, or other programs at a location determined by us. We may charge an attendance fee, and you must pay all travel and living expenses. Our current Attendance Fee is \$300 per person regardless of whether you attend. Our current elective courses are approximately 2 to 3 hours in duration. We may hold mandatory annual conferences to discuss Products and Services, sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs, merchandising procedures and other topics. We may charge an attendance fee, and you must pay all travel and living expenses. Our current attendance fee is \$300 per person. If you fail to attend the mandatory annual conference, you must pay a fine of \$300 which is payable by ACH. Conferences we require will be held at our Florida headquarters or at other locations that we designate.

New Manager Training. If we permit the Manager to be an individual other than the Franchise Owner, and the Manager fails to satisfy his or her obligations provided in Subsection 4.10(c) of the Franchise Agreement due to the Manager's death, disability, termination of employment or for any other reason, the Franchise Owner will satisfy these obligations until you designate a new Manager acceptable to us who has successfully completed Initial Training. You are solely responsible for the expenses associated with Initial Training.

ITEM 12 – TERRITORY

Franchise Agreement

You agree to locate and either acquire or lease a site we approve in accordance with the terms of the Franchise Agreement at which you will construct and/or operate the Franchise Business. You may not change the location without our written consent and compliance with our relocation procedures, which may include, without limitation, obtaining a new location that meets

our then-current standards for a Franchised Business. Your designated territory will consist solely of the address of your Franchised Business address.

Regardless of any other rights you may have at the Franchised Location, we maintain the right to service clients and sell services and products to anyone from anywhere at our affiliate's location without compensation to you. You are prohibited from soliciting and/or marketing products and services outside of your DMA, specifically including Target Marketing within the territory of another Farm Stores or Swiss Farms operation (including competing franchises and/or company/affiliated businesses), without our prior written consent. Target Marketing means a concerted effort by a franchisee to solicit and obtain clients through any type of advertisement or marketing, directed at all or a portion of another franchisee's DMA ("Target Marketing"). We will use commercially reasonable efforts to enforce this requirement regarding Target Marketing if you or any other franchisee violates it.

If you want to establish more than one franchise with us, you must submit a separate application for each such proposed franchise. You shall pay a fee for each additional acquisition and you must further be in compliance with all other terms and conditions of the Franchise Agreement. We must also approve the location of any additional Location.

You may not be permitted to conduct business at any location other than your Franchised Location without our prior written consent as we may determine in our sole discretion.

We make no guarantee or promise that you will not face competition from other franchisees in other territories, from other outlets that we may own, or from other channels of distribution or competitive brands that we control. We sell certain products and services through alternative channels of distribution (such as online marketplaces). We reserve the same right to sell products (including shipping such items) to anyone from anywhere without compensation to you. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If during the term of the Franchise Agreement you are unable to promptly and properly service any of your customers, you must refer such customer to another franchisee, company-owned business, or directly to us. If you fail to refer customers as set forth herein twice within any twelve month period, we will have the right to immediately terminate the Franchise Agreement.

We encourage Franchised Businesses, when owned by different individuals or entities, to work out referral relationships and joint advertising strategies or arrangements if they are within close proximity of each other (close proximity to be defined as any two territories which lie within a twenty-five (25) mile radius of each other). We must be notified in writing of all such arrangements before they go into effect.

We have the exclusive right to negotiate and enter into agreements, or to approve the forms of agreements, to sell services and/or products to any business or organization which owns, manages, controls or otherwise does business in more than one geographic area whose presence is not confined within any one particular franchisee's territory, regardless of the contract amount

of the products to be provided or services to be performed (a “National Account”). After we sign a contract with a National Account, we may, at our sole option, directly provide products or perform services to businesses under the National Account contract in any location and without compensation to you. At our sole option, we may direct you to provide services and/or products to any National Account and/or direct the National Account to your Franchise for assistance.

We reserve the right to issue binding policies to coordinate marketing councils and/or advertising cooperative programs. For example, we may require that all franchisees within close proximity participate in local advertising programs. We will personally direct and coordinate all online and web advertising for the Farm Stores and Swiss Farms brands. All advertising programs, whether local, national, international, online or physical, as well as any accompanying policies are our proprietary trade secrets and you shall make every effort to preserve their confidentiality. Such programs may refer acquired customers to certain designated franchisees at our discretion.

Any rights not expressly granted to you are reserved to us. Such rights reserved to us include, but are not limited to:

1. Advertise, market, and sell related products or services anywhere;
2. Advertise, offer, and sell related products and services through the internet via mobile app and/or other related venues, no matter where the customer is based;
3. Sell, offer, or distribute products or services to anyone from anywhere through any alternative or other channels of distribution other than local facilities providing related services and products under the Marks and System, and on any terms and conditions we deem appropriate. We retain this right whether or not we are using the Marks or System, or are acting inside or outside any territory designated on your Franchise Agreement;
4. Develop, manufacture, and/or distribute any labeled related products or services that have been branded with our Mark or logo, or any different brand of products or equipment through any outlet located anywhere (including, by way of illustration, discount warehouses, retail stores, online marketplaces, and/or similar venues) and on any terms and conditions we deem appropriate. If we decide to develop and/or distribute related products or services, you will receive no compensation from us for such sales, unless we have agreed otherwise in another signed writing;
5. Implement advertising cooperative programs which may allow us or others to offer related products, restaurant services, and/or equipment to anyone from any designated franchise or company owned outlet. We also reserve the right to issue mandatory policies to coordinate such advertising cooperative programs;
6. Own and/or operate, or authorize others to own and/or operate, (a) any business located outside the Franchised Location designated in your Franchise Agreement, whether or not such business shall use the Marks and/or System; (b) any business anywhere, whether or not they shall use the Marks and/or System, which is not

substantially similar to the business franchised to you under the Franchise Agreement;
and

7. Acquire, merge, affiliate with, or engage in any transaction with other businesses (whether competitive or not), located anywhere, including arrangements in which we are acquired and/or us or our franchised businesses (including your own Business) are converted to another format, or if we acquire a similar business which will be maintained under the System or otherwise. You will fully participate in any conversion related to merger or acquisition, whether initiated by us or a third party, and we will reimburse you for reasonable costs directly related to such conversion.

We are not responsible for paying any compensation to you concerning the sale of services over the internet or other similar venues, by alternative means of distribution, advertising cooperative programs, outlets, businesses that are or are not substantially similar to the Franchised Business, or any business that does not use the Marks. For clarity, the Franchise Agreement grants you no rights to offer and/or provide services and products, through any alternative channels of distribution (other than our approved list of channels of distribution) without our express permission or share in any of the proceeds from our activities through alternative channels of distribution.

We currently own the “Farm Stores” and “Swiss Farms” trademarks, both of which offer and sell fresh and pre-packaged groceries under a drive-thru format and substantially similar (and sometime identical) products as each other. We currently do not, and do not anticipate having any company-owned Farm Stores or Swiss Farms outlets. Because you are not granted an exclusive territory, you may be competing with other Farm Stores or Swiss Farms outlets in your general area. We treat Farm Stores franchisees and Swiss Farms franchisees as being under the same system, and as such, we maintain one office for both brands and treat any disputes between franchisees of the different brands as if they were franchisees of the same brand.

Except as otherwise disclosed above, we have not established, and do not presently intend to establish, other franchises or company-owned businesses that offer similar services or products under a trade name or trademark different than the Marks.

Area Developers

Under the Area Development Agreement (the “ADA”), you will develop, open and operate multiple Farm Stores or Swiss Farms Franchised Businesses within a defined Development Area (the “Development Area”). Your Development Area is determined by population, competition, traffic patterns, proximity to major roads, demographics of the surrounding area, available parking, market penetration, and/or other conditions important to the successful operation of a Franchised Business, as we deem appropriate. The Development Area must be able to support the number of Businesses you intend to establish in that area. As a result, the Development Area generally consists of a portion of a city, county, or designated market area. Your Development Area will be described in the ADA before you sign it.

Subject to your compliance with the ADA and all Franchise Agreements, as well as your Right of First Refusal, we will not develop or operate, or grant anyone else the license to develop

or operate a Farm Stores or Swiss Farms business in your Development Area. (ADA Section 1.2). The reserved rights and limitations described above regarding what we and our affiliates can and cannot do with respect to a single Franchise are generally the same for the Development Area under the ADA. In addition, we and our affiliates have the right to continue to own and operate, and allow others to own and operate, currently operating Farm Stores and Swiss Farms businesses existing inside your Development Area as of the date you sign the ADA.

If we have a bona fide prospective franchisee who wants to purchase a Farm Stores or Swiss Farms Franchised Business to be located in the Development Area, we will give you written notice along with our current FDD. You have thirty (30) days after you receive our written notice within which to exercise your right of first refusal. If you give us written notice within the 30-day period that you intend to exercise your right of first refusal you must satisfy all of the following conditions within 30 days after you send us written notice of your intention to exercise your right of first refusal:

- (i) You must date, sign and return to us the FDD Receipt.
- (ii) You must sign a new Franchise Agreement in the form of our then-current Franchise Agreement.
- (iii) Your Initial Franchise Fee payable when you sign the Franchise Agreement for the second Unit is \$20,000 (less \$5,000 of the Area Development Fee) and your Initial Franchise Fee payable when you sign the Franchise Agreement for the third Unit is \$15,000 (less \$5,000 of the Area Development Fee). For all additional Units you purchase the Initial Franchise Fee is \$15,000.
- (iv) You are not in default under the Area Development Agreement or any other agreement with us, including any other Franchise Agreement and have fully and faithfully performed all of your material obligations under each agreement throughout its term.
- (v) The Area Development Agreement, any Franchise Agreement or any other agreement with you has not expired or has been terminated by us.
- (vi) There has been no change in the effective control of your franchisee business entity (by way of change in share ownership, membership or partnership interest, or otherwise) without our written consent.
- (vii) Your Manager has successfully completed our Initial Training program.

If you do not accept the offer, we are free for 90 days after you have elected not to exercise your right of first refusal, to sell the Franchised Business to the third party. If we do not sell the Franchised Business within the 90-day period, then any future offers from a third party to purchase a Franchised Business to be located in the Development Area are again subject to your right of first refusal.

Upon expiration or termination of the ADA, we will be entitled to develop and operate, or to franchise to others the right to develop and operate, Franchised Businesses in the Development Area.

We may terminate the ADA if you: (i) fail to comply with the Development Schedule; (ii) make or attempt to make a transfer or assignment in violation of the ADA; (iii) fail to comply with any terms and conditions of the ADA; (iv) fail to comply with any terms and conditions of any individual Franchise Agreement or any other agreement to which you and we or our affiliates are parties, and do not cure such failure within the applicable cure period (regardless of whether we in fact terminate such Franchise Agreement or any other agreement). For any default of the ADA, as an alternative to termination, we may, at our sole and absolute discretion: (i) modify or completely eliminate any territorial rights that you may have with respect to your Development Area and either operate or grant others to operate businesses within the Development Area; or (ii) reduce the Development Area and Development Schedule to a size and magnitude that we estimate you are capable of operating otherwise in accordance with the ADA.

ITEM 13 – TRADEMARKS

You receive the right to operate your business under the marks we designate. Currently you are required to use the “Farm Stores” or “Swiss Farms” marks, which are the primary Marks used to identify our System in accordance with the limitations set forth in the Franchise Agreement and/or Operations Manual. We may also require you to use any other current or future Marks we designate to operate your Franchised Business, including the marks listed below. By “Mark,” we mean any trade name, trademark, service mark, or logo we require you to use to identify your business. We own the following Principal Trademarks and other trademarks registered on the Principal Register of the United States Patent and Trademark Office that we license to you for your use in operating the Franchise Business under the Franchise Agreement:

Farm Stores Marks

MARK	REGISTRATION NUMBER	REGISTRATION DATE
Farm Stores	0876742	September 9, 1969
Farm Stores	0931416	March 28, 1972
Farm Stores	0931427	March 28, 1972
Farm Stores Express	2016307	November 12, 1996
Always Fast Always Fresh	2736150	July 15, 2003
	6040344	April 28, 2020

Swiss Farms Marks:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
SWISS FARM	3484627	August 12, 2008
SWISS FARMS	3484626	August 12, 2008
SWISS FARM	3488417	August 12, 2008
	3638664	June 16, 2009

All required affidavits and renewals of the federal trademark registrations have been filed. There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by the Franchisor. There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

We do not know of any infringing or prior superior uses that could materially affect the use of the Marks.

You do not receive any rights to the Marks other than the exclusive right to use them in the operation of your Franchised Business. You must follow our rules when you use the Marks. You must use the Marks as the sole trade identification of the Franchised Business. You cannot use any Mark or portion of any Mark as part of any business entity name. You may not use any Mark in connection with the sale of any unauthorized services or products, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us in writing when you learn about any claim of infringement, unfair competition, or similar claims about the Marks. You must not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so; however, you may communicate with your own counsel at your own expense. We are not required to take affirmative action when notified of these uses or claims. We have the sole right to control any administrative or judicial proceeding involving a trademark licensed by us. The Franchise Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorable to you. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or

discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your franchised business for the new or modified Marks. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not currently own any rights in any patents or have any patents pending that are material to the operation of the Franchise Business. We claim all common law copyrights covering various materials used in our business and the operation of Company-Owned Units and Franchised Units, including advertising, promotional literature, or any other works protectable under the copyright laws. We do not sublicense the copyrights in these materials to you under the Franchise Agreement but we consent to your use in accordance with the terms of the Franchise Agreement.

We have not registered these copyrights in the United States Registrar of Copyrights but we may do so in our sole discretion. We prohibit you from attempting to register with the United States Copyright Office any works you create relative to the Franchise Business. You will not otherwise claim authorship or exclusive ownership of any of the works.

There are no currently any effective determinations of the United States Patent and Trademark Office, United States Copyright Office, or a court regarding any of our Copyrights.

There are no currently effective agreements between us and third parties pertaining to our Copyrights that will or may significantly limit your use of our Copyrighted Materials.

If there is any claim of copyright infringement, unfair competition or other challenge to your right to use of any Copyright, or if you become aware of any use of, or claims to, any Copyright by persons other than us or our Franchisees, you will promptly (within 7 days) notify us in writing. You will not communicate with anyone except our counsel and us on any infringement, challenge or claim except under judicial process. We have sole discretion as to whether we take any action on any infringement, challenge or claim. We have the sole right to control any litigation or other proceeding arising out of any infringement of, challenge to, or claim to any Copyright. You must sign all documents, render all assistance, and do all acts that our attorneys deem necessary or advisable in order to protect and maintain our interest in any litigation or proceeding involving the Copyright or otherwise to protect and maintain our interests in the Copyright. We indemnify you against and will reimburse you for all damages and costs (including reasonable attorneys' fees and costs) for which you are held liable in any proceeding based on your use of any Copyright in accordance with the Franchise Agreement, provided you: (a) have timely notified us of the claim or proceeding; (b) have otherwise complied with the

Franchise Agreement; (c) allow us sole control of the defense and settlement of the action; and (d) cooperate fully with our counsel in the defense of the action.

If we deem it advisable to modify or discontinue use of any copyrighted work and/or use one or more new or derivative copyrighted works, you must do so and our sole obligation in this event is to reimburse you for your tangible costs (for example, changing materials) of complying with this obligation. We are not aware of any infringing uses that could materially affect your use of the patents or copyrights in the state where your Franchise Business is to be located.

The Manual and other copyrighted materials we make available to you contain confidential and proprietary information and are our trade secrets. We possess and will continue to develop and acquire confidential and proprietary information, and trade secrets. The confidential information consists of the following categories of information, methods, techniques, procedures and knowledge we or our Franchisees develop (collectively, the "Confidential Information") including: (a) our methods, techniques, tools, specifications, standards, policies, procedures, information, concepts, systems, and knowledge of the experience in our development, operation and franchising; (b) our marketing and promotional programs for Franchise Businesses; (c) knowledge of specifications for and knowledge of our suppliers of certain materials, equipment, furniture and fixtures for a Franchise Business; and (d) knowledge of our customer lists, operating results and financial performance.

We will disclose to you the Confidential Information required for the operation of the Franchise Business during Initial Training, in the Manual, and in the guidance and assistance that we furnish you, and you may learn of additional Confidential Information. You may disclose the Confidential Information to your employees or other persons only to the extent reasonably necessary and provided the person has signed our form of Confidentiality and Non-Competition Agreement contained in the Manual before disclosure. You agree, during and after the Initial Term, that you, your Franchise Owners, employees and independent contractors will: (i) not use the Confidential Information in any other business or capacity, including any derivative or spin-off of the convenience store concept; (ii) maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Initial Term; (iii) not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form or electronic form; and (iv) adopt and implement all procedures that we require to prevent unauthorized use or disclosure of, or access to, the Confidential Information. You agree that any suggestions you make that we incorporate into the Business System are our exclusive property.

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

You acknowledge and agree that your Franchise Business is not a "passive" investment. We recommend that you be active in the operation of your Franchise Business but we do not require any personal "on-premises" participation by you provided you hire a Manager that we approve and who completes Initial Training to our satisfaction. You or your Manager must devote his or her best efforts to the day-to-day management and operation of your Franchise Business, which must include being on-site directly supervising the Franchise Business for a minimum of 40 hours per week. You are solely liable and responsible for the operation of the Franchise Business in accordance with the terms of the Franchise Agreement and the Manual, regardless of

whether you choose to operate the Franchise Business as a full-time owner/operator or hire a Manager. You must keep us informed at all times of the identity of your Manager. If you must replace the Manager, your replacement Manager must be approved by us within 60 days, such approval not to be unreasonably withheld – we may additionally require such replacement Manager to attend and complete our training program at your expense.

If you are a Business Entity, we recommend that one or more of the Franchise Owners participate personally in the direct operation of the Franchise Business but we do not require any personal “on- premises” participation by a Franchise Owner provided you hire a Manager that we approve and who completes Initial Training to our satisfaction. You are solely liable and responsible for the operation of the Franchise Business in accordance with the terms of the Franchise Agreement and the Manual, regardless of whether you choose to operate the Franchise Business as a full-time owner/operator or hire a Manager. All Franchise Owners owning more than 5% of the equity interests in the Business Entity must personally guaranty the Franchisee’s obligations under the Franchise Agreement and all other agreements by signing the Guarantee of Franchisee’s Obligations included in Exhibit F.

If the Franchise Agreement is signed by two or more individuals or by a Business Entity, you agree to designate in writing one individual or a Franchise Owner as the Designated Representative upon signing the Franchise Agreement. We have the right to rely solely on instructions of the Designated Representative concerning the operation of the Franchise Business until we receive a duly signed written notice changing the Designated Representative.

Either Trainee may act as Manager. If you choose to operate the Franchise Business using a Manager, you may experience lower sales and/or higher costs than other Franchised Units managed by owner/operators. The Manager must devote his or her best reasonable full-time efforts to the management and operation of your Franchise Business (approximately 45 hours per week). You agree that your Franchise Business requires the day-to-day supervision of the Manager (or an assistant manager) at all times your Franchise Business is open for business. The Manager must complete Initial Training before managing your Franchise Business, unless we otherwise agree in writing. If the Manager fails to satisfy his or her obligations due to the Manager’s death, disability, termination of employment or for any other reason, you will satisfy these obligations until you designate a new Manager acceptable to us who has successfully completed Initial Training. You are solely responsible for the expenses associated with Initial Training. If you retain a Manager, the Manager does not have to own an equity interest in the Business Entity. Any Manager and other employees having access to our Manual and other Confidential Information must sign the Confidentiality and Non-Competition Agreement included in the Manual.

ITEM 16 - RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale at retail to consumers from your Franchise Business only the products and services that meet our uniform standards of quality and quantity, and we have expressly approved for sale in the Manual or otherwise in writing. You must: (i) offer for sale only approved products and services; (ii) refrain from any deviation from our standards and specifications for providing or selling the approved products and services without our written consent; and (iii) discontinue selling and offering for sale any items as we, in our discretion,

disapprove in writing. We may take action, including terminating your franchise if you purchase or sell unapproved products or make purchases from unapproved suppliers. We may periodically change required or authorized services or products. There are no limits on our right to do so, except that your investment required to change required or authorized products or services will not be unreasonably disproportionate to your initial investment.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors, including test marketing, your qualifications, and regional or local differences.

Except as otherwise described in this disclosure document, we do not place restrictions on you with respect to who may be a customer of your Franchised Business.

[Item 17 Begins on Following Page]

ITEM 17 – RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Franchise Disclosure Document.

Provision	Section in Franchise Agreement	Section in Area Development	Summary
a. Length of term	Section 16.1	Section 6.1	FA: The initial term of the Franchise Agreement is 10 years beginning on the Agreement Date. ADA: The Initial Term of this Agreement is the earlier of: (i) the date when we approve the site for your 3 rd Franchised Unit or (ii) 3.5 years from the Agreement Date, unless otherwise sooner terminated due to default.
b. Renewal or extension of the term ¹	Section 16.2	Section 6.2	FA: You have the right to renew for an unlimited number of additional terms of 10 years each, if you meet the requirements for renewal. ADA: You have the right to renew for an additional term of 3 years, if you meet the requirements for renewal.
c. Requirements for you to renew or extend ¹	Sections 16.2 and 16.3	Sections 6.2 and 6.3	FA: 1. You must give us timely written notice of your intention to exercise the option; 2. You must complete to our reasonable satisfaction, all maintenance, refurbishing, renovating and upgrading we require; 3. You must not be in default of your Franchise Agreement or any other agreement with us; 4. You will sign a Renewal Franchise Agreement that may impose materially different terms and conditions than those in your original Franchise Agreement. You will not pay another Initial Franchise Fee but you will pay a Renewal Fee of \$10,000; 5. You must sign a general release of all claims against us, and their respective officers, directors, shareholders, agents and employees, the form included in Exhibit O; and 6. You must be entitled to continue to occupy your Premises for the entire Renewal Term or must

Provision	Section in Franchise Agreement	Section in Area Development	Summary
			obtain our approval of a new location for your Franchise Business. If you have not met all of the conditions stated in the Franchise Agreement, we may elect to not enter into a Successor Franchise Agreement. If, within 5 days of notice from us that you have elected to not enter into a Successor Franchise Agreement, you request our permission for you to sell your Franchise Business, then for a 180- day period following this notice (this notice will extend the Initial Term, as necessary, to the end of the 180-day period, unless we have grounds to otherwise terminate the Initial Term), we will permit you to sell your Franchise Business to a purchaser subject to our right of first refusal. This transfer must be in compliance with the provisions of Subsection 10.2(f) of the Franchise Agreement and all the other applicable terms of the Franchise Agreement. During this period, you must continue to operate your Franchise Business. You will be asked to sign a contract with materially different terms and conditions than your original contract. ADA: 1. You must timely give us written notice of your intention to exercise the option. 2. You must not be in default of your Area Development Agreement or any other agreement with us. 3. You have, when you renew, sufficient financial and management resources in our discretion to continue development of additional Franchise Businesses in the Development Area. 4. You must meet our qualification and training requirements. 5. You, no later than 90 days before the end of the Initial Term, sign a new Area Development Agreement that may contain materially different terms and conditions than in your existing Area Development Agreement including a new Area Development Fee and new Development Schedule. You must sign a General Release, the form of which is included in Exhibit O.

Provision	Section in Franchise Agreement	Section in Area Development	Summary
d. Termination by you ¹	Section 11.1	Section 7.1	FA: If you have substantially complied with the Franchise Agreement and we materially breach the Franchise Agreement, you may give us written notice of the nature of the breach. If we do not cure the breach within 30 days or, within a longer period if the nature of the breach is such that we cannot cure within 30 days, you have the right to terminate the Franchise Agreement. You may also terminate the Franchise Agreement upon mutual written agreement with us. Any termination of the Franchise Agreement by you other than as stated above is a wrongful termination by you. ADA: If you have substantially complied with the Area Development Agreement and we materially breach the Area Development Agreement, you may give us written notice of the nature of the breach. If we do not cure the breach within 30 days or within a longer period, if the nature of the breach is such that we cannot cure within 30 days, you have the right to terminate the Area Development Agreement.
e. Termination by us without cause	Not Applicable	Not Applicable	Not Applicable
f. Termination by us with cause	Sections 11.2, 11.3 and 11.4	Section 7.2	FA and ADA: We may only terminate your Agreement with cause.
g. "Cause" defined – curable defaults	Section 11.4	Section 7.3	FA: You may cure any non-monetary default other than those specified in Sections 11.2 and 11.3 of your Franchise Agreement within 30 days of written notice from us of the default, and any monetary default except for those specified in Section 11.2 and 11.3 within 10 days. Health or safety violations must be cured within 24 hours. ADA: You have 30 days or any longer period as applicable law may require, after we deliver you a written notice of default to cure any default and provide evidence of cure satisfactory to us. If you fail to cure timely any curable default, we have the right to terminate the Area Development Agreement effective upon your receipt of our written notice of termination. You have the burden of proving you have timely cured any default, to the extent it is a curable default under the Area Development Agreement.

Provision	Section in Franchise Agreement	Section in Area Development	Summary
h. "Cause" defined – non-curable defaults ¹	Sections 11.2 and 11.3	Section 7.2	FA: The following defaults may not be cured: 1. Violation of environmental laws; 2. Insolvency or general assignment for creditors; 3. Filing in bankruptcy; 4. Adjudication of bankruptcy; 5. Filing for appointment of a receiver or custodian; 6. Appointment of a receiver or custodian; 7. Filing for composition with creditors; 8. Judgment of \$25,000 or more remains unsatisfied; 9. Execution of levy; 10. Filing of foreclosure suit; 11. Sale of your assets after levy; 12. Failure to pay amounts due to us, our affiliates, or others with whom you transact business at the Premises; 13. Sale of unapproved products; 14. Abandonment of the business, or loss of the right to occupy the Premises; 15. Failure to maintain required records; 16. Failure to maintain required insurance; 17. Failure to comply with maintenance and repair requirements; 18. Failure to comply with standards of conduct; 19. Forfeiture of the right to transact business; 20. Conviction of any offense that might materially adversely affect the Business System; 21. You deny us our right of inspection or audit; 22. You engage in deleterious conduct; 23. Unauthorized assignment; 24. Breach of confidentiality or noncompetition provisions of your Franchise Agreement; 25. You knowingly maintain false books or records; 26. Failure to timely transfer on your death or incapacity; 27. You misuse any of the Intellectual Property; or 28. Three or more notices of default for same or similar default during any 12 consecutive months. ADA: We may terminate the Area Development Agreement by giving you written notice of termination

Provision	Section in Franchise Agreement	Section in Area Development	Summary
			if we terminate any Franchise Agreement between the parties due to your default, after we have given you written notice of default if notice is required, and afforded you an opportunity to cure if you have a right to cure.
i. Your obligations on termination/non-renewal ¹	Sections 13.1(a)(ii), 14.2 ARTICLES 6 and 12	Section 7.4	FA: You must: 1. Not compete with us or any of our Franchise Businesses for 24 months after the end of your Franchise Agreement within 10 miles of any Franchise Business or Company-Owned Unit then in operation or under contract. 2. Indemnify us from any losses or damages we sustain as a result of your Franchise Business; 3. Maintain confidentiality of all our Confidential Information; 4. Cease operating your Franchise Business; 5. Pay all amounts you owe to us; 6. Comply with our option to purchase your Franchise Business; 7. Distinguish your Premises from any image of the Business System; 8. Return all Intellectual Property to us; 9. Discontinue use of the Principal Trademark; 10. Assign your lease to us at our option; 11. Pay us liquidated damages (subject to state law) ADA: Upon termination or expiration of the Franchise Agreement, all your Area Development Rights rights cease and you must comply with your post-termination and post- expiration obligations under the Franchise Agreements and those obligations that survive the termination or expiration of the Franchise Agreement including the obligations of indemnification, confidentiality and non-competition.
j. Assignment of contract by us	Section 10.1	Section 5.1	FA and ADA: We have the absolute right to transfer, assign or delegate all or any part of our rights or obligations under the Franchise Agreement and Area Development Agreement to any person without your consent or approval.
k. "Transfer" by you defined	Sections 10.2 and 10.3	Section 5.2	FA: Transfer means any sale, assignment, transfer, conveyance or gift, whether voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, of any direct or indirect interest in

Provision	Section in Franchise Agreement	Section in Area Development	Summary
			your Franchise Agreement or in your Franchise Business. A transfer of less than 25% of the voting rights or ownership interests in the above and a transfer to any other original owner of your Franchise Business is not considered a transfer. ADA: Transfer means any sale, assignment, transfer, conveyance voluntarily or involuntarily, by operation of law or otherwise of any direct or indirect interest in your Area Development Agreement. A transfer of less than 50% of the equity interests in Business Entity and a transfer to any other original owners of the Area Development Agreement are not considered a transfer.
l. Our approval of transfer by you	Sections 10.2 and 10.3	Section 5.2	FA: We have the right to approve or disapprove of any transfers. ADA: You must obtain our prior written approval of any transfers
m. Conditions for our approval of transfer	Sections 10.2 and 10.3	Section 5.2	FA: 1. We do not exercise our right of first refusal; 2. You are not in default under any agreement you have with us; 3. You must sign a general release of us, the form of which is attached as Exhibit O; 4. The transferee may not have any other business that competes with us or any Franchise Business; 5. The transferee must pay the applicable transfer fee and also deposit with us \$3,000 for “Under New Management” advertising; 6. The transferee must properly assume all your obligations, including your lease; 7. The transferee must successfully complete Initial Training; and 8. We must approve of the proposed terms of sale or other factors involved in the transfer. Your buyer may be asked to sign a contract with materially different terms and conditions than your original contract. ADA: You have no right to transfer your Development Rights.

Provision	Section in Franchise Agreement	Section in Area Development	Summary
n. Our right of first refusal to acquire your business	Section 10.5	Not Applicable	FA: We have the option to purchase on the same terms as contained in the Offer. We will give you written notice of election within 30 days after our receipt of the Offer notice and all required information.
o. Our option to purchase your business	Section 12.4	Not Applicable	FA: We have the right (but not the duty), exercisable upon written notice to you given within 30 days after termination of the Franchise Agreement, to purchase for cash any assets of your Franchise Business at the fair market value.
p. Your death or disability	Section 10.4	Not Applicable	FA: You or your representative must: 1. Provide a replacement manager satisfactory to us; and 2. Your personal representative must transfer the Franchise Business within 8 months of your death in accordance with the transfer provisions of your Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Subsection 13.1(b)(i)	Not Applicable	You may not: 1. Influence any Business Associate of us to modify its relationship with us; 2. Have any involvement with any Competitive Business; or 3. Interfere with our business or an of our other Franchise Businesses.
r. Non-competition covenants after the franchise is terminated or expires	Subsection 13.1(b)(ii)	Not Applicable	FA: You may not, for 24 months after the end of your Franchise Agreement: 1. Influence any Business Associate of us to modify its relationship with us; 2. Have any involvement with any Competitive Business, within 10 miles of any Franchise Business then in operation or under contract; or 3. Interfere with our business or any of our other Franchise Businesses.
s. Modification of the agreement	Sections 1.3, 6.3, 13.1(d), 19.2 and 19.3	Section 9.2	FA: Your Franchise Agreement may not be modified without the consent of both you and us except: 1. We may change the contents of the Manual; 2. We may modify the Business System; and 3. A court may modify any provision of your Franchise Agreement in accordance with applicable law.

Provision	Section in Franchise Agreement	Section in Area Development	Summary
			ADA: Your Development Agreement may not be modified without the consent of both you and us except: 1. We may change the contents of the Manuals; 2. We may modify the System; and A court may modify any provision of your Development Agreement in accordance with applicable law.
t. Integration/merger clause	Section 19.13	Section 9.11	FA and ADA: Only the terms of the Franchise Agreement/Area Development Agreement and other written agreements are binding (subject to applicable state law). Nothing in the Franchise Agreement/Area Development Agreement or in any other related written agreement is intended to disclaim the representations we made in this FDD. Any representations or promises outside the FDD and Franchise Agreement/Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation ¹	ARTICLE 17	Section 9.1	FA: None. ADA: All disputes must be resolved first by mediation, then by arbitration except claims involving: The Intellectual Property; 1. Any lease of real property; 2. Your obligations upon termination or expiration of your Area Development Agreement ; 3. Any transfers; 4. Matters involving claims of danger, health or safety; and 5. Requests for restraining orders, injunctions or similar procedures. You must also waive your rights to a jury trial and claims for punitive damages.

Provision	Section in Franchise Agreement	Section in Area Development	Summary
v. Choice of forum ¹	Section 17.4	Section 9.1	FA: If you file suit against us, you must do so in the state and judicial district where our headquarters is located at the time the action is commenced (currently Miami, Florida). The parties waive their right to a jury trial. Subject to applicable state law. ADA: Any mediation or arbitration proceeding must be conducted where our principal office is located when demand for mediation or arbitration is filed, Any litigation to enforce the Area Development Agreement must be filed in the courts where our principal office is located when litigation is filed (currently Miami-Dade County, Florida).
w. Choice of law ¹	Section 17.6	Section 9.1	FA: Florida law applies. Subject to applicable state law. ADA: Except to the extent governed by the United States Trademark Act, the United States Copyright Act or the Florida Arbitration Act, and subject to applicable state law, the Area Development Agreement is interpreted under Florida law.

¹ See Exhibits A and E to this Franchise Disclosure Document for certain state- specific requirements.

ITEM 18 – PUBLIC FIGURES

We do not use any public figure to promote the Franchised Business.

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 financial performance representation below reflects certain historical financial performance information experienced by our franchisees that have owned and operated their Farm Stores® business or Swiss Farms® business for at least one year as of December 31, 2021. The information included in this Item 19 was provided to us by our franchisees. We have not audited or independently verified this information and do not know whether the information was prepared consistent with generally accepted accounting principles.

The table below reflects average annual Gross Sales information for all franchised Farm Stores® and Swiss Farms® business for calendar year 2021 that were open at least one year as of December 31, 2021. As of December 31, 2021, there were a total of 46 franchised Farm Stores® and Swiss Farms® businesses. The data in the table below includes information from 36 of those 46 franchised businesses as the remaining 10 franchised businesses commenced operations in 2021 and were not open a full year as of December 31, 2021, or were not reporting sales during the period. Also excluded from this Item 19 are 4 franchised business that ceased operating in 2021, one of which had been operating for less than 12 months.

Systemwide 2021 Annual Gross Sales				
Number of Franchised Businesses	Average Annual Gross Sales	Number and Percentage of Franchised Businesses Met or Exceeded Average	Median Gross Sales	Range
36	\$917,163	13 (36%)	\$747,337	\$230,364 to \$2,136,234

For purposes of this Item 19, the term “Gross Sales” means total revenues from all sales of every kind made at, through or from the Franchised Business, but is net of refunds, discounts or credits and does not include sales taxes collected.

We recommend that you make your own independent investigation to determine whether or not to purchase this franchise, and consult with an attorney and other advisors before signing any Franchise Agreement. You should conduct an independent investigation of the costs and expenses in operating a Business.

Some businesses have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do not make any other financial performance representations. We also do not authorize our employees or representatives to make any such other representations orally or in writing. If you are purchasing an existing Farm Stores® or Swiss Farms® business, however, we may provide you with the actual records of that Farm Stores® or Swiss Farms® business. If you receive any other information or projections of your future income, you should report it to our management by contacting Maurice Bared at 2937 S.W. 27th Avenue, Suite 301, Coconut Grove, Florida 33133 and (800) 726-3276, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 – UNITS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Unit Summary for Years 2019 to 2021

Unit Type	Year	Units at the Start of the Year	Units at the End of the Year	Net Change
Franchised ⁽¹⁾	2019	25	40	+15
	2020	40	41	+1
	2021	41	46	+5
Company-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Units	2019	25	40	+15
	2020	40	41	+1
	2021	41	46	+5

(1) These numbers reflect the number of Franchised Businesses operated by Farm Stores franchisees in the listed states that operate under the “Farm Stores®” trademark or the “Swiss Farms®” trademark. As of December 31, 2020, there were 35 franchisees operating under the Farm Stores® trademark, and the remaining 11 were operating under the Swiss Farms® trademark.

Table No. 2

Transfers of Units from Franchisees to New Owners (other than Us) For Years 2019 to 2021

State	Year	Number of Transfers
Florida	2019	5
	2020	5
	2021	4
Total	2019	5
	2020	5
	2021	4

Table No. 3

Status of Franchised Units for Years 2019 to 2021 ^{(1), (2)}

State	Year	Units at Start of Year	Units Opened	Terminations	Non-Renewals	Re-acquired by Us	Ceased Operations-Other Reasons	Units at End of the Year
Florida	2019	25	3	0	0	0	0	28
	2020	28	1	1	0	0	1	27
	2021	27	4	1	0	0	0	30
Kentucky	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Louisiana	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	1	0
New Jersey	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
New York	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
	2021	2	1	1	0	0	1	1
Pennsylvania ⁽³⁾	2019	0	11	0	0	0	0	11
	2020	11	1	0	0	0	0	12
	2021	12	0	0	0	0	0	12
Texas	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	1	0
Totals	2019	25	15	0	0	0	0	40
	2020	40	4	1	0	0	2	41
	2021	41	9	1	0	0	3	46

(1) As of December 31, 2021, three units were temporarily closed. These franchisees remain part of the System.

(2) These numbers reflect the number of Franchised Businesses operated by Farm Stores franchisees in the listed states that operate under the “Farm Stores®” trademark or the “Swiss Farms®” trademark. As of December 31, 2021, there were 35 franchisees operating under the Farm Stores® trademark, and the remaining 11 were operating under the Swiss Farms® trademark.

(3) As of December 31, 2021, the 11 stores operating under the Swiss Farms® trademark were located in Pennsylvania.

Table No. 4

Status of Company-Owned Units For Years 2019 to 2021

State	Year	Units at Start of Year	Units Opened	Units Reacquired From Franchisee	Units Closed	Units Sold to Franchisee	Units at End of the Year
Florida	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Totals	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

Table No .5

Projected Openings as of December 31, 2021

State	Franchise Agreement Signed But Unit Not Open	Projected New Franchised Units Opened In the Next Fiscal Year	Projected New Company Owned Units in the Next Fiscal Year
Pennsylvania	0	0	0
Florida	4	9	0
New York	2	2	0
New Jersey	1	3	0
Texas	3	1	0
Georgia	4	3	0
Arizona	1	0	0
Louisiana	2	0	0
Connecticut	1	0	0
TOTALS	18	18	0

Exhibit K contains the names, addresses and telephone numbers of our current franchisees.

Exhibit K also contains the names, last known home addresses and home telephone numbers of any franchisees that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the effective date of this Franchise Disclosure Document.

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

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Farm Stores or Swiss Farms system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We are not aware of any trademark-specific franchisee organizations associated with the franchise system being offered.

ITEM 21 - FINANCIAL STATEMENTS

Attached as Exhibit M are:

1. Our audited financial statements for the fiscal year ending in December 31, 2021;
2. Our audited financial statements for the fiscal year ending in December 31, 2020; and
3. Our audited financial statements for the fiscal year ending December 31, 2019.

Our fiscal year ends December 31.

ITEM 22 - CONTRACTS

The following contracts, agreements and other relevant documents are attached as Exhibits to this Franchise Disclosure Document:

- C. Franchise Agreement
- D. Area Development Agreement
- E. State Addenda to Franchise, Development and Area Development Agreements (if applicable)
- F. Guaranty of Franchisee's Obligations
- G. Pre-Authorized ACH Form
- H. Security Agreement, UCC-1 Financing Statement and Rider
- I. Agreement with Landlord
- J. Telephone Number and Directory Advertising Assignment Agreement
- N. Franchisee Closing Questionnaire
- O. General Release

ITEM 23 - RECEIPTS

You will find copies of a detachable Receipt attached as Exhibit Q at the very end of this Franchise Disclosure Document. It is not a binding contract. This merely verifies that you have received this Franchise Disclosure Document. Please complete and sign both copies. Keep a copy of your files and mail the other copy to us.

EXHIBIT A – STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

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

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of 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.

Item 4, Additional Disclosure. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 5, Additional Disclosures. The following is added to the end of Item 5:

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

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): 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.

The following is added to the Summary sections of Items 17(v) and 17(w): The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

EXHIBIT B -LIST OF STATE ADMINISTRATORS AND AGENTS
FOR SERVICE OF PROCESS

State	State Administrator	State Agent for Service of Process
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677 (toll free)	Commissioner of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677 (toll free)
Hawaii	Business Registration Division Department of Commerce and Consumer Affairs 355 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii, Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722
Illinois	Chief, Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62701 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62701 (217) 782-4465
Indiana	Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Secretary of State, Securities Division 302 West Washington Street, Room E-018 Indianapolis, IN 46204 (317) 232-6531
Kentucky	Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601-3449 (502) 696-5300	
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360

State	State Administrator	State Agent for Service of Process
Michigan	Michigan Department of Attorney General Consumer Protection Division Attn: Franchise Section G. Mennen Williams Building 525 W. Ottawa Street, 7th Floor Lansing, Michigan 48913 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909
Minnesota	Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 296-4026	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 296-4026
Nebraska	Nebraska Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171	Nebraska Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21 st Floor New York, New York 10005 (212) 415-8236	New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, New York 12231-0001 (518) 473-2492
North Dakota	Securities Commissioner State Capitol, 5 th Floor 600 East Boulevard Ave. Bismarck, North Dakota 58505 (701) 328-2910	Securities Commissioner 600 East Boulevard Ave. Bismarck, North Dakota 58505
Rhode Island	Department of Business Regulation Securities Division Bldg. 68-2, First Floor John O. Pastore Complex, Building 68-2 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9585	Director of Department of Business Regulation, Securities Division John O. Pastore Complex, Building 68-2 1511 Pontiac Avenue Cranston, Rhode Island 02920
South Dakota	Department of Labor and Regulation Division of Insurance - Securities Regulation 124 S. Euclid Ave., Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Director of Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid Ave., Suite 104 Pierre, South Dakota 57501

State	State Administrator	State Agent for Service of Process
Texas	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769	
Utah	Department of Commerce Division of Consumer Protection 160 East 300 South Salt Lake City, Utah 84111-0804 (801) 530-6601	
Virginia	State Corporation Commission Division of Securities and Retail Franchising, 9 th Floor 1300 E. Main Street Richmond, Virginia 23219 (804) 371-9051	Clerk, State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, Virginia 23219 (804) 371-9051
Washington	Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507 (360) 902-8760	Director, Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507
Wisconsin	Wisconsin Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-8557	Wisconsin Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT C- FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

between

**Farm Stores Franchising, LLC,
a Delaware limited liability company**

and

(Franchisee)

Dated: _____

Approved Location:

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FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is signed on _____ between Farm Stores Franchising, LLC, a Delaware limited liability company, as the Franchisor, and _____, as the Franchisee.

We have written this Agreement in plain English to make it easy to read and to help you become thoroughly familiar with all of the important rights and obligations that this Agreement covers before you sign it. In this Agreement, we refer to Farm Stores Franchising, LLC, the Franchisor, as “we,” “us” or “our.” We refer to the Franchisee as “you” or “your.” If you are a Business Entity, we refer to its equity owners as the “Franchise Owners.”

BACKGROUND

A. We operate a double drive-thru convenience store business that offers grocery products, coffee, compatible bakery products, sandwiches, and related food and beverage items and other services we approve, which business operates under the trade name [“Farm Stores®” / “Swiss Farms®”] (the “Principal Trademark”).

B. The distinguishing proprietary characteristics of the business include: distinctive sales and operating methods; sources of supply; uniform standards; procedures for the management of the business and customer service; advertising and promotional materials and programs; assistance and training in the operation, management and promotion of the business; an Operations Manual; and bookkeeping and accounting methods and procedures; all of which we may change, improve and further develop (collectively, the “Business System”).

C. You recognize the benefits of owning and operating a [Farm Stores® / Swiss Farms®] Franchise (the “Franchised Business”) and desire to enter into this Agreement.

D. You have had sufficient time and opportunity to evaluate and investigate the business concept and the procedures and financial requirements associated with the development and operation of the Franchised Business as well as the competitive market in which it will operate.

E. We have reviewed your application and have decided to award a Farm Stores Franchise to you evidenced by this Agreement.

F. You have had a full and adequate opportunity to seek independent legal counsel to advise you of the terms and conditions of this Agreement and your rights and obligations to us under this Agreement.

All capitalized terms are defined in ARTICLE 18.

TERMS

The parties agree as follows:

ARTICLE 1 – APPOINTMENT

Section 1.1 Grant of Franchise

We grant to you the right and you undertake the obligation, to develop and operate a Franchised Business subject to the terms of this Agreement. You will operate the Franchised Business in accordance with the Business System. We grant you the right to use the Principal Trademark and other Intellectual Property. You will operate the Franchised Business only at the location described in Section 1.2.

Section 1.2 Location of Your Franchised Business

(a) **Existing Premises.** You agree that you will operate your Franchised Business only at the Premises described in Section 18.1.

(b) **Premises to be Determined.** If the Premises do not exist at the time the parties sign this Agreement, the Premises will be at a location that you select and we approve. We will describe the approved location in the Approved Location Addendum attached as Exhibit A to this Agreement that the parties will sign at that time.

(c) **Delivery.** If we allow you to deliver products from your Store, we may establish a delivery area. If we do so, you agree not to deliver products outside of the delivery area.

Section 1.3 No Exclusive Territory

Your Franchise is a location-only franchise. We do not grant you any minimum territory or exclusive territory. We may open a Company-Owned Unit or Franchised Unit in close proximity to you. In addition, we expressly reserve the rights stated in Section 5.7. These reserved rights are superior to your rights we grant to you under this Agreement.

ARTICLE 2 - OUR DUTIES

We will provide you with the following initial and ongoing assistance and services, as long as you are not in default under this Agreement:

Section 2.1 Site Selection Assistance

(a) If you elect to develop a Franchised Business using our Design Build Model, then you are designating us or an Area Representative to locate a site on your behalf and facilitate the construction of the Franchised Business. We, or the Area Representative, will locate and approve a site within 180 days of signing the Franchise Agreement, using our reasonable business judgment and the then-current criteria for a new Franchised Business. The selection of a site by us or the Area Representative is not a representation or warranty that the Franchised Business will be profitable at that site or that your sales will reach any predetermined levels. As with the site selection approval process for the Franchisee Buildout, our (and if applicable, the Area Representative's) selection of a site is only an indication that the proposed site meets our minimum criteria for sites. Furthermore, you agree that you will be purchasing the Design Build

Model “AS IS,” and we will not warrant or guaranty the quality or other characteristics of the structure or the Franchised Business. We may require you to execute additional documents in connection with your approval of the site for the Design Build Model and/or in taking possession of the premises. Furthermore, you will be required to pay us the lease initiation fee (“Lease Initiation Fee”) in connection with the site selection and facilitation of the construction and development of the Franchised Business for the Design Build Model. You acknowledge and agree that we cannot predict the total cost of the Lease Initiation Fee due to the fact that the Lease Initiation Fee is based upon the inherent value of the location and the costs and expenses associated with the site selection and facilitation of the construction and development of the Franchised Business, but you shall pay us the Lease Initial Fee upon invoice from us and in any event prior to opening and commencing operations of the Franchised Business. If you elect to develop the Design Build model, then certain provisions within Sections 2.1(b), 2.2, 2.3, and 4.2 of this Agreement will not apply to you.

(b) If you elect to develop a Franchised Business based upon our Franchisee Buildout, then you must locate a site suitable for the operation of the Farms Stores store and acceptable to us and sign a lease or purchase contract within 180 days after signing the Franchise Agreement. The site must meet our criteria for demographic characteristics, traffic patterns, parking, the character of neighborhood, competition from and proximity to other businesses and other Farm Stores and Swiss Farms businesses, the nature of other businesses in proximity to the site, other commercial characteristics and the size, appearance and other physical characteristics for an acceptable site. The proposed site must be approved by us before you sign a binding lease or otherwise securing the proposed site. You must provide us with a complete Site Report and such other information and materials as we may request before signing a lease or entering into a binding contract to acquire the site in any way. This may include a complete Prospective Location Submission Package (a “Site Package”) that includes: a store development request; Demographics/Traffic Data; digital photos/video of the proposed site traffic and signage; aerial photographs and maps; a lease outline drawing of the unit and a Site Plan of the shopping center or surrounding business district; and such other materials as we may designate. You must follow and complete to our satisfaction our onsite selection process. We may designate a third party to assist you or we may assist you in finding a site. We may require you to contract with a real estate agent, at your expense, who will assist you with your real estate needs. If you do not submit an acceptable lease within the 180-day period, we may terminate the Franchise Agreement. **We do not represent that we have any special expertise in selecting sites for the operation of a Franchised Business. Our approval of a site is not a representation or warranty that the Franchised Business will be profitable or that your sales will attain any predetermined levels. Our approval is only our indication that the proposed site meets our minimum criteria for identifying sites.**

Section 2.2 Lease Assistance

If the site is to be leased directly by you, the terms of the lease are subject to our prior written approval. We have the right to grant permission or reject the terms of any lease for the Franchise Location. Our consent is subject to the landlord, you and us signing our form of Agreement with Landlord attached as Exhibit I to the FDD. Our failure to reject a lease in writing within 30 days after you submit the lease constitutes our permission to proceed. We also have the

right to require you to sign additional documents, which provide for the protection of our rights and interests, as we may require. **We do not represent that we have any special expertise in negotiating leases. You agree that our approval or disapproval of a proposed lease does not impose any liability on us.**

Section 2.3 Plans and Specifications

We will loan to you our prototype architectural drawings for the Premises for the construction of the Store. We also loan to you our specifications and standards pertaining to equipment, inventory, signage, fixtures, menu boards, furnishings, accessory features and design and layout we make available to you (the "Design Specifications"). On or before the Opening Date, you must destroy all hard and electronic copies of these Drawings and Design Specifications.

Section 2.4 Website, Intranet

We have created a website for the Farm Stores brand and Swiss Farms brand, www.FarmStores.com and www.SwissFarms, respectively, and an Intranet portal for use by our Franchisees and us. You will be able to access our designated system tools and materials through our Intranet portal. We reserve the right to charge you a fee of up to \$50 per month in connection with developing, hosting, maintaining, upgrading, and updating our Intranet portal. We will list your Franchised Business on our Website.

Section 2.5 Lists, Forms and Schedules

We will loan to you the following for use in the operation of the Franchised Business:

(a) **List of Items.** A list of equipment, fixtures, furnishings, supplies, materials, inventory and other items necessary to open and operate your Franchised Business and a list of Designated Suppliers, Approved Suppliers and product specifications;

(b) **Specifications.** Specifications for business cards, stationery, receipts, point-of-sale materials, frequent customer cards, gift cards, reporting documents, and other business forms and materials we deem necessary for the operation of the Franchised Business that you purchase from Approved Suppliers.

(c) **Reporting.** Requirements regarding your establishment of daily, weekly and monthly reporting systems; bookkeeping procedures; and accounting procedures, which you must adopt and implement at the Franchised Business.

These forms and schedules are contained in the Operations Manual. **WE DO NOT WARRANT THE COMPLETENESS, LEGALITY OR ENFORCEABILITY OF ANY AGREEMENTS OR FORMS WE PROVIDE TO YOU. YOU MUST RETAIN YOUR OWN LEGAL COUNSEL TO REVIEW AND REVISE THESE AGREEMENTS AND FORMS SO THEY COMPLY WITH ALL APPLICABLE FEDERAL AND STATE LAWS.**

Section 2.6 Initial Training

(a) **Initial Training.** We will provide 7 days of Initial Training for up to 3 Trainees, which will take place at the following locations: (a) a corporate office in Coconut Grove, Florida, or Delaware County, Pennsylvania, a store in Miami, Florida, or Delaware County, Pennsylvania, or another location that we designate and (b) at your Franchised Business. Initial Training conducted at our corporate office is included in the Initial Franchise Fee, but you must pay us an additional fee for the required training that we conduct at your Franchised Business, equal to \$200 per day. We must approve all Trainees. You or a Franchise Owner must be one of the Trainees. If you, a Franchise Owner or the Designated Representative will not be managing the day-to-day operations of your Franchised Business, you may designate another person as your Manager to manage the day-to-day activities of your Franchised Business as the other Trainee. All Trainees must successfully complete our Initial Training to our satisfaction at least 30 days before you open. Each Trainee must sign our form of Confidentiality and Non-Competition Agreement (the form of which is included in the Operations Manual) as a condition of our approval. The Initial Training program includes store development, product purchasing and sources of supply, instruction in marketing, promotion and advertising, merchandising techniques, sales techniques, customer service techniques and procedures for services. Training programs may differ in content and length for you, a Franchise Owner or the Designated Representative, your Manager and your other employees depending upon their previous experiences and their responsibilities at your Franchised Business. You are responsible for all expenses of the Trainees to attend Initial Training including all payroll, travel, lodging and meal expenses. If any Trainee who is required to successfully complete our initial training program to our satisfaction fails to do so, and we elect to terminate your Franchise Agreement due to this failure, then we may, in our discretion, refund up to 50% of the Initial Franchise Fee without interest.

(b) **Failure to Complete Initial Training.** If you, a Franchise Owner or the Designated Representative, or your Manager fails to complete Initial Training, as we reasonably determine, we may: (i) at your expense and direction, retrain the Trainee or train another Trainee; or (ii) elect to terminate this Agreement. If we elect to terminate this Agreement, we may refund up to you 50% of the Initial Franchise Fee without interest, and we will retain the balance to cover our costs and expenses for the assistance we have provided to you under this Agreement and for our lost opportunities.

(c) **No Warranty of Success.** Our determination that your Trainees have successfully completed any Initial Training, Pre-Opening On-Site Training or Additional Training is not a warranty or representation that a Trainee can or will successfully operate the Franchised Business or any aspect of the Franchised Business.

Section 2.7 Access to the Operations Manual

We will give you access to the secured portion of our Intranet to view the Manual and any supplemental manuals and training materials. Our practice is to give you access before you attend Initial Training.

Section 2.8 Grand Opening Assistance

We will assist you in the grand opening of the Franchised Business including the preparation of a press release and provide you advice and guidance with regard to staffing, decoration and advertising.

Section 2.9 Continued Assistance and Support

Upon the opening of your Franchised Business, we will or may provide to you the following:

(a) **Field Visits.** We will assist you in the development and operation of your Franchised Business which may include periodic visits by one of our field representatives.

(b) **Assistance by Telephone or E-Mail.** We will provide you with informational assistance by telephone and e-mail including consultation on matters involving operations, advertising, promotion, and business methods.

(c) **Website.** We will maintain the Website for use by our Franchisees and us in accordance with Section 7.4 of the Franchise Agreement.

(d) **Production of Advertising Materials.** We will make available to you various advertising, marketing, and promotional materials for use in your DMA using funds from the Marketing Fund.

(e) **Advertising and Public Relations Campaigns.** We will generally promote the Franchised Businesses through advertising and public relations campaigns using funds from the Marketing Fund.

(f) **Refresher or Additional Training.** We may require you and/or previously trained and experienced personnel to attend periodic refresher courses at locations we designate. You are responsible for all travel, lodging and living expenses that you and each other person incurs in connection with any refresher or additional training program. Refresher or additional training and product information may be implemented through the distribution of video materials produced by us or third parties. You acknowledge that participation in refresher or additional training is required and that all related materials remain confidential and our proprietary property

(g) **Conferences and Related Optional or Required Training.** We may make available to you optional or mandatory staff training courses, seminars, conferences, or other programs at a location determined by us. We may charge our then-current attendance fee, and you must pay all of your travel and living expenses. We may hold mandatory annual conferences to discuss Products and Services, sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs, merchandising procedures and other topics. We may charge our then-current attendance fee, and you must pay all of your travel and living expenses. Conferences we require will be held at our Florida headquarters or at other locations that we designate.

(h) **Special Assistance.** At your request and based on the availability of our staff, we will provide onsite non-routine guidance and assistance to address your unusual or unique operating problems at our reasonable per diem fees (currently \$250 per day) and our out-of-pocket expenses.

(i) **Research and Development.** We will continue to research and develop new products and services and other aspects of the Business System, as we deem appropriate in our sole discretion. We may conduct market research and testing to determine consumer trends and the salability of new products and services. You acknowledge that we may choose to offer certain products or services that are not a normal part of the Business System to certain Franchisees for test marketing or other purposes. You agree that we may not make these products or services available to you for testing. If we select your Franchised Business, and if you agree, you will participate in our market research programs, in test marketing new products and/or services in the Franchised Business. If you participate in any test marketing, you agree to purchase a reasonable quantity of the products or services to be tested and to effectively promote and make a good faith effort to sell them. You will provide us with timely reports and other relevant information regarding those efforts.

(j) **Periodic Assistance.** We may provide advisory assistance to you in the operation and promotion of the Franchised Business, as we deem advisable. Advisory assistance may include additional training and assistance, communication of new developments, improvements in equipment and supplies, and new techniques in advertising, service and management relevant to the operation of the Franchised Business.

Section 2.10 License of Intellectual Property

Subject to this Agreement, we license to you the right to use the Principal Trademark and the other Intellectual Property.

Section 2.11 Duties Solely to You

All of our obligations under this Agreement are only to you. No other party is entitled to rely on, enforce, or obtain relief for breach of the obligations directly or by subrogation.

Section 2.12 Our Right to Delegate Duties

You agree to our right to delegate our duties under this Agreement to a Designee. You must discharge your duties with our Designee to the extent we request. We remain responsible for our obligations under this Agreement even if delegated to our Designee.

Section 2.13 Our Reasonable Business Judgment

Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations using reasonable business judgment in making our decision or exercising our rights. Our decisions or actions are deemed to be using reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to

promote or benefit the Business System generally, even if the decision or action also promotes our financial or other interest. Examples of items that will promote or benefit the Business System include enhancing the value of the Intellectual Property, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the Business System.

ARTICLE 3 - FEES AND PAYMENTS

Section 3.1 Types of Fees

In consideration of our signing this Agreement, you must pay to us the following fees all payable in United States currency at our principal office:

(a) **Initial Franchise Fee.** You must pay to us an Initial Franchise Fee of \$25,000, payable at the same time you sign this Agreement. We fully earn the Initial Franchise Fee upon receipt. The Initial Franchise Fee is non-refundable upon signing this Agreement except as expressly provided otherwise in this Agreement.

(b) **Real Estate Services Fee.** You must pay to us an additional fee of \$2,500 (the “Real Estate Services Fee”) for real estate services we provide in consulting, reviewing, evaluating, and approving of a site for your Franchised Business. The Real Estate Service Fee is due in full upon signing this Agreement and is fully earned and non-refundable. In return for the Real Estate Services Fee, we provide you our Real Estate Services more fully described in the Operations Manual. If you request and we provide Real Estate Services to more than five sites, then we may charge you the Real Estate Services Fee on a per-site basis. If we charge additional Real Estate Services Fees, they are due upon demand, generally before you commence operations.

(c) **Royalty Fee.** You will pay a continuing weekly non-refundable Royalty Fee equal to the greater of 6% of weekly Gross Sales or \$360.

(d) **Marketing Fund Contributions to Marketing Fund.** You must also pay to us a continuing weekly Marketing Fund Contributions to the Marketing Fund, currently in the amount equal to the greater of 1 % of weekly Gross Sales or \$60. We reserve the right to increase the Marketing Fund Contributions to the Marketing Fund to the greater of 2% of weekly Gross Sales and/or \$120. We have the sole right to enforce your obligations and all other Franchisees that make Marketing Fund Contributions. Neither you, nor any other Franchisee obligated to make Marketing Fund Contributions, is a third party beneficiary of the funds. Neither you, nor any other Franchisee has any right to enforce any obligation of another Franchisee to contribute the funds. We will use these funds to develop and produce advertising and/or marketing materials for use by us regionally and/or nationally and by you and the other Franchisees for your Local Advertising activities.

(e) **Conference Fees.** You will pay us our then-current fee (currently \$300 per attendee) to attend mandatory or optional conferences or training.

(f) **Transfer Fee.** If we permit you to transfer this Agreement under Subsection 10.2(b), you will pay us a Transfer Fee equal to \$1,500. If you sell or transfer your Franchised

Business under Subsection 10.2(g), you must pay us a Transfer Fee of \$5,000 or 5% of the total sale price of the Franchised Business and leasehold, whichever is greater. Sale price includes the sale price of the Franchised Business and the leasehold.

(g) **Renewal Fee.** Shortly before the expiration of the Initial Term, you must pay us a Renewal Fee of \$10,000 if you decide to obtain a Renewal Franchise Agreement in accordance with Subsection 16.2(a),

(h) **Our Attorneys' Fees.** If after the Franchise Agreement is signed by the parties: (i) you request our written consent to any action of yours and we consult our attorney; or (ii) we have our attorney prepare a letter, a Notice of Default or a Notice of Termination to you, then you agree to reimburse us for our attorneys' fees and costs under these circumstances.

(i) **Reimbursement of Taxes.** Franchisee agrees to reimburse Franchisor, upon demand, for any taxes imposed by Franchisee's state or local government on any payments paid to Franchisor if Franchisor has no physical presence in Franchisee's jurisdiction.

(j) **Consumer Price Index.** Beginning on January 1st after signing this Agreement and on every January 1st thereafter, the weekly minimum Royalty Fee and Marketing Fund Contribution for the prior year will be increased in direct proportion to the percentage increase in the Consumer Price Index (CPI-U 1984=100) for the prior year. Within 10 days before the beginning of any annual CPI increase, we will notify you of the amount of the increase for the following year.

Section 3.2 Payment Schedule

You must compute all amounts due and owing to us for Royalty Fees and Marketing Fund Contributions and pay these to us by Wednesday of each week based on your Gross Sales for the previous week. All other amounts due to us from you are payable as specified in this Agreement. If we do not specify a due date, these amounts are due upon receipt of our invoice. Any payment or report not actually received by us on or before the due date is overdue.

Section 3.3 Payment System

(a) **Operating Account.** You will open a separate operating account with a bank for the Franchised Business. You will make all payments to us by pre-authorized transfers from the operating account by electronic fund transfers that we process at the time any payment is due or by any other payment system that we designate (the "Payment System"). You will sign the Pre-Authorized ACH Form included as Exhibit G to the FDD. You agree to cooperate with us in maintaining the efficient operation of the Payment System including depositing all Gross Sales you receive into your operating account within 1 Business Day of receipt.

(b) **Instructions to Bank.** You will give your bank instructions in a form we approve and will obtain the bank's agreement to follow these instructions. You will provide us with copies of these instructions and agreement. The bank's agreement may not be withdrawn or modified without our written approval. You will also sign all other forms for funds transfer as the bank or we may request.

(c) **Copies of Statements.** We may require that your bank send to us a monthly statement of all activity in the designated account at the same time the bank sends the statements to you. The bank must agree to send to us any other reports of the activity in the operating account, if we reasonably request.

(d) **Other Accounts.** If you maintain any other bank accounts for your Franchised Business, you must identify these accounts to us and provide to us copies of the monthly statements for all these accounts and the details of all deposits and withdrawals to them.

(e) **Bank Charges.** You will pay all charges imposed by your bank. We will pay the charges imposed by our bank for the Payment System.

Section 3.4 Interest on Late Payments; Late Charge

(a) **Interest.** If any payment under this Agreement or any other agreement between us and you for your Franchised Business is overdue by more than five (5) days for any reason, you must pay to us, on demand, in addition to the overdue amount, any insufficient funds (NSF) charges we incur and interest on the overdue amount from the date it was due until paid equal to the lesser of 1.5% per month or the highest commercial contract interest rate allowed by law.

(b) **Late Charge.** You must also pay a late charge of \$100 for each overdue payment.

(c) **NSF Charges.** We may require you to reimburse us for our costs and expenses that we incur if you deliver a check or submit an electronic payment which is returned due to insufficient funds or is otherwise not paid.

Section 3.5 Application of Payments

We have sole discretion to apply any payments you make to us to your past due indebtedness including Royalty Fees, Marketing Fund Contributions, purchases from us, interest, NSF charges, or any other indebtedness of you to us in any manner we choose regardless of your designation.

Section 3.6 Security Interest

As security for your payment and performance of all of your obligations to us under this Agreement including all costs, expenses, advances and liabilities that we may incur in connection with this Agreement (the "Secured Obligations"), you grant to us a first priority security interest in the assets used to operate the Franchised Business (the "Secured Assets") under the applicable Uniform Commercial Code in the state in which the Franchised Business is located. You will sign the Security Agreement, and the UCC-1 Financing Statement and Rider included as Exhibit H to the FDD, and you will be responsible for all taxes and other costs necessary to perfect the security interest granted in this Section and any other documents, which in the opinion of our counsel, are necessary to perfect the security interest granted in this Section.

Section 3.7 No Withholding

You agree that your obligations to make payments under this Agreement and any other agreement entered into with us for your Franchised Business, and our rights to receive these payments, are absolute and unconditional. All payments are not subject to any withholding, abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims that you have or may have against us, any of our Designees, or against any other person for any reason.

Section 3.8 Opening Deadline Extension Fee

You must open your Franchised Business for business within 12 months from the date we sign this Agreement. In the event you fail to timely open and commence operations of your Franchised Business within the requisite time period, then you may extend the date by which you need to open your Franchised Business by 3 months (the “First Extension”) if you can demonstrate to our satisfaction that you have taken all reasonable efforts to open your Franchised Business by the required deadline. If we grant you the First Extension, and you do not open your Franchised Business by the First Extension deadline, then you may again extend the deadline to open your Franchised Business by one additional 3-month period (the “Second Extension”) by paying us an opening deadline extension fee equal to \$2,500 (the “Opening Deadline Extension Fee”). If you fail to timely open your Franchised Business and are unable to extend the opening deadline, whether because you failed to satisfy the requirements for the First or Second Extension or do not have any extensions left, then in addition to all other remedies that we may have, we may terminate your Franchise Agreement.

Section 3.9 On-Site Initial Training and Additional Assistance

You shall pay \$200 per day for any on-site initial training that we or our representatives conduct at your Franchised Business, or if any of our personnel provides assistance after Initial Training.

ARTICLE 4 - YOUR DUTIES

Section 4.1 Acquisition of Site

(a) **Site Approval.** Subject to Section 2.1(a) of this Agreement, you are solely responsible for selecting the site for the Franchised Business. If a site that we approve does not exist at this time, you must complete the acquisition or lease arrangements for your Premises within 180 days the Agreement Date and obtain our written approval under Section 2.1. We may require that you engage a real estate broker of your choosing or, at our discretion, our approved broker, to advise and assist you in locating a suitable site and negotiating the terms of the lease. You are responsible for any fee charged by our approved broker for this service. If we have not approved a site within 180 days after the Agreement Date, we have the right to terminate this Agreement. If we terminate the Franchise Agreement because we have not approved a site within 180 days, then we may, in our discretion, refund up to 50% of the Initial Franchise Fee to you without interest, and we will retain the balance to cover our costs and expenses for the assistance we have provided to you under this Agreement and for our lost opportunities.

(b) **Lease of the Site.** We must approve any lease of the Premises. You must deliver a copy of the proposed lease to us at least 15 days before you sign it. The property owner, you and we must sign our form of Agreement with Landlord included in Exhibit I to the FDD.

Section 4.2 Construction of Franchised Business

(a) **Prototype Plans and Specifications.** You must use the prototype architectural drawings for the Premises, and our specifications and standards pertaining to equipment, inventory, signage, fixtures, furnishings, accessory features and design and layout we make available to you.

(b) **Construction Process.** You must promptly after obtaining possession of the site for the Franchised Business: (i) retain the services of an architect to create your building plans, which we must approve; (ii) retain the services of a general contractor; (iii) obtain all necessary permits, licenses and architectural seals; (iv) use only approved building materials, equipment, fixtures, furniture and signs; (v) complete the construction and the equipment, fixtures, furniture and sign installation and decorating of the Franchised Business in full and strict compliance with the building plans and specifications we have approved and in full compliance with all applicable laws, ordinances, building codes and permit requirements including the Americans With Disabilities Act without any unauthorized alterations; and (vi) obtain all customary contractors' sworn statements and partial and final waivers. You must begin substantial construction (site work, utility infrastructure and building erection) of the Franchised Business within 150 days after the Agreement Date. It is your responsibility to comply with the foregoing conditions. We reserve the right to require you to retain the services of a company specialized in assisting Franchisees during the construction process to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits and to advise you throughout the construction of your Franchised Business. If you elect, and we agree, to develop a Franchised Business using our Design Build Model, then we (or the Area Representative, if applicable) may facilitate the development and construction of the site and the Franchised Business as described in this Section 4.2(b) on your behalf, in which case you agree to provide us (or the Area Representative, if applicable) your full cooperation throughout the entire development and construction process, which may include requiring you to execute additional forms, apply for any permits, or undertake any of the steps described in this Section 4.2(b).

(c) **Construction Progress Reports.** We may require you to provide us weekly development and construction progress reports in the form we designate from the date you begin development until the date you open the Franchised Business. You agree that our representatives have the right to inspect the construction at all reasonable times. You agree that time is of the essence in constructing and opening your Franchised Business.

Section 4.3 Equipment, Furniture, Furnishings and Fixtures

You must purchase the equipment, furniture, furnishings and fixtures necessary to operate the Franchised Business as set forth in the Operations Manual.

Section 4.4 POS System

(a) **Procurement and Installation.** Before the Opening Date, you must procure and install at your Franchised Business the POS System that we specify in the Operations Manual or otherwise. The POS System include all hardware and software used in the operation of the Franchised Business, including electronic point-of-sale cash registers and back office programs used to record, analyze and report sales, labor, inventory and tax information.

(b) **IP Address.** We may require that you obtain a dedicated IP address for use with the POS System. You are responsible for all charges for these services.

(c) **License of Software.** The computer software package may include proprietary or other required software. We may require you to license such software from the licensor and pay a software licensing or user fee in connection with your use of the proprietary software.

(d) **Our Right of Access.** You will provide any assistance we require to bring the POS System "on-line" with our Internet-based system. You agree that we have the right to retrieve all data and information from your POS System, as we deem necessary. We maintain all rights to the customer data and financial information collected via the POS System and on our Website. The information includes customer data, financial data, customer demographic information, customer purchasing data, business and financial records and reports, and all other information that we designate in the Manual or otherwise in writing.

(e) **Maintenance and Upgrades.** All hardware, (computers, monitors, tablets, printers, bar-code scanners, etc.) provided by the POS provider come with the standard manufacturer's warranty. All software upgrades, are included in the monthly license fee. This monthly subscription fee does not include parts and/or labor for the repair of any of the hardware outside of the standard manufacturer's warranty and any shipping fees. You must purchase or license any other software or computer hardware we require as well as any hardware upgrades necessary to operate the POS software. To ensure full operational efficiency and communication capability between your POS System and our Internet-based system, you will keep the POS System in good maintenance and repair. You will install all additions, changes, modifications, substitutions and/or replacements to your POS System's hardware and software, and your telephone and power lines, that we specify, in our sole discretion, in the Manual or otherwise imposed on a Network-wide basis. We have no obligation to provide ongoing upgrades and updates to the POS System. It may become necessary for you to replace or upgrade the entire POS System with a larger or different system capable of assuming and discharging all of those computer-related tasks and functions as we specify.

Section 4.5 E-Mail; Address and Accounts

You will be provided with one email account per store. Additional accounts may be purchased by the franchisee at the then current price. We have established reasonable standards for e-mail accounts and their use, which we may periodically revise. You will have reasonable time to upgrade when standards change. From time-to-time, we will send important information to your designated e-mail address. In order to stay informed on developments affecting the

Business System and your Franchised Business, you agree to check your e- mail at least daily except for Sundays.

Section 4.6 Hiring, Training and Appearance of Employees

(a) **Your Employment Decisions.** You will maintain a competent, conscientious staff and employ the minimum number of employees necessary to meet the anticipated volume of business. You will obtain a background screening report of all employees and independent contractors before hiring or retaining the person and supply us with a copy of the report. The Manual includes our specifications for uniforms for your employees that you purchase directly from our Designated Supplier. You will take all steps necessary to ensure that your employees and independent contractors meet the employment or retention criteria, keep a neat appearance and comply with any dress code that we require. You are solely responsible for the terms of their employment or engagement and their compensation and, except for training required under this Agreement, for the proper training of the employees in the operation of your Franchised Business. We have no responsibility or authority for your employment decisions and functions, including hiring, firing, establishing wage and hour requirements, disciplining, supervising, and record keeping. You will not recruit or hire any employee or independent contractor of a Company-Owned Unit or another Franchised Unit without obtaining the employer's written permission, which permission the employer will not unreasonably withhold, delay or condition, subject to any written covenant not to compete, the provisions of which will be respected and not challenged.

(b) **Uniforms.** All employees must at all times be dressed appropriately according to the Operations Manual, including proper uniforms purchased from Designated Suppliers worn during hours of operation. If an inspection should reveal that any employee of Franchisee has not followed appropriate uniform standards, Franchisee shall pay a fine of \$100 for failure to comply with Franchisor's uniform requirements. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

(c) **Employment Records.** If we request, you will provide us copies of employment materials or independent contractor agreements relating to each of your employees, including employment or other application materials, I-9 immigration and naturalization forms and the results of criminal background checks. You must timely and fully pay each of your employees and independent contractors to ensure that there is no interruption of services to your customers. All costs associated with your obligations under this Section are your sole responsibility.

Section 4.7 Management of Your Franchised Business

(a) **Your Management Responsibility.** You are solely liable and responsible for the operation of the Franchised Business in accordance with the terms of this Agreement and the Manual, regardless of whether you choose to operate the Franchised Business as a full-time owner/operator or hire a Manager. You acknowledge that, if you choose to operate the Franchised Business using a Manager, you may experience lower sales and/or higher costs than other Franchised Units managed by owner/operators.

(b) **Designated Representative.** If this Agreement is signed by 2 or more individuals or by a Business Entity, you must designate in Section 18.1 an individual or a Franchise Owner as the Designated Representative. We have the right to rely solely on instructions of the Designated Representative concerning the operation of the Franchised Business until we receive a duly signed written notice changing the Designated Representative.

(c) **Full-Time Efforts.** You (if you are an owner-operator) or the Manager must devote his or her best efforts to the day-to-day management and operation of your Franchised Business. This must be your or your Manager's full-time job, which includes being on-site directly supervising the Franchise Business for a minimum of 40 hours per week. The Manager must complete Initial Training before managing your Franchised Business, unless we otherwise agree in writing.

(d) **Change in Manager.** If the Manager fails to satisfy his or her obligations provided in Subsection 4.7(c) due to death, disability, termination of employment or for any other reason, you will satisfy these obligations until you designate a new Manager acceptable to us who has successfully completed Initial Training. You are solely responsible for the expenses associated with Initial Training, including the then-prevailing standard training fee we charge (currently \$200 per day for onsite training).

Section 4.8 Approved Specifications and Sources of Supply

(a) **Purchases from Us.** You must purchase from us any items that we require if implemented on a Network-wide basis. We will charge you the same price that we charge all Franchisees in your market. You will submit payment for orders and pay all shipping, handling and insurance costs to us in the manner and in accordance with the price schedule contained in the Manual or otherwise provided in writing, which we may amend in our sole direction. You agree to pay us for all orders in accordance with our then-current payment terms and policies. Your orders are subject to our acceptance and we reserve the right to wholly or partially accept or reject any order you place. We reserve the right to: (i) deny or limit the amount of credit we will extend to you; (ii) suspend shipments; (iii) make shipments only after all prior orders shipped to you have been paid in full; or (iv) make shipments on a cash in advance, on a C.O.D. basis, or on any other terms which we deem appropriate.

(b) **Purchases from Designated Suppliers.** You must purchase certain products or services solely from third party suppliers that we designate as detailed in the Operations Manual and from no other suppliers.

(c) **Approved Suppliers and Specifications.** You must purchase or lease equipment, supplies, inventory, advertising materials, construction services and other products and services used for the development and operation of your Franchised Business only from Authorized Suppliers and/or in accordance with our specifications. These Authorized Suppliers have demonstrated: (i) the ability to meet our standards and specifications for the specified items; and (ii) possess adequate quality controls and the capacity to supply your needs promptly and reliably. We will use our best reasonable efforts to negotiate agreements with Approved Suppliers that are in the best interest of all Franchised Businesses. We retain the right to receive compensation from

these Approved Suppliers for our negotiation. In approving suppliers for the Business System, we may take into consideration factors like the price and quality of the products or services and the supplier's reliability. We may concentrate purchases with 1 or more suppliers to obtain the lowest prices and/or the best advertising support and/or services for any group of Franchised Units or Company-Owned Units. Approval of a supplier may be conditioned on requirements on the frequency of delivery, standards of service, warranty policies including prompt attention to complaints, and concentration of purchases, as stated above, and may be temporary, pending our additional evaluation of the supplier.

(d) **Approval of New Suppliers.** If you propose to purchase or lease any equipment, supplies, inventory, advertising materials, construction services, or other products or services that are not proprietary to us or an Affiliate from an unapproved supplier, you must submit to us a written request for approval, or request that the supplier do so itself. We have the right to require, as a condition of our approval, that the supplier permit our representatives to inspect its facilities. If we request, the supplier will deliver samples to us or to our designated independent, certified laboratory for testing. We are not liable for damage to any sample that may result from the testing process. We may also require as a condition to our approval, that the supplier present satisfactory evidence of insurance, for example, product liability insurance, protecting our Franchisees and us from all claims from the use of the item within the Business System. We will give you written notice of our approval or disapproval via email within 10 days after all review and completion of the above conditions. We reserve the right to reinspect the facilities and products of any approved supplier and continue to sample the products at the supplier's expense. We reserve the right to revoke approval upon the supplier's failure to continue to meet our standards and specifications.

(e) **Revenues from Suppliers.** We negotiate rebates with certain vendors and suppliers for the benefit of the Franchisees. We will apply a 15% Administrative Fee. Within 45 days from the end of each calendar quarter, we will remit the balance of the funds to the Franchisees proportionate to their purchase volumes of products included in any vendor/supplier rebate program received by us during the preceding calendar quarter. The proportionate amount will be first applied to any sums due us by you. Franchisee is prohibited from deriving revenue, directly or indirectly (through rebates or kickbacks), from Designated and/or Approved Suppliers.

Section 4.9 Credit Cards and Other Methods of Payment

You will establish and maintain merchant account services in order to accept VISA, MasterCard, American Express and all other credit and debit card issuers or sponsors, check verification services, financial center services, and electronic fund transfer systems as we designate in order that you may accept customers' credit and debit cards, checks, and other methods of payment. We reserve the right to require the addition or deletion of credit card relationships and other methods of payment if implemented on a Network-wide basis. You will comply with all our credit card policies for a customer's use of a credit card as stated in the Manual.

Section 4.10 Beer and Wine License; Tobacco License

(a) **Beer and Wine.** You must secure and maintain in force a beer and wine license that permits beer and wine sales 7 days a week. If your Franchised Business is open and operating and a change occurs in applicable state or local law that does not permit beer and wine sales on Sundays, it will not be a breach of this Agreement. If your beer and wine license is suspended or revoked, in addition to our right to terminate this Agreement, we reserve the right to charge you the Royalty Fee on the Gross Sales you would have received on the lost beer and wine sales during the license suspension, if we are allowed to collect Royalty Fees on the sale of beer and wine. We will estimate the Gross Sales based on the prior year's Gross Sales during the suspension period.

(b) **Tobacco Products.** You must secure and maintain in force a license that permits sales of cigarettes and other tobacco products 7 days a week.

Section 4.11 Opening of the Franchised Business

(a) **No Opening Without Our Consent.** You agree not to open your Franchised Business for business before we have given you our written consent. If you open before we have given our written consent, you must cease operating the Franchised Business until we give you our written consent and you must pay us liquidated damages of \$500 for each week you were open without our written consent.

(b) **Conditions to Opening.** We will give our written consent when: (a) all your obligations under Sections 4.1 through 4.10 have been fulfilled; (b) we determine that your Franchised Business has been constructed, furnished, equipped, and decorated in accordance with approved plans and specifications; (c) the training of the Trainees has been completed to our reasonable satisfaction; (d) the Initial Franchise Fee and all amounts due to us under this Agreement have been paid in full; (e) we have been furnished with certificates of insurance and copies of all insurance policies or all other evidence of insurance coverage as we reasonably request; (f) you have obtained a certificate of occupancy for your Premises; and (g) you have obtained all necessary licenses and permits to operate your Franchised Business.

(c) **Failure to Timely Open.** If you fail to open for business within 12 months from the Agreement Date (the "Specified Opening Date"), unless delayed by causes beyond your reasonable control, we retain the right to terminate this Agreement upon 10-day's written notice. Upon termination of this Agreement, we are entitled to keep as liquidated damages and not as a penalty, all amounts you have previously paid to us, including the Initial Franchise Fee and the Real Estate Services Fee.

(d) **Certificate of Performance.** After we have performed all of our pre-opening obligations and you are open for business, we may request you to sign a certification in the form included in the Manual ("Certificate of Performance") confirming our performance. If, in good faith, you do not believe that we have not completed certain of our pre-opening obligations, you will note the alleged deficiencies on Schedule A – List of Deficiencies to Certificate of Performance specifically describing the obligations that you believe we have not performed.

(e) **Statement of Costs to Open.** Within 6 months after you open, you will prepare and provide us with a complete and detailed written statement in the form contained in the Manual containing a breakdown of all costs you incurred in the constructions and operation of the Franchised Business.

Section 4.12 Operational Requirements

You agree to operate the Franchised Business in conformity with all uniform methods, standards and specifications as we reasonably require in the Manual or otherwise, to ensure that the highest degree of quality and service is uniformly maintained.

(a) **Use of Premises.** You must use your Premises only for the operation of your Franchised Business. You must keep your Franchised Business open for business and in normal operation a minimum of 16 hours a day, 365 days a year or otherwise as we specify in writing except as may be limited by local law or the landlord's rules and regulations.

(b) **Use of POS System.** You must record all Gross Sales on an approved POS System.

(c) **Approved Products.** You must confine your Franchised Business only to the sale of the Approved Products that we designate and approve in writing from time to time for sale by your Franchised Business. You must offer the full Approved Product line during all hours of operation. We have the right to make modifications to the Approved Products from time to time, and you agree to comply with any modifications. You may not offer or sell any other product or service at the Franchised Business without our prior written consent.

(d) **Inventory Control.** You will maintain the Approved Products in sufficient supply (as we may reasonably require in the Operations Manual or otherwise in writing) at all times sufficient to meet the anticipated volume of business, and to refrain from deviating from these requirements without our written consent.

(e) **Standards of Conduct.** You will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with customers, suppliers, employees, independent contractors, the public and us (the “**Standards of Conduct**”).

(f) **Payment of Debts.** You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us, your suppliers, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Franchised Business; and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchised Business. If you default in making any payment when due, we are authorized, but not required, to pay them on your behalf. You agree promptly to reimburse us on demand for any such payment.

(g) **Customer Complaints.** You must respond to a customer complaint within 3 days of receipt. You must send to us a copy of the complaint and your written response. We may,

but without having any responsibility to do so, direct you in resolving the complaint and you agree to work diligently with us in resolving the matter.

(h) **Gift Card Program.** You must contract with our Approved Suppliers of customer loyalty programs and/or gift cards/certificates that may involve the issuance and acceptance of gift cards (or other gift redemption devices) through the POS System. You cannot issue gift certificates, scrip, or other cash equivalent certificates or devices other than our approved instruments without our written approval. You must accept all gift certificates we or other Franchisees issued and presented by customers for the purchase of products at the Franchised Business according to the policies and procedures contained in the Manual. You must keep detailed records of the issuance and redemption of giftcards.

(i) **E-Commerce.** You must participate in our E-Commerce Program as we designate from time to time. You may be required to sign our standard E-commerce Services Agreement. You may not conduct any e-commerce except through the designated E-commerce site. You acknowledge and agree that we have the right to develop and operate our own E-commerce website/business without your participation.

(j) **Suggested Pricing Policies.** We may make suggestions to you with regard to your pricing policies. Notwithstanding any suggestions, you have the sole and exclusive right as to the minimum prices you charge for the Items offered at the Franchised Business. We retain the right to establish maximum prices you charge for sales promotions. Any list of prices we furnish to you are recommendations only. Your failure to accept or implement any suggestion does not affect the relationship between you and us, unless otherwise specifically stated as a maximum price.

(k) **Vending Machines.** No vending machines, amusement devices, video machines, or other devices of any nature, including lottery, except as we approve, regardless of whether coin operated, will be installed or used at the Franchised Business, without our prior written consent.

Section 4.13 Compliance with Laws, Rules and Regulations

You will comply with all federal, state, and local laws, rules and regulations. You will timely obtain, maintain and renew when required all permits, certificates and licenses necessary for the proper conduct of your Franchised Business under this Agreement. These include anti-terrorism laws (Executive Order 13224), qualification to do business, fictitious, trade or assumed name registration, building and construction permits, occupational licenses, sales tax permits, health and sanitation permits and ratings, fire clearances, hazardous waste and other environmental permits. You acknowledge that: (i) federal, state and local governments administer and enforce regulations that include standards, specifications and requirements for the construction and maintenance of your Premises; fire safety, general emergency procedures, and customer/employee safety regulations; and, specifications and requirements that govern food preparation and health and Franchised Business sanitary conditions; (ii) OSHA and health regulations as well as state and local safety and workplace regulations may impact the types of safety training, safety devices, and safety equipment you must make available to or must offer your employees; (iii) the U.S. Food & Drug Administration, the U.S. Department of Agriculture,

and state and local health departments administer and enforce regulations related to the storage and disposal of waste, cleaning supplies, and other hazardous materials; (iv) the Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles (v) certain state and local governments have also adopted proposals that regulate indoor air quality, including no smoking policies; and (vi) you must comply with all city, state, county and federal laws, regulations and licensing requirements related to the offer and sale of beer and wine at the Franchised Business. You will comply with all of these laws and regulations and all other applicable laws and regulations relating to the operation of the Franchised Business.

Section 4.14 Maintenance and Repairs

(a) **Ongoing Maintenance.** You must maintain and repair the building, equipment, fixtures, furnishings, signage and Trade Dress (including the interior and exterior appearance) employed in the operation of your Franchised Business in the highest degree of sanitation, appearance, condition and security as stated in the Manual. Within 30 days after the receipt of any particular report prepared following an evaluation by our field representative, you must perform the items of maintenance and repair that we designate. If, however, any condition presents a threat to customers or public health or safety, you must immediately cure the condition, regardless of cost, as further described in this Agreement. The items of maintenance generally result from common wear and tear over a period of time, accidents or lack of care. Examples include: (i) repairing or replacing HVAC equipment, plumbing and electrical systems that are not functioning properly; (ii) repairing a leaking roof; (iii) repairing or replacing broken equipment; (iv) refreshing general appearance items such as paint (interior and exterior) and landscaping; (v) replacing worn flooring, furniture and other furnishings; and (vi) conducting routine maintenance of areas that affect the appearance of the Franchised Business and goodwill of the Trademarks such as the appearance of the outdoor signage, the parking lot and dumpster area.

(b) **Additional or Replacement Equipment.** If we determine additional or replacement equipment is required on a Network-wide basis because of a change in the Approved Products or method of preparation and service, a change in technology, a change in services, customer concerns or health or safety considerations, you will install the additional equipment or replacement equipment within the time we specify.

(c) **Maintenance Contracts.** You must maintain contracts with third parties for the maintenance of the Premises, the equipment and the landscaped areas. These contracts must provide for the performance of services, including preventative maintenance services, and be with financially responsible firms that: (i) maintain adequate insurance and bonding; (ii) have personnel who are factory trained to service equipment of the type in the Premises; and (iii) maintain an adequate supply of parts for the equipment. You will provide us with a copy of any contract for maintenance that you enter into with any outside maintenance firm if we request.

(d) **Signage.** The outdoor signage at your Franchised Business must comply with our then-current specifications, which we may modify and change from time to time due to modifications to the Business System, including changes to the Principal Trademark or other

trademark. You must make such changes to the outdoor signage that we require within 6 months of receiving notice from us.

Section 4.15 Tax Payments; Contested Assessments

You will obtain a sales tax dealer certificate and a tax resale certificate for inventory resold to customers, if required by state or local law. You will promptly pay when due all taxes required by any federal, state or local tax authority including unemployment taxes, withholding taxes including on Royalty Fees and any other payments to us, sales taxes, use taxes, income taxes, tangible commercial personal property taxes, real estate taxes, intangible taxes and all other indebtedness you incur in the conduct of your Franchised Business. You will pay to us an amount equal to any sales tax, goods and services tax, gross receipts tax, or similar tax imposed on us for any payments you make to us, unless the tax is based on our net income or our corporate status in a state. If we pay any tax on your behalf, you will promptly reimburse us the amount paid. If there is any *bona fide* dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, you will not permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises or any assets used in your Franchised Business.

Section 4.16 Customer Surveys; Customer List

You will present to customers any evaluation forms we require and will participate and/or request your customers to participate in any marketing surveys performed by or for us. You will maintain a current customer list containing each customer's name, address, telephone number and e-mail address, and supply a copy of the list to us on a quarterly basis. You must participate in any process we develop to record all customer information. We will not use your customer list in any activity adverse to, or in competition with, you.

Section 4.17 Inspections and Evaluations

(a) **Periodic Inspections.** You will permit our field representatives to enter your Franchised Business at all reasonable times during the business day to assist you, to evaluate your business operations and to ascertain that you are complying with the provisions of this Agreement. We have the right to inspect and evaluate your building, land and equipment, and to test, sample, inspect and evaluate your supplies, ingredients and products, as well as the storage, preparation and formulation and the conditions of sanitation and cleanliness in the storage, production, handling and serving of products and services. We will perform an inspection in a manner that minimizes interference with the operation of your Franchised Business. You will cooperate fully with our field representatives in the inspection. You will render assistance as they may reasonably request. You will permit them to observe how you are selling the products and rendering the services, to monitor sales volume, to conduct a physical inventory, to confer with your employees and customers and to remove samples of any products, supplies and materials in amounts reasonably necessary for inspection at our office and record keeping. We may videotape the inspection.

(b) **Evaluation Report.** We will give you an evaluation report listing the deficiencies and the corrective action you must take. Without limiting our other rights under this Agreement, you will take all steps necessary to immediately correct any deficiencies detected during inspections, including immediately stopping use of any equipment, advertising, materials, products, supplies or other items that do not conform to our then-current requirements. If you fail or refuse to correct any deficiency, this is an Event of Default on your part.

Section 4.18 Notices to Us

(a) **Lawsuits and Warning Letters.** You must notify us in writing and supply us copies of all relevant documents within 5 days of any of the following events:

(i) The commencement of any action, suit or other proceeding against you or any of your employees that may have a material adverse effect on the Franchised Business or the Business System;

(ii) Any communication by any governmental entity involving the conduct of your Franchised Business that indicates your material non-compliance with any applicable law, rule or regulation; or

(iii) The issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality against you or any of your employees that may have a material adverse effect on the Franchised Business or the Business System.

(b) **Progress Reports.** You will provide us with any information we request about the progress and outcome of these events within 5 days of our request.

Section 4.19 Operational Suggestions

You are encouraged to submit to us written suggestions for improving elements of the Business System, including products, services, equipment, service format, advertising and any other relevant matters for our consideration. You agree that any suggestions you make are our exclusive property. We have no obligation to use any suggestions. You may not use any suggestion inconsistent with your obligations under this Agreement without our written consent.

Section 4.20 Renovation and Upgrading

You agree that you will make capital improvements or modifications necessary to modernize, redecorate and upgrade your Franchised Business. This may include an upgrade of your equipment to reflect the current image and Trade Dress of new Franchises we reasonably request, taking into consideration the cost of the modernization, the life expectancy of the equipment and the then-remaining term of this Agreement. Generally, these requirements will not exceed those applicable to new Franchised Units and new Company-Owned Units. You must complete to our satisfaction any changes we require within a reasonable time, not to exceed 12 months from the date we notify you of any required changes (other than signage). You acknowledge and agree that the requirements of this Section are both reasonable and necessary to ensure continued public acceptance and patronage of the Franchised Business and to avoid

deterioration or obsolescence in connection with the operation of the Franchised Business. If you fail to make any improvement as required by this Section, this is an Event of Default on your part.

Section 4.21 Publicity

We have the right to take and use photographs, audio and/or video of the Franchised Business or testimonials from customers of the Franchised Business for publicity and/or advertising purposes, without charge or compensation to you. The photographs, videos, and/or testimonials are our sole property. You acknowledge that we own all right, title and interest and any other rights, as permitted under applicable law, to these photos, audio and video recordings. You agree that we may use your and your Franchise Owners' names, likeness and voices in promoting the Franchised Businesses and the Business System. You consent and assign to us all right, title and interest to our use of these names, likenesses and voices. You will cooperate with us in obtaining these audio, video, photographs, testimonials, and the consent of any persons included in these materials.

ARTICLE 5 - INTELLECTUAL PROPERTY

Section 5.1 Our Representations as to the Intellectual Property

We represent to you that:

- (a) **Ownership.** We are the sole owner of the Intellectual Property;
- (b) **Sublicense.** We have not sublicensed the Intellectual Property to any others except other Franchisees; and
- (c) **Protection.** We will take all steps necessary to preserve and protect the ownership and validity of the Intellectual Property.

Section 5.2 Your Use of the Intellectual Property

You may use the Intellectual Property only in accordance with standards and specifications we reasonably determine and implement on a Network-wide basis. You agree that:

- (a) **Limitation on Use.** You will use the Intellectual Property only for the operation of your Franchised Business at the Premises.
- (b) **Prohibitions.** You will not employ any of the Intellectual Property in signing any contract, check, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours.
- (c) **Packaging.** You have no right to pre-package or sell pre-packaged food products or beverages, or any other related goods or services, using the Intellectual Property unless we have given you written approval.

(d) **Sole Business Name.** You will use our Principal Trademark as the sole service mark identification for your Franchised Business and will display prominently our Principal Trademark on and/or with all materials that we designate and authorize and in a manner that we specify.

(e) **No Encumbrance.** You will not use any of the Intellectual Property as security for any obligation or indebtedness.

(f) **Fictitious Name.** You cannot use the “Farm Stores” or “Swiss Farms” trade name as part of your legal business name. You must comply in filing and maintaining any required fictitious, trade or assumed name registrations for the “Farm Stores” or “Swiss Farms” trade name for example, John Jones d/b/a “Farm Stores” or ABC, Inc. d/b/a “Farm Stores”, and will sign all documents that we or our counsel deem reasonably necessary to obtain protection for the trademarks and our interest in the trademarks.

(g) **Signage.** You will maintain a suitable sign or graphics package at, or near the front of the Premises, on any pylon sign, building directory or other area identifying the Premises only as “Farm Stores”. The signage must conform in all respects to our requirements except to the extent prohibited by local governmental restrictions or by landlord regulations.

(h) **Materials.** All materials including plastic or paper products and other supplies and packaging materials used in the Network will bear our Intellectual Property, as we specify.

(i) **Impairment.** You will exercise caution when using the Intellectual Property to ensure that the Intellectual Property is not in any manner jeopardized.

Section 5.3 Infringement by You

You acknowledge that the use of the Intellectual Property outside the scope of this Agreement, without our written consent, is an infringement of our rights in the Intellectual Property. You agree that during the Initial Term, and after the expiration or termination of this Agreement, you will not, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity of, or our right to, the Intellectual Property, or take any other action in derogation of our rights.

Section 5.4 Claims against the Intellectual Property

If there is any claim of infringement, unfair competition or other challenge to your right to use the Principal Trademark or the other Intellectual Property you will promptly (within 7 days) notify us in writing. If you become aware of any use of, or claim to, the Principal Trademark or the other Intellectual Property by persons other than us or our Franchisees, you will promptly (within 7 days) notify us in writing. You will not communicate with anyone except our counsel and us on any infringement, challenge or claim except under judicial process. We have sole discretion as to whether we take any action on any infringement, challenge or claim. We have the sole right to control any litigation or other proceeding arising out of any infringement of, challenge to, or claim to any Intellectual Property. You must sign all documents, render all assistance, and do all acts that our attorneys deem necessary or advisable in order to protect and

maintain our interest in any litigation or proceeding involving the Intellectual Property or otherwise to protect and maintain our interests in the Intellectual Property.

Section 5.5 Your Indemnification

We indemnify you against and will reimburse you for all damages and costs (including reasonable attorneys' fees and costs) for which you are held liable in any proceeding based on your use of any of the Intellectual Property in accordance with this Agreement, provided you: (a) have timely notified us of the claim or proceeding; (b) have otherwise complied with this Agreement; (c) allow us sole control of the defense and settlement of the action; and (d) cooperate fully with our counsel in the defense of the action.

Section 5.6 Our Right to Modify the Intellectual Property

If we deem it advisable to modify or discontinue the use of the Principal Trademark or any of the other Intellectual Property and/or use an additional or substitute Principal Trademark, you are liable for all expenses in substituting the modified or new Intellectual Property in your Franchised Business. You are obligated to do so within 30 days of our request.

Section 5.7 Our Reservation of Rights

You agree that the license of the Intellectual Property we grant to you has limited exclusivity. We expressly reserve all rights that we do not expressly grant to you in this Agreement concerning the Intellectual Property or other matters. You will not receive any compensation if we exercise these reserved rights. These reserved rights include:

(a) **Other Locations.** We retain the right to operate and grant others the right to operate Franchised Businesses at such locations and on such conditions as we deem appropriate.

(b) **Wholesale Sales.** We retain the right to engage in wholesale operations unless we grant the right to you in writing.

(c) **Alternate Channels of Distribution.** We retain the right to distribute or license the manufacture or distribution of products, regardless of whether the products are authorized for the Franchised Business, under the Proprietary Marks either licensed under this Agreement or otherwise, through alternate channels of distribution, including catalog and Internet sales.

(d) **Different Business Models.** We have the right to establish, develop, license or franchise other business models, different from the Business System licensed by this Agreement, regardless of its proximity to, or potential impact on, the Franchised Business, without offering or providing you any rights in, to, or under the other systems.

Section 5.8 Ownership; Inurement Solely to Us

You agree that: (a) you have no ownership or other rights in the Intellectual Property, except as expressly granted in this Agreement; and (b) we are the authorized licensor of the Intellectual Property. You agree that all goodwill associated with the Franchised Business inures

directly and exclusively to our benefit and is our sole and exclusive property except through any profit you receive from the permitted sale of your Franchised Business during the Initial Term or any Renewal Term. You will not in any manner prohibit, or do anything that would restrict, us or any Franchisee from using the Intellectual Property or filing any trade name, assumed name or fictitious name registration of the Principal Trademark with respect to any Franchised Business to be conducted. If you secure in any jurisdiction any rights to any of the Intellectual Property (or any other Intellectual Property) not expressly granted under this Agreement, you will immediately notify us and immediately assign to us all of your right, title and interest to the Intellectual Property (or any other Intellectual Property).

ARTICLE 6 - THE MANUAL

Section 6.1 In General

To protect our reputation and goodwill and to maintain uniform standards of operation under the Intellectual Property, you will conduct your Franchised Business in accordance with the Manual. The Manual is an integral part of this Agreement with the same effect as if fully stated in this Agreement. We may provide a hard copy of the Manual to you or provide it to you electronically or through the Intranet.

Section 6.2 Confidentiality Use

(a) **Trade Secret.** You will treat and maintain the Confidential Information as our confidential trade secrets except for information previously known or obtained through independent sources and found within the public domain. You must keep the Manual in a secure area within the Premises. You will strictly limit access to the Confidential Information to your employees that have signed a Confidentiality and Non-Competition Agreement in the form included in the Manual and to the extent they have a "need to know" in order to perform their duties. You will report the theft, loss or destruction of the Manual immediately to us. Upon the theft, loss or destruction of the Manual, we may loan to you a replacement copy at a fee of \$200 for a new copy of the Manual.

(b) **Unauthorized Use.** You agree that, during and after the Initial Term, you, your Franchise Owners, Designated Representative, Managers and employees will:

- (i) Not use the Confidential Information in any other business or capacity, including any derivative or spin-off of the Farm Stores® or Swiss Farms® concept.
- (ii) Maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Initial Term;
- (iii) Not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and
- (iv) Adopt and implement all procedures that we require to prevent unauthorized use or disclosure of, or access to, the Confidential Information.

Section 6.3 Periodic Revisions

(a) **Changes to Operations Manual.** We will revise the Operations Manual and these standards, procedures, techniques and management systems periodically to meet changing conditions. You will comply with each new or changed provision beginning on the 30th day (or any longer time as we specify) after our written notice. We will base revisions to the Operations Manual on what we determine to be in the best interests of the Business System, our interest and the interest of our Franchisees, including promoting quality, enhancing goodwill, increasing efficiency, decreasing administrative burdens, or improving profitability.

(b) **Variances.** Because complete and detailed uniformity under many varying conditions may not be possible or practical, we reserve the right, in our sole discretion and as we may deem to be in the best interests of all concerned in any specific instance, to vary standards for any Franchisee based on the circumstances then existing. You are not entitled to require us to grant to you a similar variation under this Agreement.

(c) **Updates.** You will ensure that your copy of the Operations Manual contains all updates you receive from us. In any dispute as to the contents of the Operations Manual, the terms contained in our master copy of each of the Operations Manual we maintain at our home office is controlling.

Section 6.4 Prior Information

You agree that all Confidential Information received before the Agreement Date was unknown to you except through our disclosure and that the marketing practices and operating procedures we develop and franchise to you for the operation of the Franchised Business are important for the success of the Business System. If you receive any Confidential Information after signing this Agreement, and you do not object in writing to us within 30 days after signing this Agreement that any of the information comprising the Confidential Information not be considered Confidential Information, then you have irrevocably waived your right to make any objection. You agree that this representation and warranty is a material inducement for us to enter into this Agreement, and any breach is an Event of Default on your part.

ARTICLE 7 - ADVERTISING

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the goodwill and public image of the Business System, the parties agree to the following provisions.

Section 7.1 Grand Opening Advertising Program

You are required to spend an amount that we designate of \$5,000 to \$15,000 on grand opening activities that we approve ("Grand Opening Advertising Expenditures"). All Grand Opening Advertising Expenditures must be made within 60 days of opening. Prior to commencing the Grand Opening Advertising program, you will submit for our approval a plan for such proposed expenditures. All Grand Opening Advertising expenditures must be made within 90 days of the date you commence operations at the Franchised Business. In addition, you will submit all Grand

Opening materials to us for approval at least 30 days before the scheduled Grand Opening activities. You will provide such verification (receipts, etc.) as we require substantiating the Grand Opening expenditures.

Section 7.2 Local Advertising and Marketing

(a) **Your Expenditures.** You must spend at least 2% of Gross Sales for Local Advertising during each month of operation. This is in addition to the Grand Opening Advertising Fee. You must provide reports of Local Advertising expenditures each month in the form or format we prescribe or as otherwise set forth in the Manual or in writing.

(b) **Our Approval.** You must submit to us for our approval all materials used for Local Advertising and Marketing, unless we have previously approved the materials or the materials consist of materials we have provided. All materials containing the Intellectual Property must include the applicable designation - service marksm, trademarkTM, registered[®] or copyright[©], or any other designation we specify. If you have not received our written approval of materials you submitted within 10 days from the date we received the materials, then we are deemed to have disapproved the materials. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved, if in our judgment, the materials or advertising may injure or be harmful to the Business System. You will have 5 days after you receive of our written notice to discontinue using the materials or advertising, unless otherwise agreed in writing. Your submission of advertising to us for our approval does not affect your right to determine the prices that you sell your products or services.

(c) **Franchise Opportunities Available.** Subject to any legal restrictions, you must place a sign we supply to you in a conspicuous place within the Premises as well as on all menus, containing substantially the following statement: "[Farm Stores / Swiss Farms] Franchise Opportunities Available." You must immediately refer all responses to us at (800) 726-3276 or any other number we designate and include our corporate address. You have no authority to act for us in franchise sales.

(d) **Online Directories.** Your Franchised Business will be listed in 2 major online directories such as Google and Yelp. You must participate in the maintenance of these listings with the correct phone number and address of the Franchised Business.

(e) **Social Media.** You must follow our requirements for the use of social media as specified by us in our Operations Manual or otherwise in writing. We may require that you create and maintain a designated social media account or other Internet presence at your sole cost and expense, which may include, but is not limited to a Facebook page, Instagram account or Yelp presence. We may also prohibit you from participating in social media or otherwise establishing an Internet presence, at our option. We may establish and modify from time to time social media campaigns and other Internet activities. You agree to participate in and comply with the mandatory promotional social media campaigns and Internet activities that we may prescribe from time to time for Franchised Businesses. You agree to bear your own costs and expenses of participating in such promotions.

(f) **Participation in Certain Promotions.** You must participate in all required advertising and promotional programs we establish. If the promotional program involves any product that is listed on the then-current product list (including any limited time offers), we may suggest, but will not require, that you offer the item at a price lower than the everyday price. Required and/or approved promotions and discounts provided to customers may be credited towards your required minimum Local Advertising expenditures.

(g) **No Solicitation Outside DMA.** We do not grant you an exclusive marketing area but you may advertise within your Designated Marketing Area (“DMA”). You will not solicit business outside your DMA by a toll-free number, catalog, direct mail, Internet, website or other advertising or solicitation method without our prior written consent.

Section 7.3 Regional Advertising Cooperative

You agree that we have the right to establish a Regional Advertising Cooperative in any DMA. Upon our request, you will immediately become a member of the Regional Advertising Cooperative for the DMA that includes the location of your Franchised Business. Your Franchised Business does not have to be a member of more than 1 Regional Advertising Cooperative.

(a) **Purposes of Regional Advertising Cooperative.** We will organize the Regional Advertising Cooperative for the exclusive purposes of administering advertising programs and developing standardized promotional materials for use by its members. The Regional Advertising Cooperative may adopt its own rules and procedures, but we must approve the rules or procedures. The rules and procedures must not restrict or expand your rights or obligations under this Agreement. Except as otherwise contained in the Franchise Agreement, and subject to our approval, any lawful action of the Regional Advertising Cooperative at a meeting attended by 67% of the members, including assessments for Local Advertising and Marketing, binds you if approved by 67% of the members present. Each Franchised Unit and Company-Owned Unit has 1 vote; however, no Franchisee (or controlled group of Franchisees) has more than 25% of the vote in the Regional Advertising Cooperative regardless of the number of Franchised Businesses owned by any Franchisee.

(a) **Our Approval of Advertising.** We must approve in writing all advertising or promotional plans or materials the Regional Advertising Cooperative proposes to use or furnish to its members. The Cooperative must submit to us all plans and materials in accordance with the procedure stated in Subsection 7.2(b).

(b) **Members’ Contributions to Cooperative.** The Regional Advertising Cooperative has the right to require each of its members to contribute to the Regional Advertising Cooperative an amount not to exceed 2% of that member's monthly Gross Sales. We credit this amount against your obligation for Local Advertising as provided by Subsection 7.2(a). Each member will submit to the Regional Advertising Cooperative, no later than the 10th day of each month for the preceding calendar month, his, her or its contribution together with all other statements or reports the Regional Advertising Cooperative or we require.

(c) **Quarterly Reports**. The Cooperative will prepare quarterly unaudited reports of its advertising and marketing expenditures. The reports will be sent by the Cooperative to its members and to us.

(d) **Impasses**. If an impasse occurs based on its members' inability or failure to resolve within 45 days any issue affecting the establishment or effective functioning of the Regional Advertising Cooperative, the issue, upon request of a member of the Regional Advertising Cooperative, will be submitted to us for consideration. Our resolution of the issue is final and binding on all members of the Regional Advertising Cooperative.

(e) **Changes, Dissolution or Merger of Cooperatives**. We have the right to form, change, dissolve or merge any Cooperative.

Section 7.4 Internet Advertising and Marketing/Website

(a) **Website**. We will list your Franchise on our "Locations" page of our Website. We maintain sole and exclusive rights to all content and information displayed or collected on our Website. The content and information include company information, user demographics and profiles, pictures and graphics, testimonials, advertisements, franchise information, product and/or service information and all other information that we may designate in writing.

(b) **Domain Name**. We prohibit you from registering any domain name using the Intellectual Property and from hosting a website to promote the Franchised Business or the products or services without our prior written consent. We retain all rights to the trade names and other Intellectual Property, and any associated Internet domains used to identify the Business System.

Section 7.5 Marketing Fund

(a) **Creation**. We have created a special marketing fund (the "Marketing Fund"), into which we will deposit the Marketing Fund Contributions for the collective benefit of Farm Stores® businesses and Swiss Farms® businesses. We may co-mingle the Advertising Contributions from both Farm Stores® businesses and Swiss Farms® businesses into the same Marketing Fund.. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Marketing Fund.

(b) **Administration**. We will administer the Marketing Fund. We use the funds in the Marketing Fund to pay for the costs of creating various advertising, marketing, and promotional materials that we deem beneficial to the Business System. We also use the funds in the Marketing Fund to pay the costs of conducting regional and/or national advertising and promotional activities (including the cost of producing advertising campaigns and marketing materials, conducting test marketing and marketing surveys, and public relations activities) that we deem beneficial to the Business System. We also have the right to lend funds to the Marketing Fund or borrow funds from the Marketing Fund. We can charge to the Marketing Fund 15% of the Marketing Fund's receipts to reimburse us for our costs for services we provide, in lieu of engaging third party agencies to provide these services. The amount of reimbursement may change at any time based on our assessment of our costs of supervising and administering the

Marketing Fund. We can allocate and spend funds from the Marketing Fund to and in different DMAs as we deem best for the entire Farm Stores brand and Swiss Farms brand collectively. We do not promise or guaranty that we will spend such amounts from the Marketing Fund in your DMA or with respect to either the Farm Stores or Swiss Farms brand in any proportion to your contribution to the Marketing Fund. We will not use any of the funds to offer or sell Farm Stores or Swiss Farms franchises to prospective franchisees.

(c) **Expenditures.** All expenditures are at our sole discretion. We may spend in any calendar year more or less than the total Marketing Fund Contributions to the Marketing Fund in that year. We may loan to the Marketing Fund or borrow from other lenders for the Marketing Fund to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. We will carry any monies not spent by the Marketing Fund in any particular year to fund production expenses in the next year.

(d) **Advertising Rebates.** You authorize us to act as your sole agent to enter into contracts with parties, other than Designated Suppliers and Approved Suppliers, offering promotion, discount or other programs where you would receive rebates or marketing allowances ("Advertising Rebates") relating to our purchase of advertising, marketing, and promotional materials. We will contribute all Advertising Rebates paid to us, based on your purchases, and the purchases of other Franchised Units and Company-Owned Units, to the Marketing Fund. By signing this Agreement, you assign all of your right, title and interest in all Advertising Rebates to us, and authorize us to furnish any proof of purchase evidence as may be required in accordance with the contracts.

(e) **Annual Report.** We will prepare an annual report of the receipts and expenditures of the Marketing Fund and send a copy of the report to you and all other Franchisees within 150 days after the end of each fiscal year. We will not audit this report.

Section 7.6 Content and Concepts

We retain sole discretion over all advertising, marketing and public relations programs and activities financed by the Marketing Fund, including the creative concepts, materials and endorsements used and the geographic market, media placement and allocation. You agree that the Marketing Fund may be used to pay the costs of preparing and producing associated materials and programs that we determine, including video, audio and printed advertising materials employing advertising agencies; sponsorship of sporting, charitable or similar events, administering regional and multi-regional advertising programs including purchasing direct mail and other media advertising, social media programs, and employing advertising agencies to assist with marketing efforts; and supporting public relations, market research and other advertising, promotional and marketing activities.

Section 7.7 Marketing Fund Contributions by Us

Company-Owned Units are required to contribute to the Marketing Fund and any Cooperative on the same basis that Franchised Units are required to contribute. We do not have to use any of our funds on the advertising programs for the franchise system.

Section 7.8 Termination of Expenditures

We maintain the right to terminate the collection and disbursement of the Marketing Fund Contributions and the Marketing Fund. Upon termination, we will disburse the remaining funds to existing Franchised Units and Company-Owned Units on a *pro-rata* basis based on their relative amount of contributions.

ARTICLE 8 - ACCOUNTING AND RECORDS

Section 8.1 Paper and Electronic Records

(a) **Business Records.** You will maintain complete and accurate records for the operation of your Franchised Business ("Business Records"). The Business Records may be in paper form, but you must maintain in Adobe PDF electronic versions of all paper records along with all e-mail communications and electronically created records. These Business Records include detailed daily sales, cost of sales, all communications and attachments sent by e-mail and other relevant records or information. You must provide this information to us according to reporting formats, methodologies and time schedules that we establish from time to time. You must segregate these Business Records from all other records that do not concern your Franchised Business. You must preserve these Business Records in a cloud-based web storage we designate, accessible to us; for at least 6 years from the dates of their preparation including after the termination, transfer or expiration of this Agreement.

(b) **Our Ownership.** You acknowledge and agree that we own all of your Business Records with respect to customers and other service professionals of, and/or related to, the Franchised Business including all databases (whether in print, electronic or other form), including all names, addresses, telephone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by Franchisee. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, we may access the Business Records, and may utilize, transfer, or analyze the Business Records as we determine to be in the best interest of the Network.

Section 8.2 Reports and Statements; Confidentiality

(a) **Weekly Reports.** You will e-mail to us as an attachment by noon EST on the Tuesday of each week, or provide Franchisor access in the proper folder designated on our intranet, our Weekly Report form included in the Operations Manual that includes accurate records reflecting all Gross Sales for the previous week (Monday through Sunday), the computation of Royalty Fees, Marketing Fund Contributions, a list of expenditures for Local Advertising and all other information we require.

(b) **Monthly Reports.** If requested, you will e-mail to us as an attachment by the 10th day of each month, or provide Franchisor access in the proper folder designated on our intranet, our Monthly Report form included in the Operations Manual that includes accurate records reflecting all Gross Sales received during the previous month, the computation of Royalty Fees

and Marketing Fund Contributions, a list of expenditures for Local Advertising, and all other information we require. If you must collect and remit sales taxes, you must also supply to us copies of your sales tax returns.

(c) **Quarterly Reports.** If requested, you will e-mail to us as an attachment by the 15th day of April, July, October and January of each year, or provide Franchisor access in the proper folder designated on our intranet, our Quarterly Report form included in the Operations Manual, a balance sheet and income statement reflecting all Gross Sales received during the previous calendar quarter, the computation of Royalty Fees and Marketing Fund Contributions, a list of expenditures for Local Advertising, all other income and expenses, and all other information we require.

(d) **Annual Financial Statements.** You must also submit to us, an annual balance sheet, income statement and statement of cash flows within 90 days of the end of your fiscal year prepared in accordance with Generally Accepted Accounting Principles. You, your treasurer, or your chief financial officer must sign and attest that the financial statements are true and correct and fairly present your financial position at and for the times indicated. You will also supply to us copies of your federal and state income tax returns at the time you file these returns with the appropriate tax authorities. The financial statements and/or other periodic reports described above must segregate the income and related expenses of your Franchised Business from the income and expenses of any other business that you may conduct.

(e) **Third Party Suppliers.** If permitted by any third-party suppliers, we reserve the right to request and obtain any information and data about your franchised business directly from those suppliers.

(f) **Confidentiality.** We agree to maintain the confidentiality of all financial information we obtain about your Franchised Business. We may disclose this financial information to our professional advisors and any third party that is bound to maintain the confidentiality of the information. We may use the information to prepare a financial performance representation or other information required or permitted by federal or state franchise law. We may prepare a composite list of financial performances by our Franchisees for dissemination among the Franchisees that identifies your Gross Sales and advertising expenditures. This composite list will not present the information in a manner where your identity can be easily determined.

Section 8.3 Review and Audit

(a) **Our Right of Inspection and/or Audit.** Our representatives have the right at all times to examine and copy your records. We have the right, at any time, to access your POS System to determine, among other things, sales activity and Gross Sales. We also have the right, at any time, to conduct an independent audit of your records but no more than 2 times a year, or more frequently if you are in default under this Agreement. To verify the information you supply, we have the right to reconstruct your sales through the inventory extension method or any other reasonable method of analyzing and reconstructing sales. You agree to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales

within a period of 14 days from the date of notice of understatement or variance. You must fully cooperate with our representative in performing these activities and you must reimburse us for any expenses we incur based on your lack of cooperation.

(b) **Underreporting.** If an inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of one and one-half percent (1.5%) per month (or the rate legally allowed by the law of the state where Franchisee is located, whichever is lower). Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). If you underreport such amounts or payments to Franchisor by 1% or more it shall be considered a material breach of this Agreement and will constitute an Event of Default as defined in Section 11.2. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

Section 8.4 Your Name, Address and Telephone Number

Under federal and state franchise laws, while you are a Franchisee, we must disclose your name, business address and business telephone number of each of your Franchised Units in ITEM 20 of the FDD. After you cease being a Franchisee, we must disclose your name, city and state and then current business telephone number (or if unknown, your last known home telephone number) for a certain time. You agree to this disclosure. You must notify us of any change in your name, address and telephone number within 10 days of the change. This obligation survives the expiration or termination of this Agreement.

ARTICLE 9 – INSURANCE AND BONDING

Section 9.1 Types and Amounts of Coverage

You must purchase and maintain at your expense certain insurance that includes the risks, amount of coverage and deductibles as stated in the Operations Manual. This insurance may be in addition to any other insurance that you must obtain based on the requirements of applicable law, your landlord's requirements, your lender's requirements or otherwise. The insurance company must be reasonably satisfactory to us and have a Best rating of "B" or better. We may periodically adjust the amounts of coverage required under the insurance policies and require different or additional kinds of insurance at any time. These include excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances, if the changes are required throughout the Network including any Company-Owned Units.

Section 9.2 Evidence of Insurance

At least 10 days before you begin any construction of the Premises, or 10 days from the Agreement Date, if the Premises are constructed and presently owned or leased by you, you must furnish to us a certificate of insurance, endorsement, insurance declaration, and/or other document that we may request issued by an approved insurance company showing compliance with these insurance requirements and a paid receipt showing the policy number. The certificate of insurance

must include a statement by the insurer that the policy will not be canceled, be subject to nonrenewal or be materially altered without at least 30 days' written notice to us. You will send to us current certificates of insurance on an annual basis. You will submit to us promptly copies of all insurance policies and proof of payment upon our request.

Section 9.3 Requirements for Construction or Renovation

For any construction or renovation of the Premises, you must require the general contractor to maintain with an approved insurer commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builder's risk, product liability, and independent contractor's coverage) for at least \$1,000,000, with you and us named as additional named insureds, as their interests may appear, together with workers' compensation and employer's liability insurance required by law.

Section 9.4 Our Right to Participate in Claims Procedure

Our insurer or we have the right to participate in discussions with your insurance company or any claimant (with your insurance company) regarding any claim. You agree to discuss our reasonable recommendations with your insurance carrier regarding the settlement of any claims.

Section 9.5 Waiver of Subrogation

The parties agree that, for any loss covered by insurance carried by the parties, their respective insurance companies have no right of subrogation against the other.

Section 9.6 Effect of Our Insurance

Your obligation to maintain the policies in the amounts required is not limited because of any insurance we maintain. Our performance of your obligations does not relieve you of liability under the indemnity provisions in this Agreement.

Section 9.7 Failure to Maintain Insurance

If you fail to maintain the insurance required by this Agreement, we have the right and authority (but without any obligation to do so), after written notice to you and 10 days in which to cure, to procure the insurance on your behalf. If we do so, we will charge you the cost of the insurance, plus interest at the maximum rate permitted by law and a 15% administrative fee for so acting, that you agree to pay immediately upon notice.

Section 9.8 Group Insurance

If we arrange any insurance coverage through group or master policies such as property and casualty, workers' compensation, liability and health, life and disability insurance, we will offer you the right to participate in this group insurance programs at your expense if the insurance is available in the state in which your Franchised Business is located.

ARTICLE 10 - TRANSFER OF INTEREST

Section 10.1 Transfer by Us

(a) **No Restrictions on Transfer**. We have the right to assign this Agreement to any person without your consent.

(b) **Estoppel Certificate**. Within 10 days after we request, you must sign, acknowledge and deliver to us, a written estoppel certificate stating: (a) confirmation of the existence of this Agreement; (b) that this Agreement has not been amended and is in full force and effect (or, if amended, stating the nature of the amendment); (c) that there are not, to your knowledge, any uncured defaults on our part or by you under this Agreement or specifying the defaults, if any, that are claimed; (d) that you have no, and know of no basis for, any claims of any kind against us (or, if you have or know of any claims, a detailed statement of all claims and a statement that you have no, and know of any basis for, any other claims); and (e) any other matter upon which certification is requested by us or a prospective assignee or lender. We and any prospective purchaser or lender of ours may rely upon any estoppel certificate you give under this Subsection. Any failure or refusal to timely sign a truthful estoppel certificate under this Subsection is an Event of Default on your part.

Section 10.2 Transfer by You

(a) **Personal Rights**. You agree not to transfer any interest in this Agreement, or any portion of the Business Assets comprising the Franchised Business, or more than 50% of the equity interests of the Franchisee if a Business Entity without our written consent. We will not unreasonably withhold, delay or condition our consent to any proposed transfer or assignment by you that requires our consent. Our consent is not required for a transfer of an equity interest, if the Franchisee is a Business Entity, to another original equity owner, but such transfer does not release any Guaranty of the Franchisee's Obligations previously signed.

(b) **Transfer to Your Business Entity**. You may assign this Agreement to a Business Entity in which you own a majority of the issued and outstanding equity interests if:

(i) You or a Manager we approve actively manages the Business Entity and continues to devote his or her best efforts and full and exclusive time to the day-to-day operation of your Franchised Business. You must advise us of the name of the Manager and the Manager must meet our standards including training.

(ii) The Business Entity cannot use the trade name "Farm Stores" or "Swiss Farms" in any derivative or form in the name of the Business Entity.

(iii) The Board of Directors (Management Committee) and Shareholders (Members) of the Business Entity approve the assumption of this Agreement, authorize an officer or manager to sign a joinder agreement or assumption of this Agreement and appoint a Designated Representative.

(iv) An authorized officer (manager) of the Business Entity signs a document in a form we approve, agreeing to become a party bound by all the provisions of this Agreement;

(v) All certificates representing equity interests must bear the following legend:

The Shares {Membership Interests} represented by this Certificate are subject to the terms of the Franchise Agreement between the Corporation [Company] and Farm Stores Franchising, LLC dated _____, 20__ including its restrictions on transfer. A copy of the Franchise Agreement is on file at the principal office of the Corporation [Company].

(vi) You pay us the transfer fee stated in Subsection 3.1(f).

You understand that, if you transfer this Agreement to a Business Entity, you remain personally liable for all the monetary and non-monetary obligations under this Agreement arising before or after the transfer through the end of the Initial Term and any Renewal Term.

(c) **Transfer to Family Members or among Franchise Owners.** If the transfer is between an original Franchise Owner or an individual who has been a Franchise Owner for at least 5 years and an immediate family member of that Franchise Owner, or if the transfer is among individuals who have each been Franchise Owners for at least 5 years, then the following apply: (i) no transfer fee will be payable to us, although you must reimburse us for our reasonable costs and expenses in an amount not to exceed \$1,500; (ii) we will waive our right of first refusal described in Section 10.5; and (iii) we will not require the signing of our then-current franchise agreement but a joinder to this Agreement.

(d) **No Subfranchising Rights.** You have no right to grant a subfranchise.

(e) **No Encumbrance of Franchise Right and Controlling Interest.** While you may encumber the assets comprising your Franchised Business with our prior written consent and subject to Section 3.6, you may not grant a security interest, collaterally assign or otherwise encumber your interest in this Agreement. You may not pledge or otherwise encumber a controlling voting or equity interest in a Business Entity if you assign this Agreement to a Business Entity. Any attempted encumbrance is void and is an Event of Default on your part.

(f) **"For Sale" Restrictions.** You will not permit to be placed upon the Premises a "Business For Sale" or "For Sale" sign, or any sign of a similar nature or purpose, nor in any manner use the Principal Trademark or other trademarks to advertise the sale of your Franchised Business or the sale or lease of the Premises. These prohibitions apply to any activities under a listing agreement into which you may enter with a real estate or business broker.

(g) **Permitted Transfer or Sale.** We will consent to a transfer of this Agreement or the sale of the assets comprising the Franchised Business, which consent we will not withhold, if you satisfy the following requirements:

(i) You must give us written notice of your intention to transfer this Agreement or sell the assets comprising the Franchised Business. You will also submit other information and documents (including a copy of the proposed purchase or other transfer agreement) we require

under our then-current transfer procedures. The notice must indicate whether you or a Franchise Owner proposes to receive by the transferee a purchase money security interest in the property transferred. You may not receive a security interest without our prior written consent and upon conditions acceptable to us. Any agreement used in connection with a transfer or sale is subject to our prior written approval, which approval we will not withhold unreasonably.

- (ii) We have not exercised our right of first refusal under Section 10.5.
- (iii) You are not in default of any term of this Agreement or any other agreement between you and us at the time of transfer.
- (iv) The transferee satisfactorily completes our application procedures for new Franchisees;
- (v) The transferee interviews at our principal office and demonstrates to our reasonable satisfaction that the transferee has the business and personal skills, reputation and financial capacity that we require of new Franchisees;
- (vi) The transferee sign our then-current form of Franchise Agreement and all other agreements attached as exhibits to our then-current FDD, if we so require. The new Franchise Agreement and other agreements may vary in material aspects from this Agreement, including higher Royalty Fees, Advertising and Marketing Fees, and other fees not included in this Agreement. Neither party is obligated to perform their respective pre-opening obligations under the new Franchise Agreement. We will not charge an Initial Franchise Fee.
- (vii) You will pay us the Transfer Fee stated in Subsection 3.1(f) to reimburse us for our costs in approving the transfer and in training the transferee. If the transferee is a corporation wholly owned by you, your spouse, child or another Franchisee, we will not charge you the Transfer Fee, provided a Manager we previously approved and trained continues to operate the Franchised Business.
- (viii) The transferee must assume your obligations under the lease of the Premises or sign a new lease with the lessor.
- (ix) You and your shareholders (members), and your directors and officers (managers) must sign a General Release, in the form attached as Exhibit S to the FDD, of any claims against us and our respective officers, directors, agents and employees.
- (x) At the transferee's expense, the transferee or transferee's Manager (unless the Manager has been previously approved and trained by us) must complete Initial Training then in effect for new Franchisees upon all terms that we reasonably require.
- (xi) The parties will sign our form of Franchisor's Consent to Transfer or Sale in the form included in the Operations Manual.
- (xii) The transferee deposits \$3,000 with us for initial advertising and promotion.

(h) **Disapproval of Transfer.** Our disapproval of the transfer for failure to satisfy the transfer conditions described in this Subsection, or of any other condition to transfer stated in this Agreement, does not cause us any liability to you or the transferee. Our consent to a transfer is not a waiver of any claims we may have against you. Our consent to a transfer is not a waiver of our right to demand the transferee's exact compliance with this Agreement. No transfer we approve relieves you of liability for your conduct before the transfer, including conduct in breach of this Agreement. You are relieved of all liability for your transferee's conduct after a permitted transfer except you remain obligated to comply with those provisions that expressly survive an expiration or termination of this Agreement including the obligations of indemnification, confidentiality and non-competition.

(i) **Transfer Without Our Consent.** Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement is void. We will consider that your interest in this Agreement has been voluntarily abandoned giving us the right to elect either to deem you in non-curable default and terminate this Agreement or to collect from you and the Guarantors a Transfer Fee equal to 2 times the Transfer Fee provided for in Subsection 3.1(f).

Section 10.3 Transfer upon Divorce or Business Entity Dissolution

If this Agreement is in the name of 2 persons who are husband and wife or 2 or more persons who are owners of a Business Entity, this Section describes the policies to be applied upon a divorce or dissolution of the Business Entity. During the period when a divorce or dissolution action is pending, you must give us written notice and adopt one of the following methods of operation:

(a) **Relinquishment of Interest.** If a party relinquishes his or her right and interest in the Franchised Business and the other spouse or owner will continue to operate the Franchised Business, he or she must assign the interest to the other spouse or owner if the other spouse or owner has successfully completed Initial Training. This does not relieve that person relinquishing his or her interest of his or her personal obligations under this Agreement including the personal obligations of indemnification, confidentiality and noncompetition.

(b) **Joint Cooperation.** If the parties to a divorce or dissolution action agree that, despite their difficulties, they can continue to operate the Franchised Business jointly on a "business-as-usual" basis during the proceeding, they may do so.

(c) **Third Party Manager.** If the parties in a divorce action or dissolution do not agree to operate under alternates (a) or (b), they must arrange to have a third party act as Manager and operate the Franchised Business until the divorce or dissolution is completed. We must approve the Manager and the Manager must have satisfactorily completed Initial Training.

(d) **Final Order or Judgment.** After a final order or judgment, the divorcing parties may continue to operate the Franchised Business. In this case, however, each person must enter a formal agreement defining their respective rights and obligations, file a signed copy with us, assign this Agreement to the new Business Entity, appoint a Designated Representative and

comply with all other requirements for operating the Franchised Business as a Business Entity. Neither party is released from their obligations under this Agreement.

Section 10.4 Transfer upon Disability or Death

(a) **Disability.** If any Franchise Owner/Designated Representative or Manager becomes disabled from any cause and is unable to perform his or her obligations under this Agreement, you will immediately provide and maintain a replacement Manager satisfactory to us to perform your obligations. Upon a determination of permanent disability or the disability lasts for more than 3 months, your interests in the Franchisee (if a Business Entity) or in this Agreement must be sold within 12 months (or a shorter period if required by state law) to an approved transferee in accordance with the terms of this ARTICLE.

(b) **Death.** If the Franchise Owner/Designated Representative/Manager dies, his or her legal representative will, as soon as reasonably possible, provide and maintain a replacement Manager satisfactory to us to perform the obligations. Your interests in the Franchisee (if a Business Entity) or in this Agreement must be sold within 12 months (or a shorter period if required by state law) of the death to an approved transferee in accordance with the terms of this ARTICLE.

Section 10.5 Our Right of First Refusal

(a) **Notice of Offer.** If you are a Business Entity and the Franchise Owners receive an offer from a third party to purchase 100% of the equity interests of the Business Entity ("Equity Interest Offer") or you are not a Business Entity and you receive an offer from a third party to purchase, outside the ordinary course of business, a material part or all of the Business Assets of the Franchised Business ("Asset Offer"), then you must ensure that the person receiving the Interest Offer, or upon your receiving the Asset Offer (and in either case the person receiving the third party's offer is referred to as the "Offeree") understands that, if the Offeree desires to accept the Equity Interest Offer or the Asset Offer, the Offeree first offer to sell to us the Interest or the Assets for the consideration and on the terms stated in the third party's written offer (the "Offer"). The Offeree must give us written notice that includes the name and address of the Offeror, the price and terms of the Offer, a copy of the signed purchase agreement and a franchise application completed by the Offeror, and any other information that we request in order to evaluate the Offer. We have the right of first refusal to purchase the Interest or the Assets by accepting the Offer within 30 days after our receipt of the Offer and all required information.

(b) **Acceptance of Offer.** If we give notice of acceptance of the Offer, then the Offeree will sell and we will purchase the Interest or the Assets in accordance with the terms of the purchase agreement made by the Offeror. However, if the seller was obligated to pay a broker's commission on the sale to the third party, which brokerage commission is not due if we exercise our right of first refusal, the purchase price will be reduced by the amount of the brokerage commission that would have been paid by the seller. If the seller is extending purchase money financing, our creditworthiness is deemed at least equal to the creditworthiness of the proposed purchaser.

(c) **Unique Consideration.** If the purchase agreement provides for the purchaser's full or partial payment to include consideration that is of a nature that we cannot reasonably duplicate (the "Unique Consideration"), we may substitute cash or stock (if we are a public company with registered shares) in lieu of the Unique Consideration. The parties will agree on the value of the Unique Consideration within 30 days after we received the purchase agreement and other information. If the parties cannot agree on the fair market value of the Unique Consideration, an independent appraiser the parties select will determine its fair market value. If the parties are unable to agree on an independent appraiser within 10 days, the parties will each select an independent appraiser, and the appraisers will select a third independent appraiser (the "Third Appraiser"). The Third Appraiser will determine the fair market value of the Unique Consideration. If either party fails to select an appraiser and give notice to the other of the identity of the appraiser within the 10-day period, the appraiser selected by the other party will be the appraiser. The parties will pay the cost of the appraisal equally.

(d) **Other Assets.** If the proposed sale includes assets that are not part of the operation of the Franchised Business, we may elect to purchase only the assets that comprise the Franchised Business. The parties will determine an equitable purchase price. If the parties cannot agree and allocate the purchase price to each asset included in the sale the value will be determined by the appraisal process described in Subsection 10.5(c).

(e) **Representations and Warranties.** We will purchase the Interest or Assets subject to all customary representations and warranties given by a seller of stock or assets. These representations and warranties include warranties as to ownership, condition and title to the Interest and/or Assets, absence of liens and encumbrances on the Interest and/or Assets, validity of contracts and the extent and natures of any liabilities of the Business Entity relating to the Interest purchased.

(f) **Closing.** Unless otherwise agreed to by the Offeror and us, the closing of the purchase of the Interest or the Assets will take place at our principal office no later than 60 days after you delivered the purchase agreement and other documents to us. The closing of any purchase where Unique Consideration is determined in accordance with Subsection 10.5(c) will occur within 15 days after the value of the Unique Consideration is determined. At any closing, the Offeror must deliver to us an assignment and other documents we request representing a transfer of ownership of the Interest or the Assets free of all liens, claims, pledges, options, restrictions, charges and encumbrances, in proper form for transfer and with evidence of payment by the Offeror of all applicable transfer taxes. We will simultaneously make payment of any cash consideration for the Interest or Assets by a cashier's check drawn on a financial institution or payment by the issuance of the shares less any amounts you then owe us, if any.

(g) **Waiver of Right.** If we do not accept the Offer, the Offeror is free, within the next 60 days after we have elected not to exercise our option, to sell the Interest or the Assets to the independent third party for the consideration and upon the terms specified in the Offer, subject to full compliance with all the terms of transfer required under this Agreement including those stated in Section 10.2. Before any sale of the Interest to a third party, the third party must deliver to us a written acknowledgment that the Interest purchased is subject to the terms of this Agreement and that the third party agrees to be bound to the terms of this Section on transferring the Interest,

in the same manner as the Offeror. If the Offeror does not sell the Interest or the Assets within the 60-day period, then any later transfer by the Offeror of the Interest or the Assets is again subject to the restrictions stated in this Agreement.

(h) **Exceptions to Right.** If a proposed transferee is a corporation wholly owned by the Offeror or to the Offeror's spouse or child of the Offeror, we will not have any right of first refusal. All transferees are subject to all of the restrictions on transfer of ownership imposed on the Offeror under this Agreement.

ARTICLE 11 - DEFAULT AND TERMINATION

Section 11.1 Termination by You

If you have substantially complied with this Agreement and we materially breach this Agreement, you may give us written notice of the nature of the breach. If we do not cure the breach within 30 days or, within a longer period if the nature of the breach is such that we cannot cure within 30 days, you have the right to terminate this Agreement. You may also terminate this Agreement upon the mutual written agreement with us. Any termination of this Agreement by you other than as stated above is a wrongful termination by you.

Section 11.2 Termination by Us – Without Notice

(a) **Automatic Termination.** Subject to applicable law, this Agreement automatically terminates without notice to you or giving you an opportunity to cure on the date that any of the following Events of Default occurs:

- (i) You damage our Business System through violation of federal, state, or local environmental laws.
- (ii) You make a general assignment for the benefit of creditors;
- (iii) You file a petition in bankruptcy, a petition for involuntary bankruptcy is filed against you, you consent to the petition, or the petition is not dismissed within 45 days;
- (iv) You are adjudicated as bankrupt, a bill in equity or other proceeding for the appointment of a receiver or other custodian for your Franchised Business or its assets is filed and you consent to it.
- (v) If a court appoints a receiver or other custodian (permanent or temporary) of your Franchised Business or its assets, or proceedings for a composition with creditors under federal or any state law is filed by or against you;
- (vi) A final judgment in excess of \$25,000 remains unsatisfied for 30 days or longer (unless you file a *supersedeas* bond);

(vii) Execution is levied against the assets of your Franchised Business, or suit to foreclose any lien or mortgage against the assets of your Franchised Business is filed against you and is not dismissed within 45 days.

(viii) You underreport Gross Sales in the reports owed to Franchisor under Section 8.3 or fail to process any sales through your Point of Sale system.

(b) **Notice to Us.** You will notify us within 3 days of the occurrence of any of the events described in Subsection 11.2(a).

Section 11.3 Termination by Us – After Notice

We may terminate all rights granted to you under this Agreement, without affording you any opportunity to cure the default, effective immediately upon notice to you, if any of the following Events of Default occur:

(a) **Monetary Defaults.** You fail to pay when due any amounts owed to us or to our authorized agents, to suppliers, or to anyone else with whom you transact business at the Premises.

(b) **Product Sales.** You sell products other than Approved Products.

(c) **Cessation.** If you cease to do business at the Premises for more than 14 days in any calendar year or for more than 7 consecutive days, or lose the right of possession of the Premises after the expiration of all redemption periods.

(d) **Records.** You fail to maintain proper financial records or fail to comply with financial reporting requirements of Franchisor, any governmental agency, including the timely reporting of sales-tax collections.

(e) **Insurance.** You fail to maintain required insurance.

(f) **Maintenance and Repair.** You fail to comply with the maintenance and repair requirements of this Franchise Agreement

(g) **Standards of Conduct.** You fail to comply with the Standards of Conduct required by this Franchise Agreement.

(h) **Forfeiture.** If you forfeit the right to do or transact business in the jurisdiction where your Franchised Business is located.

(i) **Conviction.** If you or the Manager, or any officer, director, or Franchise Owner, are convicted of a felony, a crime of moral turpitude or any other crime or offense that we reasonably believe is likely to have a material adverse effect on the Business System, the Intellectual Property, the goodwill associated with the Intellectual Property, or our interest in any of the Intellectual Property, unless you immediately but legally terminate that individual's relationship with you.

(j) **Denial of Inspection.** If you deny us the right to inspect your Franchised Business or the right to audit your records.

(k) **Moral Turpitude.** If you engage in conduct that we determine is deleterious to or reflects unfavorably on you, the Franchised Business or the Business System in that the conduct exhibits a reckless disregard for the physical or mental wellbeing of employees, customers, our representatives or the public at large, including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse or other forms of threatening, outrageous or unacceptable behavior.

(l) **Unauthorized Encumbrance or Transfer.** If you attempt to encumber or transfer any rights or obligations under this Agreement (including transfers of any interest in a Business Entity that owns the Franchised Business) in violation of this Agreement, without our written consent.

(m) **Breach of Personal Covenants.** If any breach occurs under Sections 6.2 or 13.1 concerning confidentiality and non-competition covenants.

(n) **Falsehoods.** If you knowingly maintain false records or knowingly submit any false reports to us.

(o) **Infringement.** If you misuse or make any unauthorized use of the Intellectual Property or otherwise materially impair the goodwill associated with the Intellectual Property or our rights in the Intellectual Property.

(p) **Customer Referral.** If you, in two or more times within any twelve (12) consecutive-month period, fail to refer customers to another franchisee, company-owned business, or directly to us because you are unable to promptly and properly service any of these customers.

(q) **Recurring Defaults.** If you receive from us 3 or more Notices of Default for the same or similar defaults during any twelve (12) consecutive-month period, even if all defaults were cured.

Section 11.4 Termination by Us – After Notice and Right to Cure

(a) **Other Monetary Defaults.** With respect to all other monetary defaults not provided for in Section 11.3(a) above, you have 10 days after delivery from us of a written Notice of Default specifying the amount due to pay us the full amount due plus interest, late charges and our attorneys' fees.

(b) **Other Non-Monetary Defaults.** Except as otherwise provided in Section 11.2 and 11.3, you have 30 days after delivery from us of a written Notice of Default specifying the nature of the default and what steps you must take to remedy any default. You must timely provide evidence of cure satisfactory to us. If you fail to cure any default within that time (or any longer time required by applicable law), you have committed an Event of Default giving us the right to terminate this Agreement. In addition to the Events of Default specified in Sections 11.2 and

11.3, it is an Event of Default if you fail to comply with any requirement imposed by this Agreement, as it may be revised or supplemented by the Operations Manual. You have the burden of proving that you properly and timely cured any default, to the extent we permit a cure under this Agreement.

(c) **Immediate Termination After 24 Hours to Cure.** If a default under this Agreement occurs that violates any health safety or sanitation law or regulation, violates any system standard as to food handling, cleanliness, health and sanitation, or if the operation of the Franchised Business presents a health or safety hazard to your customers or to the public (for example, improper cooking or food storage procedures):

(i) you will have no more than 24 hours after we provide written notice of the default to cure the default; and

(ii) if you fail to cure the default within the 24-hour period, this Agreement will terminate effective immediately on our issuance of written notice of termination.

(d) **Cessation of Services.** During a cure period, we reserve the right to refuse to provide services or products to you without our being in default of this Agreement.

ARTICLE 12 - YOUR OBLIGATIONS UPON TERMINATION DUE TO YOUR DEFAULT OR ON NONRENEWAL

Upon our termination of this Agreement due to your default or upon the expiration and nonrenewal of the Agreement, the Sections of this ARTICLE apply to the parties' rights and obligations.

Section 12.1 Cease Operation of the Franchised Business

You will immediately cease operating the Franchised Business. You will not, directly or indirectly, use any of the Intellectual Property. You will not represent yourself as a present or former Franchisee of us. You must not continue to associate yourself with the Intellectual Property or use the Business System. You will immediately cease using all stationery, signage and other materials containing the Intellectual Property. You will also immediately cease using all telephone numbers for the Franchised Business. You authorize us to take whatever actions are necessary to comply with this Section and in accordance with the Telephone Number and Directory Advertising and Assignment Agreement, the form of which is included as Exhibit J to the FDD. You must cease using our Website. You must cease using any URL and Internet addresses used for your Franchised Business that we do not own and immediately transfer to us the URL and Internet addresses. You must return to us all software, disks and other magnetic storage media we provided to you in good condition (reasonable wear and tear excepted). You must delete all software and applications from all memory and storage devices.

Section 12.1 Payment of Outstanding Amounts

We will retain all fees paid under this Agreement except for refunds expressly required in this Agreement. You must pay to us: (a) all unpaid Royalty Fees and Marketing Fund

Contributions: (b) all amounts owed for products or services you purchased from us; (c) all payments we paid to Approved Suppliers on your behalf and to the Landlord to cure your default under the Lease; and (d) all other amounts owed to us within 10 days after the effective date of the termination, or any later dates as we determine that amounts are due to us. You must also pay all Designated Suppliers, Approved Suppliers and other creditors the amounts you owe to them.

Section 12.3 Discontinuance of Use of Trade Name

You must immediately cancel any fictitious, trade or assumed name registration that contains our trademark, trade name or service mark or colorable imitation of our trademark, trade name or service mark. You will furnish us with evidence of compliance with this obligation within thirty (30) days after our termination or the expiration of this Agreement. If you fail to cancel, you appoint us as your attorney-in-fact to do so.

Section 12.4 Our Option to Purchase Certain Assets Used in Your Franchised Business

(a) **Option to Purchase.** We have the option to purchase from you all the Assets used in your Franchised Business by giving you written notice within 30 days from the date of expiration or termination. We have the unrestricted right to assign this option to purchase. We are entitled to all customary warranties given by a seller of a business, including: (i) ownership, condition and title to the assets; (ii) the absence of liens and encumbrances on the assets; and (iii) validity of contracts and liabilities, inuring to us or affecting the assets, contingent or otherwise. The purchase price for the Assets is their respective fair market value, determined as of the effective date of purchase, in a manner consistent with reasonable depreciation of your leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and other depreciable assets of your Franchised Business. The purchase price will take into account the expiration or termination of the Franchise granted under this Agreement and will not contain any factor or increment for any trademark, service mark or other commercial symbol used in the operation of your Franchised Business.

(b) **Fair Market Value.** The parties will agree on the fair market value within 30 days after your receipt of our notice exercising our option. Absent agreement, within 10 days thereafter, the parties will select an independent appraiser to determine the fair market value. If the parties are unable to agree on the appraiser, the parties will each select an appraiser, and the 2 appraisers will select a third independent appraiser (the "Third Appraiser"). The Third Appraiser will determine the fair market value. If either party fails to select timely an appraiser, the appraiser selected by the other party will select the Third Appraiser. You will give the Third Appraiser full access to your Franchised Business, the Premises and your records during normal business hours to conduct the appraisal. The parties will pay the Third Appraiser's costs equally.

(c) **Closing.** We will pay the purchase price in cash at the closing of the purchase. The closing will take place within 90 days after your receipt of our notice of exercise. At the closing, you will deliver instruments transferring to us good and merchantable title to the Assets purchased, free and clear of all liens and encumbrances (other than liens and security interests assumable and acceptable to us) with all transfer taxes paid. If you cannot deliver clear title to all of the Assets, or if there are other unresolved issues, the closing of the sale will be in escrow. The

parties will comply with all applicable legal requirements, including the bulk sales provisions of the Uniform Commercial Code of the state where your Franchised Business is located, if any, and the bulk sales provisions of any applicable tax laws and regulations. You will pay all tax liabilities incurred in the operation of your Franchised Business before or at the closing of the purchase. We have the right to set off against and reduce the purchase price by all amounts you owe to us, and the amount of any encumbrances or liens against the assets or any obligations we assume.

(d) **Interim Management.** If we exercise the option to purchase, pending the closing of the purchase, we have the right to appoint a Manager to maintain the operation of your Franchised Business. Alternatively, we may require you to close your Franchised Business until the closing without removing any assets if the landlord consents. You will maintain in force all insurance policies required in this Agreement until the date of closing.

(e) **Lease.** If you lease the Premises, we agree to use reasonable efforts to either assume the lease, or effect a termination of the lease and enter into a new lease. If we assume your lease, we will indemnify you from any ongoing liability under the lease that occurs after the date we assume possession of the Premises. If you own the Premises, upon purchase of the Assets, you will enter into a new lease with us. The lease will be on terms comparable for similarly leased commercial properties in the area for a term of at least 10 years and for a rental equal to the fair market rental value of the Premises. The Appraiser (selected in the manner described above) will determine the rental value, if the parties cannot agree on the fair market rental value of the Premises.

Section 12.5 Distinguishing Operations

(a) **Non-Competitive Business.** If we do not exercise our option under Section 12.4 and you desire to remain in possession of the Premises, you may only operate a business that does not violate your covenant not to compete. You must make all modifications to the Premises immediately upon termination of this Agreement as necessary to distinguish the appearance of the Premises from that of other Franchised Businesses.

(b) **De-Identification.** You must immediately remove all identifying architectural superstructure and signage on, about or in the Premises bearing the Principal Trademarks and the name and logos of Farm Stores and Swiss Farms (or any name or logo similar to Farm Stores and Swiss Farms), in the manner we specify. You will hold all property belonging to us for delivery to us, at our expense, upon request. Any signage that you are unable to remove within 1 Business Day of the termination or expiration of this Agreement you must completely cover the signage until the time of their removal. If you fail or refuse to comply with this obligation, we have the right to enter the Premises, without being guilty of trespass or any other tort for the purpose of removing the signage and storing them at another location, at your reasonable expense (for signage not owned by us) payable by you on demand.

(c) **Notice to Customers.** Until you complete all modifications and alterations required by this Section, you must maintain a conspicuous sign at the Premises in a form we specify stating that your business is no longer associated with our Business System. You also

must advise all customers or prospective customers calling your new telephone number that your new business is no longer associated with our Business System.

(d) **Our Entry Right.** If you fail or refuse to comply with the requirements of this Section, we have the right to enter upon the Premises to make all changes as may be required at your expense and at your sole risk. We have no responsibility for any actual or consequential damages to your property or others, and without liability for trespass or other tort or criminal act. You agree that your failure to make these alterations will cause us irreparable injury.

Section 12.6 Unfair Competition

You agree, if you continue to operate or later begin to operate any other business, you will not engage in any unfair competition as that term has been interpreted under 15 U.S.C. § 1125(a), commonly known as Subsection 43(a) of the Lanham Act or under Florida law including trademark infringement, passing off, false advertising, misappropriation and unfair competition. This Section does not relieve, directly or indirectly, your obligations under ARTICLE 13.

Section 12.7 Return of Materials

You will immediately deliver to us all Confidential Information including the Operations Manual in your possession or control, and all copies and any other forms of reproductions including electronic copies of these materials. You agree that all these materials are our exclusive property.

Section 12.8 Our Purchase Rights of Items Bearing Intellectual Property

Even if we do not exercise our option under Section 12.4, we have the option (but not the obligation), upon notice to you within 30 days after termination or expiration, to purchase any assets used in the Franchised Business bearing the Intellectual Property. This includes signs, advertising materials, supplies, inventory or other items at a price equal to the lesser of your cost or fair market value (less a 20% restocking charge). If the parties fail to agree on fair market value, the parties will use the same appraisal process described in Subsection 12.4(b). If we elect to exercise our option to purchase, we will have the right to set off all amounts due from you under this Agreement and ½ the cost of the Third Appraisal, if any, against any payment to you. If you fail to sign and deliver to us the necessary documents to transfer good title to these assets, we are entitled to apply to any court of competent jurisdiction for a mandatory injunction and specific performance to compel you to comply with our rights granted in this Agreement. You will pay to us all of the expenses, including our reasonable attorneys' fees relating to our exercise of this option or we will credit these expenses against the purchase price.

Section 12.9 Liquidated Damages for Premature Termination

If we terminate this Agreement due to your default or you terminate this Agreement without cause, in addition to all amounts you owe us at the time of termination, you will also pay us a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to the total of all Royalty Fees for: (i) the 36 calendar months of operation of your Franchised Business preceding the termination; (ii) the period of

time your Franchised Business has been in operation preceding the termination, if fewer than 36 calendar months, projected on a 36-calendar-month basis; or (iii) any shorter period that equals the unexpired period of the Initial Term. The parties agree that a precise calculation of the full extent of the damages that we will incur on termination of this Agreement as a result of your default is difficult to calculate and the parties desire certainty in this matter. The parties agree that the lump sum payment is reasonable in light of the damages for premature termination that we will incur in this event. You are also liable for pre-judgment and post-judgment interest and our attorneys' fees and costs. Other than a claim for monetary damages or lost profits, this payment is not exclusive of any other remedies that we have including a right to injunctive relief. This payment does not relieve you from your obligations that survive the termination or expiration of this Agreement including the obligations of indemnification, confidentiality and non-competition.

ARTICLE 13 - YOUR INDEPENDENT COVENANTS

Section 13.1 Diversion of Business; Competition and Interference with Us

(a) **Covenant Not to Compete.** You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among the Franchisees if we permitted Franchisees to hold interests in any Competitive Business.

(i) **In-Term.** You covenant that during the Initial Term, except as we otherwise approve in writing, you will not directly or indirectly:

A. Solicit, or otherwise attempt to induce by combining or conspiring with another person, or attempting to do so, or in any other manner influence any Business Associate to terminate or modify his, her or its existing or prospective business relationship with us or to compete against us;

B. Be involved with a Competitive Business as owner, officer, director, employee, agent, lender, landlord, broker, consultant, franchisee or any other capacity (this restriction will not apply to a 5% or less beneficial interest in a publicly-held corporation); or

C. Interfere with, disturb, disrupt, decrease or otherwise jeopardize our business or the business of any of our Franchisees.

(ii) **Post-Term.** You also covenant that, for 24 months after the termination of this Agreement due to your default, for 24 months after the expiration and non-renewal of this Agreement, or for 24 months after you transfer your Franchised Business, except as we otherwise approve in writing, you and your officers, agents, servants, employees, and all others in active concert or participation with you, will not, directly or indirectly:

A. Solicit, or otherwise attempt to induce by combining or conspiring with another person, or attempting to do so, or in any other manner influence any Business Associate to terminate or modify his, her or its existing or prospective business relationship with us or to compete against us;

B. Be involved with a Competitive Business as owner, officer, director, employee, agent, lender, landlord, broker, consultant, franchisee or any other capacity (this restriction will not apply to a 5% or less beneficial interest in a publicly-held corporation) having a location within 10 miles of the Premises or within 10 miles of any Franchised Unit or Company-Owned Unit then in operation or under contract; or

C. Interfere with, disturb, disrupt, harm or attempt to diminish any relationships, agreements or understandings, written or oral, decrease or otherwise jeopardize our business or the business of any of our Franchisees or any other Farm Stores or Swiss Farms locations, customers, employees, shareholders, suppliers, suppliers, lenders or creditors including inducing employees to leave, ceasing doing business with, or diminish his, her or its relationship with us or our Franchisees.

(b) **Liquidated Damages.** In addition to our right to seek injunctive relief, if you compete with us directly or indirectly including conspiring with a family member or third party in violation this Subsection, we have the right to require that you report to us all sales made by the Competitive Business. You will also pay to us, on demand, a weekly fee of \$1,000 without the fee deemed to have revived or modified this Agreement. These payments are liquidated damages to compensate us for our damages from your violation of the covenant not to compete and are not a penalty.

(c) **Section 542.335 of the Florida Statutes.** You, your Franchise Owners and your guarantors agree that we have a legitimate business interest justifying the enforcement of this restrictive covenant, consistent with Section 542.335 of the Florida Statutes, which legitimate business interest includes:

(i) Substantial relationships with employees and valuable confidential business or professional information that does not otherwise qualify as trade secrets;

(ii) Substantial relationships with specific prospective or existing customers and suppliers;

(iii) Customer and Customer goodwill associated with:

1. An ongoing convenience store business;
2. A specific geographic location.
3. A specific marketing and trade area;
4. A specific marketing clientele;
5. A list of subcontractors;
6. A list of 1099 Recipients; and
7. A list of customers.

(d) **Reasonableness of Covenant.** You agree that the length of the term and geographical restrictions contained in this Section are fair and reasonable and are not the result of overreaching, duress or coercion of any kind. You agree that your full, uninhibited and faithful

observance of each of the covenants in this Section will not cause you any undue hardship, financial or otherwise. The enforcement of each of the covenants in this Section will not impair your ability to obtain employment commensurate with your abilities and on terms fully acceptable to you or otherwise to obtain income required for the comfortable support of yourself and your family, and the satisfaction of your creditors. You agree that your special knowledge of the business operated by a Franchised Businesses (and anyone acquiring this knowledge through you) would cause us and our Franchisees serious injury and loss if you (or anyone acquiring this knowledge through you) were to use this knowledge to the benefit of a competitor or were to compete with us or any of our Franchisees.

(e) **Tolling.** You agree that the 24-month period will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement.

(f) **Court Modification.** If any court rules that the time, territory, scope or any other provision in this Section is an unreasonable restriction upon you, you agree that these provisions are not rendered void, but apply as to time, territory, scope or to any other extent that the court determines or indicates are reasonable restrictions under the circumstances involved.

Section 13.2 Independent Covenants; Third Party Beneficiaries

(a) **Independent Covenants.** The parties agree that the covenants in this ARTICLE are independent of any other provision of this Agreement. You agree that the existence of any claim you may have against any affiliate or us under this Agreement or otherwise, is not a defense to our enforcement of these covenants.

(b) **Third Party Beneficiaries.** The parties agree that all other Franchisees are third party beneficiaries of the terms of Section 13.1. Another Franchisee has the right to enforce these covenants at its expense without our joinder or participation, if we are unwilling or unable to enforce these covenants, but without any liability to the Franchisee on our part.

ARTICLE 14 - INDEPENDENT CONTRACTOR AND INDEMNIFICATION

Section 14.1 Independent Status

You are an independent contractor. Nothing in this Agreement is intended to designate either party an agent, legal representative, subsidiary, joint venturer, joint employer, partner, employee, affiliate or servant of the other party for any purpose, unless expressly provided in this Agreement to the contrary. The parties agree that nothing in this Agreement authorizes either party to make any agreement, warranty or representation on behalf of the other party, nor to incur any debt or other obligation in the other party's name. You will take all affirmative action we request to indicate that you are an independent contractor, including placing and maintaining a plaque in a conspicuous place within the Premises and a notice on all stationery, business cards, sales literature, contracts and similar documents that states that your Franchised Business is independently owned and operated by you. The content of any plaque and notice is subject to our written approval.

Section 14.2 Indemnification

(a) **Our Indemnification.** You are responsible for all losses or damages from contractual liabilities to third persons from the possession, ownership and operation of your Franchised Business and for all claims for damages to property or for injury, illness or death of persons directly or indirectly resulting from your or your employees' and agents' action or inaction. You indemnify us and hold us harmless from all costs, losses and damages (including reasonable attorneys' fees and costs, even if incident to appellate, post-judgment or bankruptcy proceedings) from claims brought by third parties involving this Agreement, our relationship, and your ownership and/or operation of your Franchised Business, unless caused by our negligence or intentional misconduct. This indemnity obligation continues in full effect after the expiration, transfer or termination of this Agreement. We will notify you of any claims. You have the opportunity to assume the defense of the matter. If you fail to assume the defense, we may defend the action in any manner we deem appropriate. You will pay to us all costs, including attorneys' fees that we incur in effecting the defense, in addition to any sum that we may pay by any settlement or judgment against us. Our right to indemnity under this Agreement arises and is valid regardless of any joint or concurrent liability imposed on us by statute, ordinance, regulation or other law.

(b) **Your Indemnification.** We fully protect, indemnify and defend you and hold you harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of our Company-Owned Units (regardless of cause or any concurrent or contributing fault or negligence by you) or any breach by us or our failure to comply with the terms and conditions of this Agreement.

ARTICLE 15 - REPRESENTATIONS AND WARRANTIES

Section 15.1 Our Representations

We make the following representations and warranties to you that are true and correct upon the signing of this Agreement:

(a) **Organization.** We are a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) **Authorization.** We have the company power to sign, deliver, and carry out the terms of this Agreement. We have taken all necessary action for proper authorization. This Agreement has been duly authorized, signed and delivered by us and is our valid, legal and binding agreement and obligation in accordance with this Agreement, except as may be limited by applicable bankruptcy, insolvency, reorganization and other laws and equitable principles affecting creditors' rights generally.

(c) **No Violation.** Our performance of our obligations under this Agreement will not result in: (i) the breach of any term of any contract or agreement to which we are a party to or that we are bound by, or be an event that, with notice, lapse of time or both, would result in a

breach or event of default; or the violation by us of any statute, rule, regulation, ordinance, code, judgment, order, injunction or decree.

Section 15.2 Your Representations

You make the following representations and warranties to us that are true and correct upon signing this Agreement and throughout the Initial Term:

(a) **Authorization**. You have the power to sign, deliver, and carry out this Agreement. You have taken all necessary action for proper authorization. This Agreement has been duly authorized, signed and delivered by you and is your valid, legal and binding agreement and obligation in accordance with this Agreement, except as may be limited by applicable bankruptcy, insolvency, reorganization and other laws and equitable principles affecting creditors' rights generally.

(b) **No Violation**. The performance by you of your obligations under this Agreement will not result in: (i) the breach of any term of, or be a default under, any term of any contract, agreement or other commitment to which you are a party to or you are bound by, or be an event that, with notice, lapse of time or both, would result in a breach or event of default; or (ii) the violation by you of any statute, rule, regulation, ordinance, code, judgment, order, injunction or decree.

(c) **No Speculative Intent**. You are not obtaining the Franchised Business for speculative or investment purposes and have no present intention to sell or transfer or attempt to sell or transfer any part of this Agreement or the assets comprising the Franchised Business.

(d) **True Copies**. Copies of all documents you furnished to us are correct copies of the documents, including all amendments or modifications, and contain no misleading or incorrect statements or material omissions.

Section 15.3 Receipt of Franchise Disclosure Document

You acknowledge you have received from us our Franchise Disclosure Document for the state of your residence and where your Franchised Business will be located containing all exhibits to the Franchise Disclosure Document at least 14 days before: (a) you signed this Agreement and any other agreement with us imposing a binding obligation on you; and (b) you pay any consideration to us for the sale or proposed sale of a Franchise.

Section 15.4 Receipt of Completed Franchise Agreement

You also acknowledge that you have received from us a completed copy of this Agreement and all related agreements, containing all material terms, (except for the date, signatures and any minor matters not material to the agreements), with all blanks filled in, at least 7 days before you signed this Agreement.

Section 15.5 Acknowledgment of Risk

You agree to the following:

A. YOUR SUCCESS IN OWNING AND OPERATING YOUR FRANCHISED BUSINESS DEPENDS ON MANY FACTORS INCLUDING YOUR INDEPENDENT BUSINESS ABILITY. NO REPRESENTATIONS OR PROMISES, EXPRESS OR IMPLIED, HAVE BEEN MADE BY US OR ANY OF OUR EMPLOYEES, BROKERS OR REPRESENTATIVES, TO INDUCE YOU TO ENTER INTO THIS AGREEMENT EXCEPT AS INCLUDED IN THIS AGREEMENT. WE DO NOT AUTHORIZE ANY OFFICER, DIRECTOR, EMPLOYEE, BROKER OR OTHER REPRESENTATIVE TO DO OTHERWISE.

B. YOU AGREE THAT, IN ALL OF YOUR DEALINGS WITH US, OUR OFFICERS, DIRECTORS, EMPLOYEES, BROKERS (IF ANY) AND OTHER REPRESENTATIVES ARE ACTING ONLY IN A REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. YOU AGREE THAT THIS AGREEMENT AND ALL BUSINESS DEALINGS BETWEEN YOU AND ANY INDIVIDUALS AS A RESULT OF THIS AGREEMENT ARE ONLY BETWEEN YOU AND US AND NOT THE INDIVIDUALS.

C. IN ADDITION, WE MAKE NO WARRANTY AS TO YOUR ABILITY TO OPERATE THE FRANCHISED BUSINESS IN THE JURISDICTION WHERE YOU INTEND TO OPERATE YOUR FRANCHISED BUSINESS. IT IS YOUR OBLIGATION TO SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY ON THIS ISSUE. IF A GOVERNMENTAL BODY ENACTS ANY LEGISLATION OR REGULATION THAT PREVENTS YOU FROM OPERATING YOUR FRANCHISED BUSINESS, WE ARE NOT LIABLE TO YOU FOR ANY DAMAGES. WE DO NOT HAVE TO INDEMNIFY YOU OR RETURN TO YOU ANY MONIES WE RECEIVED FROM YOU.

ARTICLE 16 - TERM

Section 16.1 Initial Term

The Initial Term of this Agreement is 10 years from the Agreement Date, unless sooner terminated under ARTICLE 11. The conditions to obtain a Renewal Franchise Agreement at the expiration of this Agreement are those stated in Section 16.2.

Section 16.2 Option to Obtain Renewal Franchise Agreement

(a) **Evergreen Renewal.** We grant you unlimited options to obtain a Renewal Franchise Agreement for a term of 10 years each. You must satisfy all of the following conditions before the expiration of this Agreement, unless we specified another time below.

(i) You must give us written notice of your intention to exercise the option at least 6 months before the end of the Initial Term.

(ii) You cannot be in default of any provision of this Agreement or any other agreement between you and us at the time of renewal.

(iii) Within 30 days before the end of the Initial Term, you must sign and deliver to us a Renewal Franchise Agreement. The Renewal Franchise Agreement may have material business terms that are different from the terms of this Agreement. We are not obligated to provide any initial or other pre-opening obligations and you are not obligated to perform any pre-opening duties contained in the Renewal Franchise Agreement that apply only to new franchisees. You must also sign all other agreements ancillary to the Renewal Franchise Agreement.

(iv) You will not pay another Initial Franchise Fee but you will pay to us the Renewal Fee described in Subsection 3.1(g);

(v) You and your shareholders (members), and your directors and officers (managers) must sign a general release, in the form attached as Exhibit S to the FDD, releasing any claims you may have against us and our officers, directors, agents and employees.

(vi) You must be entitled to continue to occupy the Premises for the entire Renewal Term including renewal rights or obtain our approval of a new location for the Franchised Business.

(vii) You must renovate and modernize the Premises if they do not conform to our then-current Trade Dress requirements.

(b) **Our Right Not to Renew.** If you have not met all of the conditions stated in Subsection 16.2(a), or if you have received 4 or more notices of default during the Initial Term, even if you cured the defaults, we may elect not to enter into a Renewal Franchise Agreement. Within 5 days after you receive our written notice that we have elected not to enter into a Renewal Franchise Agreement, you may request our permission for you to sell your Franchised Business. You will then have 180 days to sell the Franchised Business, subject to our right of first refusal. This notice will extend the Initial Term, as necessary, to the end of the 180-day period, unless we have other grounds to terminate the Initial Term). This transfer must comply with the provisions of Subsection 10.2(g) and all the other applicable terms of this Agreement. During this period, you must continue to operate your Franchised Business in accordance with the terms of this Agreement.

Section 16.3 Reinstatements and Extensions

If any termination or expiration of the Initial Term would violate any applicable law, we may reinstate or extend the Initial Term to comply with the law for the duration provided by us in a written notice to you, without waiving any of our rights under this Agreement or otherwise modifying this Agreement.

ARTICLE 17 - DISPUTE RESOLUTION

Section 17.1 Governing Law

This Agreement and the relationship between the parties is governed by and will be construed exclusively in accordance with the laws of the State of Florida (without regard to, and without applying, Florida conflict-of-law rules), but if the covenants in Section 13 of this Agreement would not be enforceable under the laws of Florida, and the Franchised Business is located outside of Florida, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 17.1 is intended by the parties to subject this Agreement to any franchise, business opportunity, antitrust consumer protection or similar law, rule or regulation of the State of Florida to which this Agreement would not otherwise be subject.

Section 17.2 Forum for Litigation

You and we agree that any action brought by you against us in any court, whether federal or state, shall be brought only within the state and in the judicial district in which our headquarters is located at the time the action is commenced. We also have the right (in addition to filing in such federal or state courts in the state and judicial district in which our headquarters is then located) to file any suit against you in the federal and state courts where you reside or where the Franchised Business is located. The parties waive all rights to challenge personal jurisdiction and venue for the purpose of carrying out this provision.

Section 17.3 Mutual Waiver of Class Actions

Any lawsuit, claim, counterclaim, or other action must be conducted only on an individual basis, and must not be as part of a consolidated, common, or class action. YOU HEREBY AGREE NOT TO SEEK JOINDER OF ANY OF YOUR CLAIMS WITH THOSE OF ANY OTHER PARTY.

Section 17.4 Mutual Waiver of Jury Trial

You and we each irrevocably waive trial by jury in any litigation.

Section 17.5 Mutual Waiver of Punitive Damages

EXCEPT AS PROVIDED IN SECTIONS 4.11, 4.21, 12.9, AND 13.1, EACH OF US WAIVES ANY RIGHT TO LOST FUTURE PROFITS OR CLAIM OF PUNITIVE, EXEMPLARY, MULTIPLE, OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER IN LITIGATION AND AGREES TO BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED.

Section 17.6 Our Right to Injunctive Relief

You recognize that your Franchised Business is just one of a large number of businesses identified by the Intellectual Property in selling to the public the products and services associated

with the Intellectual Property. The failure on the part of a Franchisee to comply with the terms of the Franchise Agreement is likely to cause irreparable damage to us and damages at law would be an inadequate remedy. Upon your breach or threatened breach of any of the terms of this Agreement concerning any of the Designated Matters, we are entitled to seek an injunction restraining the breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and costs incurred in obtaining equitable relief. This equitable remedy is in addition to all remedies that we have by virtue of your breach of this Agreement. We are entitled to seek this relief without the posting of any bond or security or, if a bond is required by a court of competent jurisdiction, the parties agree that the sum of \$1,000 is a sufficient bond. The Designated Matters include the following: (i) claims involving the Intellectual Property; (ii) claims involving any lease of real property between the parties or their related entities; (iii) your obligations upon the termination, transfer or expiration of this Agreement; (iv) any encumbrances or transfers restricted under this Agreement concerning interests in the Franchisee, the Franchised Business and this Agreement; (v) matters involving actions that may impair the goodwill associated with the Intellectual Property; (vi) matters involving claims of danger, health or safety involving the Franchise, the employees, customers or the public; or (vii) requests for restraining orders, injunctions or other procedures in a court of competent jurisdiction to obtain specific performance when deemed necessary by any court to preserve the status quo or prevent irreparable injury pending resolution by mediation or arbitration of the actual dispute between the parties.

Section 17.7 Attorneys' Fees and Costs

You agree to reimburse us for all expenses we reasonably incur (including attorneys' fees, costs, and expenses, and interest on such fees, costs, and expenses): (a) to enforce the terms of this Agreement or any obligation owed to us by you; and (b) in the defense of any claim you assert against us upon which we substantially prevail in court, arbitration, or other formal legal proceedings. For the purposes of this Section 17.7, the word the word "enforce" includes, but is not limited to, the execution, administration, collection, enforcement, protection, and/or waiver of the terms of this Agreement.

Section 17.8 Survival

You acknowledge and agree that this Section 25 shall survive the termination or expiration of this Agreement.

ARTICLE 18 - DEFINITIONS

Section 18.1 Definitions

As used in this Agreement, the following terms have the following meanings:

"Marketing Fund Contributions" means the payments described in Subsection 3.1(d).

"Advertising Rebates" means the funds we received from purchases from the Marketing Fund.

"**Agreement**" means this Franchise Agreement, as it may be amended, supplemented or otherwise modified by the parties under Section 19.1.

"**Agreement Date**" means the date set forth on page 1 of this Agreement.

"**Approved Products**" means the current list of products included in the Operations Manual.

"**Approved Supplier**" means a supplier of a particular product or service, possibly among several other suppliers, that we have approved.

"**Assets**" means all equipment, vehicles, furnishings, fixtures, signs, inventory (non-perishable products, materials and supplies), leasehold improvements and the lease for the Premises.

"**Business Associate**" means any of our employees, officers, directors, agents, consultants, representatives, contractors, suppliers, distributors, franchisees or other business contacts.

"**Business Day**" means the period from 9:00 a.m. to 5:00 p.m. Monday through Friday except for national holidays.

"**Business Entity**" means a corporation, limited liability company, general partnership, limited partnership or other business entity authorized or qualified by state law of the state in which it will own and operate the Franchised Business as the Franchisee.

"**Business Office**" means the office either at home or at commercial complex.

"**Business Records**" has the meaning described in Subsection 8.1(a).

"**Business System**" means our business system including: distinctive sales and operating methods; sources of supply; uniform standards; procedures for the management of the business and customer service; advertising and promotional materials and programs; assistance and training in the operation, management and promotion of the business; an Operations Manual; and bookkeeping and accounting methods and procedures; all of which we may change, improve and further develop.

"**Company-Owned Unit**" means a Farm Stores or Swiss Farms business operated under the Business System and owned by us or any affiliate or Predecessor.

"**Competitive Business**" means a business engaged, wholly or partially, directly or indirectly, in the convenience store business or any other business in which we and our other franchisees are then engaged.

"**Confidential Information**" means the Operations Manual and other copyrighted materials made available to you contain confidential and proprietary information and are our trade secrets. We possess and will develop and acquire confidential and proprietary information, and

trade secrets consisting of the following categories of information, methods, techniques, procedures and knowledge we or our Franchisees develop all information, knowledge, know-how and technologies that we designate as confidential, proprietary or trade secrets.

"Cooperative" means the regional advertising cooperative described in Section 7.3.

"Copyrights" means the Operations Manual, any marketing and advertising materials, forms, lists, schedules and other documents and materials in whatever form that we or our affiliates assert common law copyright rights regardless of whether the copyrighted work has been registered with United States Registrar of Copyrights.

"Designated Representative" means _____, the person you designate to act on your behalf as described in Subsection 4.7(b).

"Designated Supplier" means a supplier from whom you must purchase certain products or services for your Franchised Business.

"Designee" means an Area Representative who is an independent contractor appointed by us to perform certain of our duties under this Agreement as described in ARTICLE 2.

"Design Specifications" means the specifications described in Section 2.3.

"DMA" means a Designated Marketing Area, which is a geographic area defined by Nielsen Media Research Company as a group of counties that make up a particular television market. These counties comprise the major viewing audience for the television stations located in their particular metropolitan area. For the most part, the metropolitan areas correspond to the standard metropolitan statistical areas defined by the Federal Government Office of Management and Budget. The areas do not overlap, and every county in the United States belongs to only one DMA.

"Event of Default" means a breach of this Agreement including those situations described in Sections 3.6, 4.17(b) 4.20, 6.4, 8.3(b), 10.1(b), 10.2(e) 11.2, 11.3 and 11.4, assuming any requirement for the giving of notice, the lapse of time, or both, or any other condition is satisfied.

"Franchise" means the rights granted to you under this Agreement.

"Franchised Business" means the convenience store we authorize you to establish and operate under the Business System and under the terms of this Agreement.

"Franchise Disclosure Document" or **"FDD"** means our current Franchise Disclosure Document and its Exhibits.

"Franchisee" means the individuals or Business Entity upon signing this Agreement or another person who is a party with us under another Franchise Agreement.

"Franchise Owner" means any individual that owns an equity interests in the Business Entity signing this Agreement as Franchisee.

"Franchised Unit" means a Franchised Business owned and operated under the Business System by a Franchisee.

"Generally Accepted Accounting Principles" means those standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements. The generally accepted accounting principles are derived, in order of importance, from: (i) issuances from an authoritative body designated by the American Institute of Certified Public Accountants ("AICPA") Council; (ii) other AICPA issuances including AICPA Industry Guides; (iii) industry practice; and (iv) accounting literature in the form of books and articles.

"Gross Sales" means the entire amount of all of your revenues from the ownership or operation of your Franchised Business including the proceeds of any business interruption insurance, whether the revenues are evidenced by cash, credit, checks, or gift certificates (unless exempted by us) and the fair market value of any services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority (based on the cash method of accounting). We allow the deduction of discounts, cash refunded and credit given to customers and receivables uncollectible from customers in computing Gross Sales to the extent that the cash, credit or receivables represent amounts previously included in Gross Sales where Royalty Fees and Marketing Fund Contributions were paid. We deem that you have received Gross Sales at the time the goods, products, merchandise or services from which Gross Sales are derived are delivered or rendered, or at the time the relevant sale takes place, whichever occurs first.

"Initial Franchise Fee" means the fee described in Subsection 3.1(a).

"Initial Term" means the term described in Section 16.1.

"Initial Training" means the training described in Subsection 2.6(a).

"Intellectual Property" means the Principal Trademark, other Trademarks, Copyrights, Trade Dress, Patent, and the Confidential Information we own that you are entitled to use under this Agreement as described in ITEMS 13 and 14 of the FDD.

"Local Advertising" means (i) advertising, promotion and marketing you undertake in media directed primarily in your local market area including television, radio, newspapers, magazines, billboards, posters, handbills, direct mail, yellow pages, sports program booklet advertising, church bulletins, collateral promotional and novelty items (for example, matchbooks, pens and pencils, bumper stickers, calendars) that prominently display the Intellectual Property; (ii) advertising on public vehicles including cabs and buses; (iii) the cost of producing materials necessary to participate in these media; (iv) agency commissions on the production of the advertising; (v) amounts paid to an approved regional advertising cooperative or to a merchant's association for advertising where you are a member; and (vi) approved store promotions and discounts to customers. Local Advertising does not include: (a) payments to the Marketing Fund; (b) payments for permanent on- premises signs; (c) purchasing or maintaining vehicles even though the vehicles display in some manner the Intellectual Property (except the cost of the

materials displayed are included); (d) contributions or sponsorships (unless the Intellectual Property are prominently displayed by the group or activity receiving the contribution or sponsorship); (e) premium or similar offers including discounts, price reductions, special offers, free offers and sweepstake offers (except that the media costs associated with promoting the premium offers are included); (f) employee incentive programs; and (g) other similar payments that we may determine in our sole discretion should not be included in determining whether you have met your obligation for Local Advertising and Marketing.

"Manager" means you unless you hire another person to act as the Manager.

"Marketing Fund" means the fund described in Section 7.5 into which Marketing Fund Contributions described in Subsection 3.1(d) will be deposited to purchase various advertising, marketing, and promotional materials.

"Network" means the group of Company-Owned Units and Franchised Units each operating a Franchised Business.

"Notice of Default" means the notices described in Section 11.4.

"Opening Date" means the date your Franchised Business is first opened for business to the general public.

"Operations Manual" means all manuals produced by, or for the benefit of, us and loaned to you and any revisions prepared for your internal use involving the operation and management of the Franchised Business. The Operations Manual may comprise printed text, computer disks, other electronically stored media, and DVDs.

"Media Rebates" means the payments described in Subsection 7.5(d).

"Network" means the group of Company-Owned Units and Franchise Units.

"Payment System" means the system created by you to make payments to us as described in Section 3.3.

"POS System" means the computerized cash registers, printer and modem or other tablet or computer hardware you are must purchase in accordance with our specifications contained in the Operations Manual.

"Premises" means the leased property to be described in the Location Approval Addendum.

"Principal Trademark" has the definition described in Recital A of this Agreement.

"Renewal Fee" means the fee described in Subsection 3.1(g).

"Renewal Franchise Agreement" means our then-current form of Franchise Agreement for new Franchisees at the time you elect to renew the franchise relationship in accordance with Section 16.2.

"Renewal Term" means the term of the Renewal Franchise Agreement signed at the time the parties renew the franchise relationship.

"Royalty Fee" means the fee described in Subsection 3.1(c).

"Secured Assets" means (a) all of your accounts receivable arising out of, or in connection with, the operation of the Franchised Business existing as of the date of this Agreement and which came into existence during the Initial Term, including notes, negotiable instruments and contracts (the "Accounts Receivable"); all books and records pertaining to the Accounts Receivable; (c) all Assets; and (d) all proceeds upon sale or other disposition of any of property.

"Secured Obligations" means the obligations referred to in Subsection 3.6(a).

"Trade Dress" means the distinctive exterior of the Franchised Business, the distinctive interior décor, the distinctive menu, distinctive uniforms worn by staff, as well as the many other items, which together form the overall look and feel of the Franchised Business and its products and services.

"Trademarks" means the service mark and logo "Farm Stores®", "Swiss Farms®" and all other trademarks, service marks, trade names, logos and commercial symbols authorized by us as part of the Business System.

"Trainees" mean the persons approved by us who attend Initial Training.

"Transfer Fee" means the fee described in Subsection 3.1(g).

"Unique Consideration" means the consideration described in Subsection 10.5(c).

"Unit" means either a Company-Owned Unit or a Franchised Unit.

"Website" means www.farmstores.com.

"You" or **"Your"** means the person, persons or Business Entity that signs this Agreement as the Franchisee.

Section 18.2 Other Definitional Provisions

(a) All of the words or terms defined in this Agreement have these defined meanings when used in other documents issued under or delivered under this Agreement unless the context otherwise requires or unless specifically otherwise defined in the other document; and

(b) The term "**person**" includes any corporation, limited liability company, partnership, estate, trust, association, branch, bureau, subdivision, venture, associated group,

individual, government, institution, instrumentality and other entity, enterprise, association or endeavor of everykind.

ARTICLE 19 - GENERAL PROVISIONS

Section 19.1 Amendments

Except as stated in this Agreement including Sections 19.2 and 19.6, a party cannot amend, supplement or change the provisions of this Agreement except by an Amendment to Franchise Agreement signed by the parties. Only our President has the authority to sign an Amendment to Franchise Agreement on our behalf.

Section 19.2 Modification of the System

YOU AGREE THAT AFTER THE AGREEMENT DATE WE MAY MODIFY THE SYSTEM UNDER THE TERMS OF THIS AGREEMENT. YOU AGREE TO ABIDE BY ANY MODIFICATIONS IN THE SYSTEM AS IF THEY WERE PART OF THIS AGREEMENT AT THE TIME THE PARTIES SIGNED THIS AGREEMENT. YOU WILL MAKE ALL EXPENDITURES AND MODIFICATIONS OF THE SYSTEM, AS WE REQUIRE.

Section 19.3 Binding Effect

The provisions of this Agreement binds, benefits and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns.

Section 19.4 Communications and Notices

All notices, requests, consents and other written communications required or permitted under this Agreement should be given by e-mail to the e-mail address below or to another e-mail address that one party provides to the other party except for those matters specifically required to be sent USPS, FedEx or UPS addressed to:

If to us:

Farm Stores Franchising, LLC
2937 S.W. 27th Avenue
Suite 301
Coconut Grove, FL 33133
Attn: Maurice E. Bared, CEO
E-Mail: Maurice.bared@farmstores.com

With a copy to:

Ryan Palmer, Esquire
Lathrop GPM
500 IDS Center
80 South Eighth Street
Minneapolis, MN 55402
E-Mail: ryan.palmer@lathropgpm.com

If to you:

With a copy to:

Attn:

Attn:

E-Mail: _____

E-Mail: _____

or to any other address a party designates by notice to the other party complying with the terms of this Section. The receiving party will send an e-mail to the sending party acknowledging of receipt of the e-mail and any attachments. The parties agree that each notice is deemed delivered on the date delivered by USPS, FedEx or UPS.

Section 19.5 Headings

The headings and subheadings in this Agreement are for convenience of reference only, are not to be considered a part of this Agreement and will not limit or otherwise affect in any way the meaning or interpretation of this Agreement.

Section 19.6 Severability

(a) If any provision of this Agreement or any other agreement entered into under this Agreement is contrary to, prohibited by or invalid under applicable law or regulation, that term only will be inapplicable and omitted to the extent so contrary, prohibited or invalid. The parties agree that the remainder of this Agreement continues in full effect so far as possible. If any provision of this Agreement can be construed in more than one way, one that renders the term invalid or otherwise voidable or unenforceable and another that renders the term valid and enforceable, that provision has the meaning that renders it valid and enforceable.

(b) If a law of any applicable jurisdiction requires us to give a greater notice of the termination of or non-renewal of this Agreement (if permitted) than is required under this Agreement, or requires us to take of some other action not required under this Agreement, or if under a law of any applicable jurisdiction, any term of this Agreement or any of our requirements is invalid or unenforceable, the notice and/or other action required by that law will be substituted for the comparable provisions of this Agreement. We have the right, in our sole discretion, to modify any invalid or unenforceable requirement to the extent to make it valid and enforceable. Any modification to this Agreement will be effective only in that jurisdiction, unless we elect to give the modification greater applicability, and this Agreement is enforceable as originally entered into by the parties in all other jurisdictions.

Section 19.7 Waivers

The failure or delay of a party to require performance by another party of any term of this Agreement, even if known, will not affect the right of that party to require performance of that provision or to exercise any right or remedy under this Agreement. Any waiver by any party of a breach of any term of this Agreement is not a waiver of any continuing or later breach of that term, a waiver of the term itself, or a waiver of any right or remedy under this Agreement. No notice to or demand on any party in any case, of itself, entitles that party to any other notice or demand in similar or other circumstances.

Section 19.8 Remedies Cumulative

Except as otherwise stated in this Agreement, no remedy in this Agreement for any party is intended to be exclusive of any other remedy. Each remedy is cumulative and is in addition to every other remedy given under this Agreement, now or later existing, at law, in equity, by statute or otherwise. No single or partial exercise by any party of any right or remedy under this Agreement precludes any other exercise of any other right or remedy.

Section 19.9 Effectiveness; Counterparts

This Agreement is not effective or binding and enforceable against us until we accept this Agreement at our home office in Coconut Grove, Florida and our President signs this Agreement. We advise you not to incur any expenses for opening your Franchised Business until you have received a final signed copy of this Agreement. The parties may sign this Agreement in counterparts, each of which is a duplicate original, but together are the same instrument. Confirmation of signing by sending the signature page by telecopy or e-mail binds any party to the confirmation.

Section 19.10 Survival

The parties' obligations that expressly or by their nature survive the expiration or termination of this Agreement continue in full force after the transfer, expiration or termination of this Agreement until they are satisfied or by their nature expire.

Section 19.11 Force Majeure

Neither party is liable for loss or damage or is in breach of this Agreement, if the failure to perform his, her or its obligations is based solely from the following causes beyond his, her or its reasonable control: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy; (b) compliance with any applicable law; or (c) war, terrorism, strikes, natural disaster or acts of God. Any delay resulting from any of these causes extends performance accordingly or excuses performance as may be reasonable, except that these causes do not excuse payments of amounts owed to us for any reason.

Section 19.12 Third Parties

Except as provided in this Agreement to the contrary for other Franchisees, nothing in this Agreement, whether express or implied, confers any rights or remedies under this Agreement on any person (including other Franchisees) other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns. Except as provided in this Agreement to the contrary for any Designee, nothing in this Agreement relieves or discharges the obligation or liability of any third person to any party to this Agreement, nor does any provision give any third person any right of subrogation or action over or against any party to this Agreement.

Section 19.13 Interpretation

Each of the parties agree that he, she or it has been or has had the opportunity to be represented by its own counsel throughout the negotiations and at the signing of this Agreement and all of the other documents signed incidental to this Agreement. You will not, while this Agreement is effective or after its termination or expiration, claim or assert that any term of this Agreement or any of the other documents be construed against us.

Section 19.14 Entire Agreement

This Agreement and all other written agreements involving this Agreement and expressly referenced in this Agreement, represent the entire understanding and agreement between the parties on the subject matter of this Agreement and supersede all other negotiations, understandings and representations, if any, made between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not contained in this Agreement or all other written agreements concerning this Agreement and expressly referenced in this Agreement, are of any effect. Nothing in this Agreement or in any related document is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.

IN WITNESS WHEREOF, the parties have duly signed this Agreement.

WE, US, or OUR (Franchisor):

Farm Stores Franchising, LLC

By: _____
Maurice E. Bared, President

YOU or YOUR (Franchisee):

EXHIBIT A TO FRANCHISE AGREEMENT-APPROVED LOCATION ADDENDUM

Exhibit A to Franchise Agreement

APPROVED LOCATION ADDENDUM TO FRANCHISE AGREEMENT

THIS APPROVED LOCATION ADDENDUM is signed on _____ between Farm Stores Franchising, LLC ("we, "us" or "our") and _____ ("you" or "your").

BACKGROUND

A. The parties have signed a Franchise Agreement (the "Agreement") before you selected a location that we had approved for the Franchised Business.

B. You have now selected a location that we have approved and, under Section 1.2 of the Agreement, the parties are entering into this Addendum.

The parties agree as follows:

TERMS

1. You agree that you will operate the Franchised Business only at _____ (the "Premises").

2. Upon any inconsistency between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum supersede and control. In all other respects, the parties ratify and confirm the terms of the Franchise Agreement.

IN WITNESS WHEREOF, the parties have signed this Addendum.

WE, US, or OUR (Franchisor):

Farm Stores Franchising, LLC

By: _____

Maurice E. Bared, President

YOU or YOUR (Franchisee):

By: _____

Name: _____

EXHIBIT D- AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT

between

**Farm Stores Franchising, LLC,
a Delaware limited liability company (Franchisor)**

and

(Developer)

Dated: _____

Number of Franchised Units: _____

Development Area: _____

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AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT is signed on _____ between Farm Stores Franchising, LLC, a Delaware limited liability company (the "Franchisor") and _____ (the "Developer").

The Franchisor has written this Agreement in plain English to make it easy to read and to help you become thoroughly familiar with all of the important rights and obligations that the Agreement covers before you sign it. In this Agreement, the Franchisor is referred to as "we," "us" or "our." The Developer is referred to as "you" or "your."

BACKGROUND

A. We own and operate a double-drive thru convenience stores that offers grocery products, coffee, compatible bakery products, sandwiches, and related food and beverage items and other services we approve, which business operates under the trade name name ["Farm Stores®" / "Swiss Farms®"] (the "Principal Trademark").

B. The distinguishing proprietary characteristics of the business include: distinctive sales and operating methods; sources of supply; uniform standards; procedures for the management of the business and customer service; advertising and promotional materials and programs; assistance and training in the operation, management and promotion of the business; a Manual; and bookkeeping and accounting methods and procedures; all of which we may change, improve and further develop (collectively, the "Business System").

C. You recognize the benefits of receiving the right of first refusal from us to develop up to 3 Franchised Businesses in a given non-exclusive area (the "Development Area") each operating under a Franchise Agreement with us (the "Area Development Rights").

D. We have reviewed your application and have decided to award Area Development Rights to you under the terms of this Agreement.

E. You are simultaneously entering into a Franchise Agreement for your first Franchised Business (in the form included in Exhibit C to our Franchise Disclosure Document dated _____).

The parties agree as follows:

All capitalized terms are defined in ARTICLE 8.

TERMS

ARTICLE 1 - APPOINTMENT OF THE DEVELOPER

Section 1.1 Grant of Area Development Rights

We grant to you the Area Development Rights, and you undertake the obligation to, construct, open and operate up to 3 Franchised Businesses within the Development Area described in Section 1.2 in accordance with the Development Schedule stated in Section 1.3 and subject to the terms in this Agreement.

Section 1.2 Development Area, Right of First Refusal

(a) **Development Area.** Your Development Area is described on the Map attached as Appendix A. All Franchised Businesses you construct and open must be within the Development Area. We do not grant you any exclusive rights to develop within the Development Area but we grant you the right of first refusal described in Subsection 1.2(b).

(b) **Right of First Refusal.** If we have a bona fide prospective franchisee who wants to purchase a Farm Stores or Swiss Farms Franchise to be located in the Development Area, we will give you written notice along with our current FDD. You have 30 days after you receive our written notice within which to exercise your right of first refusal. If you give us written notice within the 30-day period that you intend to exercise your right of first refusal you must satisfy all of the following conditions within 30 days after you send us written notice of your intention to exercise your right of first refusal:

- (i) You must date, sign and return to us the FDD Receipt.
- (ii) You must sign a new Franchise Agreement in the form of our then-current Franchise Agreement.
- (iii) Your Initial Franchise Fee payable when you sign the Franchise Agreement for the 2nd Unit is \$20,000 (less \$5,000 of the Area Development Fee) and your Initial Franchise Fee payable when you sign the Franchise Agreement for the 3rd Unit is \$15,000 (less \$5,000 of the Area Development Fee). For all additional Units you purchase the Initial Franchise Fee is \$15,000.
- (iv) You are not in default under this Agreement or any other agreement with us, including any other Franchise Agreement and have fully and faithfully performed all of your material obligations under each agreement throughout its term.
- (v) This Agreement, any Franchise Agreement or any other agreement with you has not expired or has been terminated by us.
- (vi) There has been no change in the effective control of your franchisee business entity (by way of change in share ownership, membership or partnership interest, or otherwise) without our written consent.
- (vii) Your Manager has successfully completed our Initial Training program.

If you do not accept the offer, we are free for 90 days after you have elected not to exercise your right of first refusal, to sell the Farm Stores Franchise to the third party. If we do not sell the Farm Stores Franchise within the 90-day period, then any future offers from a third party to purchase a Farm Stores or Swiss Farms Franchise to be located in the Development Area is again subject to your right of first refusal.

Section 1.3 Development Schedule

(a) **Development Schedule.** You will construct, open and operate 3 Franchised Businesses located within the Development Area in accordance with the following minimum Development Schedule:

Number of Operating Franchised Businesses	Date When Franchised Businesses Are to Be Operating
1	_____
2	_____
3	_____

(b) **Additional Franchised Units.** You agree that the Development Schedule is fixed upon signing this Agreement. You may not open additional Franchised Businesses in excess of the number of Franchised Businesses listed above except upon:

- (i) our consent that may be withheld in our complete discretion;
- (ii) your payment of the \$15,000 Initial Franchise Fee and the other fees we are then charging to new Franchisees; and
- (iii) your signing of our then-current form of Franchise Agreement and related documents.

(c) **No Subfranchise Rights.** You have no authority to, and will not, subfranchise or sublicense your rights under this Agreement to any person.

(d) **Individual Business Entities.** You may form individual business entities to own and operate 1 or more of the Franchised Businesses that you develop, but you must own at least 51% of the voting equity interests in each business entity.

Section 1.4 Minimum Development Performance

You will submit to us a site approval application for each Franchised Business stating the specific site for which a proposed Franchised Business will be located before the time that you acquire any interest in the site. You agree to enter into Franchise Agreements based on our then-current form of the Franchise Agreement and related documents, and that you must open in the Development Area the number of Franchised Businesses listed in Section 1.3 on or before the times indicated. If we terminate a Franchise Agreement, we will deduct that Franchised Business from the number of Operating Franchised Businesses and a new Franchised Business must replace it within the time established by the Development Schedule. A Franchised Business remains credited against the Development Schedule if relocated with our consent.

Section 1.5 Time of the Essence

Time is of the essence for your obligations under this Agreement.

ARTICLE 2 - OUR DUTIES

We will provide you with the following assistance and services as necessary for the development and operation of the Franchised Businesses if you are not in default under this Agreement:

Section 2.1 Services and Support

We will provide you the services and continual support for each Franchised Business as stated in ARTICLE 2 of each Franchise Agreement.

Section 2.2 Duties Solely to You

All of our obligations under this Agreement are solely to you. No other party is entitled to rely on, enforce or obtain relief for breach of these obligations directly or by subrogation.

Section 2.3 Our Right to Delegate Duties

You agree to our right to delegate any of our duties under this Agreement to a Designee. You must discharge your duties with any Designee to the extent we request in the same manner that you must do so with us.

ARTICLE 3 - FEES AND PAYMENTS

Section 3.1 Area Development Fee

In consideration of the rights granted to you, you will pay to us an Area Development Fee of \$10,000 at the same time this Agreement is signed. This is in addition to the Initial Franchise Fee that you pay for your first Franchised Business. The Area Development Fee is nonrefundable and we fully earn it upon signing this Agreement. When you sign the Franchise Agreement for a second or third Franchised Business after the first Franchise Agreement, we will give you a credit of \$5,000 against the then-current Initial Franchise Fee.

Section 3.2 Interest on Late Payments; Late Charge

Although each failure to pay monies when due is an Event of Default, to encourage prompt payment and to cover the costs involved in processing late payments, if any payment under this Agreement is overdue for any reason, you must pay to us, on demand, in addition to the overdue amount, any insufficient funds (NSF) charges that we incur and interest on the overdue amount from the date it was due until paid equal to the lesser of: 1.5% per month or the highest commercial contract interest rate allowed by law. You must also pay a late charge of \$100 for each overdue payment.

ARTICLE 4 - YOUR DUTIES

Section 4.1 Achievement of Development Schedule

You will use your best efforts to confine your activities exclusively to constructing, opening and operating the Franchised Businesses contemplated under this Agreement in order to achieve the Development Schedule. You will maintain sufficient financial resources to construct, open

and operate the Franchised Businesses. You will maintain a minimum net worth of \$ _____ during the Term or have a firm commitment from a lender reasonably satisfactory to us for financing the development of the Franchised Businesses. If you fail to achieve the Development Schedule, we have the right to terminate this Agreement and retain the entire Area Development Fee. If we terminate this Agreement for your failure to meet the Development Schedule, we may immediately grant other individuals and entities the right to develop and open Franchised Businesses in the Development Area, or ourselves open Company-Owned Units in the Development Area. You will retain all rights under the Franchise Agreements for the Franchised Businesses you have under lease, construction or in operation, provided you are not otherwise in default under the Franchise Agreements.

Section 4.2 Reports

You agree to maintain and preserve accurate records for the development and operation of the Franchised Businesses at your principal office. These records and information must include site reports, leases for the Franchised Businesses, supervisory reports on the operation of the Franchised Businesses, records reflecting your financial condition and all other records and reports required under the Franchise Agreements.

Section 4.3 Compliance with Franchise Agreements

You will sign a Franchise Agreement and related documents for the first Franchised Business at the same time you sign this Agreement and comply with the duties stated in this ARTICLE. You will develop, institute and maintain all management systems, procedures and personnel, as we require, assuring your efficient operation of each of the Franchised Businesses.

ARTICLE 5 - TRANSFER OF INTEREST

Section 5.1 Transfer by Us

We have the absolute right to transfer, assign or delegate all or any part of our rights or obligations under this Agreement to any person without your consent.

Section 5.2 Transfer by You

The rights and duties in this Agreement are personal to you. We have granted this Agreement in reliance on your business and personal skills, reputation, aptitudes and financial capacity. Accordingly, you agree that you cannot sell, assign, transfer, convey, give or encumbered (collectively "transfer") this Agreement without our written consent (which may be granted or withheld by us in our sole and absolute discretion).

ARTICLE 6 - TERM

Section 6.1 Initial Term

The Initial Term of this Agreement ends upon the earlier of: (i) the date when we approve the site for your 3rd Franchised Unit or (ii) 3 and a half years from the Agreement Date, unless otherwise sooner terminated due to default. The conditions under which you have the opportunity of obtaining a renewal Development Agreement at the expiration of this Agreement are those stated in Section 6.2.

Section 6.2 Option to Obtain Renewal Development Agreement

(a) **Conditions to Renew.** If you desire to continue to develop the Development Area, you are granted the option to obtain a renewal Development Agreement for an additional 3-year term on the following conditions, which must be met at the time the option is exercised and immediately before the beginning of the Renewal Term, unless another time is specified:

(i) You give us written notice of your intention to exercise your option to renew your Area Development Rights by giving us written notice at least 6 months before the end of the Initial Term.

(ii) You are not in default of any provision of this Agreement including the Development Schedule or any other agreement between you and us at the time you give us written notice and at the time the Initial Term expires.

(iii) You have, at the time of renewal, sufficient financial and management resources in our discretion to continue development of additional Franchised Businesses in the Development Area;

(iv) You meet our then-current qualification and training requirements.

(v) Within 30 days before the end of the Initial Term, you sign and deliver to us our then-current form of Development Agreement, the terms of which may materially differ from the terms of this Agreement including a new Development Schedule and pay us another Area Development Fee we are then charging for Area Development Rights.

(vi) You sign a general release in the form included in Exhibit S to the FDD of all claims against us and our affiliates, and their respective officers, directors, shareholders, agents and employees except for our known liabilities to you and liabilities from which we may not require a release under any applicable state law.

(b) **Our Right Not to Renew.** If you have not met all of the conditions in Subsection 6.2(a), we may elect not to enter into a renewal Development Agreement if we provide you with written notice of our intention not to enter a renewal Development Agreement.

Section 6.3 Our Right Not to Enter into a Renewal Development Agreement

Notwithstanding Section 6.2, we may elect not to enter into a renewal Development Agreement with you, if: (i) we provide you with written notice at least 180 days before the expiration of this Agreement; (ii) we reasonably believe that the Development Area has been adequately saturated with Franchised Businesses; and (iii) our refusal to enter into a renewal Development Agreement is not for the purpose of appointing another developer for the Development Area or for the opening of additional Franchised Businesses or Company-Owned Units in the Development Area.

ARTICLE 7 - DEFAULT AND TERMINATION

Section 7.1 Termination by You

If you have substantially complied with this Agreement and we materially breach this Agreement, you may give us written notice of the nature of the breach. If we do not cure the

breach within 30 days or within a longer period, if the nature of the breach is such that we cannot cure within 30 days, you have the right to terminate this Agreement. You may also terminate this Agreement upon the mutual written agreement with us. Any termination of this Agreement by you other than as stated above is a wrongful termination by you.

Section 7.2 Termination by Us with Notice

If we terminate any Franchise Agreement between the parties due to your default, after we have given you written notice of default if notice is required, and afforded you an opportunity to cure if you have a right to cure, we may terminate this Agreement by giving you written notice of termination.

Section 7.3 Termination by Us with Notice and Opportunity to Cure

You have 30 days or any longer period as applicable law may require, after we deliver you a written notice of default to cure any default under this Agreement and provide evidence of cure satisfactory to us. If you fail to cure timely any curable default, we have the right to terminate this Agreement effective upon your receipt of our written notice of termination. You have the burden of proving you have timely cured any default, to the extent it is a curable default under this Agreement.

Section 7.4 Effect of Termination or Expiration

Upon termination or expiration of this Agreement, all your Area Development Rights cease rights cease. You retain all rights to Franchise Agreements for Franchised Units you are currently operating or are under construction, provided you are not in otherwise in default under any Franchise Agreement.

ARTICLE 8 – DEFINITIONS

Section 8.1 Definitions

As used in this Agreement, the following terms have the following meanings:

"Agreement" means this Development Agreement, as it may be amended, supplemented or otherwise modified by a written agreement the parties sign.

"Agreement Date" means the date set forth on page 1 of this Agreement.

"Area Development Rights" means the rights granted to you under ARTICLE 1 to construct and operate Franchised Businesses in the Development Area under the terms of this Agreement and the Franchise Agreements.

"Company-Owned Unit" means a Farm Stores or Swiss Farms business operating pursuant to the Business System owned by us or by any affiliate.

"Designee" means an Area Representative who is an independent contractor appointed by us to perform certain of our duties under this Agreement as described in ARTICLE 2.

"Development Area" means the area described in Section 1.2.

"Area Development Fee" means the fee described in Section 3.1.

"Development Schedule" means the number of Franchised Businesses to be developed and the period in which to open the Franchised Businesses as stated in Section 1.3.

"Franchise Agreement" means the then-standard form of Franchise Agreement we are offering to new franchisees, the current form of which is included in Exhibit C to the Franchise Disclosure Document.

"Franchised Business" means the Franchise we authorize you to establish and operate under a Franchise Agreement.

"Franchise Disclosure Document" or **"FDD"** means our current Franchise Disclosure Document and all Exhibits.

"Initial Term" means the term of the Agreement described in Section 6.1.

"Renewal Term" means the term of the renewal Development described in Subsection 6.2(a).

"Unit" means a Franchised Business owned and operated by a Franchise or by us or an affiliate.

Section 8.2 Other Definitional Provisions

(a) **Same Meanings.** All of the terms defined in this Agreement have these defined meanings when used in other documents issued under, or delivered under this Agreement unless the context otherwise requires or unless specifically otherwise defined in the other document; and

(b) **Person.** The term "person" includes any limited liability company, partnership, estate, trust, association, branch, bureau, subdivision, venture, associated group, individual, government, institution, instrumentality and other entity, enterprise, association or endeavor of every kind.

ARTICLE 9 - GENERAL PROVISIONS

Section 9.1 Dispute Resolution

The parties incorporate the dispute resolution provisions contained in ARTICLE 17 of the Franchise Agreement into this Agreement.

Section 9.2 Amendments

The parties may only amend, supplement or change the provisions of this Agreement by an Amendment to Area Development Agreement signed by the parties except: (a) we may change the contents of the Manuals; (ii) we may modify the System; and a court may modify any provision of the Development Agreement in accordance with applicable law. Only our President has the authority to sign an Amendment to Area Development Agreement on our behalf.

Section 9.3 Binding Effect

The provisions of this Agreement binds, benefits and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns.

Section 9.4 Notices and Communications

All notices, requests, consents and other written communications required or permitted under this Agreement must be in writing and sent by e-mail to the e-mail addresses set forth below:

If to us:

Farm Stores Franchising, LLC
2937 S.W. 27th Avenue
Suite 301
Coconut Grove, FL 33133
Attn: Maurice E. Bared, CEO
E-Mail: Maurice.bared@farmstores.com

With a copy to:

Ryan Palmer, Esquire
Gray Plant Mooty
500 IDS Center
80 South Eighth Street
Minneapolis, MN 55402
E-Mail: ryan.palmer@lathropgpm.com

If to you:

With a copy to:

Attn: _____
E-Mail: _____

Attn: _____
E-Mail: _____

or to any other e-mail address any party designates by notice to the other parties. The parties agree to confirm receipt of each e-mail notice from another party.

Section 9.5 Headings

The headings and subheadings in this Agreement are for convenience of reference only, are not to be considered a part of this Agreement and do not limit or otherwise affect in any way the meaning or interpretation of this Agreement.

Section 9.6 Severability

(a) If any provision of this Agreement or any other agreement entered into under this Agreement is contrary to, prohibited by or invalid under applicable law or regulation, that term only will be inapplicable and omitted to the extent so contrary, prohibited or invalid. The parties agree that the remainder of this Agreement continues in full effect so far as possible. If any provision of this Agreement can be construed in more than one way, one that renders the term invalid or otherwise voidable or unenforceable, and another that renders the term valid and enforceable, that provision has the meaning that renders it valid and enforceable.

(b) If a law of any applicable jurisdiction requires us to give a greater notice of the termination of or non-renewal of this Agreement (if permitted) than is required under this

Agreement, or requires us to take of some other action not required under this Agreement, or if under a law of any applicable jurisdiction, any term of this Agreement or any of our requirements is invalid or unenforceable, the notice and/or other action required by that law will be substituted for the comparable provisions of this Agreement. We have the right, in our sole discretion, to modify any invalid or unenforceable requirement to the extent to make it valid and enforceable. Any modification to this Agreement will be effective only in that jurisdiction, unless we elect to give the modification greater applicability, and this Agreement is enforceable as originally entered into by the parties in all other jurisdictions.

Section 9.7 Waivers

The failure or delay of a party to require performance by another party of any term of this Agreement, even if known, will not affect the right of that party to require performance of that provision or to exercise any right or remedy under this Agreement. Any waiver by any party of a breach of any term of this Agreement is not a waiver of any continuing or later breach of that term, a waiver of the term itself, or a waiver of any right or remedy under this Agreement. No notice to or demand on any party in any case, of itself, entitles that party to any other notice or demand in similar or other circumstances.

Section 9.8 Remedies Cumulative

Except as otherwise stated in this Agreement, no remedy afforded a party in this Agreement is exclusive of any other remedy. Each remedy is cumulative and is in addition to every other remedy, now or later existing, at law, in equity, by statute or otherwise. No single or partial exercise by any party of any right or remedy under this Agreement precludes any other exercise of any other right or remedy.

Section 9.9 Effectiveness; Counterparts

This Agreement is not effective or binding and enforceable against us until we accept this Agreement at our home office in Coconut Grove, Florida and our President signs this Agreement. The parties may sign this Agreement in counterparts, each of which is a duplicate original, but together are the same document. Confirmation of signing by sending a PDF version of the signature page by e-mail binds the party to the confirmation.

Section 9.10 Interpretation

Each of the parties agree that he, she or it had the opportunity to have been represented by its own counsel throughout the negotiations and at the signing of this Agreement and all of the other documents signed incidental to this Agreement. You will not, while this Agreement is effective or after its termination or expiration, claim or assert that any term of this Agreement or any of the other document be construed against us.

Section 9.11 Entire Agreement

This Agreement represents the entire understanding and agreement between the parties on the subject matter of this Agreement, and supersedes all other negotiations, understandings and representations, if any, made between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied in this Agreement are of any effect. Nothing in this Agreement disclaims the representations we made in the Franchise Disclosure Document and Exhibits that we furnished to you.

Section 9.12 Survival

All obligations of the parties that expressly or by their nature survive the expiration or termination of this Agreement, continue in full force and effect after its expiration or termination and until they are satisfied or by their nature expire.

Section 9.13 Liability of Multiple Developers

If the Developer consists of more than one person, all persons are jointly and individually liable for your obligations under this Agreement.

Section 9.14 Force Majeure

Neither party is liable for loss or damage or is in breach of this Agreement, if the failure to perform his, her or its obligations is based solely from the following causes beyond his, her or its reasonable control: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy; (b) compliance with any applicable law; or (c) war, terrorism, strikes, natural disaster, or acts of God. Any delay resulting from any of these causes extends performance accordingly or excuses performance as may be reasonable, except that these causes do not excuse payments of amounts owed to us for any reason.

Section 9.15 Third Parties

Nothing in this Agreement, whether express or implied, confers any rights or remedies under or based on this Agreement on any person other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns. Nothing in this Agreement relieves or discharges the obligation or liability of any third persons to any party to this Agreement, nor does any provision give any third person any right of subrogation or action over or against any party to this Agreement.

IN WITNESS WHEREOF, the parties have duly signed and delivered this Agreement.

YOU or YOUR (Developer):

WE, US, or OUR (Franchisor):

Farm Stores Franchising, LLC

By: _____
Maurice E. Bared, President

APPENDIX A – DESCRIPTION OF DEVELOPMENT AREA

EXHIBIT E

STATE ADDENDA TO FRANCHISE AND AREA DEVELOPMENT AGREEMENTS

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

FARM STORES FRANCHISING, LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

NEW YORK ADDENDUM TO AREA DEVELOPMENT AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Area Development Agreement, to the extent that the Area Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Fran Area Development Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Area Development Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

3. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Area Development Agreement. In the event of any conflict between this Addendum and the Area Development Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

FARM STORES FRANCHISING, LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT F – GUARANTY OF FRANCHISEE’S OBLIGATIONS

GUARANTY OF FRANCHISEE'S OBLIGATIONS

THIS GUARANTY OF FRANCHISEE'S OBLIGATIONS (this "Guaranty") is signed on _____
by _____ (the "Guarantor").

INTRODUCTION

A. Farm Stores Franchising, LLC, a Delaware limited liability company (the "Franchisor"), is granting to _____ (the "Franchisee") Farm Stores Area Development Rights and/or a name **Farm Stores / Swiss Farms** Franchise.

B. The Guarantor represents and warrants to the Franchisor that he will benefit by the grant to the Franchisee of the Area Development Rights and/or Franchise.

C. The Franchisor has declined to enter into the Area Development Agreement and/or the Franchise Agreement and other agreements (collectively, the "Agreements") with the Franchisee unless the Guarantor signs and delivers this Guaranty to the Franchisor.

TERMS

The Guarantor agrees for the benefit of the Franchisor and its affiliates as follows:

1. **Guaranteed Obligations.** The Guarantor absolutely and unconditionally, guarantees to the Franchisor and its affiliates, and their respective successors and assigns, for the respective terms of the Agreements and thereafter as provided in the Agreements, that the Franchisee will punctually pay and perform every obligation stated in the Agreements and agrees to be personally bound by, and personally liable for the breach of, every term of the Agreements, together with charges, fees and all expenses including attorneys' fees and costs incurred in enforcing the terms of the Franchise Agreement or this Guaranty through litigation, arbitration, appellate, bankruptcy and post-judgment proceedings (the "Guaranteed Obligations").

2. **Incorporation of Terms.** The terms of the Agreements are incorporated in this Guaranty as if stated in full, including the covenants stated in ARTICLE 13 and the dispute resolutions provisions stated in ARTICLE 17 of the Franchise Agreement by which Guarantor agrees to be bound. The Guarantor has had an opportunity to read, and to receive advice by his or her counsel of, the terms of the Agreements and the Franchisor's Franchise Disclosure Document.

3. **Guaranty Absolute and Irrevocable.** The obligation of the Guarantor is absolute and unconditional irrespective of the validity or enforceability of any of the Agreements. This is an irrevocable and continuing guaranty. This Guaranty covers and secures any amount at any time owing on the Guaranteed Obligations and remains in full effect until all Guaranteed Obligations have been satisfied and all amounts due have been paid in full to the Franchisor or its affiliates. The Guarantor waives the benefit of any circumstance, defense or statute of limitations affecting his liability that might otherwise discharge a guarantor or hinder prompt enforcement of this Guaranty. The Guarantor irrevocably waives any requirement that the Franchisor must proceed against or exhaust any collateral or security that the Franchisor may now hold or obtain for any of

the Guaranteed Obligations before collecting from the Guarantor. The Franchisor is under no obligation to keep the Guarantor informed of the Franchisee's financial condition.

4. **Payment.** If the Franchisee fails to make any payment when due or otherwise defaults under the terms of any of the Guaranteed Obligations, the Guarantor will pay to the Franchisor immediately upon demand the full amount of the Guaranteed Obligations then due (by acceleration or otherwise), in immediately available funds. 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 the Guarantor except the defense that the Franchisee has paid in full all Guaranteed Obligations.

5. **Enforcement.** In any proceeding under this Guaranty, the Franchisor may act against the Guarantor separately, or against 2 or more Guarantors jointly, or against some separately and some jointly. In any action or proceeding to enforce this Guaranty against the Guarantor, the Franchisor is not required to join the Franchisee, or any other Guarantor, unless it elects to do so in its sole discretion.

6. **Waiver.** The Guarantor irrevocably waives notice of the extension of any Guaranteed Obligation, or of the acceptance of this Guaranty, and protest, presentment, diligence, demand for payment, notice of default, nonpayment or dishonor of any Guaranteed Obligation, and any other notice except as expressly provided in this Guaranty.

7. **Consent to Certain Actions.** Without in any way affecting or impairing the liability of the Guarantor and, without notice to or additional consent from the Guarantor:

(a) the Guaranteed Obligations may be renewed, extended, modified (in time for payment or the terms of indebtedness or otherwise), compromised, settled, released or discharged by the Franchisor, whether by agreement with the Franchisee or under any insolvency, bankruptcy or similar proceeding;

(b) any security or collateral for the Guaranteed Obligations may be assigned, exchanged, sold, released or surrendered by the Franchisor, and the Franchisor may abstain from perfecting its security interest in any security or collateral, or from taking upon new security or collateral;

(c) the Franchisor may exercise or refrain from exercising any right against the Franchisee or any other person or entity;

(d) the Franchisor has sole discretion to apply any payments received by the Franchisee or any Guarantor to the Franchisee's past due indebtedness including Royalty Fees, Marketing Fund Contributions, purchases from the Franchisor or its affiliates, interest, NSF charges, or any other indebtedness of the Franchisee to the Franchisor, its affiliates, lessor, vendor, taxing authority or third party creditor, in any manner the Franchisor chooses regardless of the Franchisee's designation;

(e) the Franchisor may consent to or waive any breach of, or any act, omission or default of, the Guaranteed Obligations; and

(f) the Franchisor may agree to any amendment to or modification of, any of the Agreements, applicable to the Guaranteed Obligations.

The Franchisor has no duties to the Guarantor except as expressly provided in this Guaranty.

8. **Continuing Guarantee.** The guarantee of the Guarantor under this Guaranty continues to be effective, or is reinstated, as the case may be, if at any time any payment to the Franchisor of the Guaranteed Obligations is rescinded or must otherwise be returned for any reason, including the insolvency, bankruptcy or reorganization of the person or entity making the payment, all as though the payment had not been made.

9. **Successors and Assigns.** The Guarantor cannot delegate any of his, her or its obligations under this Guaranty. This Guaranty is binding upon the heirs, personal representatives, successors and assigns of the Guarantor, and inures to the benefit of the Franchisor, its affiliates and their respective successors and assigns. The Franchisor may at any time, without notice to the Guarantor, transfer or assign to any person or entity any of the Guaranteed Obligations, or any interest in the Guaranteed Obligations, and every immediate and successive assignee or transferee of the Guaranteed Obligations, or any interest in the Guaranteed Obligations is, to the extent of its interest, be entitled to the benefits of this Guaranty to the same extent as if the assignee or transferee were the Franchisor.

10. **Representations and Warranties.** The Guarantor represents as follows:

- (a) The Guarantor has the capacity to enter into, perform and deliver this Guaranty;
- (b) This Guaranty is the legal, valid, binding and enforceable obligations of the Guarantor;
- (c) There is no litigation or governmental proceeding pending or threatened against the Guarantor, nor has there occurred any event, nor does there exist any condition, on the basis of which any litigation or proceeding might be begun, which litigation or proceeding, if adversely determined, could have a material adverse effect on the respective properties, operations, assets, condition (financial, business, labor or otherwise) or prospects of the Guarantor; and
- (d) The Guarantor has independent means of obtaining reports and financial information about the Franchisee and the Franchisor has no obligation, either before the signing of this Guaranty or any time thereafter, to notify the Guarantor concerning the Franchisee's financial condition or of any event or occurrence affecting the Franchisee's financial condition or business operation.
- (e) Any financial statements previously delivered by the Guarantor to the Franchisor were true and correct in all respects as of the date delivered. At any time this Guaranty is in effect, Guarantor will, upon 7-days prior written notice from the Franchisor, provide the Franchisor with a current financial statement and such other financial information as the Franchisor may reasonably request (including copies of Guarantor's filed federal and state income tax returns for the most recent taxable year). The Franchisor agrees to keep confidential and not use such financial statements and information, except in connection with the administration or

enforcement of the Franchise Agreement or this Guaranty. The financial statements must be prepared in accordance with generally accepted accounting principles.

11. **Notices.** Any notice or demand required or permitted to be given under this Guaranty to the Guarantor must be in writing and must be either: (a) personally delivered; or (b) by FedEx or UPS to the following address for the Guarantor:

12. **Subordination and Subrogation.** Until the Guaranteed Obligations are paid in full, the Guarantor subordinates and assigns all direct or indirect claims and rights that he, she or it may have against the Franchisee, now existing or later arising, to all claims by the Franchisor for amounts owing from the Franchisee to the Franchisor or its affiliates for the Guaranteed Obligations.

13. **Miscellaneous.** This Guaranty contains the entire agreement of the Guarantor and is not subject to any oral conditions. Time is of the essence for the terms of this Guaranty. This Guaranty cannot be changed or modified orally. Upon request from the Franchisor, the Guarantor will provide to the Franchisor all information regarding his, her or its financial condition and business operations as the Franchisor requests including personal financial statements. This Guaranty is deemed and treated as being drafted jointly by the Guarantor and the Franchisor. No term of this Guaranty is construed more strictly against the Guarantor or the Franchisor because the Franchisor, or its counsel, was responsible for the physical preparation of this Guaranty.

IN WITNESS WHEREOF, the Guarantor signed this Guaranty on the date stated above.

_____	_____
_____	_____
_____	_____

EXHIBIT G – PRE-AUTHORIZED ACH FORM

PRE-AUTHORIZED ACH FORM

Franchisee: _____

Location: _____

Date: _____

NEW	CHANGE

Attention: Franchise Department

The undersigned hereby authorizes Farm Stores Franchising, LLC ("Farm Stores"), to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Marketing Fund Contributions, or other amounts that become payable by the undersigned to Farm Stores. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by Farm Stores.

This authorization is to remain in full force and effect until sixty (60) days after Farm Stores has received written notification from the undersigned of its termination. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

*** Attach VOIDED Check ***

Bank Name

Branch

Street Address

City State Zip Code

Bank Telephone Number

Bank's Routing Number

Customer's Account Number

Sincerely yours,

Account Holder's Name

Street Address

City State Zip Code

Telephone Number

By _____

Its _____

Date _____

**EXHIBIT H – SECURITY AGREEMENT, UCC-1 FINANCING
STATEMENT AND RIDER**

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is signed on _____ between Farm Stores Franchising, LLC, a Delaware limited liability company (the "Franchisor/Secured Party") and _____ (the "Franchisee/Debtor").

BACKGROUND

To secure all of the Franchisee's/Debtor's obligations to the Franchisor/Secured Party pursuant to that certain Franchise Agreement between the Franchisor/Secured Party and the Franchisee dated the same date as this Security Agreement (the "Franchise Agreement"), the Franchisee/Debtor grants to the Franchisor/Secured Party a security interest in certain of the assets of the Franchisee/Debtor as set forth in this Security Agreement. All capitalized terms not specifically defined in this Agreement have the same meaning as contained in the Franchise Agreement.

The parties agree as follows:

1. *Creation of Security Interest.*

The Franchisee/Debtor grants to the Franchisor/Secured Party a security interest in the following described property used in the operation of the Franchised Business (collectively, the "Collateral"):

(a) All of the Franchisee/Debtor's Inventory, of whatever type or description, wherever located and whether now owned or later acquired;

(b) All of the Franchisee/Debtor's Accounts, which include all notes receivable, accounts receivable, and all other forms of customer obligations now existing and that may at any time later come into existence;

(c) All of the Franchisee/Debtor's vehicles, equipment, machinery, furniture, fixtures and other items of personal property, whether now owned or later acquired;

(d) All of the Franchisee/Debtor's permits, licenses and other governmental approvals;

(e) The Franchisee/Debtor's business on an ongoing basis including contract rights, customer lists and routes;

(f) All of the Franchisee/Debtor's cash, certificates of deposit, securities, instruments and general intangibles;

(g) The right to all insurance proceeds of all insurance covering the Collateral as later defined;

and

(h) All proceeds, products, replacements, additions, substitutions and accessions of and to all of the foregoing

The Debtor's personal assets including consumer goods are not subject to this security interest.

2. *Obligations Secured.*

The security interest secures the payment and performance of all indebtedness, obligations and liabilities of any kind of the Franchisee/Debtor to the Franchisor/Secured Party now or later existing, arising directly between the Franchisee/Debtor and the Franchisor/Secured Party including the Franchisee's/Debtors obligations under the Franchise Agreement (collectively, the "Obligations").

3. *Franchisee/Debtor's Warranties.*

The Franchisee/Debtor warrants that:

(a) The Franchisee/Debtor is the owner of the Collateral free from any adverse lien, security interest or encumbrance other than the security interest granted by this Security Agreement and the Permitted Encumbrances stated in Schedule A. The Franchisee/Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest on the assets, except for the liens described in this Section or otherwise permitted under the Franchise Agreement.

(b) None of the Collateral is subject to a purchase money security interest other than that of the Franchisor/Secured Party or otherwise permitted under the Franchise Agreement.

(c) The Franchisee/Debtor will keep the Collateral at the Franchised Business where the Franchisor/Secured Party may inspect it at any reasonable time. The Franchisee/Debtor will not remove the Collateral from this location without the written consent of the Franchisor/Secured Party. The Franchisee/Debtor will not allow the Collateral to be wasted, misused, abused or to deteriorate, except for ordinary wear and tear, and will not be used in violation of any law, ordinance or regulation of any governmental authority.

(d) The Franchisee/Debtor will insure the Collateral with carriers in the amounts and against all risks as satisfactory to the Franchisor/Secured Party, with policies payable to the Franchisor/Secured Party as its interest may appear. All policies of insurance must provide for 30 days' written notice of cancellation, modification, termination or expiration to the Franchisor/Secured Party. The Franchisee/Debtor will furnish the Franchisor/Secured Party a copy of the policies or other evidence of compliance with these insurance provisions.

(e) The Franchisee/Debtor will pay, when due, all taxes and assessments upon the Collateral or its operation or use and discharge or pay any taxes, liens, security interest or other encumbrances at any time levied or placed on or against the Collateral of the Franchisee/Debtor.

(f) The Franchisee/Debtor will not sell, lease, transfer, dispose or substantially modify the Collateral without the written consent of the Franchisor/Secured Party except for the sale,

replacement or other disposition of the Collateral in the ordinary course of the operation of the Franchised Business.

(g) The Franchisee/Debtor will sign, alone or with the Franchisor/Secured Party, any financing statements or other documents and do any other act or acts considered by the Franchisor/Secured Party to be necessary or desirable to perfect or protect the security interest created by this Agreement, and will pay all costs and expenses (including reasonable fees and expenses of counsel and filing fees) for the preparation and filing of any financing statements, continuation statements or other documents for the perfection or protection of the security interest created by this Agreement.

4. *Rights of the Franchisor/Secured Party Prior to Default*

(a) The Franchisor/Secured Party may enter upon the Franchisee/Debtor's premises at any reasonable time to inspect the Franchisee/Debtor's books and records pertaining to the Collateral or its proceeds, and the Franchisee/Debtor will assist the Franchisor/Secured Party in all ways necessary to make any inspection.

(b) The Franchisee/Debtor agrees that, upon 5 days' written notice from the Franchisor/Secured Party, it will deliver to the Franchisor/Secured Party lists or copies of all accounts, that are proceeds of the Franchisee/Debtor's Collateral, promptly after they arise.

5. *Rights of Franchisee/Debtor Prior to Default.*

Until an Event of Default occurs or as otherwise provided in this Agreement, the Franchisee/Debtor may use the Collateral in any lawful manner consistent with this Agreement, the Franchise Agreement and with the terms of insurance on the Collateral.

6. *Events of Default.*

The Franchisee/Debtor is in default under this Agreement upon the happening of any of the following events ("Events of Default"):

(a) The occurrence of an Event of Default under the Franchise Agreement or any other document between the Franchisor/Secured Party and the Franchisee/Debtor; or

(b) Loss, theft, substantial change or destruction to a substantial portion of the Collateral unless replaced immediately or covered by insurance.

Upon the happening of any Event of Default or whenever the Franchisor/Secured Party deems itself insecure for any reason, the Obligations become immediately due and payable. The Franchisee/Debtor expressly waives any presentment, demand, protest or other notice of any kind.

7. *Franchisor/Secured Party's Remedies and Additional Rights After Default.*

Upon the occurrence of an Event of Default, the Franchisor/Secured Party has the rights and remedies of a Franchisor/Secured Party under the Florida Uniform Commercial Code or any other applicable law. The Franchisor/Secured Party may exercise the following rights and remedies:

(a) The Franchisor/Secured Party may peaceably, or by its own means or with judicial assistance by injunction or otherwise, enter the Franchisee/Debtor's premises and take possession

of the Collateral, or render it unusable, or dispose of the Collateral on the Franchisee/Debtor's premises, and the Franchisee/Debtor will not resist or interfere with this action.

(b) The Franchisor/Secured Party may notify all account debtor's and other contracting parties of the Franchisor's/Secured Party's security interest in the accounts and demand payment directly to the Franchisor/Secured Party instead of paying the Franchisee/Debtor directly.

(c) The Franchisor/Secured Party may, with judicial assistance by injunction or otherwise, require the Franchisee/Debtor, at the Franchisee/Debtor's expense, to assemble the Collateral and make it available to the Franchisor/Secured Party at any place designated by the Franchisor/Secured Party. The Franchisee/Debtor agrees that any place designated by the Franchisor/Secured Party within Miami-Dade County, Florida, is a place reasonably convenient to Franchisee/Debtor to assemble the Collateral.

(d) The Franchisee/Debtor agrees that a notice to the Franchisee/Debtor, at least 5 days before the time of any intended sale or of the time after which any public or private sale or other disposition of the Collateral may be made, is reasonable notice of the sale or other disposition.

(e) Without precluding any other methods of sale, the sale of the Collateral has been made in a commercially reasonable manner if conducted in conformity with reasonable commercial practices, however, the Franchisor/Secured Party may sell on terms as it may choose, without assuming any credit risk and without any obligation to advertise or give notice of any kind.

(f) The Collateral need not be present at any public or private sale or in view of the purchaser or purchasers. Title passes upon sale wherever the property is located with like effect as though all the property were present and in the possession of the person conducting the sale and where physically delivered to the purchaser. The Franchisor/Secured Party may bid for and purchase all the Collateral or any part of the Collateral, and by purchase, becomes the owner of the Collateral.

(g) Upon the exercise of any of the rights or remedies of the Franchisor/Secured Party under this Agreement, the Collateral may be offered for sale for one total price, and the proceeds of the sale accounted for in one account without distinction between items of security or without assigning to them any proportion of the proceeds of the sale. The Franchisee/Debtor insofar as it legally may do so waives the application of any doctrine of marshalling. At the option of the Franchisor/Secured Party, the Collateral may be offered for sale separately at different times and/or locations. A separate sale does not preclude later sales of the Collateral or the exercise by the Franchisor/Secured Party of any other right or remedy under this Agreement.

(h) The Franchisor/Secured Party may deduct from the gross proceeds of any public or private sale the expenses incurred by the Franchisor/Secured Party in the sale, including any broker's commission and its reasonable attorneys' fees, legal expenses including appellate, bankruptcy and post-judgment proceedings, incurred or expended by the Franchisor/Secured Party in connection with this Agreement and other agreements involving the Collateral, the enforcement of any of the obligations or the administration, preservation or protection of or realization upon the Collateral or any part of the Collateral. Any amount then remaining will be returned to the Franchisee/Debtor.

If the proceeds from the sale of the Collateral are not sufficient to satisfy the indebtedness of the Franchisee/Debtor to the Franchisor/Secured Party, the Franchisor/Secured Party may proceed against the Franchisee/Debtor for any deficiency.

8. *Miscellaneous.*

(a) No failure on the part of the Franchisor/Secured Party to exercise and no delay in exercising any right or remedy under this Agreement operates as a waiver of this Agreement, nor will any single or partial exercise by the Franchisor/Secured Party of any right or remedy under this Agreement preclude any other or future exercise of that right or remedy or the exercise of any other right or remedy.

(b) The dispute resolution provisions contained in ARTICLE 17 of the Franchise Agreement are incorporated by reference into this Agreement and are part of this Agreement.

(c) Upon a conflict between the terms of this Agreement or the Franchise Agreement between the parties, the terms of the Franchise Agreement prevail.

(d) All of the terms and covenants of this Agreement inure to the benefit of and bind the heirs, legal representatives, successors and assigns of the respective parties to this Agreement.

(e) This Security Agreement may not be changed orally, but only by an instrument in writing and signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(f) Upon full performance under the Franchise Agreement without renewal, this Security Agreement automatically terminates. The Franchisor/Secured Party will sign and send to the Franchisee/Debtor a UCC-3 Statement of Termination.

[signatures on following page]

IN WITNESS WHEREOF, the parties have signed this Agreement this day and year first above written.

FRANCHISOR/SECURED PARTY:

Farm Stores Franchising, LLC

By: _____
Maurice Bared, President

FRANCHISEE/DEBTOR:

SCHEDULE A TO SECURITY AGREEMENT

PERMITTED ENCUMBRANCES

1. Tangible commercial personal property taxes for the year 2020 and subsequent years.

<u>Date of Filing</u>	<u>File #</u>	<u>Franchisor/Secured Party</u>	<u>Collateral</u>
-----------------------	---------------	---------------------------------	-------------------

- 2.

- 3.

- 4.

UNIFORM COMMERCIAL CODE FINANCING STATEMENT FORM

A. NAME & DAYTIME PHONE NUMBER OF CONTACT PERSON Ryan Palmer 612-632-3013	
B. Email Address	
C. SEND ACKNOWLEDGEMENT TO:	
Name	Ryan Palmer, Esquire
Address	500 IDS Center
Address	80 South Eighth Street
City/State/Zip	Minneapolis, MN 55402

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME – INSERT ONLY ONE DEBTOR NAME (1a OR 1b) – Do Not Abbreviate or Combine Names

1.a ORGANIZATION'S NAME				
1.b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
1.c MAILING ADDRESS Line One	This space not available.			
MAILING ADDRESS Line Two	CITY	STATE	POSTAL CODE	COUNTRY

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME – INSERT ONLY ONE DEBTOR NAME (2a OR 2b) – Do Not Abbreviate or Combine Names

2.a ORGANIZATION'S NAME				
2.b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
2.c MAILING ADDRESS Line One	This space not available.			
MAILING ADDRESS Line Two	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) – INSERT ONLY ONE SECURED PARTY (3a OR 3b)

3.a ORGANIZATION'S NAME Farm Stores Franchising, LLC, a Delaware limited liability company				
3.b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
3.c MAILING ADDRESS Line One 2937 S.W. 27th Avenue, Suite 107	This space not available.			
MAILING ADDRESS Line Two	CITY Coconut Grove	STATE FL	POSTAL CODE 33133	COUNTRY

4. This FINANCING STATEMENT covers the following collateral:

See Rider attached hereto
Florida Documentary Stamp Tax are not due.

5. ALTERNATE DESIGNATION (if applicable) ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR
☐ AG LIEN ☐ NON-UCC FILING ☐ SELLER/BUYER

6. Florida DOCUMENTARY STAMP TAX – YOU ARE REQUIRED TO CHECK EXACTLY ONE BOX

☐ All documentary stamps due and payable or to become due and payable pursuant to s. 201.22 F.S., have been paid.
☐ Florida Documentary Stamp Tax is not required.

7. OPTIONAL FILER REFERENCE DATA

RIDER TO UCC-1 FINANCING STATEMENT

The Debtor/Franchisee grants to the Secured Party/Franchisor a security interest in the following described property owned by the Debtor/Franchisee and constituting all of the assets used in the operation of a name [Farm Stores / Swiss Farms] Franchise (collectively, the "Collateral):

(a) All of the Franchisee/Debtor's Inventory, of whatever type or description, wherever located and whether now owned or later acquired;

(b) All of the Franchisee/Debtor's Accounts, which include all notes receivable, accounts receivable, and all other forms of customer obligations now existing and that may at any time later come into existence;

(c) All of the Franchisee/Debtor's vehicles, equipment, machinery, furniture, fixtures and other items of business personal property, whether now owned or later acquired;

(d) All of the Franchisee/Debtor's permits, licenses and other governmental approvals;

(e) The Franchisee/Debtor's business on an ongoing basis including contract rights, customer lists and routes;

(f) All of the Franchisee/Debtor's cash, certificates of deposit, securities, instruments and general intangibles;

(g) The right to all insurance proceeds of all insurance covering the Collateral as later defined; and

(h) All proceeds, products, replacements, additions, substitutions and accessions of and to all of the foregoing

The Debtor's personal assets including consumer goods are not subject to this security interest.

EXHIBIT I – AGREEMENT WITH LANDLORD

AGREEMENT WITH LANDLORD

THIS AGREEMENT is signed on _____
among Farm Stores Franchising, LLC, a Delaware limited liability company (the "Franchisor");
_____ (the "Landlord")
and _____ (the
"Tenant/Franchisee").

BACKGROUND

A. The Tenant/Franchisee is a franchisee of the Franchisor under a Franchise Agreement between the Franchisor and the Tenant/Franchisee dated _____, 20__ (the "Franchise Agreement") for the operation of a [Farm Stores / Swiss Farms] franchised business (the "Franchised Business").

B. The Landlord and the Tenant/Franchisee are parties to a Lease Agreement dated _____, 20__ (the "Lease") for the premises located at _____ (the "Premises") that has been approved by the Franchisor on condition that all the parties sign this Agreement.

C. In order to assure that a Franchised Business continues to operate at the Premises, the Landlord grants certain rights to the Franchisor under the Lease to protect the Franchisor's interest under the Franchise Agreement.

The parties agree as follows:

TERMS

1. **Signage.** The Landlord agrees to the Franchisor's signage requirements for the Tenant/Franchisee, subject to local signage ordinances and approval by local governmental agencies, if necessary.

2. **Use of Premises.** The Landlord and the Tenant/Franchisee agree that the Tenant/Franchisee may only use the Premises for the operation of the Franchised Business, unless the Franchisor otherwise approves in writing. The Landlord acknowledges that this use does not violate any zoning restrictions, restrictive covenants or existing exclusive uses granted to any other tenant of the Landlord in the building/center or adjacent outparcel owned by the Landlord in which the Premises are located. The Landlord further acknowledges that during the term of the Lease or any extension of the Lease, the Landlord will not lease space within the building/center or outparcel to a business similar to the Franchised Business, or permit an existing tenant to offer products that compete with the Franchised Business. Competitive business means any business that operates, or franchises or licenses others to operate, a convenience store business.

3. **Tenant Information; Notices of Default.** The Landlord will send to the Franchisor at the address set forth below by regular U.S. mail copies of all sales reports, financial information, correspondence and other communications sent by the Landlord to the Tenant/Franchisee or sent by the Tenant/Franchisee to the Landlord. The Landlord will overnight to the Franchisor at the

address below by USPS, FedEx or UPS copies of all written notices of default sent by the Landlord to the Tenant/Franchisee.

Farms Stores Franchising, LLC
2937 S.W. 27th Avenue, Suite 301
Coconut Grove, Florida 33133
Attn: Maurice E. Bared, President

4. **Right to Cure and Take Occupancy.**

(a) If the Tenant/Franchisee defaults under the Lease, the Franchisor may (but is under no obligation to), within 30 days after receipt of written notice from the Landlord, cure the default (or a longer period of time if the default is not capable of being cured within 30 days and the Franchisor is diligently proceeding to cure the default). If the Franchisor cures the Tenant/Franchisee's default, the Franchisor has the right to occupy the Premises and operate the Franchised Business. The Tenant/Franchisee is deemed to have assigned the Lease to the Franchisor, but the Tenant/Franchisee and any guarantors are not released from their obligations under the Lease. From and after the deemed assignment, the Franchisor will assume and perform all of the obligations of the Tenant/Franchisee under the Lease until the Franchisor is released in accordance with Subsection 4(b).

(b) The Franchisor may assign the Lease to another Farm Stores or Swiss Farms Franchisee with the Landlord's written approval of the new tenant/franchisee. The Landlord will not unreasonably withhold, delay or condition its approval of the new tenant/franchisee. Upon the permitted assignment by the Franchisor to the new tenant/franchisee, the Franchisor is released from all further obligations under the Lease.

5. **Franchisor's Rights Upon Termination or Expiration of Franchise Agreement.** The Landlord acknowledges that any landlord's lien or security interest does not include any property of the Tenant/Franchisee that includes any items bearing the Franchisor's trademarks including the signage or proprietary trade dress. If the Franchisor does not take occupancy of the Premises and does not assume the Lease, the Landlord agrees to the Franchisor's rights under the Franchise Agreement, upon reasonable notice to the Landlord, to enter the Premises solely for the purposes of taking all steps necessary to protect its interest under the Franchise Agreement including the removal of all signs and other items bearing the Proprietary Marks of the Franchisor (without damage to the Premises).

6. **Modification of Lease.** The Landlord and the Tenant/Franchisee will not make any material modifications to the Lease without the Franchisor's written consent, which consent the Franchisor will not unreasonably withhold, delay or condition.

7. **Noncompetition.** If the Franchisor does not take over the Lease upon the termination or expiration of the Franchise Agreement and the Tenant/Franchisee remains in possession of the Premises, the Landlord and the Tenant/Franchisee agree that, for a period of 2 years after the expiration or termination of the Franchise Agreement, the Premises will not be used for a convenience store business.

8. **Landlord's Statutory Lien or Security Interest.** The Landlord subordinates its statutory lien or security interest in the Tenant's property to the security interest of the Franchisor. The Landlord will further cooperate in signing all required documents to recognize the subordination.

9. **Attorneys' Fees.** If a party institutes any action to enforce any provision of this Agreement, the prevailing party is entitled to recover all attorneys' fees and costs incurred in connection with the action from the non-prevailing party.

10. **Governing Law.** This Agreement is governed by and construed in accordance with the laws of the state in which the Premises are located.

11. **Conflict.** Upon any inconsistency between this Agreement and the terms of the Lease, this Agreement supersedes and controls.

12. **Binding Effect.** This Agreement is binding upon the personal representatives, heirs, successors and assigns of the parties.

IN WITNESS WHEREOF, this Agreement has been signed the date and year first above written.

FRANCHISOR:

Farm Stores Franchising, LLC

By: _____
Maurice E. Bared, President

LANDLORD:

By: _____
Its: _____

TENANT/FRANCHISEE:

**EXHIBIT J – TELEPHONE NUMBER AND DIRECTORY ADVERTISING
ASSIGNMENT**

**TELEPHONE NUMBER AND DIRECTORY ADVERTISING ASSIGNMENT
AGREEMENT**

THIS ASSIGNMENT AGREEMENT is signed on _____ between Farm Stores Franchising, LLC, a Delaware limited liability company ("we," "us" or "our") and _____ ("you" or "your").

BACKGROUND

The parties have entered into a Franchise Agreement on _____ (the "Franchise Agreement").

As a condition to signing the Franchise Agreement, we have required that you assign to us all of your right, title and interest in the telephone numbers, telephone listings, facsimile numbers, and telephone directory advertisements relating to the [Farm Stores / Swiss Farms] Franchise (the "Franchised Business") upon the expiration or termination of the Franchise Agreement

The parties agree as follows:

TERMS

1. **Assignment.** In order to secure continuity and stability of our operation of the Franchised Business, immediately upon the expiration or termination of the Franchise Agreement, this Agreement constitutes your automatic assignment to us all of your right, title and interest in and to certain telephone numbers, facsimile numbers, telephone listings and telephone directory advertisements, whether on the Internet or in print, pursuant to which you operate your Franchised Business in accordance with the terms of the Franchise Agreement without further action on your part.

2. **Assumption.** Immediately upon the expiration or termination of the Franchise Agreement, in consideration of the transfer of telephone service for the telephone numbers, we may assume and pay all future obligations for the telephone numbers, including the payment of all charges for future local and long distance service, telecommunications equipment, toll credit cards, public telephone service and equipment and directory advertising existing.

3. **Your Representation and Warranties.** You represent, warrant and covenant to us that:

(a) As of the effective date of the Assignment, all of your obligations and indebtedness for telephone services, telephone listing services and telephone directory advertisement services must be paid and current.

(b) As of the date of this Agreement, you have full power and legal right to enter into, sign, deliver and perform this Agreement.

(c) This Agreement is your legal and binding obligation enforceable in accordance with its terms.

(d) The signing, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which you are a party or by which you are bound, and no consent of nor approval by any third party is required.

(e) You have the specific power to assign and transfer your right, title and interest in your telephone numbers, telephone listings and telephone directory advertisements, and you have obtained all necessary consents to this Assignment.

4. **Other Documents.** You agree to sign any other documents required by the telephone service provider and/or publisher required to make the assignment effective.

5. **Miscellaneous.** The validity, construction and performance of this Assignment are governed by the laws of the State in which we are located (currently, Florida). All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All our rights inure to our benefit and to the benefit of our successors and assigns.

IN WITNESS WHEREOF, each of the parties has signed this Assignment as of the day and year first written above.

YOU or YOUR:

WE, US, or OUR:

Farm Stores Franchising, LLC

By: _____
Maurice E. Bared, President

EXHIBIT K – LIST OF FRANCHISEES

(a) **Operational Franchisees.** The following are the names, addresses and telephone numbers of the 46 Franchised Businesses in the United States as of December 31, 2021, who are operational:

	Store Number	Franchisee Business Name & Owner	Address of Franchised Business	Telephone & Email of Franchised Business Owner
1.	FL0104	FS Miller, Inc Reysy Ortega.	15000 S.W. 56 th Street, Miami, FL 33185	(305) 677-0613 reysy.ortega@farmstores.com
2.	FL0105	FS 105, LLC Maria Quesada	7194 West 12 th Avenue, Hialeah, FL 33014	(305) 824-1085 Maria.quesada@farmstores.com
3.	FL0106	FS 106, LLC Reysy Ortega	20191 Old Cutler Road, Miami, FL 33189	(305) 677-0615 reysy.ortega@farmstores.com
4.	FL0110	Farm Sebas LLC Doris Rodriguez	8753 S.W. 157 th Avenue, Miami, FL 33193	(305) 890-4032 Miamiwest.0110@farmstores.com
5.	FL0111	MMVPP, LLC Luis Fernando Paez	7601 W 32 Avenue Hialeah, Florida 33016	(786) 747-9204 Luis.paez@farmstores.com
6.	FL0114	114 Store, Inc. Reysy Ortega	1800 S.W. 3 rd Avenue, Miami, FL 33129	(786) 390-2443 reysy.ortega@farmstores.com
7.	FL0115	Maden USA Inc Madelaine Rodriguez	501 Hialeah Dr. Hialeah, FL 33010	(786) 973-1409 FL115@farmstores.com
8.	FL0116	Lola Store #116 LLC Maikel Fuentes	16801 NE 15 th Ave N Miami Beach, FL 33162	(786) 372-1276 fl116@farmstores.com
9.	FL0202	DPEXPRES LLC David Poveda	9128 Griffin Road Cooper City, FL 33328	(754) 214-6884 FL0202@farmstores.com
10.	FL0303	ZAS IV Investment, Inc. Saqib Siddique	125 NW Spanish River Blvd, Boca Raton, FL 33431	(561) 271-3505 FL303@farmstores.com
11.	FL0801	801 Store, LLC Reysy Ortega	3270 NW 7 th St., Miami, FL 33125	(786) 390-2443 reysy.ortega@farmstores.com
12.	FL0803	Good Care Beauty Academy LLC Victor Clavero	4295 East 4 th Avenue, Hialeah, FL 33013	(305) 570-7168 FL803@farmstores.com
13.	FL0804	Llama On The Go LLC Robin Carril	4741 S.W. 8 th Street, Miami, FL 33134	(305) 910-6989 FL804@farmstores.com
14.	FL1007	Tayfara Investments, Inc. Ludmila Benitez	11291 N.W. 87 th Court, Hialeah, FL 33018	(305) 819-5155 Miamiwest.1007@farmstores.com
15.	FL1104	A&G Group Service Corp Angelica Pacheco	605 West 29 th Street, Hialeah, FL 33012	(305) 331-2083 FL1104@farmstores.com
16.	FL1202	FS 1202, LLC	960 S.W. 87 th Avenue,	(239) 232-1586

		Reysy Ortega	Miami, FL 33174	reysy.ortega@farmstores.com
17.	FL1203	MMVPP LLC Luis Fernando Paez	99 N Royal Poinciana Blvd, Miami Springs, FL 33166	(786) 747-9204 Luis.paez@farmstores.com
18.	FL1204	F.S. Miller 1204 Inc Reysy Ortega	9451 SW 56 th St. Miami, FL 33165	(786) 615-4537 reysy.ortega@farmstores.com
19.	FL1303	Y & C Farm Store, Inc. Yarelys Calderwood	405 West 51 st Street, Hialeah, FL 33012	(786) 781-6224 FL1303@farmstores.com
20.	FL1306	E & J Brothers Group, LLC Joao Da Silva	7420 S. Red Road., South Miami, FL 33143	(305) 335-2796 miamiwest.1306@farmstores.com
21.	FL1308	FS 1308, LLC Reysy Ortega	17775 N. W. 78 Avenue, Palm Springs N., FL 33015	(305) 556-4928 reysy.ortega@farmstores.com
22.	FL1319	Crystal Star Investments, Inc. Gary Spagoulakis	1920 NE 123 rd Street North Miami, FL 33181	(305) 895-8899 FL1319@farmstores.com
23.	FL1322	ARKO 7 LLC Omar Perdomo	11700 Quail Roost Drive Miami, FL 33177	FL1322@farmstores.com
24.	FL2401	FS 2401, LLC Reysy Ortega	10760 Caribbean Blvd., Perrine, FL 33189	(305) 677-0641 reysy.ortega@farmstores.com
25.	FL2405	E.J.A.A.R.E. Farm Store 2405 Hibiscus Carlos Medina	9700 E Hibiscus Street, Perrine, FL 33157	(305) 967-5259 fl2405@farmstores.com
26.	FL2406	FS 2406, LLC Reysy Ortega	12075 S. Dixie Hwy, Miami, FL 33156	(305) 253-4483 reysy.ortega@farmstores.com
27.	FL2407	ARG USA Trade LLC Maria Paula Aguirre	9601 SW 160 th Street Miami, Florida 33157	(480) 617-2722 fl2407@farmstores.com
28.	FL2411	FS 2411, LLC Reysy Ortega	36 N.W. 15 th Street, Homestead, FL 33030	(305) 247-4153 reysy.ortega@farmstores.com
29.	FL2413	FS 2407 LLC Luis Fernando Paez	10265 Marlin Road Cutler Bay, FL 33157	(786) 747-9204 Luis.paez@farmstores.com
30.	FL5103	365 Express, LLC	5511 9th Street N, St. Petersburg, FL 33703	(727) 290-9715 Tampa.5103@farmstores.com
31.	KY1001	Brownsboro KY, LLC Chris Gray	2009 Brownsboro Rd Louisville, KY 40206	(610) 356-2070 KY1001@farmstores.com
32.	NJ1001	FS Sparta, Inc. John Byun	187 Main St Newton, NJ 07860	(201) 407-8960 NJ1001@farmstores.com
33.	NJ2001	Jersey State Development Group, LLC Joe D'Albero	175 NJ-37 Toms River, NJ 08753	(908) 295-5056 Joe.dalbero@farmstores.com
34.	NY2001	FS Premier, LLC Nick Palumbo	4451 Austin Blvd, Island Park, NY 11558	(516) 330-0568 nick.palumbo@farmstores.com
35.	PA1001*	Sharon Hill Penn, LLC	1445 Chester Pike Sharon Hill, PA 19079	(610) 583-7055 chris.gray@farmstores.com
36.	PA1002*	Folsom Penn, LLC	115 Kedron Avenue Folsom, PA 19033	(610) 583-7044 chris.gray@farmstores.com

37.	PA1004*	Springfield Penn, LLC	600 Baltimore Pike Springfield, PA 19064	(610) 543-8825 chris.gray@farmstores.com
38.	PA1005*	Swarthmore Penn, LLC	730 S. Chester Road Swarthmore, PA 19081	(610) 543-8814 chris.gray@farmstores.com
39.	PA1006*	Broomall Penn, LLC	2928 West Chester Pike Broomall, PA 19015	(610) 356-0137 chris.gray@farmstores.com
40.	PA1007*	Brookhaven Penn, LLC	4501 Edgemont Avenue Brookhaven, PA 19015	(610) 872-7597 chris.gray@farmstores.com
41.	PA1008*	Upper Darby Penn, LLC	1845 S. State Road Upper Darby, PA 19082	(610) 789-8202 chris.gray@farmstores.com
42.	PA1009*	Havertown Penn, LLC	820 N. Eagle Road Clifton Heights, PA 19018	(610) 446-0626 chris.gray@farmstores.com
43.	PA1010*	Drexel Hill Penn, LLC	1212 Township Line Rd Drexel Hill, PA 19026	(610) 449-2554 chris.gray@farmstores.com
44.	PA1012*	Clifton Heights Penn, LLC	5340 N. Springfield Rd Clifton Heights, PA 19018	(610) 622-1229 chris.gray@farmstores.com
45.	PA1013*	Paoli Pike Penn LLC	1596 Paoli Pike East Goshen, PA 19380	(610) 356-2070 chris.gray@farmstores.com
46.	PA1014*	McDade Penn, LLC	301 West McDade Blvd. Milmont Park, PA 19015	(484) 497-6931 chris.gray@farmstores.com

*Operates under “Swiss Farms®” trademark.

(b) **Temporarily Closed Franchisees.** The following are the names, addresses and telephone numbers of the Franchised Businesses in the United States as of December 31, 2021, who are temporarily closed for remodeling or other reasons:

Name of Franchisee	Address of Franchised Business	Telephone Number
Robert E. Pressler III	700 Westgate Rd., Scott, LA	(786) 289-0143
FS 1320, LLC	2475 SW 97 Ave, Miami, FL 33165	305-632-9946
Palm Beach FS Inc.	5251 Lakeworth Road, Green Acres, FL 33463	561-508-3910

(c) The following are the names, addresses and telephone or cell numbers of the Franchised Businesses in the United States as of December 31, 2021, who are not yet operational but have signed a Franchise Agreement:

Name of Franchisee	Address	Telephone Number
Jersey State Development Group, LLC (Joe D’Albero)	1 Charlotte Dr., Clark, NJ 07066	908-295-5056
EA Enterprise LLC (Elicia Spearman)	183 Heritage Drive Waterbury, CT 06708	203-464-9451
Tigne, Inc (Kate Stroth)	165 Marsh Glen Place, Atlanta, GA 30328	404-630-3001
EA Brothers LLC (Jahir Ahmed) *	3940 Tropical Way, Palm Springs, FL 33461	561-685-5608

Vaquitas, LLC (Carlos and Livia Almandos)	5484 W. Carriage Dr, Tucson, AZ 85742	520-904-9733
Inspira Stores of Texas, LLC (Edwin Zamora)	3409 Esperanza Xing, Suite 7203, Austin, Texas 78758	713-261-5773
Relentless Farm Stores, LLC (Bob Simpson)	4401 NW 87 th Avenue, Unit 101, Doral, FL 33178	954-608-2817
Sellers Enterprises, Inc. (Brian Sellers)	11 Fairwood Drive, Dallas, GA 30157	678-848-7924
Shreenath LLC (Rakesh Ajmeri) ^	9 Van Siclen Avenue, Floral Parkway, NY 11001	917-704-4305
Silney, Inc. (Tina McKenna Poland)	111855 Wexford Club Dr, Roswell GA 30075	404-232-0794
KATT Endeavors, LLC ^ (Amy Wise)	27011 Barrington Lodge Lane, Katy, Texas 77494	281-780-3038
New Seven LLC^ (Now FS 201LLC)	323 S 21 st Street Aveste C Hollywood, Florida 33020	754-236-5474
MJP Roch FS LLC	25 Brantley Way Penfield, NY 14526	585-899-9650
Mike Schmitz Markets, LLC	1609 W Main St. Suite 203 Dothan, AL 36301	334-714-6716
JKJ Farms Inc.	5101 Old Hwy 5, Unit 680 Lebanon, GA 30146	(770) 362-7265
Panhandle Stores, LLC	4708 Capital Circle NW Tallahassee, FL 32302	(850) 545-8210
Beachwood, LLC	315 Atlantic City Blvd. Beachwood, NJ 08722	
Smithtown York, LLC^	150 East Main St. Smithtown , NY 11787	
JC Colley Group Inc.	212 Jarrett Street Valley, AL 36854	706-518-7282

* *Opened in 1Q22*

^ *Opening in 2Q22.*

(d) **Former Franchisees.** The following are the names, last known home addresses and home telephone or cell numbers of the Franchisees in the United States that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the effective date of this Franchise Disclosure Document:

Name of Franchisee	City, State of Franchised Business	Telephone Number
Chris Trombatore Asher Company, LLC	Scott , LA	318-914-0718

Yohan Guerra Farm Bros #1	Miami, FL	786-532-7812
WINS Group	Smithtown, NY	678-873-9892
La Lechera	Katy, TX	832-258-5986
ARB Legacy	Rhinebeck, NY	845-656-9814
FS 1322, LLC	Miami, FL	305-562-1556

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

(e) **Transferred Franchises.** The following are the names, last known addresses and home telephone or cell numbers of the Franchisees in the United States that have sold their Franchise to another during the most recently completed fiscal year and until the effective date of this Franchise Disclosure Document:

Name of Franchisee	City, State of Franchised Business	Telephone Number
FS 1320, LLC	Miami, FL	305-632-9946
FS 2405, LLC	Miami, FL	305-632-9946
FS 2410 LLC	Miami, FL	305-677-0613
Farm Bros #1 LLC	Hialeah, Florida	786-532-7812
V&F Associates LLC	Miami, FL	786-653-2970
MMVPP LLC	Miami, FL	786-747-9204

EXHIBIT L – INFORMATION REGARDING AREA REPRESENTATIVES

ITEM 2 - BUSINESS EXPERIENCE

1. EDB AR LLC, AREA REPRESENTATIVE FOR EAST DADE COUNTY AND BROWARD COUNTY, FLORIDA

EDB AR, LLC, is a Florida limited liability company organized on January 22, 2016 and has the Area Representative Rights for East Miami-Dade County and Broward County, Florida

IVAN ORTEGA, PRINCIPAL OF EDB AR LLC

Mr. Ortega is a Principal of EDB AR LLC based in Miami, FL. For the past 5 years, Mr. Ortega has been running Farm Stores as a multiunit operator.

REYSY ORTEGA, PRINCIPAL OF EDB AR LLC

Mrs. Ortega is a Principal of EDB AR LLC based in Miami, FL. For the past 5 years, Mrs. Ortega has been running Farm Stores as a multiunit operator.

2. RLJN PARTNERSHIP, LLC, AREA REPRESENTATIVE FOR MONTGOMERY AND HARRIS COUNTIES, TX

RLJN PARTNERSHIP, LLC is a Texas limited liability company, organized on January 20, 2016 and has the Area Representative Rights for Montgomery and Harris Counties, Texas.

ROBERT BETTS, PRINCIPAL OF RLJN PARTNERSHIP, LLC

Mr. Betts is a principal of RLJN Partnership, LLC. For the last 5 years Mr. Betts has been employed by Woodfield Distribution, LLC as Operations Manager, and Proven Pharmaceuticals, LLC as their Director of Sales and Marketing in Houston, TX.

NIKKI BETTS, PRINCIPAL OF RLJN PARTNERSHIP, LLC

Mrs. Betts is a principal of RLJN Partnership, LLC. For the last 5 years Mrs. Betts has been employed by Prime Source Building products as their BMG Market Manager in Houston, TX.

JASON ADAIR, PRINCIPAL OF RLJN PARTNERSHIP, LLC

Mr. Adair is a principal or RLJN Partnership, LLC. For the last 5 years Mr. Adair has been employed by Prime Source Building products as their regional Vice President in Houston, TX.

LINDA ADAIR, PRINCIPAL OF RLJN PARTNERSHIP, LLC

Mrs. Adair is a principal or RLJN Partnership, LLC. For the last 5 years Mrs. Adair has been employed by Fleetcor Technologies as a Sales Representative in Houston, TX.

**3. JKC VENTURES NORTH, LLC, AREA REPRESENTATIVE FOR NORTHERN NJ,
ALL COUNTIES NORTH OF THE MERCER AND MIDDLESEX LINE**

JFK Ventures North, LLC is a New Jersey limited liability company organized on June 10, 2016 and has the Area Representative rights for northern New Jersey, all counties north of the Mercer and Middlesex line.

JOSEPH D'ALBERO, PARTNER IN JFK VENTURES NORTH, LLC

Mr. D'Albero is a partner in JFK Ventures North, LLC. He has been employed by SPR Therapeutics since Sept 2017 as an Area Sales Manager in New York, NY.

CHINTAN TRIVEDI, PARTNER IN JFK VENTURES NORTH, LLC

Mr. Trivedi is a partner in JFK Ventures North, LLC. Since 2017, Mr. Trivedi has owned Integrity Group of Companies based in in South Plainfield, NJ, which operates several different healthcare businesses.

KAMRAN TASHAROFI M.D., PARTNER IN JFK VENTURES NORTH, LLC

Dr. Tasharofi is a partner in JFK Ventures North, LLC. For 12 years Dr. Tasharofi has been the owner and director of Union County Health Care. JKC VENTURES SOUTH, LLC, AREA REPRESENTATIVE FOR SOUTHERN NJ, ALL COUNTIES SOUTH OF THE MERCER AND MIDDLESEX LINE

The partners are the same as in JFK Ventures North, LLC, listed above.

**4. LA Service Solutions LLC, Area REPRESENTATIVE FOR THE STATE OF
LOUISIANA**

LA Service Solutions LLC is a Louisiana limited liability company organized that has the Area Representative rights for the state of Louisiana.

Robert Pressler has been a Business Development Manager ESCOs with GE Current. From March 2019 to October 2020, Robert operated a Farm Stores franchise in Scott, LA. He also served as a Sales Specialist for Eaton;s Crouse Hinds Business from October 2014 to March 2019.

5. ARB LEGACY DEVELOPMENT LLC, Area REPRESENTATIVES FOR SEVERAL COUNTIES IN HUDSON VALLEY, NEW YORK

ARB Development, LLC is a New York State limited liability company organized on February 21, 2018 and has the Area Representative rights for the following counties in Hudson Valley, New York [Albany, Greene, Ulster, Sullivan, Orange, Rensselaer, Columbia, Dutchess, Putnam, and Rockland].

Richard A. Barone and Angela R. Lobianco-Barone are Entrepreneurs with expertise in the hospitality, the sales, and the real estate development industry. Since April 2015, they have owned the Hyde Park Brewing Company which operates several restaurants in the Hudson Valley, New York area.

6. EA ENTERPRISE, LLC, AREA REPRESENTATIVES FOR THE STATE OF CONNECTICUT

EA Enterprise, LLC is a Connecticut limited liability company organized on April 18, 2018 and has the Area Representative rights for the state of Connecticut.

ADRIENNE PARKMOND

Adrienne Parkmond has served as the Chief Operating Officer for The Work Place in Bridgeport, Connecticut since January 2001.

ELICIA PEGUES SPEARMAN

Elicia Pegues Spearman is currently employed as the General Counsel & Vice President of Human Resources General Counsel & Vice President of Human Resources at Quinnipiac University in Hamden, CT since April 2020. From May 2019 to April 2020, she was Vice President & Chief Human Resources Officer for General Dynamics Electric Boat in Groton, CT. From April 2016 to May 2019 she served as Vice President of Human Resource for Hubbell Incorporated in Shelton, Connecticut.

7. FS UNITED, LLC, AREA REPRESENTATIVES FOR LONG ISLAND SOUTH AND STATEN ISLAND

FS United, LLC is a New York State limited liability company organized on October 30, 2018 and has the Area Representative rights for Staten Island and the Southern half of Long Island.

NICOLAS PALUMBO

Nicolas Palumbo is a Lieutenant Commander in the U.S. Navy Reserve and an assistant professor at the U.S. Merchant Marine Academy at Kings Point, NY since November 2011..

SHANE KAVANAGH

Shane Kavanagh has been president of Shane Kavanagh Public Relations in Oyster Bay, NY since 2015 and currently owns and runs Moo Burger in Island Park, NY.

8. TIGNE INC., AREA REPRESENTATIVES FOR THE WESTERN PART OF THE STATE OF GEORGIA

Tigne Inc. was created February 5, 2019 and has the Area Representative rights for the western half of the state of Georgia.

KATE STROTH

Kate Stroth has over 21 years of alliance, consulting, and technology sales. She has been running Tigne Inc. in Atlanta Georgia since 2018.

DAVE STROTH

Dave joined New Relic in February 2020 as Senior Director of Enterprise Sales. Previously, Dave worked as VP of Sales and Global Account Director for Salesforce from Jan 2017 to Feb 2020 in Atlanta Georgia.

9. HOLSTEIN AND PENN LLC, AREA REPRESENTATIVES FOR DELAWARE COUNTY, PENNSYLVANIA.

CHRIS GRAY

Chris Gray has been the Vice President of Operations for Farm Stores Franchising, LLC, located in Coconut, Grove, Florida, as well as Holstein and Penn LLC, located in Broomall, Pennsylvania since May 2020. Prior to that, Chris worked for Swiss Farm Stores, Inc., in Broomall, Pennsylvania as the President and CEO from January 2019 to May 2020, the Vice President of Business Management from June 2017 to January 2019, and the IT Director from January 2012 to June 2017.

JOSEPH RASPANTI

Joseph Raspanti has been the Controller for Holstein and Penn LLC, located in Broomall, Pennsylvania since May 2020. Prior to that, Joe was the Controller for Swiss Farm Stores, located in Broomall, Pennsylvania, since August 2011.

10. VAQUITAS LLC, AREA REPRESENTATIVES FOR ARIZONA SOUTH

Vaquitas LLC is an Arizona limited liability company organized on February 5, 2020 and has the Area Representative rights for Southern Arizona.

CARLOS ALMANDOS

Carlos Almandos is a Mechanical Engineer with a major Aerospace firm and a 21-year veteran currently serving in the Arizona Air National Guard.

LIVIA ALMANDOS

Livia Almandos is a 21-year veteran serving in the Arizona Air National Guard, with expertise in business administration, food service, hospitality, and logistic operations.

11. FS of Texas, LLC, AREA REPRESENTATIVES FOR THE AREA INCLUDING PARTS OF AUSTIN AND SAN ANTONIO IN THE STATE OF TEXAS

FS of Texas, LLC, is a Texas limited liability company and has the Area Representative rights for the area in and between the cities of San Antonio and Austin in Texas.

EDWIN ZAMORA

Edwin Zamora is based in Austin, TX. Mr. Zamora is an entrepreneur and investor leading startups in Textiles, Apparel, Electric Generation, On-Line Supermarket, Residential and Commercial - Development, Rental and Sales among others. He is currently the Chairman of the Board of several of the startups he has been involved with.

12. RELENTLESS FARM STORES, LLC, AREA REPRESENTATIVES FOR PALM BEACH, MARTIN, ST. LUCIE, OKEECHOBEE, HIGHLAND, INDIAN RIVER, AND BREVARD COUNTIES IN FLORIDA

BOB SIMPSON

Mr. Robert (Bob) Simpson has been a Farm Stores National Real Estate Consultant since November 2014. He held numerous positions from GM, District Manager, Director of Growth and Development and International Operations. He has been a consultant with Simpson Consulting Group for the the last ten years in Parkland, FL

LARRY JARNES

Mr. Lawrence (Larry) Jarnes has over twenty years of experience in nationwide retail/residential/restaurant construction. In addition to serving as a partner of Relentless Farm Stores, LLC, Larry serves as President of Northboro Builders, Inc., which he led to become the leading Design/Building firm for franchise development based in Orlando, FL.

13. FSGA AR East, LLC, AREA REPRESENTATIVES FOR GEORGIA EAST

FSGA AR East, LLC, is a Georgia limited liability company and has the Area Representative rights for the eastern part of Georgia

JAMES L RHODEN, III

James Rhoden is a co-founder of the Macallan Group based in Atlanta Georgia and has been employed there since 2002.

14. FRAGA POINTE NC, LLC , AREA REPRESENTATIVES FOR NORTH CAROLINA (NC1, NC2)

TONY FRAGA

Since January 2011, Tony has been owner of AngelVestors LLC in Miami, FL which focuses on the development of commercial properties.

ALAN SAKOWITZ

Alan has been President of Pointe Development Company based in Aventura, FL since January 1995.

ITEM 3 - LITIGATION

No litigation is required to be disclosed in this ITEM.

ITEM 4 - BANKRUPTCY

On January 26, 2022, Robert Pressler, III filed a petition for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code in the Western District of Louisiana, 22-BR-50047. Mr. Pressler is a member and officer of LA Service Solutions, LLC, a Farm Stores area representative.

No other bankruptcy is required to be disclosed in this ITEM.

EXHIBIT M - FINANCIAL STATEMENTS

**FARM STORES FRANCHISING, LLC
FINANCIAL STATEMENTS
FOR YEARS ENDED
DECEMBER 31, 2021, 2020 AND 2019
AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

**FARM STORES FRANCHISING, LLC
FINANCIAL STATEMENT**

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Brunt, Sweeney, Matz, P.A.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members and Management of
Farm Stores Franchising, LLC

Opinion

We have audited the accompanying financial statements of Farm Stores Franchising, LLC, which comprise the balance sheets as of December 31, 2021, 2020 and 2019 and the related statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Farm Stores Franchising, LLC as of December 31, 2021, 2020 and 2019, and the results of its operations and its 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 Farm Stores Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Farm Stores Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Farm Stores Franchising, LLC'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.

Brunt, Swamy, Metz, P.A., CPAs

Hollywood, Florida
April 28, 2022

FARM STORES FRANCHISING, LLC
BALANCE SHEET
DECEMBER 31, 2021, 2020 AND 2019

ASSETS	2021	2020	2019
Cash	\$ 71,203	\$ -	\$ 55,041
Restricted Cash	325,000	325,000	325,000
Accounts receivable	966,280	614,764	1,042,809
Note receivable - current portion	155,000	151,704	75,000
Other current assets	501,779	243,017	30,549
Total current assets	2,019,262	1,334,485	1,528,399
Note receivable - long-term portion	62,500	84,673	109,500
Long-term receivables	360,523	335,323	346,803
Property and equipment, net	148,145	57,964	63,316
Intangible assets, net	474,008	417,252	412,072
Other assets	127,791	96,730	72,299
Total assets	<u>\$ 3,192,229</u>	<u>\$ 2,326,427</u>	<u>\$ 2,532,389</u>
LIABILITIES AND MEMBERS' EQUITY			
Overdraft payable	\$ -	\$ 24,193	\$ -
Accounts payable	202,807	117,596	182,583
Line of credit payable	626,876	218,876	595,352
Accrued expenses	4,591	24,575	59,471
Related party note payable - short-term	-	-	282,195
Long-term debt - current portion	71,835	66,376	90,141
Capital lease payable - short-term	22,428	741	3,348
Due to member	-	128,004	135,710
Note payable to member - short-term	29,141		
Deposit liabilities	163,258	193,616	91,656
Marketing fund	140,392	29,156	3,821
Deferred revenue	22,000	75,000	342,500
Total current liabilities	1,283,328	878,133	1,786,777
Long-term debt	317,365	387,444	-
Capital lease payable - long-term	70,109	-	-
Note payable to member - long-term	114,119	-	-
Long-term liabilities	-	163,522	125,549
Total liabilities	1,784,921	1,429,099	1,912,326
MEMBERS' EQUITY			
Members' equity	1,407,308	897,328	620,063
Total liabilities and members' equity	<u>\$ 3,192,229</u>	<u>\$ 2,326,427</u>	<u>\$ 2,532,389</u>

The accompanying notes are an integral part of this financial statement.

FARM STORES FRANCHISING, LLC
STATEMENT OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues:			
Franchise revenues:			
Franchise fees	\$ 1,122,100	\$ 1,022,030	\$ 440,000
Royalties	1,762,478	1,451,841	568,210
Equipment and leasehold sales	150,691	91,817	659,902
Dealer licensing fees	5,720	7,295	30,604
Rebate income	174,043	189,316	165,829
Other	132,227	93,794	66,724
Sub-lease revenues	<u>1,665,609</u>	<u>2,174,159</u>	<u>1,211,187</u>
 Total revenues	 5,012,868	 5,030,252	 3,142,456
 Cost of sales:			
Royalties and commissions	748,729	645,198	387,854
Lease expenses	1,360,512	1,941,744	1,090,759
Other	<u>-</u>	<u>-</u>	<u>2,819</u>
 Total cost of sales	 <u>2,109,241</u>	 <u>2,586,942</u>	 <u>1,481,432</u>
 Gross profit	 2,903,627	 2,443,310	 1,661,024
 General and administrative expenses	 <u>2,239,434</u>	 <u>1,518,708</u>	 <u>1,468,779</u>
 Operating income(loss)	 <u>664,193</u>	 <u>924,602</u>	 <u>192,245</u>
 Other income(expense):			
Interest income	2,344	238	4,564
Other income	21,798	10,067	185,060
Interest expense	(45,341)	(59,034)	(49,629)
Lawsuit settlement	(80,000)	-	-
Other expense	<u>-</u>	<u>(425,435)</u>	<u>(6,993)</u>
 Total other income(expense)	 <u>(101,199)</u>	 <u>(474,164)</u>	 <u>133,002</u>
 Net income(loss)	 <u><u>\$ 562,994</u></u>	 <u><u>\$ 450,438</u></u>	 <u><u>\$ 325,247</u></u>

The accompanying notes are an integral part of this financial statement.

FARM STORES FRANCHISING, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021, 2020 AND 2019

	<u>Members'</u> <u>equity</u>
Balance, January 1, 2019	\$ 318,256
Distributions	(23,440)
Net income	<u>325,247</u>
Balance, December 31, 2019	620,063
Distributions	(173,173)
Net income	<u>450,438</u>
Balance, December 31, 2020	\$ 897,328
Distributions	(53,014)
Net income	<u>562,994</u>
Balance, December 31, 2021	<u><u>\$ 1,407,308</u></u>

The accompanying notes are an integral part of this financial statement.

FARM STORES FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:			
Net income(loss)	\$ 562,994	\$ 450,438	\$ 325,247
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	28,885	22,167	26,323
Amortization	41,053	37,803	36,436
Change in assets and liabilities:			
Increase (decrease) in:			
Accounts receivable	(351,516)	428,045	(719,722)
Notes receivable	18,877	(51,877)	(61,884)
Other current assets	(258,762)	(212,468)	24,428
Long-term receivables	(25,200)	11,480	(126,624)
Other assets	(31,061)	(24,431)	(1,988)
Accounts payable	85,211	(64,987)	117,272
Accrued expenses	(19,984)	(34,896)	3,446
Deposits	(30,358)	101,960	46,376
Due to member	(128,004)	(7,706)	(45,037)
Marketing fund	111,236	25,335	(11,488)
Deferred revenue	(53,000)	(267,500)	242,500
Long-term liabilities	(163,522)	37,973	15,563
	<u>(213,151)</u>	<u>451,336</u>	<u>(129,152)</u>
Cash flows from investing activities:			
Purchase of property and equipment	(119,807)	(16,815)	(38,299)
Purchase of intangible assets	(97,809)	(42,983)	(12,378)
	<u>(217,617)</u>	<u>(59,798)</u>	<u>(50,677)</u>
Cash flows from financing activities:			
Payment of distributions	(53,014)	(173,173)	(23,440)
Proceeds from capital lease	106,215	-	5,432
Principal payments on capital lease	(13,678)	(2,607)	(2,084)
Proceeds from notes payable	-	500,000	97,500
Principal payments on notes payable	(64,620)	(136,321)	(7,360)
Proceeds from notes payable to member	156,260	-	-
Principal payments on notes payable to member	(13,000)	-	-
Principal payments on note payable - related party	-	(282,195)	(35,685)
Proceeds from line of credit	508,000	153,681	341,000
Principal payments on line of credit	(100,000)	(530,157)	(145,000)
	<u>526,163</u>	<u>(470,772)</u>	<u>230,363</u>
Net cash provided by financing activities			
	95,395	(79,234)	50,534
Cash, beginning of year	<u>300,807</u>	<u>380,041</u>	<u>329,507</u>
Cash, end of year	<u>\$ 396,203</u>	<u>\$ 300,807</u>	<u>\$ 380,041</u>

The accompanying notes are an integral part of this financial statement.

FARM STORES FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED
DECEMBER 31, 2021, 2020 AND 2019

1. THE COMPANY AND BASIS OF PRESENTATION

Farm Stores Franchising, LLC (the “Company”) was organized in the State of Delaware on June 16, 2014. The corporate offices are located in Coconut Grove, Florida.

The Company sells franchises for Farm Stores, including but not necessarily limited to, selling franchise areas to Area Representatives who will act as independent contractors for the Company to identify franchisees in their respective areas who will enter into store-by-store franchise arrangements with the Company, and to carry on or engage in any other activities or transactions necessary or advisable to accomplish such purposes or incidental to the business. These franchises give rights to the purchaser to operate a Farm Stores franchise utilizing the concepts, methods, and techniques under the system developed by the Company.

The Company also sub-leases space for several retail store locations to the franchisees and dealers at locations throughout South Florida.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents – For the purposes of the statement of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts receivable – Accounts receivable are stated at their estimated realizable value. Management provides for uncollectible amounts through a charge to bad debt expense and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Outstanding balances after management has used reasonable collection efforts are written off with a corresponding charge to the allowance for doubtful accounts. At December 31, 2021, 2020 and 2019, management considered all accounts receivable to be fully collectible. Therefore, no allowance for doubtful accounts has been recorded.

Property and equipment - Property and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method.

Impairment of long-lived assets - The Company evaluates the recoverability of its property and equipment and other assets in accordance with Accounting Standards Codification 360-10-45, which requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the estimated future undiscounted cash flows attributable to such assets or the business to which such intangible assets relate. When an asset exceeds its expected operating cash flow, it is considered to be impaired and is written down to fair value, which is determined based on either discounted future cash flows or appraised values. No impairments were recognized during the year ended December 31, 2021, 2020 and 2019.

Fair value of financial instruments - The fair value of the Company’s financial instruments such as accounts payable approximate their carrying value.

FARM STORES FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED
DECEMBER 31, 2021, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intellectual Property and other Intangible assets – Intellectual property consists of a patent, trademarks and copyrights used in the Company’s business. The intellectual property is amortized using the straight-line method over a term of fifteen years. The Company has capitalized costs associated with the preparation of franchise documents which are used in the sale of unit and area franchises. The intangible assets are amortized using the straight-line method over a term of fifteen years.

Revenue Recognition - The Company recognizes revenue from franchise fees and ongoing royalties. Revenue is recognized differently for each of these. When applying guidance in ASC 606 to recognize revenues related to franchise fees, the Company applies the practical expedient described in ASU 2021-02. This practical expedient allows the Company to account for pre-opening services as a distinct performance obligation separate from the franchise license. These pre-opening service may include, but are not limited to the following:

- Assistance in the selection of a site.
- Assistance in obtaining and preparing facilities for their intended use, including related financing and architectural and engineering services, and lease negotiations.
- Training the franchisee’s personnel or the franchisee.
- Preparation and distribution of manuals and similar material about operations, administration, and record-keeping.
- Bookkeeping, information technology, and advisory services, including setting up the franchisee’s records and advising the franchisee about income, real estate, and other taxes and/or local regulations affecting the franchisee’s business.
- Inspection, testing, and other quality control services.

Revenues related to the performance of these pre-opening services are recognized upon opening of the franchise location as franchise fees.

Ongoing royalties of 5% to 5.5% of gross sales are paid to the company for the use of the Company’s intellectual property and ongoing services provided to the franchisee are calculated and recognized weekly.

Franchise advertising costs – Advertising costs are charged to operations as incurred. Advertising expense for the years ended December 31, 2021, 2020 and 2019 was \$146,816, \$103,561 and \$30,114 respectively.

FARM STORES FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED
DECEMBER 31, 2021, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes – The Company is treated as a Partnership under the Internal Revenue Code. All taxable income or loss flows through to the members. Accordingly, no income tax expense or liability is recorded in the accompanying financial statements. The following tax years are open for examination by both the Internal Revenue Service and State tax authorities: December 31, 2021, 2020, 2019 and 2017.

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

Reclassifications – Prior year information has been reclassified whenever necessary to conform to current year's presentation.

3. EXISTING FRANCHISE LOCATIONS

Existing franchises were as follows at December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Franchised	46	41	40
Company owned	-	-	-
Total	<u>46</u>	<u>41</u>	<u>40</u>

5. NOTES RECEIVABLE

The Company had notes receivable outstanding at December 31, 2021, 2020 and 2019. The outstanding balances at December 31, 2021, 2020 and 2019 were \$217,500, \$236,377 and \$184,500, respectively. The notes were primarily issued for the payment of area representative fees and carry varying annual rates of interest between four percent (4%) and seven percent (7%) with varying payment terms and due dates through April 2022.

FARM STORES FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED
DECEMBER 31, 2021, 2020 AND 2019

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Estimated lives</u>
POS system	\$ 61,861	\$ 61,861	\$ 61,861	5 years
Furniture and equipment	33,538	32,842	17,470	5 years
Website	18,783	13,783	13,783	5 years
Computer equipment	18,947	15,191	13,749	5 years
Software	7,750	4,350	4,350	5 years
Leasehold improvements	40,039	40,039	40,039	10 years
Assets held under capital lease	<u>106,215</u>	<u>-</u>	<u>-</u>	
	287,132	168,066	151,251	
Less: Accumulated depreciation	<u>(138,987)</u>	<u>(110,102)</u>	<u>(87,935)</u>	
Net	<u>\$ 148,145</u>	<u>\$ 57,964</u>	<u>\$ 63,316</u>	

Depreciation expense for the year ended December 31, 2021, 2020 and 2019 was \$28,885, \$22,167, and \$26,323, respectively.

7. INTANGIBLE ASSETS

At December 31, 2021, intangible assets consisted of the following:

<u>Description</u>	<u>Weighted Average Amortization Period (Years)</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Franchise documents	12.34	\$ 148,568	\$ (38,028)	\$ 110,540
Intellectual property	9.81	503,319	(177,797)	325,522
Store design	11.18	<u>44,430</u>	<u>(6,484)</u>	<u>37,946</u>
Total		<u>\$ 696,317</u>	<u>\$ (222,309)</u>	<u>\$ 474,008</u>

FARM STORES FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED
DECEMBER 31, 2021, 2020 AND 2019

7. INTANGIBLE ASSETS (continued)

At December 31, 2020, intangible assets consisted of the following:

<u>Description</u>	<u>Weighted Average Amortization Period (Years)</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Franchise documents	12.66	\$ 128,991	\$ (29,991)	\$ 99,000
Intellectual property	9.93	422,686	(146,353)	276,333
Store design	12.43	<u>46,830</u>	<u>(4,911)</u>	<u>41,919</u>
Total		<u>\$ 598,507</u>	<u>\$ (181,255)</u>	<u>\$ 417,252</u>

At December 31, 2019, intangible assets consisted of the following:

<u>Description</u>	<u>Weighted Average Amortization Period (Years)</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Franchise documents	13.02	\$ 113,409	\$ (21,954)	\$ 91,455
Intellectual property	10.94	422,686	(118,175)	304,511
Store design	12.90	<u>19,430</u>	<u>(3,324)</u>	<u>16,106</u>
Total		<u>\$ 555,525</u>	<u>\$ (143,453)</u>	<u>\$ 412,072</u>

Amortization expense for the years ended December 31, 2021, 2020 and 2019 was \$41,053, \$37,802 and \$36,436, respectively.

FARM STORES FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED
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8. LONG-TERM RECEIVABLES

The Company has long-term receivables of \$180,000 and \$75,000 at December 31, 2020 and 2019, respectively. The Balances at December 31, 2020 and 2019 consist of the following:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Lawsuit settlement (1)	\$ 15,200	\$ -	\$ 11,500
Estimated class action lawsuit settlement (2)	168,500	168,500	168,500
Due from related (3)	<u>166,803</u>	<u>166,803</u>	<u>166,803</u>
Total	<u>\$168,520</u>	<u>\$168,520</u>	<u>\$180,000</u>

- (1) Original settlement for 2021 amount was two lawsuits totaling \$22,800, receivable in monthly payments of \$900 until paid in full. Original settlement for 2019 amount was \$75,000 receivable in monthly payments of \$1,750.
- (2) Amount is an estimated amount due from class action lawsuit against a credit card company. Total portion of Company's settlement estimated by settlement agent is \$224,700. Since the actual amount that will be received is not known, management placed a 25% reserve of \$56,200 against the total estimated settlement.
- (3) Amount due from Farm Stores Corp, a related company.

9. DEBT

Note Payable to Member

During 2021, the Company entered into a note payable agreement with a member of the Company in the amount of \$145,688. The loan call for monthly principal of \$2,428 plus accrued interest of 5.75% annually. The loan matures in November 2026.

Principal payments over the next five years are as follows:

Year	Amount
2022	\$ 29,141
2023	29,141
2024	29,141
2025	29,141
2026	16,902

FARM STORES FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED
DECEMBER 31, 2021, 2020 AND 2019

9. DEBT (continued)

Line of Credit

In May 2017, the Company entered into a line of credit agreement with a bank for a maximum amount of \$800,000. The line of credit is due on demand with a maturity date of May 2023. Interest on the line of credit is variable and accrues at the Prime Rate plus 1.5% but shall never be less than 5.25%. Monthly payments are required of interest only. The interest rate at December 31, 2021, 2020 and 2019 was 5.75%, 5.75% and 6.25%, respectively. Outstanding balance s were as follows at December 31:

<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>\$626,876</u>	<u>\$218,876</u>	<u>\$595,352</u>

Long-Term Debt

Long-term debt consisted of the following at December 31:

<u>Description</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Note payable to a bank. Monthly principal and interest payments of \$6,740. Annual interest rate of interest of 5.75%. Matures in March 2025.	\$ 239,200	\$ 303,820	\$ -
Note payable to SBA. Monthly principal and interest payments of \$731 commencing in June 2021. Annual interest rate of 3.75%. Matures in June 2050.	150,000	150,000	-
Short-term loan agreement with a business finance company. Weekly payments of principal and interest of \$4,577 with effective interest rate of 37.99%	-	-	90,141
Total	389,200	453,820	90,141
Less: current portion	<u>(71,835)</u>	<u>(66,376)</u>	<u>(90,141)</u>
Total long-term debt	<u>\$ 317,365</u>	<u>\$ 387,444</u>	<u>\$ -</u>

Principal payments over the next five years are as follows:

Year	Amount
2022	\$ 71,835
2023	76,071
2024	80,542
2025	23,719
2026	3,357
Thereafter	\$133,476

FARM STORES FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED
DECEMBER 31, 2021, 2020 AND 2019

9. DEBT (continued)

Paycheck Protection Program Loan

In 2021 and 2020, the Company received loans under the Paycheck Protection Program (PPP Loan) made available under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in the amounts of \$90,195 and \$100,092 in 2021 and 2020, respectively. The PPP loans were to provide cash flow assistance through forgivable loans to small businesses for qualified expenses incurred during 2021 and 2020. Management has elected to account for the loans as government grants. There is no specific guidance on accounting for government grants under U.S. GAAP, however, ASC 105 *Generally Accepted Accounting Principles*, allows application of nonauthoritative guidance by analogy when guidance for a transaction is not specified within U.S. GAAP. Accordingly, management has elected to account for the PPP loans received as government grants by applying IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. In applying IAS 20, a borrower should account for a PPP loan as an income-related grant and initially recognize the loan as a deferred income liability. The borrower should then relieve the loan through income on a systematic and rational basis in those periods over which the entity recognizes the expenses that the grant is intended to offset.

The loans have been fully forgiven and management has recorded loan forgiveness as of December 31, 2021 and 2020. *Under IAS 20, management may make an accounting policy election to account for the proceeds received, paid, and forgiven on those loans within the same section of the income statement and statement of cash flows where the loan's related expenses are presented.* Management has chosen to make such an election and the loan amounts forgiven have been offset against the applicable expenses in the income statement.

10. CAPITAL LEASE

The Company leases a vehicle under a capital leases expiring in 2026. The asset and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is amortized over the related lease term or their estimated productive life, whichever is less. Amortization of these assets is included in depreciation expense. At December 31, 2020, the equipment had a net book value of \$94,348.

Mininium future lease payments as of December 31, 2021 are as follows:

<u>Year ending December 31</u>	<u>Amount</u>
2022	21,086
2023	22,428
2024	22,428
2025	22,428
2026	<u>4,167</u>
Total mimimun lease payments	92,537
Less: amount representing interest	<u>(14,425)</u>
Present value of minimum lease payments	<u>\$ 78,112</u>

FARM STORES FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED
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11. MARKETING FUND

The Company may collect from franchisees up to 3% of the franchisees' weekly gross revenue to pay for advertising expenses on behalf of the franchisees, as stipulated in the franchise agreements. However, historically the Company has only collected 1% for advertising fees. At December 31, 2021, 2020 and 2019, unspent balances in the Marketing Fund were \$140,392, \$29,255 and \$3,821, respectively.

The Company collects a fee for administering the marketing fund. The administration fee is calculated as 15% of total marketing fees collected. Total marketing fund administration fees charged were \$52,851, \$35,858 and \$16,613 for the years ended December 31, 2021, 2020 and 2019, respectively. These amounts are included in Other revenues on the Statement of Operations.

12. DEFERRED REVENUE

The Company defers franchise fee revenue until all material services or conditions relating to the sales have been substantially performed or satisfied by the franchisor. The Company considers all material services or conditions to be performed or satisfied upon initiation of training by the franchisee. At December 31, 2021, 2020 and 2019, deferred revenues were \$22,000, \$75,000 and \$342,500.

13. COMMITMENTS AND CONTINGENCIES

Legal

The Company has litigation arising from the normal course of business. In management's opinion, the outcome of any such litigation will not materially affect the Company's financial condition. Nevertheless, due to uncertainties in the settlement process, it is at least reasonably possible that management's view of the outcome will change in the near term.

The Company has negotiated a settlement with a former independent contractor who brought litigation alleging multiple counts of breach of contract, a claim under the Florida Whistleblower Act and claims regarding ownership interest in the Company. The settlement resulted in dismissal of the lawsuit with prejudice and a payment of \$80,000 to the plaintiff. This amount was paid in 2021.

The Company has negotiated settlements with two former franchisees. The settlements total \$22,800 payable to the Company in monthly payments of \$900. At December 31, 2021, the amount due of \$15,200 is included in long-term receivable on the balance sheet.

Leases

The Company leases office space for its corporate headquarters in Coconut Grove, Florida under a non-cancelable lease expiring in January 2024. Additionally, the Company leases parking spaces at the corporate headquarters under non-cancelable lease expiring in January 2022. At December 31, 2021, future minimum lease payments due under the leases are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 47,258
2023	55,600
2024	60,944
2025	10,223

FARM STORES FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
FOR THE YEARS ENDED
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13. COMMITMENTS AND CONTINGENCIES (continued)

In addition to the minimum rental payments shown above, the lease also states the Company will pay for common area maintenance fess and parking. Total lease expense for the corporate headquarters including common area maintenance fees and parking for the years ended December 31, 2021, 2020 and 2019 was \$71,890, \$64,767 and \$64,167, respectively.

The Company leases retail space for 27 store locations under leases with varying expiration dates through September 2038. At December 31, 2021, future minimum lease payments due for the next five years under the leases are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$1,061,513
2023	1,033,118
2024	1,011,796
2025	859,426
2026	807,074
Thereafter	8,736,088

Lease expense under these leases for the years ended December 31, 2021, 2020 and 2019 was \$1,226,167, \$1,822,916 and \$960,274, respectively.

The above leases locations are sub-leased to franchisees and dealers operating stores at the leased locations. 2 of these locations are leased on a month to month basis totaling \$4,593 per month and the remaining are leased under term leases with varying expiration dates through September 2039. At December 31, 2021, future minimum lease payments to be received for the next five years under the leases are as follows:

<u>Year</u>	<u>Amount</u>
2022	904,438
2023	849,903
2024	857,405
2025	559,950
2026	336,720
Thereafter	3,087,031

Lease payments received under these leases for the years ended December 31, 2021, 2020 and 2019 was \$1,461,102, \$1,945,731 and \$1,092,833, respectively.

14. SUBSEQUENT EVENTS

The Company's operations may be affected by the recent and ongoing outbreak of the coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Company's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption to the Company's customers and revenue, absenteeism in the Company's labor workforce, unavailability of products and supplies used in operations, and a decline in value of assets held by the Company.

FARM STORES FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
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14. SUBSEQUENT EVENTS (continued)

Management has performed an evaluation of subsequent events up to the date the financial statements were available to be issued, which was April 29, 2021, and had determined that there were no events that would require modification of the financial statements or disclosure in the notes to the financial statements.

EXHIBIT N – FRANCHISEE CLOSING QUESTIONNAIRE

FRANCHISE CLOSING QUESTIONNAIRE

As you know, Farm Stores Franchising, LLC, a Delaware limited liability company ("we" "us" or "our") and _____ ("you" or "your") are preparing to enter into a Franchise (the "Agreement") for the establishment and operation of a Farm Stores or Swiss Farms franchised business (the "Franchised Business"). The purpose of this Questionnaire is to determine whether any person made statements or promises to you that we have not authorized, that are not contained in our currently effective form Franchise Disclosure Document and Exhibits thereto (the "FDD") including the Agreement, and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. How did you first find out about our franchise opportunity?

2. When was this? _____

3. Have you received and personally reviewed the FDD provided to you?

Yes or No: _____

4. Did you sign a receipt for the FDD indicating the date you received it?

Yes or No: _____

5. Have you had the FDD for at least 14 days?

Yes or No: _____

6. Do you understand all of the information contained in the Franchise Disclosure Document and any state-specific Addendum to the FDD?

Yes or No: _____

7. If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary.) _____

8. Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant or other professional advisor?

Yes or No: _____

9. If yes, please identify and provide name, address and phone number.

10. Do you understand that the success or failure of your Franchised 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 or No: _____

11. Do you understand that:

(a) this franchise business may be impacted by other risks, including those outside your or our control such as economic, political or social disruption, including COVID-19? Yes or No: _____

(b) the COVID-19 outbreak and any preventative or protective actions that federal, state, and local governments may take in response to this pandemic may result in a period of business disruption, reduced customer demand, and reduced operations for Farm Stores and Swiss Farms businesses? Yes or No: _____

(c) that the extent to which the coronavirus impacts the Farm Stores and Swiss Farms system will depend on future developments which are highly uncertain and which we cannot predict? Yes or No: _____

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business operated by us or our Farm Stores or Swiss Farms Franchisees?

Yes or No: _____

13. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating the Franchised Business?

Yes or No: _____

14. Has any employee or other person speaking on behalf of the Franchisor made any statements or promise concerning the total amount of revenue the Franchised Business will generate?

Yes or No: _____

15. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating the Franchised Business?

Yes or No: _____

16. Has any employee or other person 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 Franchised Business?

Yes or No: _____

17. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes or No: _____

18. Have you entered into any binding agreement with us concerning the purchase of a Franchised Business before today?

Yes or No: _____

19. Have you paid any money to us concerning the purchase of the Franchised Business before today?

Yes or No: _____

20. If you have answered "Yes" to any one of questions 11-18, please provide a full explanation of each "yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below). If you have answered "no" to each of questions 11-18, please leave the following lines blank.

21. Have you received the completed Franchise Agreement, all exhibits thereto and all other agreements you are to sign for at least 7 days?

Yes or No: _____

22. Do you understand all of the information contained in the Agreement and each exhibit attached to it?

Yes or No: _____

23. If no, what part of the Agreement do you not understand? (Attach additional pages if necessary.)

24. I signed the Franchise Agreement and related documents on _____ and understand and acknowledge that none of these agreements is effective until they are signed and dated by the President of Farm Stores Franchising, LLC. Please understand that your responses to these questions are important to us and that we will rely on them. By signing the Questionnaire, you are representing that you have responded truthfully to the above questions.

Dated: _____

APPLICANT

Name: _____

Signature: _____

EXHIBIT O – GENERAL RELEASE

GENERAL RELEASE

_____ ("you" or "your"), for and in consideration of the consent of Farm Stores Franchising, LLC, a Delaware limited liability company ("we," "us" or "our") to: (check one):

☐ the signing by you and us of a renewal Franchise Agreement and related renewal documents granting you the right to continue to operate the [Farm Stores / Swiss Farms] Franchise (the "Franchised Business") granted to you by us pursuant to that certain [Farm Stores / Swiss Farms] Franchise Agreement dated [INSERT DATE]. (the "Franchise Agreement").

☐ your sale of the assets comprising the [Farm Stores / Swiss Farms] Franchise to an approved transferee and the transferee's signing our then current form of [Farm Stores / Swiss Farms] Franchise Agreement with us.

☐ our refund of \$_____ of the Initial Franchise Fee you previously paid to us.

do release and forever discharge, and by this document for you and your personal representatives and your heirs, release and forever discharge us, our subsidiaries and affiliates, and their respective officers, directors, shareholders, managers, members, partners, employees, servants, representatives and agents, in their corporate and individual capacities, including:

(a) claims arising under the Franchise Agreement and any other agreement between you and us or our subsidiaries or affiliates,

(b) claims under federal, state and local laws, rules and ordinances: and

(c) claims of and from any and all manner of action and actions, cause and causes of action, suits, debts, dues, sums of money, accounts, contracts, controversies, agreements, claims and demands whatsoever, in law or in equity that you, your personal representatives or heirs, have had, nor have or which you, your heirs, personal representatives hereinafter can, will or may have, for, upon or by reason of any matter, cause or thing whatsoever, from the beginning of the world to the date of this Release (collectively "Claims").

This Release extends and applies to and also covers and includes all unknown, unforeseen, or unanticipated and unsuspected injuries, damages, loss or liability, and the consequences therefrom as well as those now disclosed and known to exist. The provisions of any federal, state or local law or statute, providing in substance that releases will not extend to claims, demands, injuries or damages, loss or liability, which are unknown or unsuspected to exist at the time, to the persons signing the releases, are expressly waived. This Release expressly excludes claims arising from representations in our Franchise Disclosure Document or its Exhibits.

You represent and warrant to us that you have not assigned or otherwise transferred any of the Claims or any portion of the Claims. This Release extends and applies to, and also covers any and all persons from whom we may be deliberately liable.

You will not represent yourself, directly or indirectly, as our employee, officer, agent or representative to any person, corporation, partnership or any other entity.

WITNESS MY HAND AND SEAL on _____.

EXHIBIT P – TABLE OF CONTENTS OF OPERATING MANUAL

OPERATIONS MANUAL TABLE OF CONTENTS

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ONLINE PORTAL

Number of Pages

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EXHIBIT Q – STATE EFFECTIVE DATES & RECEIPTS

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
New York	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If Farm Stores Franchising, LLC offers you a Franchised Business, we must provide this Franchise Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, us in connection with the proposed franchise sale or grant.

New York and Iowa require that we give you this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the Franchise Agreement or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Franchise Disclosure Document at least 10 business days before the execution of any binding Franchise Agreement or other agreement or the payment of any consideration, whichever occurs first.

If Farm Stores Franchising, LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit B.

The franchisor is Farm Stores Franchising, LLC, located at 2937 S.W. 27th Avenue, Suite 301, Coconut Grove, Florida 33133. Our telephone number is (800) 726-3276.

The issuance date of this Franchise Disclosure Document is April 29, 2022. The FTC franchise seller for this offering is: (check one)

☐ Victor Arechavaleta, 2937 S.W. 27th Avenue, Suite 301, Coconut Grove, Florida 33133; (800) 726- 3276; and

☐ Jim Cobban, 2937 S.W. 27th Avenue, Suite 301, Coconut Grove, Florida 33133; (800) 726- 3276.

-or-

☐ _____

The name and address of the franchisor's registered agent authorized to receive service of process is listed in Exhibit B.

I received this Franchise Disclosure Document dated April 29, 2022, that included the following Exhibits:

A – State Addenda to FDD	J – Telephone Number and Directory Advertising Assignment
B – List of State Administrators and our Agents for Service of Process	K – List of Franchisees
C – Franchise Agreement	L. – Information Regarding our Area Representatives
D – Area Development Agreement	M – Financial Statements
E – State Addenda to Agreements	N – Franchisee Closing Questionnaire
F – Guaranty of Franchisee’s Obligations	O – General Release
G – Pre-authorized ACH Form	P – Table of Contents of Manual
H – Security Agreement, UCC-1 Financing Statement and Rider	Q – State Effective Page & Receipts
I – Agreement with Landlord	

Prospective Franchisee:

Sign _____

Dated: _____

Print _____

(copy #1 - to be retained for your records)

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If Farm Stores Franchising, LLC offers you a Franchised Business, we must provide this Franchise Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, us in connection with the proposed franchise sale or grant.

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H – Security Agreement, UCC-1 Financing Statement and Rider	Q – State Effective Page & Receipts
I – Agreement with Landlord	

Prospective Franchisee

Sign _____

Dated: _____

Print _____

If you are not signing the Receipt pages via our then-current e-signing platform (such as DocuSign), then please print out the last 2 pages of this FDD (our copy of the Receipt) sign it, print your name and add the date you signed the Receipt. Then do any of the following:

You can mail the signed Receipt:

Victor Arechavaleta
Farm Stores Franchising, LLC
2937 S.W. 27th Ave., Suite 301
Coconut Grove, Florida 33133

The receipt can be submitted electronically through our CRM system or you can e-mail the signed Receipt to:

victor.a@farmstores.com