

FRANCHISE DISCLOSURE DOCUMENT



Gloria Jean's Gourmet Coffees Franchising Corp.
an Illinois corporation
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We offer franchises to operate a GLORIA JEAN'S COFFEES store selling gourmet coffees and teas, coffee-based beverages, and related supplies, accessories and gifts, or a GLORIA JEAN'S COFFEES kiosk for the sale of coffee, espresso, cappuccino, other coffee-based drinks, teas and other beverages, baked goods and other foods.

The total investment necessary to begin operation of a GLORIA JEAN'S COFFEES franchise is as follows:

Small GLORIA JEAN'S COFFEES store without drive-thru	\$298,800 to \$372,500. This includes \$16,000 to \$24,500 that must be paid to the Franchisor or its affiliates.
Average GLORIA JEAN'S COFFEES store without drive-thru	\$348,800 to \$410,000. This includes \$17,500 to \$26,000 that must be paid to the Franchisor or its affiliates.
GLORIA JEAN'S COFFEES store with drive-thru	\$390,800 to \$496,000. This includes \$17,500 to \$26,000 that must be paid to the Franchisor or its affiliates.
GLORIA JEAN'S COFFEES kiosk	\$178,700 to \$254,000. This includes \$14,900 to \$23,500 that must be paid to the Franchisor or its affiliates.

We offer qualified candidates an Area Development Agreement under which the franchisee commits to develop a specified number of GLORIA JEAN'S COFFEES stores within a defined geographic area. The total investment necessary for an Area Development Agreement is \$23,750 to \$32,500, assuming a commitment of 3 to 5 stores. This includes \$18,750 to \$22,500 that must be paid to the Franchisor or its affiliate. Unless otherwise agreed, the minimum number of stores you will be required to develop under the Area Development Agreement is three.

This Franchise Disclosure Document ("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 payments to, the Franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this Disclosure Document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Retail Food Group USA, Inc. at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, IL 60607, tel. (773) 270-2900, rfginternational@rfg.com.au.

The terms of your contract will govern your franchise relationship. Don't rely on this 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 ("FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency listed on **Exhibit 1** 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: February 9, 2023

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 <u>Exhibits 9</u> and <u>10</u> .
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 <u>Exhibit 11</u> 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 Gloria Jean's Coffees store 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 Gloria Jean's Coffees franchisee?	Item 20 or <u>Exhibits 9</u> and <u>10</u> list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all exhibits in this Disclosure Document to better understand this franchise opportunity. See the table of contents.

WHAT YOU NEED TO KNOW ABOUT FRANCHISING GENERALLY

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

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

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

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

Competition from Franchisor. Even if the Franchise Agreement grants you a territory, the Franchisor may have the right to compete with you in your territory.

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

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

SOME STATES REQUIRE REGISTRATION

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in **Exhibit 1**.

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 in this Disclosure Document 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 Illinois. 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 Illinois than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all your financial obligations under the Franchise Agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Going Concern.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the Franchisor, its affiliates, or suppliers that the Franchisor designates, at prices the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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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APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT, AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT OR AREA DEVELOPMENT AGREEMENT. THESE ADDITIONAL DISCLOSURES AND RIDERS, IF ANY, APPEAR IN **EXHIBIT 13**.

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

This Disclosure Document describes GLORIA JEAN'S COFFEES franchises. In this Disclosure Document:

"Franchisor", "we", "us", and "our" mean Gloria Jean's Gourmet Coffees Franchising Corp., the Franchisor.

"You", "your", and "Franchisee" refer to the individual or company that enters into a Franchise Agreement with us.

If the Franchisee is a corporation, partnership or limited liability company, the owners of the Franchisee are required to guarantee the company's obligations and be bound by the provisions of the Franchise Agreement and other agreements as described in this Disclosure Document.

Franchisor, Parent, and Affiliates

We incorporated in Illinois on May 30, 1986, as Gloria Jean's Coffee Bean Franchising Corp. We changed our name on May 11, 1993, and now do business as Gloria Jean's Gourmet Coffees Franchising Corp. and Gloria Jean's Coffees. Our principal business address is Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, IL 60607, tel. (773) 270-2900.

We offer franchises to operate retail stores under the "Gloria Jean's Coffees" name and Marks (as described below). We call these stores "GJC Stores." Originally GJC Stores were operated under the name "Gloria Jean's Coffee Bean." In 1993, we began opening all new GJC Stores under the mark "Gloria Jean's Gourmet Coffees." In 1997, we decided to open all new GJC Stores under the mark "Gloria Jean's Coffees." A few of the older GJC Stores continue to operate with either Gloria Jean's Coffee Bean or Gloria Jean's Gourmet Coffees signage. A reference in this Disclosure Document to a GJC Store includes all these GJC Stores unless the context indicates otherwise.

We have been in the business of selling franchises for GJC Stores since 1986. As of July 1, 2022, the end of our last fiscal year, we had 47 franchised GJC Stores in operation in the USA. We do not currently own or operate any GJC Stores.

Our ultimate parent company in the USA is Retail Food Group USA, Inc. ("RFG USA"). RFG USA incorporated in Delaware on August 11, 2008 under the name Praise International North America Inc. and changed its name to Retail Food Group USA, Inc. on November 17, 2015. RFG USA is wholly owned by Praise Holdings, LLC ("Praise Holdings"), a California limited liability company. Praise Holdings is wholly owned by PRCH Holdings Pty Ltd ("PRCH"), an Australian proprietary company. PRCH is wholly owned by our ultimate parent company, Retail Food Group Limited ("RFG Ltd"), an Australian company established in 1989. RFG Ltd is Australia's largest multi-brand retail food franchisor and a leading wholesale coffee roaster and its shares are traded on the Australian Securities Exchange. Through affiliates and subsidiaries, RFG Ltd operates or franchises approximately 1,300 outlets on five continents under 9 brands, including Gloria Jean's Coffees, It's a Grind, Donut King, Michel's, Brumby's Bakery, Café2U, The Coffee Guy, Pizza Capers, and Crust. RFG Ltd's principal business address is Level 4, 35 Robina Town Centre Drive, Robina, Queensland 4226, Australia.

We have no predecessor, but we have a number of affiliates that have offered franchises or that provide goods or services to our franchisees, as described below:

- Gloria Jean's Coffees International Pty Ltd ("GJCI") holds the right to franchise Gloria Jean's Coffees® shops in all countries except the USA and Puerto Rico. Currently, GJCI grants master franchise rights to affiliates and third parties to operate and subfranchise Gloria Jean's Coffees® shops. Through these arrangements, GJCI currently has approximately 624 franchised coffee shops in dozens of markets world-wide, with approximately 179 of those stores located in Australia.
- Retail Food Group USA, Inc. provides support services such as marketing, sales, and distribution to GJC Stores.
- Gloria Jean's Gourmet Coffees Corp. ("GJGC Corp") owned and operated GJC Stores from August 1979 to September 2011 and offered franchises for GJC Stores from 1985 through May 1986. GJGC Corp is now the retail and wholesale supplier of roasted coffee beans throughout the USA.
- Praise IAG Franchisor LLC ("Praise IAG"), previously offered franchises in the United States and elsewhere for It's A GRIND® stores ("IAG Stores"). We have offered all remaining It's A GRIND® franchisees the option to convert their IAG Stores to franchised GJC Stores; however, the franchisees are under no obligation to do so. As of July 1, 2022, there were two remaining franchised IAG Stores in the USA.
- CGP Systems LLC offers franchises in the United States for Crust Gourmet Pizza Bar stores ("CGP Stores"). As of July 1, 2022, there were no franchised CGP Stores in the USA.
- DK Systems, LLC offers franchises in the United States for Donut King® stores ("DK Stores"). As of July 1, 2022, there were no franchised DK Stores in the USA.

Except as described above, neither we nor our affiliates have engaged in any other line of business or offered franchises in any other lines of business. RFG USA and our other US affiliates all have the same business address as ours. PRCH and GJCI have the same business address as RFG Ltd.

Agent for Service of Process

Our agents for service of process in those states which require franchise registration are disclosed in **Exhibit 1**.

The Gloria Jean's Coffees Franchise

We offer a franchise to qualified persons to own and operate a single GJC Store at a location we approve, under the terms of our standard franchise agreement, attached as **Exhibit 2** (the "Franchise Agreement"). There may be instances where we have or will vary the terms to suit the circumstances of a particular transaction. We may have offered franchises in the past which may significantly differ from those offered by this Disclosure Document. If you are an existing franchisee of a GJC Store and desire to

acquire another franchise, you must sign the form of general release attached as **Exhibit 8** (the “General Release”) as a condition to your acquisition of an additional franchise.

GJC Stores offer and sell gourmet coffees, teas, coffee-based beverages, and baked goods; related supplies, accessories, and gifts; and such other products and services as we may authorize or approve (the “Products”). GJC Stores predominantly operate in leased locations as drive-thru outlets, in suburban lifestyle centers and strip centers, and occasionally as stand-alone GJC Stores. If you purchase a franchise for a street location, you will sign our Territory Addendum for Street Location attached as **Exhibit 4**, together with the Franchise Agreement.

In addition, we offer franchises to operate a GLORIA JEAN’S COFFEES kiosk (“GJC Kiosk”). GJC Kiosks are specially designed to feature the retail sale of certain Products we approve for GJC Kiosks, principally coffee drinks and other beverages, and a very limited amount of other Products we approve, under the terms of the Franchise Agreement as modified by our standard Kiosk Addendum attached as **Exhibit 3** (the “Kiosk Addendum”). GJC Kiosks are located in various locations, including malls where a GJC Store operates, office buildings, public buildings, and other locations where the operation of a GJC Store is not feasible. Unless the context indicates otherwise, all references to GJC Stores include GJC Kiosks.

We may offer qualified persons the right to develop multiple GJC Stores under the area development agreement attached as **Exhibit 5** (the “Area Development Agreement”). The development schedule included in the Area Development Agreement (the “Development Schedule”) will specify the dates by which you must open each GJC Store. For each GJC Store you develop under the Area Development Agreement, you must sign our then-current form of Franchise Agreement that we offer to new franchisees, the terms and conditions of which may be substantially different from those contained in the Franchise Agreement attached to this Disclosure Document. Unless otherwise agreed, the minimum number of GJC Stores you will be required to develop under the Area Development Agreement is three.

GJC Stores operate under a standardized format, signs, equipment, layout, systems, and procedures using distinctive architectural designs and certain authorized trademarks, service marks, trade dress and other commercial symbols, including “Gloria Jean’s Coffees” and “Gloria Jean’s,” which we may periodically change (the “Marks”). We will provide you with electronic access during the term of the franchise to the operating manuals for a GJC Store, which consists of one or more manuals (collectively the “Operating Manual”). The Operating Manual contains mandatory and suggested specifications, standards, operating procedures and policies we prescribe, and information about your other obligations under the Franchise Agreement. You must comply with all mandatory specifications, standards, operating procedures, and policies, whether contained in the Operating Manual or otherwise communicated to you, relating to the operation of your GJC Store. This includes the *Policy Regarding Modern Slavery Practices* adopted by RFG Limited (which you may access online at <https://riot.worldmanager.com/admin/login-next.php> or <https://www.rfg.com.au/shareholder-centre/corporate-governance>).

Market and Competition

The gourmet coffee market is well-developed and highly competitive. You will compete for sales of gourmet coffee with other businesses offering similar products, including other national and regional chains and franchises, gourmet food departments of national and regional department stores, grocery stores, bulk food stores, individual gourmet food stores, specialty coffee stores (possibly including IAG Stores), delicatessens, fast food operations, restaurants offering coffee “to go”, internet and mail order

operations, and other GJC Stores. Sales of products are somewhat seasonal, with a significant portion of sales occurring during the holiday season.

Your GJC Store will compete against other coffeehouses, espresso/coffee bars and mall coffee stores, as well as restaurant and beverage outlets that serve coffee and a growing number of espresso stands, carts and stores. The attractiveness of the gourmet specialty coffeehouse market may draw additional competitors with substantially greater financial, marketing and operating resources than us. With low barriers to entry, competition is expected to increase from national and regional chains and local specialty stores.

The performance of your GJC Store may also be affected by factors such as traffic patterns, popularity of the site, and proximity of competing stores. In addition, factors such as inflation, increased costs (including minimum wage) and the availability of experienced management and hourly employees may adversely affect the specialty coffee business and the GJC Store. Green coffee bean prices may be adversely affected by events in the producing countries, weather, political and economic conditions.

Applicable Regulations

We are not aware of any laws applicable to GJC Stores that would not apply to foodservice businesses generally. To operate a retail gourmet coffee store, you will be required to comply with all applicable local, state and federal laws, including health, nutrition labeling, sanitation, no smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws, and laws relating to access by persons with disabilities. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled people and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must obtain all required real estate permits, licenses and operational licenses.

You should consult with your attorney and local, state and federal government agencies before buying your Gloria Jean's Coffees franchise to determine all legal requirements and consider their effects on you and the cost of compliance. It is solely your responsibility to investigate and satisfy all local, state and federal laws, since they vary from place to place and can change over time. During the term of the Franchise Agreement, you must, at all times, develop, maintain and operate the GJC Store in compliance with all Gloria Jean's Coffees system standards, as we may modify or supplement in the future.

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ITEM 2

BUSINESS EXPERIENCE

General Manager – International of RFG Ltd.: Grant Fischer

Mr. Fischer has been General Manager – International of our parent company, RFG Ltd, since June 2015. His responsibilities include overseeing our operations in the USA.

Executive Chairman & CEO of RFG Ltd.: Peter George

Mr. George joined the Board of RFG Ltd as a non-executive Director in September 2018. He was appointed Executive Chairman in November 2018 and subsequently assumed CEO responsibilities in December 2018. His responsibilities include overseeing our operations in the USA.

ITEM 3

LITIGATION

Australian Competition and Consumer Commission v. Retail Food Group Limited (ACN 106 840 082), et al., File No. NSD1333/2020, New South Wales Registry - Federal Court of Australia, filed December 12, 2020. The Australian Competition and Consumer Commission (ACCC) filed this action in Australia against our ultimate parent company, Retail Food Group Limited, and certain affiliates (collectively "RFG"), including our affiliate that operates the GLORIA JEAN'S COFFEES franchise system in Australia. The ACCC alleged "a system or pattern of unconscionable behavior" and false, misleading or deceptive conduct by the respondents relating to the sale or license and franchise of 42 company-owned Donut King, Michel's Patisserie, Brumby's Bakery, and Gloria Jean's Coffees stores in Australia. The filing alleged that between 2015 and 2019, RFG sold or licensed these corporate stores to incoming franchisees knowing that the stores had been operating at a loss but without disclosing this fact or the extent of those losses, making false or misleading representations to incoming franchisees that the stores were viable or profitable, and exploiting the information asymmetry so that the incoming franchisees made a substantial investment of money and/or time to acquire and operate one of the stores. The filing also alleged that RFG made improper payments from marketing fund accounts and failed to properly disclose marketing expenditures to franchisees. The ACCC contended that these actions were in breach of the Australian Consumer Law (ACL), the Franchising Code of Conduct (Code), and the Competition and Consumer Act 2010 (CCA). The ACCC sought declarations, injunctions, pecuniary penalties, disclosure and adverse publicity orders, a compliance program order, non-party redress orders, and costs.

On December 23, 2022, the parties agreed to resolve the Federal Court of Australia proceeding commenced by the ACCC. The parties agreed that the proceeding will be dismissed, without RFG:

1. making any admission as to the ACCC's allegations in the proceeding;
2. paying any pecuniary penalty; or
3. being subject to any injunction, disclosure or adverse publicity order.

As part of the agreed resolution, RFG entered into an undertaking with the ACCC under section 87B of the Competition and Consumer Act 2010 (Cth). Pursuant to that undertaking, RFG will pay an agreed discrete sum to, and waive certain prior debts owing by, relevant franchisees who acquired

corporate stores, calculated based on their individual dealings with RFG. RFG will also pay an agreed sum to certain franchisees in connection with the Michel's Patisserie marketing fund.

Other than this action, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Franchise Agreement

If you are a new franchisee purchasing a franchise for your first Gloria Jean's Coffees outlet, you must pay us an initial franchise fee of \$15,000.

If you are an existing Gloria Jean's Coffees franchisee purchasing a franchise for an additional outlet, we currently require you to pay us a reduced initial franchise fee of \$7,500. We may change or discontinue this policy at any time without notice to you.

The initial franchise fee is payable in a lump sum when you sign the Franchise Agreement. The initial franchise fee is fully earned by us when paid and is not refundable under any circumstances.

Opening Inventory

Before opening the GJC Store, you must also purchase your opening coffee inventory from GJGC Corp via our designated independent distributor. You will decide the amount of initial coffee inventory you wish to purchase. We estimate that you will need an initial coffee inventory ranging from \$3,500 to \$6,000 for a GJC Store and from \$2,400 to \$3,500 for a Kiosk. All amounts paid for coffee inventory are non-refundable.

Grand Opening Fee

You must pay a Grand Opening Fee of \$5,000 to us or vendors approved by us for a grand opening advertising, marketing and promotion package. This fee is due before you attend the initial training program, if the GJC Store is your first Gloria Jean's Coffees franchise.

Area Development Agreement

If we offer and you sign an Area Development Agreement, you must pay us a development fee equal to 50% of the initial franchise fees for the GJC Stores you commit to open, as determined under

“Franchise Agreement” above. For example, if you are a new franchisee who signs an Area Development Agreement with a commitment of 5 GJC Stores, the development fee will be $\frac{1}{2} \times (\$15,000 + \$7,500 + \$7,500 + \$7,500 + \$7,500) = \$22,500$. If you are an existing franchisee who signs an Area Development Agreement with a commitment of 5 GJC Stores, under our current fee reduction policy the development fee will be $\frac{1}{2} \times (\$7,500 + \$7,500 + \$7,500 + \$7,500 + \$7,500) = \$18,750$.

Unless otherwise agreed, the minimum number of GJC Stores you will be required to develop under the Area Development Agreement is three.

The development fee is due when you sign the Area Development Agreement, is fully earned when paid, and is non-refundable, even if you do not sign any Franchise Agreements or open any GJC Stores.

When you sign the Franchise Agreement for each GJC Store required by the Development Schedule, you must pay us the balance of the initial franchise fee for that GJC Store.

ITEM 6

OTHER FEES

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Royalty Fee	6% of Gross Sales. ²	Your bank account will be debited weekly on each Thursday for the Royalty Fee due from the preceding week's Gross Sales. ³	
Marketing Fund Contributions	Maximum of 3% of Gross Sales; currently, 2% of Gross Sales	Same time and manner as Royalty Fee.	See Item 11 for a detailed discussion of the Marketing Fund.
Gift Cards	Currently, \$0.25/card.	Upon placement of order.	You must participate in our gift card program, which uses a designated vendor. We are in the process of changing our gift card program and anticipate completing the change in the next 12 months. This may result in a change in the program fees you will pay.
Audit Expenses	Our actual costs of audit.	10 days after receipt of inspection or audit report.	Payable only if audit shows you understated Gross Sales by greater than 2%. Payment of costs is in addition to paying the royalties and marketing fees due, plus interest.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Indemnification	Will vary under circumstances.	As incurred.	You have to reimburse us if we are held liable for claims, damages or obligations arising from unauthorized agreements or representations, your operation of the GJC Store and your business and certain taxes.
Assignment Fee	\$5,000	Prior to consummation of transfer.	Payable when we approve a transfer of the Franchise Agreement, the franchise, the GJC Store assets, or any interest in you.
Renewal Fee	\$7,500	Prior to the grant of a renewal franchise.	This fee will be prorated if your lease term is shorter than the 10-year renewal term.
Repairs, Renovations, Maintenance Expense, Insurance	Our actual costs.	As incurred.	Payable if you do not maintain the condition and appearance of the GJC Store or refurbish it in accordance with our standards or if you do not purchase the required insurance and we do so on your behalf.
Interest and Late Fees	Highest legal rate for open account business credit in the state in which the GJC Store is located, not to exceed 1.5% per month, and a late fee of \$250 per occurrence (subject to applicable law).	All amounts owed to us or our affiliates will bear interest after their due date.	
Advertising and Promotional Materials	Our actual costs of production and delivery.	As incurred.	Payable if you elect to purchase such materials from us and we elect to charge for them.
Required Purchases	Will vary under circumstances.	Initial inventory purchases payable prior to opening, ongoing purchases are payable within 30 days of order.	No required purchases from us or our affiliates as of the date of this Disclosure Document, but we have the right to require them.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
POS Software Fee	\$100 per month per GJC Store.	Monthly.	Part of the monthly POS Software Fee is used to offset expenses incurred in complying with Payment Card Industry Data Security Standards (PCI/DSS).
POS Hardware	\$0 for TASK POS Hardware; \$15 per Card Connect terminal.	Monthly.	Payable to CardConnect for rental of the merchant facility/EFTPOS machine.
POS Transaction Fees	\$0.30 per EFTPOS transaction (TOLO & Aggregator) plus \$0.03 EFTPOS authorization fee and 0.10 basis points EFTPOS processing fee (Card Connect)	At time of order.	Payable to the designated POS system vendor.

Explanatory Notes

1/ Unless otherwise noted, all fees are non-refundable, payable to us or GJGC Corp., and uniformly imposed on all franchisees receiving this offering. With respect to certain existing franchisees, the marketing fund contribution percentages and royalties may differ from the amounts provided in the current Franchise Agreement. You must participate in our electronic reporting and funds transfer programs, which (among other things) authorizes us to utilize a pre-authorized bank draft system.

2/ “Gross Sales” means the total actual gross charges for all products and services sold to customers of the GJC Store, for cash or credit, whether such sales are made at or from the premises of the GJC Store, or any other location or channel of distribution if approved by us, but excluding: (1) sales, use, service or excise taxes collected from customers and paid to the appropriate taxing authority and customer refunds and adjustments.

3/ Before you open your GJC Store, you must sign and deliver all documents needed to permit our representative to debit your bank account for payments due to us and our affiliates. However, you must pay all amounts due by means other than automatic debit whenever we deem appropriate.

Other Fees - Area Development Agreement:

Type of Fee	Amount	Due Date	Remarks
Transfer Fee – Area Development Agreement	\$5,000	At time of transfer	Payable when we approve a transfer of the Area Development Agreement or any interest in you.
Indemnification	All costs, including attorneys’ fees.	As incurred	You must reimburse us for all damages arising from your activities.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR A SMALL GJC STORE (UNDER 1,000 SF) WITHOUT DRIVE-THRU

TYPE OF EXPENDITURE ¹	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee ²	\$7,500	\$15,000	Lump sum	On signing Franchise Agreement ²	Us
Real Estate (Rent and Security Deposit) ³	\$7,000	\$12,000	As Agreed	As Agreed with Landlord	Landlord
Leasehold Improvements ⁴	\$140,000	\$166,000	As Agreed	As incurred	Outside Suppliers
Equipment, Furniture and Fixtures ⁵	\$82,000	\$100,000	As Agreed	As incurred	Outside Suppliers
Signage ⁶	\$8,000	\$8,000	As Agreed	As incurred	Outside Suppliers
Professional Design Fees	\$6,000	\$8,000	As Agreed	As incurred	Outside Suppliers
Point of Sale System	\$3,800	\$5,000	As Agreed	As incurred	Designated Supplier
Initial Coffee Inventory ⁷	\$3,500	\$4,500	As Agreed	As incurred	GJGC Corp
Other Initial Inventory and Supplies	\$4,500	\$5,500	Lump Sum	As Incurred	Outside Suppliers
Grand Opening Fee ⁸	\$5,000	\$5,000	As Agreed	As Incurred	Us or Outside Suppliers
Training Expenses ⁹	\$3,500	\$8,000	As Agreed	As Incurred	Outside Suppliers
Miscellaneous Opening Costs ¹⁰	\$8,000	\$10,500	As Agreed	As Incurred	Outside Suppliers
Additional Funds 3 months ¹¹	\$20,000	\$25,000	As Agreed	As Incurred	Employees, Suppliers, etc.
TOTAL ESTIMATED INITIAL INVESTMENT¹²	\$298,800	\$372,500			

(Explanatory Notes follow the final Table)

YOUR ESTIMATED INITIAL INVESTMENT
FOR AN AVERAGE GJC STORE (1,000 – 1,200 SF) WITHOUT DRIVE-THRU

TYPE OF EXPENDITURE ¹	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee ²	\$7,500	\$15,000	Lump sum	On signing Franchise Agreement ²	Us
Real Estate (Rent and Security Deposit) ³	\$8,000	\$15,000	As Agreed	As Agreed with Landlord	Landlord
Leasehold Improvements ⁴	\$166,000	\$173,000	As Agreed	As incurred	Outside Suppliers
Equipment, Furniture and Fixtures ⁵	\$100,000	\$114,000	As Agreed	As incurred	Outside Suppliers
Signage ⁶	\$8,000	\$17,000	As Agreed	As incurred	Outside Suppliers
Professional Design Fees	\$6,000	\$8,000	As Agreed	As incurred	Outside Suppliers
Point of Sale System	\$3,800	\$5,000	As Agreed	As incurred	Designated Supplier
Initial Coffee Inventory ⁷	\$5,000	\$6,000	As Agreed	As incurred	GJGC Corp
Other Initial Inventory and Supplies	\$5,500	\$6,500	Lump Sum	As Incurred	Outside Suppliers
Grand Opening Fee ⁸	\$5,000	\$5,000	As Agreed	As Incurred	Us or Outside Suppliers
Training Expenses ⁹	\$3,500	\$8,000	As Agreed	As Incurred	Outside Suppliers
Miscellaneous Opening Costs ¹⁰	\$10,500	\$12,500	As Agreed	As Incurred	Outside Suppliers
Additional Funds 3 months ¹¹	\$20,000	\$25,000	As Agreed	As Incurred	Employees, Suppliers, etc.
TOTAL ESTIMATED INITIAL INVESTMENT¹²	\$348,800	\$410,000			

(Explanatory Notes follow the final Table)

YOUR ESTIMATED INITIAL INVESTMENT
FOR A GJC STORE WITH DRIVE-THRU

TYPE OF EXPENDITURE ¹	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee ²	\$7,500	\$15,000	Lump sum	On signing Franchise Agreement ²	Us
Real Estate (Rent and Security Deposit) ³	\$8,000	\$15,000	As Agreed	As Agreed with Landlord	Landlord
Leasehold Improvements ⁴	\$173,000	\$215,000	As Agreed	As incurred	Outside Suppliers
Equipment, Furniture and Fixtures ⁵	\$114,000	\$143,000	As Agreed	As incurred	Outside Suppliers
Signage ⁶	\$17,000	\$20,000	As Agreed	As incurred	Outside Suppliers
Professional Design Fees	\$8,000	\$10,000	As Agreed	As incurred	Outside Suppliers
Point of Sale System	\$8,800	\$10,000	As Agreed	As incurred	Designated Supplier
Initial Coffee Inventory ⁷	\$5,000	\$6,000	As Agreed	As incurred	GJGC Corp
Other Initial Inventory and Supplies	\$5,500	\$6,500	Lump Sum	As Incurred	Outside Suppliers
Grand Opening Fee ⁸	\$5,000	\$5,000	As Agreed	As Incurred	Us or Outside Suppliers
Training Expenses ⁹	\$3,500	\$8,000	As Agreed	As Incurred	Outside Suppliers
Miscellaneous Opening Costs ¹⁰	\$10,500	\$12,500	As Agreed	As Incurred	Outside Suppliers
Additional Funds 3 months ¹¹	\$25,000	\$30,000	As Agreed	As Incurred	Employees, Suppliers, etc.
TOTAL ESTIMATED INITIAL INVESTMENT¹²	\$390,800	\$496,000			

(Explanatory Notes follow the final Table)

**YOUR ESTIMATED INITIAL INVESTMENT
FOR A GJC KIOSK**

TYPE OF EXPENDITURE ¹	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee	\$7,500	\$15,000	Lump sum	On signing Franchise Agreement ²	Us
Real Estate (Rent and Security Deposit) ³	\$6,000	\$12,000	As Agreed	As Agreed with Landlord	Landlord
Leasehold Improvements ⁴	\$60,000	\$90,000	As Agreed	As incurred	Outside Suppliers
Equipment, Furniture and Fixtures ⁵	\$61,000	\$74,000	As Agreed	As incurred	Outside Suppliers
Signage ⁶	\$5,000	\$8,000	As Agreed	As incurred	Outside Suppliers
Professional Design Fees	\$5,000	\$6,000	As Agreed	As incurred	Outside Suppliers
Point of Sale System	\$3,800	\$5,000	As Agreed	As incurred	Designated Supplier
Initial Coffee Inventory ⁷	\$2,400	\$3,500	As Agreed	As incurred	GJGC Corp
Other Initial Inventory and Supplies	\$4,500	\$5,500	Lump Sum	As Incurred	Outside Suppliers
Grand Opening Fee ⁸	\$5,000	\$5,000	As Agreed	As Incurred	Us or Outside Suppliers
Training Expenses ⁹	\$3,500	\$8,000	As Agreed	As Incurred	Outside Suppliers
Miscellaneous Opening Costs ¹⁰	\$5,000	\$10,000	As Agreed	As Incurred	Outside Suppliers
Additional Funds 3 months ¹¹	\$10,000	\$12,000	As Agreed	As Incurred	Employees, Suppliers, etc.
TOTAL ESTIMATED INITIAL INVESTMENT¹²	\$178,700	\$254,000			

Explanatory Notes

1/ **Expenditures.** The initial investment tables show the expenditures required to develop a single GJC Store, GJC Store with drive-thru, or GJC Kiosk under a Franchise Agreement. All amounts payable to us and affiliates are non-refundable.

2/ **Initial Franchise Fee.** The amount of the initial franchise fee depends on whether you are a new franchisee purchasing a franchise for your first Gloria Jean's Coffees outlet or an existing Gloria Jean's Coffees franchisee purchasing a franchise for an additional outlet. Please see Item 5 for a detailed breakdown.

3/ **Real Estate**. Your real estate costs will vary depending upon many factors including whether the property is purchased or leased, specific landlord requirements, the size, type, condition and location of the property, and the availability of financing on commercially reasonable terms. The approximate size of a GJC Store for a street location without a drive-thru is 1,000 to 1,200 square feet. The approximate size of a GJC Store with a drive-thru is 1,200 to 1,500 square feet. The approximate size of a GJC Store located in a mall is 700 to 1,200 square feet. The approximate size of a GJC Kiosk is 250 to 300 square feet. The GJC Kiosk will require an additional 100 to 200 square feet for remote storage, support equipment, and to serve as a commissary in certain jurisdictions as required by the health department. Rental payments are often based on a minimum annual rent plus a percentage of gross sales. Rents vary widely; you should research these costs and other lease terms in your area before making any commitments. Rental payments are often based on a minimum annual rent, plus a percentage of gross sales. In addition to rent, you may be obligated to pay other charges, including a proportionate share of real estate taxes, utility, heat, air conditioning, security, maintenance and other expenses of the building in which the GJC Store is located.

4/ **Leasehold Improvements**. The development costs associated with the various types of Gloria Jean's Coffees venues (GJC Store with and without drive-thru, mall store, kiosk, etc.) can vary widely. There are many factors and variables that should be thoroughly investigated by an approved and competent design and/or construction consultant so as to fully understand the actual estimated costs of the entire development, especially prior to making a commitment. One item that can dramatically impact the cost of a development is the existence, or lack thereof, of necessary utilities and the cost for upgrading these utilities if required by your development. Other examples are landlord construction requirements or labor costs. Quite often, infrastructure (i.e., electrical and plumbing utilities, grease traps when requested, air conditioning, drive-thru lanes, etc.) can be furnished by and at the landlord's expense and compensated for by you (the tenant) in the form of increased rents rather than as a direct cash expenditure for development costs by the tenant. You, your financial consultant and/or attorney should carefully evaluate this and other financial arrangements before finalizing the lease.

5/ **Equipment, Furniture and Fixtures**. The cost of the equipment, furniture, fixtures, music system and other equipment includes the estimated costs of all such items that are necessary to open and operate your GJC Store in compliance with our standards and specifications.

6/ **Signage**. Before you sign a lease, you must obtain a sign drawing that meets all our specifications and is specific to your location ("Approved Sign Criteria"). You must obtain a final approved sign plan ("Approved Sign Plan") from us and/or our designee and have the sign drawing and sign plan incorporated into your lease. You must remove and replace at your cost any sign at the GJC Store location that does not meet the Approved Sign Criteria and Approved Sign Plan.

7/ **Initial Coffee Inventory**. The amount of coffee you purchase will depend on the size and location of the GJC Store. The amount of initial inventory can be in excess of twice these figures if you open the GJC Store during the November-December holiday season.

8/ **Grand Opening Advertising Expenditures**. You must pay us or vendors approved by us a fee of \$5,000 for a grand opening advertising, marketing and promotion package. We will advise you in connection with the grand opening, which you must conduct in accordance with our standard plans, as adapted for the GJC Store. The grand opening package will be in the form, and using the advertising and promotional campaign and materials, specified by us, and will include, but not be limited to direct marketing materials and production-ready, customized promotional slicks/items.

9/ **Training Expenses.** As described in Item 11, we will train you (or your Managing Owner) and your approved manager(s) at no charge. You are responsible for the wages, travel, and living expenses of the attendees. See Item 11for details.

10/ **Miscellaneous Opening Costs.** This item covers miscellaneous opening costs and expenses such as installation of telephone lines, utility deposits, landlord chargebacks, hiring and training costs, business permits and licenses, legal and accounting expenses and insurance premiums.

11/ **Additional Funds.** Additional Funds is an estimate of the funds needed to cover business (not personal) expenses during the first 3 months of operation of the franchised business. Your actual costs may be higher. You will need capital to support on-going costs of your business, such as payroll, utilities, taxes, loan payments and other expenses, to the extent that business costs are not covered by revenues. New businesses (franchised or not) often have larger expenses than revenues. As with most businesses, your costs will depend on factors such as how much you follow our recommended methods and procedures, your management, marketing and general business skills, local economic conditions, the local market for your products and services, competition, local cost factors and your sales levels. In addition, the estimates presented relate only to costs associated with the franchised business and do not cover any personal, "living" or other expenses you may have. We recommend that, in addition to the additional funds shown, you have sufficient personal savings and/or income so that you are self-sufficient and need not draw funds from the franchised Gloria Jean’s Coffees business to support your “living” and other expenses during the initial start-up phase.

12/ **Total Estimated Initial Investment.** Unless noted otherwise in Item 10 below, we do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have to offer, and lending policies of financial institutions. The estimate does not include any finance charge, interest, or debt service obligation.

We relied on more than 10 years of experience in the coffee business in compiling these estimates. We have also used the experience of our franchisees.

YOUR ESTIMATED INITIAL INVESTMENT FOR AN AREA DEVELOPMENT AGREEMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee (See Note 1)	\$18,750 to \$22,500	Lump sum	When you sign ADA	Us
Legal, Accounting and other Fees (See Note 2)	\$5,000 to \$10,000	As Arranged	As Arranged	Third Parties
TOTAL (See Note 3)	\$23,750 to \$32,500			

Explanatory Notes:

(1) The range assumes that you are a new franchisee and that the Area Development Agreement has a commitment of 3 to 5 GJC Stores. The range would be lower if you are an existing franchisee (see Item 5).

(2) You may incur additional legal, accounting and other fees for reviewing the Area Development Agreement.

(3) For each GJC Store you develop under the Area Development Agreement, you will also incur the expenses in the applicable table above in this Item 7.

* * *

All payments to us in this Item are non-refundable. Whether payments made to others are refundable will depend on your arrangements with them.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must use in the development and operation of the GJC Store those fixtures, items of equipment, including cash registers and computer systems, storefront, supplies and signs that we have approved as meeting our specifications and standards for appearance, function, design, quality and performance. You must place or display at the premises of the GJC Store (interior and exterior) only such signs, emblems, lettering, logos and display materials that we approve in writing. If you propose to purchase, lease or otherwise use any fixture, equipment, supply or sign that we have not approved, you must first notify us in writing and submit to us sufficient specifications, photographs, drawings and/or other information or samples for us to determine whether the fixture, equipment, storefront, supply or sign complies with our specifications and standards. Our determination will be made and communicated to you in writing within a reasonable time. Our specifications are part of the Operating Manual (see Item 11) which we give to you after you sign the Franchise Agreement and pay the initial franchise fee. You may only use approved suppliers to develop the GJC Store.

The reputation and goodwill of GJC Stores is based upon, and can be maintained only by, the sale of high-quality products. You may only offer for sale from the GJC Store authorized Products and other goods and services we approve. You must purchase only from us all Products and services supplied by us, and purchase only from approved suppliers all Products and services not supplied by us. We may modify the list of approved Products and/or approved suppliers and you may not, after you receive written notice of such modification, sell or reorder any product from any supplier that we have determined is no longer acceptable. The current list of approved products and suppliers is found in the Operating Manual. We may make changes to these lists or other parts of the Operating Manual, which we will provide to you.

We use an independent coffee roaster to produce coffee beans for our GJC Stores. The designated coffee roaster is the only approved supplier of roasted coffee beans to GJC Stores. The coffee roaster is not our affiliate, but sources and roasts coffee beans according to our specifications and private-labels the coffee under the Gloria Jean's Coffees brand. Currently, GJGC Corp purchases the coffee from the roaster and re-sells it to an authorized distributor, who re-sells it to franchisees. GJGC Corp receives a mark-up on resale of the coffee to the authorized distributor.

You must purchase your Keurig K-Cups from the approved supplier, Keurig Dr Pepper Inc. ("Keurig"), through an authorized distributor.

Based on the operating results of the existing GJC Stores, we estimate that your required purchases of coffee beans from the designated supplier and of Keurig K-Cups from Keurig will represent about 5% of your overall purchases in connection with the establishment of your GJC Store and 35% to 40% of your overall purchases in connection with the ongoing operation of your GJC Store.

We require new franchisees to use the TASK point of sale system (the “POS System”) in their GJC Stores. The owner of the POS System is Task Retail Technology LLC (“TASK”), a U.S. company with its office at 2120 4th Ave, San Diego, California 92101. TASK is not our affiliate. Please see Item 11 for further information.

Neither we nor any of our affiliates are approved suppliers of any required product or service as of the date of this Disclosure Document. However, we reserve the right to name ourselves or an affiliate as the sole supplier or as an approved supplier for particular goods or services in the future.

We and our affiliates have the right to receive rebates, incentive amounts, discounts, commissions and other economic benefits from unaffiliated suppliers, in addition to receiving a profit on our sales of products and/or services to you. In the fiscal year ended July 1, 2022, neither we nor any of our affiliates received any income from third-party suppliers based on their transactions with our franchisees.

In addition to the vendor arrangements described above, we may negotiate purchase arrangements with other suppliers for the benefit of our franchisees, which may include price terms. We do not provide you material benefits based on your use of designated or approved suppliers.

You are not allowed to offer coffee beans for sale on a wholesale basis, that is, to a customer who proposes to re-sell the beans or to use the beans in a business.

You must participate in the gift card program we have implemented for GJC Stores. You must use the approved Loyalty Program through our designated vendor. Participation will require you to purchase gift cards, envelopes and compatible credit card equipment from our designated vendor. The terms of the gift card program will be as determined by us and may be periodically modified by us.

All advertising and promotional materials, including materials you intend to use in any digital or electronic media, must be approved by us, must be completely factual, and must conform to the highest standards of ethical advertising and our requirements and specifications. You cannot use any advertising or promotional materials that we have not approved or have disapproved.

You must purchase insurance in accordance with our requirements and furnish us with copies of all insurance policies required by the Franchise Agreement, or such other evidence of insurance coverage and payment of premiums as we request or permit. As of the date of this disclosure document, our insurance requirements are as follows:

- (1) Worker’s compensation insurance as required by law and employer’s liability insurance with a limit not less than \$1,000,000, and such other insurance as may be required by the state or locality in which the Store is operated;
- (2) Commercial general liability insurance, occurrence form, including a per location aggregate if the policy is covering more than one location, with the following coverages: owners and contractors protective liability, broad form property damage, contractual liability, severability

of interest clause; personal and advertising injury; and products/completed operations; medical payments and fire damage liability; insuring FRANCHISEE and FRANCHISOR against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from or occurring in the course of, or on or about or otherwise relating to the Store, including general aggregate coverage in the following limits:

Required Coverage Minimum Limits of Coverage:

General Aggregate	\$2,000,000
Products/Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Fire Damage (any one fire)	\$50,000
Medical Expense (any one person)	\$5,000

- (3) "ALL RISK" or special property coverage of not less than current replacement cost of the Store's glass, equipment, fixtures and leasehold improvements sufficient in the amount to restore the Store to full operations;
- (4) Business interruption insurance with coverage for at least 12 months for actual losses; and
- (5) If you have vehicles, automobile liability insurance for owned and non-owned automobiles including personal injury, wrongful death, and property damage with single limit coverage of at least \$1,000,000.

We reserve the right to upgrade the insurance requirements as to policy limits, deductibles, scope of coverage, rating of carriers, etc. Within sixty (60) days of receipt of notice from us, you must revise your coverage as specified in any notice. All insurance policies must be: (i) primary and noncontributory, and (ii) issued by an insurance company with a rating of not less than "A" in the current A.M. Best's Key Rating Guide or approved by us.

We will have the right to approve, approve with modification, or disapprove the proposed lease or purchase agreement for your GJC Store location. We will use our reasonable best efforts to notify you within 20 days after our receipt of the proposed lease or purchase agreement. We may require that you sign a lease rider (the "Lease Rider") with your landlord, the current form of which is attached to the Franchise Agreement in **Exhibit 2** to this Disclosure Document. You must also collaterally assign your lease to us by signing the Collateral Assignment of Lease attached as **Exhibit 6** (the "Collateral Assignment"). Under the Collateral Assignment, the Franchisor or its designee will have the right to take possession of the premises if you default under the lease, the Franchise Agreement or any other agreement with us or our affiliates. You must deliver to us a copy of the fully signed lease and Lease Rider immediately after its full execution.

If you propose to sell any product that we have not approved or to purchase from a supplier that we have not approved, you must first notify us in writing and submit sufficient photographs, drawings, specifications, samples and/or other information concerning the product and/or the supplier. We will notify you in writing within 45 days after receiving all requested information whether or not the proposed product and/or supplier is acceptable. We will make our criteria for approving suppliers available to you on request. We require any supplier applying for approval to allow our affiliates or us to inspect the

proposed supplier's facilities to assist us in determining if the proposed supplier meets our criteria. We do not charge any fees for receiving proposed suppliers. We may approve a supplier for any products and may approve a supplier only as to certain products. We may concentrate purchases with one or more suppliers to obtain lower prices and/or services for a group of GJC Stores franchised or operated by you. Approval of a supplier may be conditioned on requirements related to the frequency of delivery, standards of service, including prompt attention to customer complaints, consistency and reliability and may be temporary, pending our further evaluation of such supplier. We can revoke approval of a product or supplier by written notice at any time if we determine that the product or supplier no longer meets our criteria.

We estimate that substantially all of your expenditures for leases and purchases in establishing your GJC Store and on an ongoing basis will be for goods and services which are subject to sourcing restrictions (that is, for which suppliers must be approved by us, or which must meet our standards or specifications).

As of the date of this disclosure document, there are no purchasing or distribution cooperatives in our franchise system, and none of our officers owns an interest in any of our approved suppliers.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Sections 2A and 3A of Franchise Agreement; Section 3 of the Area Development Agreement	Items 7 and 11
b. Pre-opening purchases/leases	Sections 3B and 3C of Franchise Agreement	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections 3B, 3C and 3D of Franchise Agreement; Section 3 of the Area Development Agreement	Items 5, 7 and 11
d. Initial and ongoing training	Sections 4A and 4B of Franchise Agreement; Kiosk Addendum	Item 11
e. Opening	Sections 3D and 3E of Franchise Agreement	Items 6 and 11
f. Fees	Sections 3F, 8B, 11 and 12 of Franchise Agreement; Kiosk Addendum; Section 2 of the Area Development Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	Sections 5, 6 and 8C-E. of Franchise Agreement	Items 8 and 11

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
h. Trademarks and proprietary information	Sections 7 and 10 of Franchise Agreement; Sections 1.4 and 5 of the Area Development Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 6C, 6D, 6E and 6F of Franchise Agreement and in the Kiosk Addendum	Items 8, 11 and 16
j. Warranty and customer service requirements	Sections 6G and 6H of Franchise Agreement	None
k. Territorial development and sales quotas	Section 1 of Area Development Agreement	Item 12
l. Ongoing product/service Purchases	Sections 6C, 6D, 6E and 6F of Franchise Agreement	Item 8
m. Maintenance, appearance, and remodeling requirements	Sections 6A, 6B and 6C of Franchise Agreement	Item 11
n. Insurance	Section 6M of Franchise Agreement; Kiosk Addendum; Section 11.1 of Area Development Agreement	Items 7 and 8
o. Advertising	Section 8 of Franchise Agreement; and Kiosk Addendum	Items 6, 7 and 11
p. Indemnification	Section 23 of Franchise Agreement; Section 11.2 of the Area Development Agreement	Item 6
q. Owner's participation/management/staffing	Sections 4B and 6K of Franchise Agreement	Items 11 and 15
r. Records and reports	Section 9 of Franchise Agreement	Item 11
s. Inspections and audits	Section 9 of Franchise Agreement	Item 6
t. Transfer	Section 15 of Franchise Agreement; Section 7 of the Area Development Agreement	Item 17
u. Renewal	Sections 2E and 2F of Franchise Agreement	Item 17
v. Post-termination obligations	Section 14 of Franchise Agreement; Sections 5 and 6.2 of the Area Development Agreement	Item 17
w. Non-competition covenants	Sections 6L and 14E of Franchise Agreement; Section 6 of the Area Development Agreement	Item 17
x. Dispute resolution	Section 16 of Franchise Agreement; Section 13 of the Area Development Agreement	Item 17
y. Guarantee	Exhibit A to the Franchise Agreement; Appendix C to the Area Development Agreement	Items 1 and 15

ITEM 10

FINANCING

Neither we nor any affiliate currently offers, directly or indirectly, any financing arrangements to you. Neither we nor any affiliate will guarantee your note, lease or other 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.

Before you open the GJC Store, we (or in some instances RFG USA) will:

1. Accept the site you propose for the GJC Store if it meets our criteria for demographic characteristics, traffic patterns, character of neighborhood, competition from, proximity to and the nature of other businesses, other commercial characteristics and the site's size, appearance and other physical characteristics. We sign the franchise agreement only after you have a signed lease for the approved site. Accordingly, if you and we do not agree on a site, no franchise agreement will be signed. (Franchise Agreement, Section 2.A.)
2. Upon your request, provide you with certain real estate management services (such as, sourcing suitable locations for development of the GJC Store and negotiating the terms of the lease through the Letter of Intent) to you through a third-party consultant. The cost of such services will range from \$3,000 to \$5,000 per location, and are not required, but optional. (Franchise Agreement, Section 3.B.)
3. Provide you with standard specifications for the design and layout of a typical GJC Store and required leasehold improvements, along with information on designated and/or approved suppliers for construction management services, architectural services and signage. We will review and approve all architectural, engineering and construction drawings and site plans for the GJC Store and all modifications and revisions to those documents. (Franchise Agreement, Section 3.B.)
4. Provide you with electronic access during the term of the franchise to the operating manuals for a GJC Store, which consists of one or more manuals (collectively the "Operating Manual"). The Operating Manual contains mandatory and suggested specifications, standards and operating procedures we prescribe and information about your other obligations under the Franchise Agreement. We have the right to add to and otherwise modify the Operating Manual to reflect changes in the type or quantity of authorized Products, standards of service or product quality, the operation of a GJC Store or to meet competition. Any such addition or modification takes precedence over all prior communications and if a dispute arises, the master Operating Manual maintained at our office shall control. The provisions of the Operating Manual as we modify and communicate them to you constitute provisions of the Franchise Agreement and as such are binding on you. The Operating Manual contains our proprietary information

and you must agree to keep the Operating Manual and information contained in the Operating Manual confidential at all times during and after the term of the Franchise Agreement (Franchise Agreement, Section 5).

5. Advise you on proper display of the Marks and signs, procurement of equipment, furniture, fixtures and initial inventories. (Franchise Agreement, Section 3.B.) You are responsible for purchasing and/or leasing equipment and its installation at the GJC Store; obtaining and installing signs and fixtures at the GJC Store; and purchasing opening inventory, supplies, and related materials (some of which are available to purchase from us or our affiliates).

6. Provide you (through the Operating Manual or otherwise) with a list of the standard fixtures, equipment, supplies, signs and initial inventory to be used in the GJC Store, as well as a list of approved products and suppliers. (Franchise Agreement, Sections 3.B. 3.C, 5, 6.D., 6.E., 6.F. and 6.I.)

7. Train you or the designated Managing Owner in the operation of the GJC Store. (Franchise Agreement, Section 4.A.)

8. We may provide you with an employee as we deem appropriate to assist you with the opening of the GJC Store for a period up to 3 days. (Franchise Agreement, Section 3.E.)

9. Advise you in connection with the Grand Opening of the GJC Store, and after your payment of the Grand Opening Fee, provide you with a grand opening advertising, marketing, and promotion package (the "Grand Opening Package"). (Franchise Agreement, Section 3.G.)

During your operation of the GJC Store, we will:

1. Provide any new Managing Owner with reasonable training and, at our discretion, provide you or a Managing Owner with refresher or ongoing training. We may charge a reasonable fee for this training. (Franchise Agreement, Sections 4.A. and 4.B.)

2. Advise you of the operating performance of the GJC Store as disclosed by reports submitted to us or by our inspections. We may also furnish assistance in connection with the operation of the GJC Store as we deem appropriate. Operating assistance may consist of advice and guidance with respect to (1) methods and operating procedures utilized by a GJC Store or the look of the GJC Store; (2) additional products and services authorized for a GJC Store; (3) purchasing of Products and supplies; (4) formulating and implementing advertising, merchandising and promotional programs; (5) the establishment of administrative, bookkeeping, accounting, inventory control, sales training and general operating procedures for the proper operation of a GJC Store; and (6) recommending prices and pricing strategies for certain products and services for purposes of menu uniformity, image and advertising, which you must follow to the extent consistent with applicable law. We will not charge you for this operating assistance unless this operating assistance is made necessary by your failure to comply with the Franchise Agreement or if you request operating assistance in excess of what we normally provide. (Franchise Agreement, Section 4.E.)

3. Notify you if, in our reasonable judgment, the general state of repair, appearance or cleanliness of the GJC Store or its fixtures, equipment or signs do not meet our standards, and specify the action to be taken by you to correct such deficiency. (Franchise Agreement, Section 6.A.)

4. Notify you within a reasonable time upon receiving your request, whether or not a brand or supplier of products is of acceptable quality. (Franchise Agreement, Section 6.D.)

5. Develop, prepare and offer to you (with or without charge) such posters, ad formats, direct mail, point of sale and other advertising materials for the GJC Store as we deem appropriate. (Franchise Agreement, Section 8.A.)

Advertising

Marketing Fund. We instituted an advertising, publicity, and marketing fund for advertising, advertising-related, marketing and/or public relations programs, services, menu and product development, and/or materials we believe necessary to promote GJC Stores (the “Marketing Fund”). Currently, you must contribute 2% of the GJC Store’s Gross Sales to the Marketing Fund. Any GJC Stores that we own will make contributions to the Marketing Fund based on the contribution rate generally in effect at the time the GJC Stores came under our ownership. We may increase the contribution amount to 3%. You should note that due to differing forms of Franchise Agreements, some of our franchisees may have different Marketing Fund and/or other obligations than in your agreement. (Franchise Agreement, Section 8B)

We have sole and absolute discretion over all matters relating to the Marketing Fund in any way, including its management, all financial matters, expenditures, receipts and/or investments by the Marketing Fund, timing of expenditures, creative concepts, content, materials and endorsements for any marketing programs, together with the geographic, market, and media placement and allocation of the Marketing Fund. The Marketing Fund may be used to (among other things) pay costs of preparing, producing, distributing and using marketing, advertising and other materials and programs; administering national, regional and other marketing programs, purchasing media, employing advertising, public relations and other personnel, agencies and firms; and supporting public relations, market research and other advertising and marketing activities, as well as any expenses associated with the Franchisee Advisory Council if such expenses are approved by us.

We may arrange for services, goods and otherwise, including creative concepts, production, placement, purchase of media, legal, accounting and other services, to be provided to the Marketing Fund by ourselves, any of our affiliates and our and/or their employees or agents, including persons/entities who may be owned, operated, controlled by, and/or affiliated with, us (such as an “in-house advertising agency”) or who may be independent. We may use the Marketing Fund to compensate and reimburse any of these persons/entities (including ourselves) and to compensate ourselves and/or others for administrative and other services, materials, etc. rendered to the Marketing Fund, but any compensation to us or any affiliate will not be unreasonable in amount.

While we are not required to submit any proposed or other expenditures by (or any other matters relating to) the Marketing Fund for approval by the Franchisee Advisory Council, if we do submit any matters for approval and approval is granted by a majority of the Franchisee Advisory Council, the approval will be final and binding on you. There is no separate advertising council composed of franchisees that advises the Franchisor on advertising policies.

You must participate in all advertising and public relations programs instituted by the Marketing Fund. We may recommend prices and pricing strategies for certain products and services for purposes of menu uniformity, image and advertising. You must follow such pricing recommendations to the extent

such obligation is consistent with applicable law. The Marketing Fund will, as available, furnish you with marketing, advertising and promotional formats and sample materials and may charge the direct cost of producing them plus shipping and handling. We may use the Marketing Fund to pay the costs of advertising, advertising-related, marketing and/or public relations programs, services and/or materials concerning locations, programs or concepts where the Products are to be offered in conjunction with products and/or services offered under other marks, including any co-branding, dual franchising or other programs, and any other franchised or non-franchised alternative channel of distribution, whether controlled by us or not.

We will account for the Marketing Fund separately from our other funds (but the contributions may be commingled with our other funds). The Marketing Fund will not be used to defray any of our general operating expenses, except for salaries, administrative costs, overhead and other expenses as we may reasonably incur in activities related to the Marketing Fund and its programs (including conducting market research, preparing advertising and marketing materials, insurance, legal costs and collecting and accounting for the Marketing Fund). We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Marketing Fund in that year and the Marketing Fund may borrow from us or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. We are authorized to collect for remission to the Marketing Fund any advertising or promotional monies or credits offered by any supplier based upon purchases by franchisees or otherwise. All interest earned on monies contributed to the Marketing Fund will be contributed to the Marketing Fund and will be used to pay costs before using the Marketing Fund's other assets. Annually, we will prepare a statement of monies collected and costs incurred by the Marketing Fund and will furnish a copy to you upon written request. We may (but are not required to) have financial statements of the Marketing Fund audited and the Marketing Fund will pay any costs in connection with an audit. We may cause the Marketing Fund to be incorporated or operated through an entity separate from us, and the entity will have all of our rights and duties relating to the Marketing Fund. Our obligations with respect to the Marketing Fund are governed by the terms of the Franchise Agreement and the Franchise Agreement does not create a "trust," "fiduciary relationship" or similar special arrangement between us and the franchisees.

We may (but are not required to) remit a portion of Marketing Fund contributions, at our sole discretion, back to a franchisee on such terms and conditions as we determine, including reimbursement of local advertising expenditures and we may waive and/or compromise claims for contributions to, and/or claims against or with respect to, the Marketing Fund using the Marketing Fund to pay any such claims. We will have sole and absolute discretion as to whether or not we take legal or other action against any franchisee who is in default of its obligations with respect to the Marketing Fund.

It is anticipated that all contributions to the Marketing Fund will be expended for advertising and promotional purposes during the fiscal year within which contributions are made. If, however, excess amounts remain in the Marketing Fund at the end of the fiscal year, all expenditures in the following fiscal year(s) will be made first out of any current interest or other earnings of the Marketing Fund, next out of any accumulated earnings and finally from principal.

During the fiscal year ending July 1, 2022, the Marketing Fund spent a total of \$288,347. Of this amount, 35% was spent on the production of advertisements and other promotional materials, and 65% for general and administrative expenses. No Marketing Fund monies were spent for advertising that is principally a solicitation of the sale of franchises. The Marketing Fund may place advertising in any media and we anticipate the coverage currently will be local and regional in scope, although we reserve the right

to do national advertising in the future. We, or our affiliates, may prepare advertising and we may employ outside advertising agencies.

The Marketing Fund is intended to maximize recognition of the Marks, brand recognition of the Products and patronage of GJC Stores generally. Although we will endeavor to utilize the Marketing Fund to develop advertising and marketing materials and programs, and to place advertising that will benefit all GJC Stores, we have no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Marketing Fund by GJC Stores operating in that geographic area or that any GJC Stores will benefit directly or in proportion to its contribution to the Marketing Fund from the development of advertising and marketing materials or the placement of advertising. We do not have an obligation to spend any amount on advertising in the geographic area where your GJC Store is located.

Non-Marketing Fund Materials. Other than administering the Marketing Fund as described above, we do not have an obligation to conduct advertising on your behalf.

Approval of Materials. You must submit for our prior approval any and all advertising and promotional materials you prepare for the GJC Store and you may not use any disapproved or unapproved advertising or promotional materials. You must comply with any advertising requirements contained in your lease or sublease for the premises of the GJC Store. All advertising and promotional materials you use must be completely factual, comply with all applicable laws and conform to the highest standards of ethical advertising and policies we prescribe. You may not develop, establish, maintain, or authorize any website that refers to Gloria Jean's Coffees and/or the Marks. You must strictly follow the social media guidelines, code of conduct, and etiquette as set forth in the Operating Manual pertaining to social media activities. (Franchise Agreement, Section 8.E)

You must list and advertise the GJC Store in the digital and/or print business listings and directories we prescribe, utilizing our standard advertisement at your sole expense. When more than one GJC Store serves a metropolitan area, we may require all GJC Stores to be listed in the business listing and/or directory advertisement and you must pay an equal share of the cost.

Grand Opening. You must pay a \$5,000 Grand Opening Fee to us or approved vendors for a Grand Opening advertising, marketing and promotion package before you open your GJC Store. We will advise you regarding your grand opening advertising. You will use advertising and promotional campaign and materials approved by us, and which may be required to include a brief statement regarding the availability of Gloria Jean's Coffees franchises. The Grand Opening advertising, marketing and promotion package may include, but not be limited to, direct marketing materials and production-ready, customized promotional slicks/items.

Advertising Cooperatives. We do not, under our current Franchise Agreement, have the power to form, and require you to contribute to, an advertising cooperative.

Computer System

We require new franchisees to use the TASK POS System. You must sign a user agreement with TASK, the owner of the POS System. The POS System records Gross Sales and transaction data (such as item ordered, price, and date of sale) and facilitates our customer gift card program. The POS System must

be online at all times and be capable of accessing the Internet for the purposes of implementing software, transmitting and receiving data, ordering, and maintaining the POS System.

The initial acquisition cost for the designated POS System is approximately \$5,000 to \$6,500 at suburban lifestyle centers and up to \$20,000 to \$25,000 per drive-thru GJC Store. We cover the initial hardware costs, and the terminals remain our property. Depending on the type of GJC Store you develop and the number of POS System terminals at your GJC Store, you may incur additional costs. POS System costs are typically higher for GJC Stores with a drive-thru. This estimate does not include tax, shipping, installation, the cost of any electrical work or cabling, or the initial and monthly fees charged by your local Internet service provider.

As of the date of this Disclosure Document, the ongoing cost for the POS System is \$100 per month per GJC Store, which you will pay directly to TASK. You must obtain any upgrades and/or updates to the POS System software from TASK at your own expense. In addition, we may require you to update and/or upgrade all or a portion of your POS System during the term of your Franchise Agreement, at your expense. There are no contractual limitations on the frequency or cost of required upgrades. We have no contractual obligation to maintain or update your equipment or software; this is entirely your obligation.

The POS System is designed to enable us to have independent access to the information monitored by the POS System, and there is no contractual limitation on our right to access or use the information we obtain.

Site Selection

The franchise is granted only for a specific location, which we must approve. We and you will agree upon a site before signing the Franchise Agreement. Factors we may consider in accepting or rejecting a proposed site include the availability of utilities, zoning, size of property, accessibility, traffic counts, whether there is sufficient residential and commercial population to support the GJC Store, level of competition, rental costs, construction costs, as well as numerous other factors including other GJC Stores. We will advise you whether a proposed site is approved within approximately 30 days. We will not unreasonably withhold our approval. If we reject your proposed site, we will encourage you to submit alternative sites.

If you will occupy the approved site under a lease, you must submit the proposed lease to us for approval before signing it. Further, we may require you to sign our current form of Lease Rider with your landlord (see Exhibit H of the Franchise Agreement).

The typical length of time between signing the Franchise Agreement and opening the business is 6 months to 12 months. This length of time is usually needed to obtain financing and develop the GJC Store, including purchase and installation of equipment, fixtures and signs. We can terminate your Franchise Agreement if you fail to open your GJC Store within 12 months from the date of your Franchise Agreement.

Operations Manual

The Table of Contents of the Operating Manual is attached as **Exhibit 7**. As of the date of this Disclosure Document, the Operating Manual contains 195 pages.

Training

You and any approved manager must complete an initial training program to our satisfaction before the GJC Store opens. If the Franchisee is a corporation, partnership or limited liability company, training is required for an owner of at least 10% interest (the “Managing Owner”). The initial training program will be scheduled as needed and will take place at a franchise support center and/or operating GJC Store that we designate. The current location is in the Chicago, IL area. Initial training will include our Franchise Partner Induction Program. The Franchise Partner Induction Program typically lasts 10 days, but we may add days in our discretion depending on your performance. In addition to the Franchise Partner Induction Program, you (or the Managing Owner) and any approved manager must complete at least 1 week of a structured program at an operating GJC Store of our choosing. We reserve the right to require more field training based on the final evaluation of your operations knowledge after attending the classroom training. We provide the training without charge, but you are solely responsible for the compensation of the trainee as well as the trainee’s travel, lodging and personal expenses. Neither you nor any of your personnel will be compensated by us while in training. The initial training program is also mandatory for any new managers after the GJC Store opens. If you already own a GJC Store, additional or refresher training may be required of you before you obtain the right to open any additional GJC Store.

We may also provide refresher, ongoing, or new training to you (or the Managing Owner) and experienced managers, to correct, improve and/or enhance the operation of the GJC Store. The training may be mandatory. You must pay the compensation of the trainee, as well as the trainee’s travel, lodging and personal expenses.

You must attend, at your sole expense, all annual and other meetings, conventions, and conference calls of franchisees that we determine are mandatory for all franchisees, or groups of franchisees (as designated by us in our sole discretion).

We plan to be flexible in scheduling training to accommodate our personnel, you and your personnel. There currently are no fixed (i.e., monthly or bi-monthly) training schedules.

TRAINING PROGRAM¹

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Intro to Coffee Characteristics Coffee Cupping ²	20 hours	0 hours	Chicago, IL
Espresso Training ³	25 hours	0 hours	Chicago, IL
Financial/Administration ⁴	2 hours	0 hours	Chicago, IL
Operation Tools, Systems, Application, Execution ⁵	10 hours	0 hours	Chicago, IL
Sales Building, Local Store Marketing, Merchandising ⁶	4 hours	0 hours	Chicago, IL
Recruiting Tools ⁷	10 hours	0 hours	Chicago, IL
Graduation ⁸	1 hours	0 hours	Chicago, IL
Whole Bean	4 hours	0 hours	Chicago, IL
Store Reports/POS	4 hours	0 hours	Chicago, IL

In-Store Training	0 hours	1 week/5 - 8hr days	A GJC Store of Franchisor's choosing.
TOTALS	80 hours	1 week/5 - 8hr days (25 to 40 hours)	

1/ The instructors for the training sessions have a minimum of 5 years of relevant industry experience.

2/ **Introduction to Coffee** - "From the Bean to the Cup" covers three key areas: (i) **History and background** on the history of coffee; (ii) **Presentation on the Roasting Facility**, observe all steps of Quality Control, CUP coffees as part of the Quality Control with the roasting team; **Coffee Roasting Process**, path of the green bean through the roasting process, quality control procedures and distribution, and (iii) **Maintaining Coffee Quality**, In-unit receiving, storage and control procedures.

3/ **Coffee Excellence Standards** – This would include calibrating espresso machine, thermometers, grinders; frothing and steaming milk skill practice and procedures. Handcrafted product cold and hot recipes and procedures are demonstrated, practiced and tested for reinforcement and understanding.

4/ **Financials & Administration** – Tips and suggestions for how to implement, manage and monitor operation tools and systems, such as labor scheduling, labor cost, inventory controls, build-to's, COGS (Cost of Goods Sold) review, and "What If" Scenarios skill practice. You are not required to follow our tips and suggestions or any recommendations generated by software tools or reports, and we do not control your general business decisions relating to the GJC Store or your employees.

5/ **Operation Tools, Systems, Application, Execution** – This covers operational cleaning, sanitation, facilities maintenance, equipment standards, store development, scheduling, your training of your own team members, and guest relations.

6/ **Sales Building & Merchandising** – A set of tools on how to build sales through in-unit promotions, sampling, suggestive selling, store programs and local store marketing techniques; How to implement a National Promotion; How to properly display merchandise to increase visibility and sales.

7/ **Recruiting Tools** – This segment provides general suggestions about how to look for, interview and hire crewmembers for your GJC Store. You are not required to use these tools in recruiting or hiring, and we do not control, assist or participate in that process or any decisions you make regarding your employees.

8/ **Graduation** – Certificate presentation in recognition of the successful completion and participation in training.

ITEM 12

TERRITORY

Franchise Agreement

You may operate the GJC Store only at a specific location we approve. You may relocate the GJC Store during the term of the Franchise Agreement at your own expense if: (i) without your fault, the lease or sublease terminates prior to the expiration of the term of the Franchise Agreement or the premises are, in our sole opinion, damaged, condemned or otherwise rendered unusable; (ii) you are released by the lessor from all of your obligations to the lessor of the premises and the lessor releases any security held; (iii) you secure a lease or sublease for suitable substitute premises for operation of the GJC Store on terms and conditions suitable to us in our absolute discretion; (iv) the substitute location is fitted out at your cost and otherwise in accordance with the terms of the Franchise Agreement; and (v) you agree to develop the substitute location in compliance with our standard specifications for the design and layout of a typical GJC Store and required leasehold improvements, as modified or revised if applicable with our prior written consent.

If we do not approve any substitute location or if you are unable to negotiate a new lease or sublease pursuant to the terms of the Franchise Agreement within ninety (90) days after the GJC Store ceases to operate from the initial approved location, we can terminate the Franchise Agreement by written notice to you. We are not required to pay any compensation to you or any other person in respect of the termination.

You will not receive an exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, as described in further detail below, if the Franchise Agreement is for a street/non-shopping mall location, we will sign an addendum to the Franchise Agreement defining a "Protected Territory" for the GJC Store (the Territory Addendum for Street Location, the current version of which is in **Exhibit 4** to this Disclosure Document), and while the Franchise Agreement is in effect, we will not operate a GJC Store or authorize others to operate a GJC Store (other than a mall outlet) in the Protected Territory.

You may serve customers only from the GJC Store. You may not offer or make sales to food brokers, wholesalers, grocery or other chain stores or any other buyer for resale through any channel of distribution. You may not operate any other permanent or temporary mobile vending vehicle, grab 'n go case, delivery or order ahead services, cart, kiosk or any other channel of distribution, including via computerized media (e.g., Internet, email, bulletin boards and news groups), without our prior written consent. Any use of social media by you pertaining to the GJC Store must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. We reserve the right to "occupy" any social media websites/pages and be the sole provider of information regarding the GJC Store on such websites/pages (e.g., a system-wide Facebook page). At our request, you must promptly modify or remove any online communication pertaining to the GJC Store that does not comply with the Franchise Agreement or the Operating Manual.

You are granted no exclusivity regarding customers, and nothing in the Franchise Agreement prevents us, our affiliate, or any franchisee from serving or soliciting customers in your area. We, our franchisees, our affiliates or their franchisees are not prohibited from soliciting or making sales within your market area. We have no duty to protect you from such sales, solicitations, or attempted sales.

Non-Exclusive Territory – Mall Locations

If you operate your GJC Store in a mall location, you will not receive a protected territory. We may establish anywhere other franchised outlets or outlets we or our affiliates (or their franchisees) own which compete with your location, including outlets using our trademarks or other marks.

If your GJC Store is located in a shopping mall and we decide to have another GJC Store in the mall, we will give you the opportunity to be first considered for the additional GJC Store, provided that you are in compliance with the Franchise Agreement. You only have this right of first opportunity for GJC Stores located in your shopping mall. If you apply for a franchise for the additional GJC Store and we accept your application, you will sign our then current form of franchise agreement and pay the then current initial franchise fee. Except as provided in this paragraph, you have no options, rights, rights of first refusal or similar rights to acquire additional franchises.

We and our affiliates reserve all rights with respect to the Marks, GJC Stores and the sale of Products, anywhere in the world, including, the right to:

(1) operate or grant others the right to operate gourmet coffee stores and/or other coffee beverage facilities under the Marks or any other trademarks at such locations as we deem appropriate regardless of the proximity to, or impact on, the GJC Store and on such terms and conditions as we and our affiliates deem appropriate;

(2) roast, develop, wholesale, market, distribute, sell or otherwise Products through any channel of distribution (including, without limitation, mail order, Internet, wholesale and/or retail), under or in association with the Marks or any other trademark, regardless of the proximity to, or impact on, the GJC Store, on such terms and conditions, as we and our affiliates deem appropriate; and

(3) roast, develop, wholesale, retail, market, distribute, sell or otherwise any product or service, or own, operate, any business, whether competitive or not and under the Marks or any other trademark. (Franchise Agreement, Section 2.B.)

Protected Territory – Street/Non-Mall Location

If your GJC Store is located in a street/non-mall location, we will sign a “Territory Addendum for Street Location”, the current form of which is in **Exhibit 4** to this Disclosure Document. Provided that you are in compliance with the Franchise Agreement and the Territory Addendum for Street Location, we will not operate or grant a franchise for the operation of another GJC Store (other than a mall outlet) that is located within a ½ mile radius of your GJC Store (the “Protected Territory”). We, our franchisees, our affiliates, or their franchisees are not prohibited from operating or granting a franchise for the operation of a GJC Store located within a shopping mall, even if the shopping mall is located within your Protected Territory.

We and our affiliates reserve all rights with respect to the Marks, GJC Stores and the sale of Products, anywhere in the world, including the right to:

(1) establish and operate, and allow others to establish and operate, other GJC Stores using the Marks and the Gloria Jean's Coffees system, at any location outside the Protected Territory, on such terms and conditions as we deem appropriate;

(2) establish and operate, and allow others to establish and operate, competitive businesses, located anywhere, that may offer products and services which are identical or similar to products and services offered by GJC Stores, under the Marks (except in a Protected Territory defined in a Territory Addendum for Street Location) or under other trade names, trademarks, service marks and commercial symbols different from the Marks;

(3) establish, and allow others to establish, other businesses and distribution channels (including, but not limited to, the Internet), wherever located or operating and regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from GJC Stores, and that sell products and/or services that are identical or similar to, and/or competitive with, those that GJC Stores customarily sell;

(4) roast, develop, wholesale, market, distribute and sell Products through any channel of distribution (including, without limitation, mail order, Internet and wholesale), under or in association with the Marks or any other trade names, trademarks, service marks or commercial symbols;

(5) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at GJC Stores, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Territory);

(6) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at GJC Stores, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Protected Territory; and

(7) engage in all other activities not expressly prohibited by the Franchise Agreement.

We are not required to compensate you if we exercise any of the rights specified above inside your Protected Territory. Continuation of your Protected Territory does not depend upon you achieving a certain sales volume, market penetration, or other contingency.

Area Development Agreement

Under the Area Development Agreement, we grant you the right and you undertake the obligation to develop a minimum number of GJC Stores in the Development Area. We typically define the Development Area by zip code boundaries, county boundaries, highways, physical landforms, city or municipality boundaries, and other factors we deem appropriate. The size of the Development Area will vary depending on the number of GJC Stores you commit to develop, our long range development plans, your financial and operational resources, and population and market conditions. Designation of a Development Area is not an assurance or warranty that there is a sufficient number of suitable sites in the

Development Area for you to meet your Development Schedule. The responsibility to locate a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria.

You will not receive an exclusive territory under the Area Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Although we and our affiliates will not operate, and will not grant anyone else a franchise to operate, a GJC Store located within the Development Area, we and our affiliates retain the rights to:

(1) own, acquire, establish, operate, and franchise or license others to operate GJC Stores located outside of the Development Area;

(2) own, acquire, establish, operate, and franchise or license others to operate Non-Traditional Outlets under the Gloria Jean's Coffees name or any other name, both inside and outside of the Development Area. "Non-Traditional Outlet" means a mobile or temporary outlet (such as a food truck, cart, kiosk, or so-called "pop-up" restaurant) or an outlet at a facility where the primary function is not foodservice, such as (but not limited to) a performing arts arena, sports stadium, department store, retail store, wholesale club, grocery store, supermarket, casino, amusement park, fairground, college or university, factory, hospital, penal institution, military base, airport, turnpike, limited access highway rest stop, or other transportation facility;

(3) develop, manufacture, have manufactured, market, sell and distribute, at retail or wholesale, and license others to manufacture, sell or distribute, packaged food products or any other goods or services under the Gloria Jean's Coffees mark or any other name or mark, through any channel of distribution, including but not limited to the Internet, mobile applications, supermarkets, specialty food stores, convenience stores, wholesale clubs, and retail food stores, anywhere in the world;

(4) use the Gloria Jean's Coffees brand in other lines of business besides the operation of GJC Stores, anywhere in the world; and

(5) own, acquire, establish, operate, and franchise or license others to establish and operate outlets under names and marks other than Gloria Jean's Coffees, at any location within or outside of the Development Area, even if the concepts or businesses are similar to GJC Stores. However, if we acquire the assets of any outlets located within the Development Area that we determine in our sole discretion to convert to a GJC Store (a "Conversion Store"), we will offer to sell the Conversion Store to you for the price we paid for its assets, provided that, in our judgment: (1) the sale to you will not conflict with any existing legal obligation we have; (2) the sale to you will not interfere with the completion of our acquisition on the terms agreed to by us; (3) the sale to you will not adversely affect any financing or federal or state income tax consequences arising from the acquisition; and (4) you agree: (a) to sign, concurrently with your purchase of the assets, a Franchise Agreement as modified for use in connection with each Conversion Store; and (b) to convert each Conversion Store to a GJC Store in accordance with our standards and specifications. Any Conversion Store that you purchase and convert will count toward the minimum cumulative number of GJC Stores required by the Development Schedule. Your purchase price for the Conversion Store will include the direct and indirect costs and liabilities we have incurred or assumed in acquiring the Conversion Store, and other expenses allocated or otherwise related to the Conversion Store (including any losses from continuing operations and renovation costs). You will have thirty (30) days after receipt of our offer in which to accept or reject the offer. Acceptance must be

communicated in writing. If accepted, you will have thirty (30) days from the date of acceptance to complete the purchase of the Conversion Store. If you reject or do not timely accept our offer to sell you the Conversion Store, or if you do not timely complete the purchase after accepting, or if we are not obligated to extend an offer to you for any of the reasons stated above, we will have the right to alter, modify, refurbish, remodel, promote and market, operate, or franchise others to operate the Conversion Store as a GJC Store or any other business.

We are not required to compensate you if we exercise any of the rights specified above inside your Development Area.

To maintain your rights under the Development Agreement, you must have open and in operation the cumulative number of GJC Stores stated in the Development Schedule by the deadlines agreed upon in the Development Schedule. Failure to do so will be grounds for either a loss of territorial exclusivity or a termination of the Development Agreement. Other than your obligation to satisfy the Development Schedule, there are no minimum sales, market penetration goals or other contingency that you must meet to keep the territorial protection of your Development Area.

Upon completion of the Development Schedule, or if the Development Agreement is terminated or expires, your territorial protection with respect to the Development Area will terminate and we and our affiliates will have the right to operate and to grant others development rights and franchises to develop and operate GJC Stores within the Development Area. This right will be subject only to the Protected Areas defined in the Franchise Agreements you have signed with us for GJC Stores in the Development Area.

ITEM 13

TRADEMARKS

The principal trademarks you will use are “Gloria Jean’s Coffees” and the logo shown on the cover of this Disclosure Document. The following Marks are registered by our affiliate, Gloria Jean’s Coffees Holdings Pty Ltd., on the Principal Register of the United States Patent and Trademark Office, and licensed to us through our affiliate, GJGC Corp:

Mark	Registration Number	Registration Date	Registration Renewal
GLORIA JEAN’S (Typed Drawing)	1362248	September 24, 1985	Renewed
	4385874	August 20, 2013	Not yet due.
GLORIA JEAN’S (Word Mark)	4661536	December 30, 2014	Not yet due.

Mark	Registration Number	Registration Date	Registration Renewal
	1577971	January 16, 1990	Renewed
	88618554	December 7, 2021	Not yet due.

All affidavits of use required to date for the marks listed above have been filed. These are the primary trademarks, but there are a number of other related trademarks which have also been registered.

In addition, Gloria Jean's Coffees Holdings Pty Ltd. has applied for registration of the following mark on the Principal Register of the United States Patent and Trademark Office:

Mark	Serial Number	Application Date
	90071189	July 24, 2020

Although Gloria Jean's Coffees Holdings Pty Ltd. has filed an application for the above mark, Gloria Jean's Coffees Holdings Pty Ltd. does not have a federal registration for this mark. Therefore, this mark does not have the same legal benefits and rights as a federally registered mark. If our right to use this mark is challenged, you may have to change to an alternative mark, which may increase your expenses.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the Marks.

Your right to use the Marks is derived solely from the Franchise Agreement and is limited to the operation of the GJC Store in compliance with the Franchise Agreement at the identified location and premises and by all applicable standards, specifications and operating procedures we prescribe or may periodically prescribe. All usage of the Marks by you and any goodwill you establish shall be to the exclusive benefit of us. You must use the Marks as the sole service mark and trade name identification of the GJC Store and must display a notice in such form as we prescribe that you are an independent owner of the GJC Store. You may not use any of the Marks as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you under the Franchise Agreement) or in any modified form, nor may you use any Marks in connection with the sale of any unauthorized product or service.

You must immediately notify us of any infringement of or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks, and we and Gloria Jean's Coffees Holdings Pty Ltd. have the right to take such action as we deem appropriate and to exclusively control any litigation or Patent and Trademark Office or other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any of the Marks. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. You must execute any and all instruments and documents, render such assistance, and do such acts and things as may, in our counsel's opinion, be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or to otherwise protect and maintain our interests in any of the Marks.

If we believe at any time that it is advisable to modify or discontinue the use of any of the Marks and/or use one or more additional or substitute Marks, you must promptly comply (at your own expense) with our directions to modify or otherwise discontinue the use of the Marks, and/or use one or more additional or substitute trademarks or service marks, including new signage, etc. We have no liability or obligation to you for modification, discontinuance or otherwise.

If you have timely notified us of a claim or proceeding and comply with the Franchise Agreement, we will indemnify you for all damages for which you are held liable in any proceeding from your use of any of the Marks. We will also indemnify you for all costs that you reasonably incur in defending the claim brought against you or any proceeding where you are named as a party because of your authorized and proper use of any of the Marks.

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

Under the Area Development Agreement, you do not have the right to use the Marks in any manner. You will have no right to license others to operate a business or use the Gloria Jean's Coffees system or the Marks. Because you have no right to use the Marks under the Area Development Agreement, we have no obligation under that agreement to protect you against claims of infringement or unfair competition related to your use of the Marks.

Except as disclosed above, there are no other agreements currently in effect which significantly limit our right to use or license the use of the Marks in any manner material to the franchise.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or patent applications that are material to the franchise. We claim copyright protection in our Operating Manual and related materials, any proprietary software we or our affiliates may develop, the content of our electronic and computerized media, and our advertising and promotional materials. None of these materials have been registered with the United States Copyright Office as of the date of this Disclosure Document. You may use these materials only as provided in the Franchise Agreement.

There currently are no effective determinations of the United States Copyright Office or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any copyrights or you in connection with any copyrights. The Franchise Agreement does not give you any rights, including rights to compensation, if we require you to modify or discontinue using the subject matter covered by a patent or copyright.

The information that we disclose to you regarding the operation of a GJC Store, including the contents of the Operating Manual, is proprietary and confidential. You must maintain the absolute confidentiality of all such information during and after the term of the Franchise Agreement. You cannot use any such information in any other business or in any manner we do not specifically authorize or approve in writing.

The Area Development Agreement does not grant you any right to use the Marks or to use any of our trade secret or confidential information. The Area Development Agreement does not grant you any right to any copyright or patent which we now own or may own in the future. Rights to Marks, trade secrets, confidential information, copyrights or patents are granted only under the Franchise Agreement.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We require that you (or the Managing Owner, if the Franchisee is a corporation, partnership or limited liability company) participate personally in the direct operation of the GJC Store. You (or the Managing Owner) must complete the initial training program to our satisfaction, regardless of whether or not we allow you to have other managers of the GJC Store. You must keep us informed at all times of the identity of the Managing Owner. If you acquire additional GJC Stores, we will permit you (or the Managing Owner) to act as manager of all such GJC Stores and hire and train assistant managers. Your management personnel may be required to sign agreements containing non-competition and confidential information covenants substantially similar to those contained in the Franchise Agreement.

If the Franchisee is a corporation, partnership or limited liability company, each owner of a 10% or greater interest must personally guarantee the obligations under, and be personally bound by, the Franchise Agreement and all other agreements with us or our affiliates and agree to certain restrictions on their ownership interests. The spouse of each guarantor must sign the Spouse's Acknowledgment portion of the guarantee, by which the spouse acknowledges that we are relying on all assets of the owner, including jointly owned marital property, in accepting the owner's backing of the Franchisee's obligations. The Spouse's Acknowledgment does not make the spouse a guarantor or subject his or her separate property to the guarantee. However, if the spouse is also an owner of the Franchisee corporation, partnership or limited liability company, the spouse must sign as a full guarantor.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must offer for sale and sell all Products that we require for GJC Stores. You may offer for sale and sell only those Products we authorize. You may not offer for sale any products or services that we have not approved. You may not advertise, offer for sale or sell any damaged, moldy or deteriorated Products or Products which are “out of date” as provided in the Operating Manual or as specified on the Product itself. All damaged, molded, deteriorated or “out of date” Products must be withdrawn from sale and removed from the GJC Store. All complaints by customers must be honored by replacement without charge or by refund in full of the purchase price. We have the right to change the types of Products at any time and there are no limits on our right to do so. The GJC Store will sell Products only at retail to consumers for their own consumption. You may not offer any services at the GJC Store (including, but not limited to “delivery” and/or “order ahead” services) unless: (a) those services have been approved in writing by us; and (b) you subsequently agree to offer the services in accordance with our standards as specified in the Operating Manuals or otherwise in writing.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENTS	SUMMARY
a. Length of the franchise term	Section 2.D	The lesser of 10 years or the initial term of your lease or sublease.
b. Renewal or extension of the term	Sections 2.E and F	Renewal for a single term of the lesser of 10 years or the term of the lease or sublease on then current terms if you meet certain requirements and comply with certain conditions.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENTS	SUMMARY
c. Requirements for Franchisee to renew or extend	Sections 2.E and 2.F	Written notice, maintain possession and/or secure approved location, compliance with current design, operational, qualification and training standards, substantial compliance with the Franchise Agreement, sign then-current form of franchise agreement, pay fee, execute General Release (Exhibit 8). Under the Franchise Agreement, “renewal” means one single additional term for a period of 10 years or the remaining term of the lease or sublease, whichever is less. In connection with any renewal, you must meet our then-current qualification and training requirements, we may require you and/or any of your personnel to attend and successfully complete any retraining programs(s), at our request you must give us (in the manner and form we specify), your detailed profit and loss statements, and any other financial records, for each financial year we require, and you must execute our then-current form of franchise agreement, which may provide materially different terms and conditions than your original Franchise Agreement, such as different fee requirements and renewal rights.
d. Termination by Franchisee	Section 13.A	You have right to terminate if you give us notice within 90 days of our material breach and we fail to cure such breach within 60 days.
e. Termination by Franchisor without cause	Not Applicable	
f. Termination by Franchisor with cause	Sections 13.B and 3.F	We can terminate as described in g. and h. below.
g. “Cause” defined - curable defaults	Section 13.B	You have 10 days to cure failure to pay amounts owed and certain other defaults; 30 days for all other defaults (unless it is a non-curable default).

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENTS	SUMMARY
h. "Cause" defined - non-curable defaults	Sections 13.B and 3.F	Non-curable defaults include: Assignment for the benefits of creditors or inability to pay debts; bankruptcy filings; receiver appointed; abandonment, surrender or transfer of control or failure to actively operate the GJC Store; lease is terminated or not renewed; submit 2 reports understating Gross Sales by more than 2% in a 2 year period; repeated failures or refusals to comply with Franchise Agreement whether corrected or not; health or safety hazard; conviction of felony or misconduct affecting the reputation of the GJC Store or the Marks; unauthorized transfer; sale of coffee not purchased in accordance with requirements; failure to open the GJC Store; failure to comply with non-competition obligations; failure to comply with anti-terrorism laws.
i. Franchisee's obligations on termination/non-renewal	Section 14	You must cease use of the Marks, pay all amounts owed to us, return all manuals, cancel or assign to us assumed or similar name registrations, assign to us any Internet and website home pages, domain name listings and registrations which contain our Marks. We may assume all telephone numbers relating to the GJC Store, comply with covenants, furnish evidence of compliance with the above; we have option to purchase the GJC Store.
j. Assignment of contract by Franchisor	15.A	Fully assignable by us.
k. "Transfer" by Franchisee – defined	Section 15.B	Includes transfer of any interest in the Franchise Agreement, the franchise, the GJC Store assets, or the ownership interests in the Franchisee.
l. Franchisor approval of transfer by Franchisee	Section 15.B	Transfers require our prior written consent.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENTS	SUMMARY
m. Conditions for Franchisor approval of transfer	Section 15.B	Full compliance, transferee meets standards, transferee and its owners agree to be bound by and personally guarantee your obligations under the franchise documents. If transfer is of the franchise or a controlling interest in you, the transferee must attend and satisfactorily complete training, if financed, Franchisee must subordinate obligations to us, transferee must execute our then-current form of franchise agreement, transferee must pay us a transfer fee from \$2,000 to 6,500, transferor and transferee execute general release (which shall be substantially similar to the form of General Release attached as Exhibit 8). The GJC Store must be current or brought current with design and equipment standards.
n. Franchisor's right of first refusal to acquire Franchisee's business	Section 15.D	We have the right to match any offer and to substitute cash for any other form of payment.
o. Franchisor's option to purchase Franchisee's business	Not Applicable	
p. Death or disability of Franchisee	Section 15.E	Interest must be assigned to approved buyer within 12 months, and we have the right to manage the GJC Store in the interim.
q. Non-competition covenants during the term of the franchise	Section 7	Neither you nor your owners nor immediate family members will have any interest as an owner or otherwise in any business principally offering products substantially similar to those Products being offered by the majority of GJC Stores or in any entity which franchises or otherwise grants others the right to sell such products.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENTS	SUMMARY
r. Non-competition covenants after the franchise is terminated or expires	Section 14.F	For 2 years neither you nor your owners nor immediate family members will have any interest as an owner or otherwise in any business principally offering products substantially similar to those Products being offered by the majority of GJC Stores or in any entity which franchises or otherwise grants others the right to sell such products within the Standard Metropolitan Statistical Area in which the GJC Store is located or within a 10 mile radius from any existing GJC Store.
s. Modification of the agreement	Section 21	Modifications generally effective only if signed in writing but the Operating Manual is subject to change.
t. Integration/merger clause	Section 21	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 16.A	Except for certain claims, all disputes must be resolved through non-binding mediation and, if not successful, then binding arbitration in the county where we have our principal place of business.
v. Choice of forum	Section 16.B	Litigation in court of general jurisdiction closest to our principal place of business, subject to applicable state law.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENTS	SUMMARY
w. Choice of law	Section 16.G	Illinois law applies, except that if any provision of the Franchise Agreement would not be enforceable under Illinois law, and if the GJC Store is located outside of Illinois and the provision would be enforceable under the laws of the state in which the GJC Store is located, then that provision will be governed by the laws of the state in which the GJC Store is located. This designation of Illinois law is subject to state law in your state.

AREA DEVELOPMENT AGREEMENT

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

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
a. Length of the term of the Area Development Agreement	Section 4	The rights granted under the Area Development Agreement expire on the deadline specified in the Development Schedule for the last GJC Store to be developed.
b. Renewal or extension of the term	Not Applicable	
c. Requirements for developer to renew or extend	Not Applicable	
d. Termination by developer	Not Applicable	
e. Termination by Franchisor without cause	Not Applicable	
f. Termination by Franchisor with cause	Section 8	We can terminate the Area Development Agreement as described in g. and h. below.
g. "Cause" defined – curable defaults	Section 8.3	Unless a default is specified to be non-curable, you will have 30 days to cure after written notice.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
h. "Cause" defined – non-curable defaults	Sections 8.1 and 8.2	Non-curable defaults include: Failure to meet your Development Schedule; termination of a Franchise Agreement based on your default; transfer of any interest contrary to transfer restrictions; knowingly submitting false reports; conviction of a crime; or being named as a "blocked" person under anti-terrorism law. Subject to applicable law, the Area Development Agreement will terminate automatically if you become insolvent, file for bankruptcy, have a receiver appointed, or suffer foreclosure of a lien or mortgage.
i. Developer's obligations on termination/non-renewal	Section 8.4	You will lose your right to establish any GJC Store for which a Franchise Agreement has not been signed by us. A default under the Area Development Agreement will not be considered a default under the Franchise Agreement, unless specified otherwise. If you are in default of the Area Development Agreement, but are not in default under any one or all of your Franchise Agreements, you may continue to operate the existing GJC Store(s) under the terms of their separate Franchise Agreements. However, you must stop selecting sites for GJC Stores, and you may not open any more GJC Stores.
j. Assignment of contract by Franchisor	Section 7.10	No restriction on our right to assign.
k. "Transfer" by developer – defined	Section 7.1	Includes transfer of Developer's assets, assignment of Developer's rights under the contract, or change of ownership in Developer, by any means (e.g., by sale or gift, either voluntarily or by operation of law, such as through divorce or bankruptcy proceedings).
l. Franchisor approval of transfer by developer	Section 7.1	We have the right to approve all transfers.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
m. Conditions for Franchisor approval of transfer	Sections 7.3-7.9	Conditions that we can impose for sale of the business include: no defaults and all monetary obligations satisfied; transferee meets our then-current qualifications for multi-unit developers, including financial resources to complete the Development Schedule on time; transferee completes training; if transferee is another Gloria Jean's Coffees franchisee, transferee has no defaults and a good record of customer service; owners of transferee sign personal guarantee; pay transfer fee (see Item 6); you Transfer all GJC Stores along with the development rights, to the same transferee in the same transaction; you and the Owners release any claims against us; price and other terms of sale do not jeopardize ability to compete Development Schedule; and financing is subordinated to obligations to us. For a proposal to admit a new Owner, remove an existing Owner, change the distribution of ownership, or any other transaction that amounts to the Transfer of a partial interest in Developer or the development rights, you must give us advance notice and a copy of all proposed contracts. We can withhold consent on any reasonable grounds or give consent subject to reasonable conditions, including those described above for sale of the business.
n. Franchisor's right of first refusal to acquire developer's business	Section 7.2	We have the right to match any offer. Does not apply if you Transfer ownership to a corporation or LLC that you form for that purpose; does not apply to a Transfer to your spouse or adult son or daughter (including as a result of your death or incapacity).
o. Franchisor's option to purchase developer's business	Not Applicable	

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
p. Death or disability of developer	Section 7.6	If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within 3 months for consent to Transfer the person's interest. The Transfer will be subject to the conditions in "m." above, as applicable. If the person's interest is not Transferred within one year after the date of death or appointment of a personal representative or trustee, we can terminate the Area Development Agreement.
q. Non-competition covenants during the term of the franchise	Section 6	Developer and Owners cannot have any interest in a Competing Business while the Area Development Agreement is in effect. "Competing Business" means a foodservice brand or outlet featuring coffee, coffee-based drinks, or coffee-related products (not including any GJC Stores that you or the Owners operate under other agreements with us or our affiliates). Also cannot divert customers to any Competing Business.
r. Non-competition covenants after the franchise is terminated or expires	Section 6.2	For 2 years following termination, expiration, or approved Transfer, no interest in any Competing Business (as defined in "q." above) within the Development Area. Also, cannot divert customers to any Competing Business.
s. Modification of the Area Development Agreement	Section 12.10	The Area Development Agreement can be modified only by written agreement between us and you.
t. Integration/ merger/ clause	Section 12.10	Only the terms of the Area Development Agreement are binding (subject to state law). However, nothing in the Area Development Agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Not Applicable	

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
v. Choice of forum	Section 13.2	You and the Owners must file any suit against us in the federal or state court where our principal office is located at the time the suit is filed (currently Chicago, Illinois). We can sue you where we have our principal office or where you or the Development Area is located. You and we both waive the right to trial by jury and the right to seek punitive damages. All of these provisions are subject to state law in your state.
w. Choice of law	Section 13.1	Illinois law applies, except that if any provision of the Area Development Agreement would not be enforceable under Illinois law, and if the Development Area is located outside of Illinois and the provision would be enforceable under the laws of the state in which the Development Area is located, then that provision will be governed by the laws of the state in which the Development Area is located. This designation of Illinois law is subject to state law in your state.

Applicable state law might require additional disclosures related to the information contained in this Item. These additional disclosures, if any, appear in **Exhibit 13**.

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised GJC Stores. We also do not authorize our employees or officers to make any such representations either orally or in writing. If you are purchasing an existing GJC Store, however, we may provide you with the actual records of that GJC Store. If you receive any other financial performance information or projections of your future income, you should report it to the Franchisor's management by contacting the RFG Accounting Department at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago IL 60607, tel. (773) 270-2900, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**TABLE NO. 1
SYSTEMWIDE GJC STORE SUMMARY
FOR YEARS 2020 to 2022***

Outlet Type	Year	GJC Stores at the Start of the Year	GJC Stores at the End of the Year	Net Change
Franchised	2020	58	59	+1
	2021	59	48	-11
	2022	48	47	-1
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	58	59	+1
	2021	59	48	-11
	2022	48	47	-1

* The numbers in this table are for fiscal years ending June 30, 2020, July 2, 2021, and July 1, 2022.

**TABLE NO. 2
TRANSFERS OF GJC STORES FROM FRANCHISEES TO
NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)
FOR YEARS 2020 to 2022***

State	Year	Number of Transfers
Connecticut	2020	1
	2021	0
	2022	0
New York	2020	0
	2021	1
	2022	0
Totals	2020	1
	2021	1
	2022	0

* The numbers in this table are for fiscal years ending June 30, 2020, July 2, 2021, and July 1, 2022.

TABLE NO. 3
STATUS OF FRANCHISED GJC STORES
FOR YEARS 2020 to 2022*

State	Year	GJC Stores at Start of Year	GJC Stores Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	GJC Stores at End of Year
Arizona	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
California	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Connecticut	2020	2	0	0	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	0	1	0	0	0	0
Florida	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois	2020	14	2	1	0	0	0	15
	2021	15	2	2	0	0	0	15
	2022	15	2	1	0	0	0	16
Indiana	2020	3	1	0	0	0	0	4
	2021	4	0	3	0	0	0	1
	2022	1	0	0	0	0	0	1
Maine	2020	1	0	0	0	0	0	1
	2021	1	1	1	0	0	0	1
	2022	1	0	0	0	0	0	1
Michigan	2020	5	0	1	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	1	0	0	0	3
Missouri	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State	Year	GJC Stores at Start of Year	GJC Stores Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	GJC Stores at End of Year
New Hampshire	2020	2	0	0	0	0	0	2
	2021	2	1	2	0	0	0	1
	2022	1	0	0	0	0	0	1
New Jersey	2020	3	0	0	0	0	0	3
	2021	3	1	1	0	0	0	3
	2022	3	1	0	0	0	0	4
New York	2020	5	0	0	0	0	0	5
	2021	5	0	2	0	0	0	3
	2022	3	0	0	0	0	0	3
North Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Dakota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Ohio	2020	4	0	0	0	0	0	4
	2021	4	0	0	2	0	0	2
	2022	2	0	0	0	0	0	2
Pennsylvania	2020	4	0	1	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	1	0	0	0	2
South Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Texas	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Wisconsin	2020	6	0	0	0	0	0	6
	2021	6	2	3	0	0	0	5
	2022	5	0	0	0	0	0	5

State	Year	GJC Stores at Start of Year	GJC Stores Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	GJC Stores at End of Year
Totals	2020	58	4	3	0	0	0	59
	2021	59	7	15	2	0	1	48
	2022	48	3	4	0	0	0	47

* The numbers in this table are for fiscal years ending June 30, 2020, July 2, 2021, and July 1, 2022.

TABLE NO. 4
STATUS OF COMPANY-OWNED GJC STORES
FOR YEARS 2020 to 2022*

State	Year	GJC Stores at Start of Year	GJC Stores Opened	GJC Stores Reacquired from Franchisee	GJC Stores Closed	GJC Stores Sold to Franchisee	GJC Stores at End of Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

* The numbers in this table are for fiscal years ending June 30, 2020, July 2, 2021, and July 1, 2022.

TABLE NO. 5
PROJECTED OPENINGS AS OF JULY 1, 2022 FOR NEXT FISCAL YEAR

State	Franchise Agreement Signed But GJC Store Not Open as of 7/1/2022	Projected New Franchised GJC Stores in the Next Fiscal Year	Projected New GJC Corp.-Owned GJC Stores in the Next Fiscal Year
California	1	1	0
North Carolina	1	1	0
Texas	3	3	0
Totals	5	5	0

Attached to this Disclosure Document, as **Exhibit 9**, is a list of our franchisees at the close of our last fiscal year.

Attached to this Disclosure Document, as **Exhibit 10**, is a list of the names and last known addresses and telephone numbers of every franchisee who had a franchise terminated, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business during our fiscal year ending July 1, 2022, or who has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Some current and former franchisees signed confidentiality provisions within the last 3 years that would restrict their ability to speak openly about their experience with the Gloria Jean's Coffees franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

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

ITEM 21

FINANCIAL STATEMENTS

Exhibit 11 to this Disclosure Document contains:

1. The audited consolidated financial statements of our affiliate, RFG USA, and subsidiaries as of July 1, 2022, July 2, 2021, and June 30, 2020, together with the report of independent auditors. During the year ended July 2, 2021, RFG USA changed its fiscal year from ending June 30 to follow a 52/53 week fiscal reporting calendar ending on the last Friday of June. A 52-week fiscal year consists of three 12-week quarters and one 16-week quarter; a 53-week fiscal year reports an extra week in the last quarter. The years ended July 1, 2022, July 2, 2021, and June 30, 2020 consisted of 53, 53, and 52 weeks, respectively.
2. The unaudited consolidated balance sheet of our affiliate, RFG USA, and subsidiaries as of January 31, 2023 and unaudited consolidated income statement for the period ending January 31, 2023. THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Our separate financial statements are not included in this Disclosure Document. Should we fail to fulfill our duties and obligations to our franchisees under their franchise agreements, however, RFG USA absolutely and unconditionally guarantees to assume those duties and obligations. A copy of the Guarantee of Performance by RFG USA is included in this Disclosure Document as **Exhibit 12**.

ITEM 22

CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Exhibit 2	Franchise Agreement (including Guaranty and Assumption of Obligations (Exhibit A), Confidentiality and Non-Competition Agreement (Exhibit B), Confidentiality Agreement (Exhibit C), ADA Certification Form (Exhibit D), Electronic Funds Transfer Agreement (Exhibit E), Electronic Debit Authorization (Exhibit F), Telephone Listing Agreement (Exhibit G), and Form of Lease Rider (Exhibit H))
Exhibit 3	Kiosk Addendum
Exhibit 4	Territory Addendum for Street Location
Exhibit 5	Area Development Agreement
Exhibit 6	Collateral Assignment of Lease
Exhibit 8	General Release
Exhibit 13	State-Specific Addenda

ITEM 23

RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are the last two pages of this Disclosure Document.

EXHIBIT 1

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	NEW YORK New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, New York 10005 (212) 416-8222
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	NEW YORK New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6 th Floor Albany, New York 12231-0001 (518) 473-2492
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Commissioner State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Director of Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT 2

FRANCHISE AGREEMENT

GLORIA JEAN'S COFFEES
FRANCHISE AGREEMENT

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ATTACHMENTS

SCHEDULE 1	TERMS SPECIFIC TO FRANCHISEE
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EXHIBIT H	FORM OF LEASE RIDER

GLORIA JEAN'S COFFEES
FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and entered into by and between the party identified in Item 1 of Schedule 1 ("Franchisor"), and the party identified in Item 2 of Schedule 1 ("FRANCHISEE").

1. BUSINESS BACKGROUND AND PRELIMINARY AGREEMENTS

FRANCHISOR and its affiliates have developed a full service store (as defined in Item 12 of Schedule 1 and hereinafter referred to as a "STORE") offering for retail sale the PRODUCTS, as defined in Item 19 of Schedule 1, and certain complementary products (such as beverages), accessories and services, including distinctive business formats and specifications. All STORES are operated with uniform formats, signs, equipment, layout, systems, methods, procedures and designs which utilize a unique architectural design, offer uniform products, and utilize certain trademarks, servicemarks, trade dress and other commercial symbols (such trademarks, service marks and other commercial symbols are hereinafter referred to as the "NAMES AND MARKS" and identified in Item 23 of Schedule 1). STORES operate at locations that feature a distinctive format and method of doing business, including color scheme, signs, equipment, layouts, systems, methods, procedures, designs and marketing and advertising standards and formats (the "System"), any element of which FRANCHISOR can modify from time-to-time and with which FRANCHISEE must promptly comply.

FRANCHISOR grants to qualified persons franchises for STORES, offering the PRODUCTS authorized and approved by FRANCHISOR and utilizing the System, NAMES AND MARKS. FRANCHISEE has applied for a franchise to own and operate a STORE, at the premises identified in Item 11 of Schedule 1 and such application has been approved by FRANCHISOR in reliance upon all of the representations and covenants made therein.

FRANCHISEE understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain FRANCHISOR's high standards of quality and service and the uniformity of those standards at all STORES and thereby to protect and preserve the goodwill of the NAMES AND MARKS.

2. GRANT AND RENEWAL OF FRANCHISE

A. GRANT OF FRANCHISE

Subject to the provisions of this Agreement, FRANCHISOR hereby grants to FRANCHISEE a franchise (the "FRANCHISE") to operate the STORE and to use the NAMES AND MARKS and the System during the TERM (as defined in Item 7 of Schedule 1) at the LOCATION, identified in Item 11 of Schedule 1. FRANCHISEE must obtain FRANCHISOR'S approval of the LOCATION prior to execution of this Agreement. FRANCHISEE must obtain lawful possession of the approved LOCATION by lease, purchase or other method and open the STORE for regular, continuous business by the OPENING DATE (as defined in Item 20 of Schedule 1, or this Agreement will be subject to termination.

FRANCHISEE may relocate the STORE during the TERM at its own expense if:

- (1) without the fault of FRANCHISEE, the lease or sublease terminates prior to the expiration of the TERM or the premises are, in the sole opinion of FRANCHISOR, damaged, condemned or otherwise rendered unusable;
- (2) FRANCHISEE is released by the Lessor from all of its obligations to the Lessor of the premises and the Lessor releases any security held;
- (3) FRANCHISEE secures a lease or sublease for suitable substitute premises (the "SUBSTITUTE LOCATION") for operation of the STORE on terms and conditions suitable to FRANCHISOR in its absolute discretion;
- (4) the SUBSTITUTE LOCATION is fitted out at the cost of FRANCHISEE and otherwise in accordance with Sections 3.B and 3.C below; and
- (5) FRANCHISEE agrees to develop the SUBSTITUTE LOCATION in compliance with FRANCHISOR's standard specifications for the design and layout of a typical STORE and required leasehold improvements, as modified or revised if applicable with FRANCHISOR's prior written consent.

If FRANCHISOR does not approve any SUBSTITUTE LOCATION or if FRANCHISEE is unable to negotiate a new lease or sublease pursuant to Section 3.A of this Agreement within ninety (90) days after the STORE ceases to operate from the LOCATION, FRANCHISOR may terminate this Agreement by written notice to FRANCHISEE. FRANCHISOR is not required to pay any compensation, or refund any sum, to FRANCHISEE or any other person in respect of the termination.

FRANCHISEE may not sell any PRODUCTS at other locations or through other channels of distribution without prior written consent of FRANCHISOR, including, without limitation, utilizing any computer media or electronic media (e.g., World Wide Web, Internet, Telnet, electronic mail, bulletin boards, FTP, newsgroup and the like). Any attempt to do so shall be a material breach hereof.

FRANCHISOR's approval of the LOCATION does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the LOCATION for a STORE. FRANCHISOR's approval of the LOCATION indicates only that FRANCHISOR believes the LOCATION complies with acceptable minimum criteria established by FRANCHISOR solely for its purposes as of the time of the evaluation. It shall be the sole responsibility of FRANCHISEE to undertake site selection and otherwise secure premises for the STORE.

B. NON-EXCLUSIVITY

The FRANCHISE is a "spot" franchise only and is awarded for a single location only. FRANCHISEE does not have and has not paid for, any "exclusive territory" or any "exclusive," "protected" or "reserved" territorial or other rights, and no such rights are granted or will be inferred. FRANCHISOR (on behalf of itself and its affiliates) retains all rights with respect to STORES, the NAMES AND MARKS, the sale of PRODUCTS and any other products and services, anywhere in the world, including, without limitation: (a) the right to operate or grant others the right to operate gourmet coffee stores and/or other coffee beverage facilities under the NAMES AND MARKS or any other trademark at such locations as it deems

appropriate regardless of the proximity to the STORE and on such terms and conditions as FRANCHISOR and its affiliates deem appropriate; (b) the right to roast, develop, wholesale, market, distribute and sell PRODUCTS through any channel of distribution (including, without limitation, mail order, the Internet, and wholesale) under or in association with the NAMES AND MARKS or any other trademark; and (c) the right to roast, develop, wholesale, market, distribute or sell any other product or service or own or operate any other business under the NAMES AND MARKS or any other trademark.

C. RIGHT OF FIRST OPPORTUNITY

If, during the TERM of this Agreement, FRANCHISEE is in compliance with this Agreement and FRANCHISOR decides to establish and/or grant a franchisee the right to establish a STORE in the shopping mall in which the STORE is located, if any, FRANCHISOR will give FRANCHISEE the opportunity to be considered for such STORE. In those circumstances, FRANCHISOR will provide FRANCHISEE with notification of its intent, and may require FRANCHISEE to submit to FRANCHISOR, within thirty (30) days after FRANCHISOR's notification, any information and all material fact that FRANCHISOR then typically considers in selecting franchisees and granting franchises in order to evaluate FRANCHISEE's application. FRANCHISEE acknowledges the foregoing right of opportunity is only available if the STORE is located in a shopping mall and that FRANCHISOR's obligation to consider FRANCHISEE for additional STORES apply only with respect to STORES to be located in the same shopping mall. In the event FRANCHISOR accepts FRANCHISEE's application, FRANCHISEE must promptly acquire an additional franchise for the operation of the STORE by executing FRANCHISOR's then current form of franchise agreement and paying FRANCHISOR the then current initial franchise fee.

D. TERM

Subject to earlier termination pursuant to Section 13, the TERM of this Agreement shall begin on the EFFECTIVE DATE of this Agreement, as provided in Item 21 of Schedule 1, and end on the EXPIRATION DATE (as defined in Item 9 of Schedule 1).

E. RENEWAL OF FRANCHISE

If upon expiration of the TERM of the FRANCHISE: (1) FRANCHISEE has fully and continuously complied with this Agreement and all other agreements with FRANCHISOR (and/or any affiliate of FRANCHISOR), in each case without any defaults, cured or uncured, during the TERM; and (2) FRANCHISEE maintains possession of the premises of the STORE and, prior to any renewal term beginning, refurbishes, remodels, expands and otherwise brings the STORE and its operation into full compliance with all then-applicable standards (including then-applicable design standards, including equipment) applicable to franchises awarded for new STORES and in compliance with any lease or sublease requirements applicable to the STORE premises, then FRANCHISEE shall have the right to renew the FRANCHISE for a single additional term for a period of ten (10) years or the remaining term of the lease or sublease, whichever is less (herein known as the "NEW TERM" and specified in Item 8 of Schedule 1) and expiring on the NEW TERM EXPIRATION DATE as specified in Item 10 of Schedule 1; provided, however, that in no event shall FRANCHISOR or its affiliate be obligated to negotiate or obtain any renewal, extension or otherwise of any lease or sublease, or solicit or accept any proposal from the landlord (or other person/entity controlling the premises) for a renewal, extension or otherwise of any lease or sublease, even if on the same terms and conditions as have previously been applicable to the premises. Such NEW TERM shall only be effective when accompanied with payment of a non-refundable Renewal Fee as identified in Item 14 of Schedule

1. Further, FRANCHISEE (and its OWNERS) must also execute a general release in a form approved by FRANCHISOR releasing any and all claims, liabilities and/or obligations against FRANCHISOR and its affiliates, officers, directors, employees, agents, successors and assigns.

In connection with NEW TERM, FRANCHISEE must meet FRANCHISOR's then-current qualification and training requirements. FRANCHISOR may require FRANCHISEE and/or any of its personnel to attend and successfully complete any retraining program(s), and at such times and location(s), as FRANCHISOR then specifies. There will be no charge for any retraining program(s), but FRANCHISEE will be responsible for all compensation, travel, meals, lodging and other expenses of its personnel. In addition and at the FRANCHISOR'S request, the FRANCHISEE must give to the FRANCHISOR (in the manner and form specified by the FRANCHISOR), the FRANCHISEE'S detailed profit and loss statements, and any other financial records, for each financial year the FRANCHISOR requires.

F. MANNER OF RENEWAL

The NEW TERM of the FRANCHISE shall be effected by the execution by FRANCHISOR and FRANCHISEE of FRANCHISOR's then-current form of franchise agreement (which may provide for higher ROYALTY FEES and advertising contributions and other significant provisions of which may vary, but without any further term, successor franchise or right of renewal), general releases and all other agreements and legal instruments and documents then customarily used by FRANCHISOR in the grant of franchises for the ownership and operation of a STORE. FRANCHISEE agrees to notify FRANCHISOR not more than nine (9) months or less than six (6) months prior to expiration of the TERM in writing of FRANCHISEE's election to renew the FRANCHISE for the NEW TERM and pay the RENEWAL FEE at the same time. If FRANCHISOR refuses to renew the FRANCHISE for the NEW TERM, FRANCHISOR may, but shall not be required to, generally state the reasons for its refusal. Failure or refusal by FRANCHISEE to execute such agreements, instruments and documents necessary to renew the FRANCHISE for the NEW TERM within sixty (60) days after delivery thereof to FRANCHISEE, shall be deemed an election by FRANCHISEE not to renew the FRANCHISE for the NEW TERM.

G. HOLDOVER

If FRANCHISOR permits FRANCHISEE to continue after the FRANCHISE and/or TERM would otherwise end pursuant to this Agreement, then (but without prejudice to any of the FRANCHISOR's other rights or remedies):

- (1) FRANCHISEE must continue to operate the STORE on a monthly basis;
- (2) FRANCHISEE continues on the same terms and conditions so far as applicable to a monthly license as are contained in this Agreement; and
- (3) the monthly license may be terminated by either party giving the other thirty (30) days' written notice, which may expire on any day.

3. DEVELOPMENT AND OPENING OF STORE

A. LEASE OR SUBLEASE OF PREMISES OF STORE

FRANCHISEE will contemporaneously with the execution of this Agreement or such later date specified in writing by FRANCHISOR, lease or sublease the LOCATION in the form and manner acceptable to FRANCHISOR and deliver a copy of such lease or sublease to FRANCHISOR at least 15 days prior to the execution thereof. FRANCHISOR has the right to review and approve any lease or sublease for the premises of the STORE. FRANCHISEE agrees not to execute any lease or sublease which has not been approved in writing by FRANCHISOR. FRANCHISEE shall neither create nor purport to create any obligations on behalf of FRANCHISOR, not grant or purport to grant to the landlord thereunder any rights against FRANCHISOR, nor agree to any other term, condition, or covenant which is inconsistent with any provision of this Agreement. The lease obtained by FRANCHISEE shall be collaterally assigned to FRANCHISOR, pursuant to the terms of FRANCHISOR's standard collateral assignment of lease form, to secure the performance by FRANCHISEE of its obligations hereunder.

FRANCHISOR may require FRANCHISEE to sign a lease rider with FRANCHISEE's landlord, the current form of which is attached to this Agreement as Exhibit H. FRANCHISEE further agrees that the lease or sublease may not contain any non-competition covenant which purports to restrict FRANCHISOR, its affiliates or any of FRANCHISOR's franchisees or licensees from operating a STORE or any other retail establishment under the Name and Marks.

B. DEVELOPMENT OF THE STORE

In order to maintain consistency of facility design, trade dress, construction quality, store image and goodwill associated with the NAMES AND MARKS, FRANCHISEE is required to use exclusively FRANCHISOR's designated and/or approved suppliers for construction management services, architectural services and signage ("Designated Suppliers"). FRANCHISOR shall provide FRANCHISEE with information regarding one or more such Designated Suppliers for each such product/service, and FRANCHISEE shall retain their services, as provided in this Section and Section 3.C, below. While currently FRANCHISOR receives no payment, or compensation from such Designated Suppliers for the products/services delivered to and/or payments from franchisees, it reserves the right to do so.

Upon FRANCHISEE's request, FRANCHISOR may provide certain real estate management services (such as, sourcing suitable locations for development of a STORE and negotiating the terms of the lease through the Letter of Intent) to FRANCHISEE through a third-party consultant. The cost of such services will range from \$3,000 to \$5,000 per location, which will be payable by FRANCHISEE.

After FRANCHISEE has executed a lease or sublease for the STORE, FRANCHISEE shall obtain from Lessor and ensure that an architect designated or approved by FRANCHISOR (the "Designated Architect") has or receives detailed, "as built" construction drawings and a detailed site plan for the proposed STORE. FRANCHISOR shall provide its standard specifications for the design and layout of a typical STORE and required leasehold improvements. FRANCHISOR will then arrange to have the Designated Architect provide FRANCHISEE, at FRANCHISEE's sole expense, with a preliminary layout and design ("test fit") for the STORE. FRANCHISEE shall submit the proposed layout and design drawings for the LOCATION and FRANCHISOR shall, within 30 days following receipt of the applicable design review fee from FRANCHISEE, provide FRANCHISEE with comments and changes to the proposed layout and design drawings: \$5,000 -

\$10,000 for a Store. Notwithstanding the foregoing, FRANCHISOR recommends that FRANCHISEE have a testfit done prior to lease execution, especially if the LOCATION is not a standard size or shape for a STORE. Upon receipt by FRANCHISEE of the test fit and after FRANCHISOR's approval, FRANCHISEE shall have FRANCHISEE's Designated Architect prepare a complete set of site-specific, architectural design drawings, including the mechanical, plumbing, electrical, and other applicable plans, (the "architectural drawings") for the STORE, which shall be consistent with the test fit and shall be in compliance with FRANCHISOR's standards and specifications. FRANCHISEE is solely responsible for the costs of the preparation and completion of its architectural drawings and other services. FRANCHISEE agrees to make no changes, alterations or modifications whatsoever to the original test fit or architectural drawings without obtaining prior written consent from FRANCHISOR. In the event of a conflict between FRANCHISEE and FRANCHISOR regarding the architectural drawings, FRANCHISOR's decision controls.

FRANCHISOR shall advise FRANCHISEE on proper display of the Marks and signs, procurement of equipment, furniture, fixtures and initial inventories. FRANCHISEE's compliance with FRANCHISOR's standards does not release FRANCHISEE from its obligation to ensure that the STORE is designed and constructed in compliance with all federal, state, and local laws, including without limitation the Americans with Disabilities Act ("ADA"). FRANCHISEE agrees that FRANCHISEE shall be solely responsible for the construction and development of the STORE at the LOCATION, regardless of any specifications, guidance, and assistance received from FRANCHISOR, any Franchisor affiliate, the Designated Suppliers, or any other consultant or advisor. FRANCHISEE agrees to sign and deliver confirmations and/or certifications of compliance in such form and manner as FRANCHISOR may require. FRANCHISEE's indemnification obligations under Section 22 shall expressly apply to any third-party actions based upon FRANCHISEE's failure to comply with the ADA or any other federal, state or local laws regarding the development and operation of the STORE. FRANCHISEE agrees to execute and deliver to FRANCHISOR an ADA Certification in the form attached to this Agreement as Exhibit D, before opening any STORE and will certify that the STORE and any proposed renovations comply with the ADA.

C. FIXTURES, EQUIPMENT, STOREFRONT, SUPPLIES AND SIGNS

FRANCHISEE agrees to use in the operation of the STORE those fixtures, items of equipment (including Computer System), supplies and signs that FRANCHISOR has approved for a STORE as meeting its specifications and standards for appearance, function, design, quality and performance. FRANCHISEE further agrees to place or display at the premises of the STORE (interior and exterior) only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by FRANCHISOR. If FRANCHISEE proposes to purchase, lease or otherwise use any fixture, equipment, supply or sign which is not then approved by FRANCHISOR, FRANCHISEE shall first notify FRANCHISOR in writing and shall submit to FRANCHISOR sufficient specifications, photographs, drawings and/or other information or samples for a determination by FRANCHISOR of whether such fixture, equipment, supply or sign complies with its specifications and standards, which determination shall be made and communicated in writing to FRANCHISEE within a reasonable time.

D. COMPUTER SYSTEM

FRANCHISEE agrees to obtain and use for the STORE'S operations the computer hardware and/or operating software (including point of sale reporting systems) FRANCHISOR specifies from time to time (the "Computer System"). FRANCHISOR may modify specifications for and components of the Computer System from time to time. FRANCHISEE also agrees to maintain a functioning e-mail address.

FRANCHISOR's modification of specifications for the Computer System, and/or other technological developments or events, might require FRANCHISEE to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. FRANCHISEE agrees to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. FRANCHISOR has no obligation to reimburse FRANCHISEE for any Computer System costs. FRANCHISEE agrees to pay FRANCHISOR or its designated supplier FRANCHISOR's then-current monthly fee for point of sale system services (the "POS Cloud Fee").

During FRANCHISEE's operation of the STORE pursuant to this Agreement, FRANCHISEE must, within thirty (30) days after FRANCHISEE receives notice from FRANCHISOR, obtain any new Computer System components FRANCHISOR designates and ensure that FRANCHISEE's Computer System, as modified, functions properly, including any updates to the software as may be provided.

FRANCHISEE agrees to pay FRANCHISOR or a designated supplier a PCI compliance fee, which is included in the POS Cloud Fee (the "PCI Fee"). The PCI Fee is used to offset expenses incurred in complying with the Payment Card Industry Data Security Standards (PCI DSS). FRANCHISEE will be solely responsible for failure to comply with the PCI DSS or other data security standards or regulations.

Although FRANCHISEE agrees to buy, license, use, and maintain the Computer System according to FRANCHISOR's standards and specifications, FRANCHISEE will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which the Computer System interfaces with FRANCHISOR's and any third party's computer system; (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded; and (4) ensuring that the Computer System is in compliance with any and all industry standards and governmental regulations.

E. STORE OPENING

FRANCHISEE shall use its best efforts to merchandise the STORE as soon as possible after obtaining possession of the premises and to open the STORE and commence its business by either the OPENING DATE or period required by FRANCHISEE's lease or sublease or, if sooner, within three (3) days after notice from FRANCHISOR that it is in suitable condition therefor. FRANCHISOR may, as it may so deem appropriate, supply an employee for up to three (3) days from the OPENING DATE to assist FRANCHISEE in the opening of the STORE.

F. TERMINATION UPON FAILURE OF FRANCHISEE TO OPEN THE STORE

If FRANCHISEE fails to lease or sublease the STORE premises as required by Section 3.A, or fails to proceed with the merchandising of the STORE, or fails to open the STORE by the OPENING DATE or as required in Section 3.E, FRANCHISOR, at its sole option, shall have the right to terminate this Agreement effective upon giving written notice to FRANCHISEE.

G. GRAND OPENING PROGRAM AND FEE

FRANCHISEE agrees to pay FRANCHISOR or vendors approved by FRANCHISOR a Grand Opening Fee (identified in Item 15 of Schedule 1) prior to attending the initial training program for a grand opening

advertising, marketing and promotion package (the “Grand Opening Package”). FRANCHISOR will advise FRANCHISEE in connection with the Grand Opening Package which shall be conducted in accordance with FRANCHISOR’s standard plans, as adapted for the STORE. The Grand Opening Package shall be in the form, and using the advertising and promotional campaign and materials, specified by FRANCHISOR, and FRANCHISEE agrees that FRANCHISOR, in its sole discretion, may include a brief statement regarding the availability of STORE franchises. The Grand Opening Package may include direct marketing materials and customized promotional slicks/items. FRANCHISEE shall not be permitted to participate in the initial training program until FRANCHISOR has received the GRAND OPENING FEE. FRANCHISOR, in its sole judgment, may waive or reduce the GRAND OPENING FEE contribution and/or other advertising expenditure requirements in limited instances where the venue or other circumstances warrant.

4. TRAINING AND OPERATING ASSISTANCE

A. TRAINING

Prior to the opening of the STORE, FRANCHISOR shall furnish and FRANCHISEE (or the MANAGING OWNER, as identified in Item 5 of Schedule 1 and defined further in Section 6.K below, if FRANCHISEE is a business entity) shall attend and complete to FRANCHISOR’s satisfaction a training program on the operation of a STORE, furnished at such time and place as FRANCHISOR may designate. Such training will be given by FRANCHISOR without charge; provided that FRANCHISEE shall be solely responsible for the compensation of the trainees as well as such trainees’ travel, lodging, meals and personal expenses. If FRANCHISEE (or the MANAGING OWNER) fails to complete training to FRANCHISOR’s satisfaction, FRANCHISOR may require such person to undergo further training by FRANCHISOR at a time scheduled by FRANCHISOR, until FRANCHISOR is satisfied that FRANCHISEE (or the MANAGING OWNER) has satisfactorily completed the training course.

B. REFRESHER/ ONGOING TRAINING

FRANCHISEE agrees to attend, at its sole expense, refresher training or new training offered by FRANCHISOR to correct, improve and/or enhance the operation of the STORE.

C. MEETINGS

FRANCHISEE agrees to attend, at its sole expense, all annual and other meetings, conventions, and conference calls of franchisees that FRANCHISOR determines are mandatory for all franchisees, or groups of franchisees (as designated by FRANCHISOR in its sole discretion).

D. HIRING AND TRAINING OF EMPLOYEES BY FRANCHISEE

FRANCHISEE shall hire all employees of the STORE, be exclusively responsible for the terms of their employment and compensation and implement a training program for employees of the STORE in compliance with FRANCHISOR’s standards. FRANCHISEE agrees to maintain at all times a staff of trained employees sufficient to operate the STORE in compliance with FRANCHISOR’s standards. All Management Personnel, as listed in Item 22 of Schedule 1, hired by FRANCHISEE may be required to sign an agreement containing non-competition and confidential information covenants substantially similar to those contained in Section 14.F and in Section 7 herein, and set forth in Exhibit B attached to this Agreement.

E. OPERATING ASSISTANCE

FRANCHISOR may advise FRANCHISEE from time to time of operating problems of the STORE disclosed by reports submitted to or inspections made by FRANCHISOR. FRANCHISOR may furnish to FRANCHISEE such assistance in connection with the operation of the STORE from time to time as deemed appropriate by FRANCHISOR. Assistance may consist of advice and guidance with respect to:

- (1) methods and operating procedures utilized by a GJC STORE or the STORE;
- (2) additional products and services authorized for a STORE;
- (3) purchasing of PRODUCTS and supplies;
- (4) advertising, merchandising and promotional programs; and
- (5) the establishment of administrative, bookkeeping, accounting, inventory control, sales training and general operating procedures for the proper operation of a STORE.

FRANCHISEE agrees that all advice and guidance provided by FRANCHISOR is only supportive of the operation of the STORE since the success of the STORE is primarily dependent upon FRANCHISEE's abilities and efforts. FRANCHISOR will not charge FRANCHISEE for such operating assistance unless such operating assistance is made necessary by FRANCHISEE's failure to comply with this Agreement or if FRANCHISEE requests operating assistance in excess of what is normally provided by FRANCHISOR. Any such charges will be payable upon FRANCHISEE's receipt of an invoice for the same.

5. OPERATING MANUAL

FRANCHISOR will make available to FRANCHISEE during the TERM of the FRANCHISE an electronic version of an operating manual, which consists of one or more manuals (hereinafter referred to as the "OPERATING MANUAL"), for a STORE containing mandatory and suggested specifications, standards and operating procedures prescribed from time to time by FRANCHISOR for a STORE and information relative to other obligations of FRANCHISEE. FRANCHISOR shall have the right to add to and modify the OPERATING MANUAL from time to time. Any such addition or modification takes precedence over all prior communications and in the event of a dispute, the master OPERATING MANUAL maintained at FRANCHISOR's office shall control. The provisions of the OPERATING MANUAL as modified from time to time by FRANCHISOR and communicated to FRANCHISEE constitute provisions of this Agreement and as such are binding upon FRANCHISEE. The OPERATING MANUAL contains proprietary information of FRANCHISOR and FRANCHISEE agrees to keep the OPERATING MANUAL and information contained therein confidential at all times during and after the TERM of the FRANCHISE.

6. STORE IMAGE AND OPERATING STANDARD

A. CONDITION AND APPEARANCE OF STORE

FRANCHISEE agrees to maintain the condition and appearance of the STORE consistent with the image of a STORE as an attractive, clean, convenient and efficiently operated specialty shop offering high quality PRODUCTS and efficient and courteous service, and pleasant ambiance. FRANCHISEE agrees to effect such

maintenance of the STORE as is reasonably required to maintain such condition, appearance and efficient operation, including, without limitation, replacement of worn out or obsolete fixtures, equipment and signs, repair of the interior and exterior of the STORE and periodic cleaning and decorating and acts required by FRANCHISEE's lease or sublease. FRANCHISEE shall also replace and/or add additional fixtures and equipment which FRANCHISOR may require to be installed in all the STORES during the TERM. If at any time in FRANCHISOR's reasonable judgment the general state of repair, appearance or cleanliness of the premises of the STORE or its fixtures, equipment or signs does not meet FRANCHISOR's standards thereof, FRANCHISOR shall specify the action to be taken by FRANCHISEE to correct such deficiency. If FRANCHISEE fails or refuses to complete any such required maintenance within fifteen (15) days after receipt of such notice or such lesser period required by the lease or sublease, FRANCHISOR shall have the right (in addition to its rights under Section 13), but shall not be obligated, to enter the STORE and effect such repairs, or replacement of fixtures, equipment or signs. FRANCHISEE shall pay the entire costs therefor to FRANCHISOR on demand.

B. ALTERATIONS TO THE STORE

FRANCHISEE shall make no material alterations to the leasehold improvements or appearance of the STORE nor shall FRANCHISEE make any material replacements of or alterations to the fixtures, equipment or signs of the STORE without prior written approval by FRANCHISOR and any approval that may be necessary under the lease or sublease for the premises.

C. REFURBISHING THE STORE

In addition to FRANCHISEE's obligations under Section 6.A hereof, at FRANCHISOR's request, which shall not be more than once every five (5) years, FRANCHISEE shall refurbish the STORE at its own expense to conform to the building design, trade dress, color schemes, and presentation of the NAMES AND MARKS in a manner consistent with the image then in effect for new STORES under the System, including, without limitation, remodeling, redecoration, structural changes, and modifications to, or replacement of, existing improvements and equipment. FRANCHISEE will not be required to refurbish the STORE if FRANCHISEE has less than two (2) years remaining on the lease or sublease for the premises.

D. AUTHORIZED PRODUCTS, SERVICES AND/OR SUPPLIES

The presentation of a uniform image to the public and the offering of uniform product lines is an essential element of a successful franchise system. The reputation and goodwill of STORES is based upon, and can be maintained only by, the sale of high-quality products. FRANCHISEE agrees that the STORE will offer only brands and types of PRODUCTS required by FRANCHISOR from time to time and at the retail prices recommended by FRANCHISOR to the extent such obligation is consistent with applicable law. FRANCHISEE must not offer for sale at the Store: (1) any products or services other than the PRODUCTS without the FRANCHISOR's prior written approval; or (2) any PRODUCTS which are damaged or deteriorated, or are "out of date" pursuant to the OPERATING MANUAL or as specified on the PRODUCT.

FRANCHISEE must only purchase from FRANCHISOR all PRODUCTS and services supplied by the FRANCHISOR, and only purchase from approved suppliers all PRODUCTS and services not supplied by the FRANCHISOR.

FRANCHISEE must not offer for sale any proprietary PRODUCTS on a wholesale basis, or a customer who proposes to re-sell the proprietary PRODUCTS or to use the proprietary PRODUCTS in a business other than as an end-user.

FRANCHISEE further agrees that the STORE will not be used for any purpose other than the operation of a STORE in compliance with this Agreement and FRANCHISEE's lease or sublease for the premises.

FRANCHISEE agrees that it will not offer any services at the STORE (including, but not limited to "delivery" and/or "order ahead" services) unless: (a) those services have been approved in writing by FRANCHISOR; and (b) FRANCHISEE subsequently agrees to offer the services in accordance with FRANCHISOR's standards as specified in the OPERATING MANUAL or otherwise in writing.

The term PRODUCTS as used in this Agreement, consists of all products approved and/or developed by FRANCHISOR for STORES. FRANCHISOR may from time to time modify the list of approved brands and/or suppliers and FRANCHISEE shall not, after receipt in writing of such modification, reorder any brand or from any supplier which has been removed by FRANCHISOR from the approved brand/supplier list. Subject to Section 6.D below, if FRANCHISEE proposes to sell any product of a brand which has not been approved as being acceptable or from a supplier which has not been approved, it shall first notify FRANCHISOR in writing and submit sufficient photographs, drawings, specifications, samples and/or other information concerning the product and/or the supplier and FRANCHISOR shall, within a reasonable time, notify FRANCHISEE in writing whether or not such proposed brand and/or such proposed supplier is acceptable. FRANCHISOR may approve a supplier for any PRODUCTS and may approve a supplier only as to certain PRODUCTS. FRANCHISOR may concentrate purchases with one or more suppliers to obtain lower prices, consistency, the best support and/or services GJC STORES owned or franchised by FRANCHISOR or its affiliates. FRANCHISOR and its affiliates reserve the right to receive revenue from approved suppliers based on transactions with franchisees and FRANCHISOR (or its affiliate).

FRANCHISEE shall at all times maintain an adequate and representative inventory of PRODUCTS, sufficient in quality, quantity and variety, to satisfy customer demand and realize the full potential of the STORE, as prescribed by FRANCHISOR. The inventory of the STORE shall contain a representative number of each proprietary PRODUCTS or other private brands of FRANCHISOR which shall be given representative display area. FRANCHISOR shall not have any liability to FRANCHISEE if FRANCHISOR is at any time unable for any reason to offer any proprietary PRODUCTS or other brand of PRODUCTS for purchase by FRANCHISEE or at competitive prices. Certain PRODUCTS may be offered by an affiliate of FRANCHISOR.

As used in this Section, the term "Supplier Code" means any Code of Conduct the Franchisor adopts from time to time which establishes minimum standards of behavior expected of suppliers who supply, or propose to supply, goods and services to the Franchisee.

The Franchisee:

- (1) shall require any person or entity who supplies, or proposes to supply, goods or services to the Franchisee within the United States of America to comply with the Supplier Code; and

- (2) acknowledges that agreement to, and or compliance with, the Supplier Code may be taken into account by the Franchisor when considering its approval, or the revocation of its approval, of any supplier under this Section 6.D.

E. SUPPLIERS OF PRODUCTS

In order to maintain consistency of product, quality, taste and identity of PRODUCTS, FRANCHISEE agrees that all PRODUCTS, except those PRODUCTS specifically approved in writing by FRANCHISOR, must be purchased exclusively from suppliers designated or approved by FRANCHISOR.

F. USE OF SUPPLIES IMPRINTED WITH NAMES AND MARKS

FRANCHISEE shall in the operation of the STORE use displays, boxes, bags, paper, forms, packaging materials, labels and other paper and plastic products and supplies imprinted with the NAMES AND MARKS as prescribed from time to time by FRANCHISOR.

G. STANDARDS OF SERVICE

The STORE shall at all times give prompt, courteous and efficient service to its customers. FRANCHISEE and the STORE shall in all dealings with customers, suppliers and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct.

H. DETERIORATED PRODUCTS AND COMPLAINTS

FRANCHISEE shall not advertise, offer for sale or sell any damaged, molded or deteriorated PRODUCTS or PRODUCTS which are “out of date” as provided in the OPERATING MANUAL or as specified on the PRODUCT itself. Such PRODUCTS shall be withdrawn from sale and removed from the STORE. All reasonable complaints by customers shall be honored pursuant to the policy set forth in the OPERATING MANUAL.

I. SPECIFICATIONS, STANDARDS AND PROCEDURES

FRANCHISEE agrees to comply with all mandatory specifications, standards and operating procedures (whether contained in the OPERATING MANUAL or any other document or notice from FRANCHISOR) relating to the operation of a STORE and the STORE, including, without limitation, those relating to:

- (1) type, quality and shelf life of PRODUCTS offered;
- (2) PRODUCT dating programs, including removal of “out of date” PRODUCT;
- (3) merchandising techniques;
- (4) the safety, maintenance, cleanliness, function and appearance of the STORE premises and its fixtures, equipment and signs;
- (5) uniforms and aprons to be worn by and general appearance of STORE employees;

- (6) use of NAMES AND MARKS;
- (7) hours during which the STORE will be open for business;
- (8) use and retention of standard forms;
- (9) use and illumination of signs, posters, displays, standard formats and similar items; and
- (10) identification of FRANCHISEE as the owner of the STORE.

Mandatory specifications, standards and operating procedures prescribed from time to time by FRANCHISOR in the OPERATING MANUAL or otherwise communicated to FRANCHISEE in writing, shall constitute provisions of this Agreement as if fully set-forth herein. All references herein to this Agreement shall include all such mandatory specifications, standards and operating procedures. Though FRANCHISOR retains the right to establish and periodically modify such mandatory specifications, standards and operating procedures which FRANCHISEE has agreed to maintain in the operation of the STORE, FRANCHISEE retains the right and sole responsibility for the day-to-day management and operation of the STORE and the implementation and maintenance of such mandatory specifications, standards and operating procedures at the STORE.

J. COMPLIANCE WITH LAWS

FRANCHISEE agrees to comply with all federal, state and local laws, rules, and regulations and shall as soon as practicable, but in any event prior to the opening for business of the STORE, obtain all municipal and state permits, certificates or licenses necessary to operate the STORE and shall file and publish, if required by applicable law, a certificate of doing business (whether under a fictitious name or otherwise). FRANCHISEE shall make all such permits, licenses and certificates available for inspection by representatives of FRANCHISOR prior to the opening for business of the STORE and thereafter at all times during FRANCHISEE's business hours. FRANCHISEE shall operate and maintain the STORE in strict compliance with all current building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health laws, sanitation laws, Americans with Disabilities Act and any other requirements that may be prescribed by any federal, state or local governmental agency. FRANCHISEE agrees to immediately provide FRANCHISOR with a copy of any notice received by FRANCHISEE from any state, local or governmental agency pertaining to compliance with any codes or requirements, or the failure to comply with any codes or requirements, at the STORE.

FRANCHISEE shall manage the STORE and its staff in compliance with all laws, the OPERATING MANUAL and any other general policies as prescribed by FRANCHISOR. FRANCHISEE agrees to abide by all employment laws, including, without limitation, Title VII of the Civil Rights Act, Family and Medical Leave Act, ADA, Consolidated Omnibus Budget Reconciliation Act, Fair Labor Standards Act, all state wage and hour laws, Internal Revenue Code and the immigration laws. FRANCHISOR may from time to time provide information or training to assist FRANCHISEE in gaining knowledge about applicable laws, but this does not relieve FRANCHISEE of its full responsibility and obligation to comply with such laws.

K. MANAGEMENT OF THE STORE

The STORE shall be managed by FRANCHISEE. If FRANCHISEE is a corporation, partnership or limited liability company, one of the OWNERS of FRANCHISEE must be designated as the “MANAGING OWNER” who must be a natural person who owns and controls not less than ten percent (10%) of the equity and voting power of FRANCHISEE (please refer to Item 5 of Schedule 1). FRANCHISEE (or the MANAGING OWNER) must complete, to the satisfaction of FRANCHISOR, the training program. If FRANCHISEE (or the MANAGING OWNER) has completed the franchise training, FRANCHISEE shall be qualified to train its managers. If and in the event FRANCHISOR, in its sole discretion, determines that the FRANCHISEE (or the MANAGING OWNER) is not properly performing his duties, FRANCHISOR shall advise FRANCHISEE and FRANCHISEE shall take such corrective measures as are necessary to immediately rectify the situation. FRANCHISEE shall keep FRANCHISOR informed at all times of the identity of any MANAGING OWNER(s) of the STORE. If FRANCHISEE and its affiliates own three (3) or more STORES, FRANCHISOR may, at its option, require FRANCHISEE to engage a DISTRICT MANAGER, as identified in Item 22 of Schedule 1, to oversee the development and operation of STORES. The DISTRICT MANAGER shall be in addition to, and not in lieu of, the MANAGING OWNER.

L. CONFLICTING AND COMPETING INTERESTS

FRANCHISEE agrees that FRANCHISEE will at all times faithfully, honestly and diligently perform its obligations hereunder, that it will continuously exert its best efforts to promote and enhance the business of the STORE and that it will not engage in any business or other activity that will conflict with its obligations hereunder. FRANCHISEE shall not divert elsewhere any trade, commerce or business which ordinarily would be transacted by FRANCHISEE in or from the STORE and to this end, FRANCHISEE shall not at any time sell or rent to anyone any list of customers or permit the use of such list by anyone for any purpose other than the mailing of advertising material for the STORE. FRANCHISEE further agrees that neither FRANCHISEE nor any of its OWNERS (through a member of the immediate family of FRANCHISEE or an owner of FRANCHISEE or otherwise) will, during the TERM of the FRANCHISE, have any interest as an owner of (except of publicly-traded securities, or interests in other STORES or any other concept pursuant to other franchise agreements with FRANCHISOR, its parent or any of its affiliates), or assist or perform services as a director, officer, employee, consultant, representative, agent, or in any other capacity for, any other business principally offering products substantially similar to the PRODUCTS then being offered by the majority of the STORES, nor will they have any interest, as aforesaid, in any entity which franchises or otherwise grants to others the right to sell products similar to the PRODUCTS then being offered by the majority of the STORES.

M. INSURANCE

Prior to opening the STORE for business and throughout the entire TERM of this Agreement, FRANCHISEE will keep in force the INSURANCE POLICIES as defined in Item 18 of Schedule 1.

FRANCHISOR reserves the right from time to time to upgrade the requirements for the INSURANCE POLICIES as to limits, deductibles, scope of coverage, rating of carriers, etc. Within sixty (60) days of receipt of notice from FRANCHISOR, FRANCHISEE agrees to revise its INSURANCE POLICIES' coverage, as specified in any notice.

All INSURANCE POLICIES required hereunder of the FRANCHISEE shall be: (i) primary and non-contributory, and (ii) issued by an insurance company with a rating of not less than "A" in the current A.M. Best's Key Rating Guide or approved by FRANCHISOR.

FRANCHISEE's obligation to obtain and maintain INSURANCE POLICIES shall not be limited by reason of any insurance that may be maintained by FRANCHISOR nor relieve FRANCHISEE of liability under the indemnity provisions set forth in this Agreement. All INSURANCE POLICIES shall name FRANCHISOR as an additional insured, waive any subrogation rights or other rights to assert a claim back against FRANCHISOR, and shall contain a clause requiring notice to FRANCHISOR thirty (30) days in advance of any proposed cancellation, modification, or termination of any such INSURANCE POLICIES. FRANCHISEE shall give FRANCHISOR certificates of coverage at least annually. Failure to obtain or the lapse of any of the required INSURANCE POLICIES shall be grounds for the immediate termination of this Agreement pursuant to Section 13.B, and FRANCHISEE agrees that any losses, claims or causes of action arising after the lapse of or termination of INSURANCE POLICIES will be the sole responsibility of FRANCHISEE and that FRANCHISEE will hold FRANCHISOR harmless from all such losses, claims and/or causes of action.

FRANCHISEE is required to submit to FRANCHISOR a copy of a Certificate of Insurance, with FRANCHISOR as an additional insured, showing compliance with the foregoing requirements at least thirty (30) days before FRANCHISEE commences operation of the STORE. FRANCHISOR shall have a security interest in all insurance proceeds to the extent FRANCHISEE has any obligation to FRANCHISOR.

If FRANCHISEE at any time fails or refuses to maintain in effect any INSURANCE POLICIES required by FRANCHISOR, or to furnish satisfactory evidence thereof, FRANCHISOR, at its option and in addition to its other rights and remedies hereunder, may, but need not, obtain such INSURANCE POLICIES, on behalf of FRANCHISEE, and FRANCHISEE shall promptly execute any applications or other forms or instruments required to obtain any such INSURANCE POLICIES and pay to FRANCHISOR, on demand, any costs and premiums incurred by FRANCHISOR.

7. PROPRIETARY AND CONFIDENTIAL INFORMATION OF FRANCHISOR

FRANCHISEE acknowledges and agrees that FRANCHISOR possesses certain confidential and proprietary information which has valuable industrial and intellectual property significance, consisting of the methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of STORES (the "Confidential Information"). FRANCHISOR will disclose such parts of the Confidential Information as are required for the operation of a STORE to FRANCHISEE in furnishing FRANCHISEE the training program, the OPERATING MANUAL and in guidance furnished to FRANCHISEE during the Term of this Agreement and any extensions or renewals of the FRANCHISE.

FRANCHISEE acknowledges and agrees that it will not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the STORE during the Term of this Agreement and any extensions or renewals of the FRANCHISE, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition with FRANCHISOR and other STORE franchisees. FRANCHISEE acknowledges that the Confidential Information is disclosed to FRANCHISEE solely on the condition that FRANCHISEE agrees, and FRANCHISEE does hereby agree, that FRANCHISEE (and each of its OWNERS, if the FRANCHISEE is a company, partnership or limited liability company): (1) will not use the Confidential Information in any other

business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the TERM of this Agreement and any extensions or renewals; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all reasonable procedures prescribed from time to time by FRANCHISOR to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, requiring (a) all OWNERS, officers, directors, managing members, and full time managers of FRANCHISEE and any other employee of FRANCHISEE designated by FRANCHISOR to execute confidentiality and non- competition agreements in the form attached hereto as Exhibit B (the “Confidentiality and Non- Competition Agreement”) and (b) any other person who will have access to Confidential Information to execute confidentiality agreements in the form attached hereto as Exhibit C (the “Confidentiality Agreement”).

Notwithstanding anything to the contrary contained in this Agreement, the restrictions on FRANCHISEE’s disclosure and use of the Confidential Information shall not apply to (a) information, processes or techniques which are or become generally known by operators of businesses that are competitive with franchisees of FRANCHISOR, other than through disclosure (whether deliberate or inadvertent) by FRANCHISEE; or (b) disclosure of Confidential Information in judicial, arbitral or administrative proceedings to the extent FRANCHISEE is legally compelled to disclose such information, provided FRANCHISEE shall have used its best efforts, and shall have afforded FRANCHISOR the opportunity, to obtain an appropriate protective order or other assurance satisfactory to FRANCHISOR of confidential treatment for the information required to be so disclosed.

All ideas, concepts, techniques or materials relating to a STORE, whether or not protectable intellectual property and whether created by or for FRANCHISEE or FRANCHISEE’s employees, must be promptly disclosed to FRANCHISOR and will be deemed to be FRANCHISOR’s sole and exclusive property, part of the System, and works made-for-hire for FRANCHISOR. To the extent any item does not qualify as a “work made-for-hire” for FRANCHISOR, by this paragraph FRANCHISEE assigns ownership of that item and all related rights to that item, to FRANCHISOR and agrees to sign whatever assignment or other documents FRANCHISOR requests to evidence FRANCHISOR’s ownership or to help FRANCHISOR obtain intellectual property rights in the item.

8. ADVERTISING AND PROMOTION

A. BY FRANCHISOR

FRANCHISOR will develop, prepare and offer to FRANCHISEE such posters, ad formats, direct mail, point of sale and other advertising materials for the STORE as FRANCHISOR deems appropriate and will implement a marketing program as described below. FRANCHISEE must participate in all advertising and/or promotional campaigns that FRANCHISOR may establish and pay any related charges if requested.

B. MARKETING FUND

FRANCHISOR’s experience and business judgment is that a unified marketing program, on both a local and broader level, is an essential factor in the potential success of all STORES, to achieve top-of-mind awareness in potential customers, to build and retain goodwill associated with the Name and Marks thereby hopefully benefiting all STORE operators, to create improved brand loyalty among new and future

customers and to achieve a favorable retail position for all STORES. To maximize these goals, FRANCHISOR and FRANCHISEE have agreed to a marketing program as follows:

(1) FRANCHISOR has instituted an advertising, publicity and marketing fund (the "MARKETING FUND") for such advertising; advertising-related marketing, travel, personnel, and services; public relations programs; menu and product development; and/or materials; as FRANCHISOR may deem necessary or appropriate to promote STORES. The MARKETING FUND may be combined with any marketing fund otherwise established for STORES and the funds merged for use in accordance with this Agreement. FRANCHISEE will contribute to the MARKETING FUND a percentage of the Gross Sales (as specified in Item 17 of Schedule 1 and further defined in Section 12.B) of the STORE, payable as provided in Section 12.C. FRANCHISOR reserves the right to increase the amount FRANCHISEE is required to contribute to an amount not to exceed three percent (3%) of the Gross Sales of the STORE. FRANCHISEE understands that, due to differing forms of franchise agreements or otherwise, some franchisees may have different MARKETING FUNDS and/or other obligations than in this Agreement.

(2) FRANCHISOR will have sole and absolute discretion over all matters relating to the MARKETING FUND in any way, including (but not limited to) its management, all financial matters, expenditures, receipts and/or investments by the MARKETING FUND, timing of expenditures, creative concepts, content, materials and endorsements for any marketing programs, together with the geographic, market, and media placement and allocation thereof. The MARKETING FUND may be used, in FRANCHISOR's sole and absolute discretion, to (among other things) pay costs of preparing, producing, distributing and using marketing, advertising and other materials and programs; administering national, regional and other marketing programs, purchasing media, employing advertising, public relations and other agencies, personnel, or firms; and supporting public relations, market research and other advertising and marketing activities, as well as any expenses associated with any Franchisee Advisory Council(s), if those Councils, and such expenses, are approved by FRANCHISOR. Brief statements regarding the availability of information regarding the purchase of franchises may be included in advertising and other items produced and/or distributed using the MARKETING FUND.

(3) FRANCHISOR may arrange for services, goods and otherwise, including (but not limited to) creative concepts, production, placement, purchase of media, legal, accounting and other services, to be provided to the MARKETING FUND by itself, any of its affiliates and/or their employees or agents, including persons/entities who may be owned, operated, controlled by, and/or affiliated with, FRANCHISOR (such as an "in-house advertising agency") or who may be independent. FRANCHISOR may use the MARKETING FUND to compensate and reimburse any of such persons/entities (including itself) as FRANCHISOR deems appropriate in its sole and absolute discretion (including payment of commissions) and to compensate itself and/or others for administrative and other services, materials, etc. rendered to the MARKETING FUND, provided that any compensation to FRANCHISOR or any affiliate will not be unreasonable in amount.

(4) FRANCHISOR may recommend prices and pricing strategies for PRODUCTS and services for purposes of menu uniformity, image and advertising. FRANCHISEE is obligated to follow such pricing to the extent such obligation is consistent with applicable law and is otherwise solely responsible for establishing its own retail prices at such levels as FRANCHISEE deems appropriate.

(5) FRANCHISEE will participate in all advertising and public relations programs instituted by the MARKETING FUND, including any loyalty program(s) designated by FRANCHISOR. The

MARKETING FUND will, as available, furnish FRANCHISEE with marketing, advertising and promotional formats and sample materials and may charge the direct cost of producing them plus shipping and handling. FRANCHISOR may use the MARKETING FUND to pay the costs of advertising, advertising-related, marketing and/or public relations programs, services and/or materials with respect to locations, programs or concepts where products and/or services offered under the Name and/or Marks are to be offered in conjunction with products and/or services offered under other marks, including (but not limited to) any co-branding, dual franchising or other programs, and any other franchised or non-franchised alternative channel of distribution, whether or not controlled by FRANCHISOR.

(6) The MARKETING FUND will be accounted for separately from FRANCHISOR's other funds (but may be commingled with FRANCHISOR's other funds) and may be used for such salaries, administrative costs, overhead and other expenses as FRANCHISOR may reasonably incur in activities related to the MARKETING FUND and its programs (including, without limitation, conducting market research, preparing advertising and marketing materials, insurance, legal costs and collecting and accounting for the MARKETING FUND) FRANCHISOR may, in FRANCHISOR's sole and absolute discretion, spend in any fiscal year an amount greater or less than the aggregate contributions to the MARKETING FUND in that year and the MARKETING FUND may borrow from FRANCHISOR or other lenders to cover deficits of the MARKETING FUND or cause the MARKETING FUND to invest any surplus for future use by the MARKETING FUND. FRANCHISEE authorizes FRANCHISOR to collect for remission to the MARKETING FUND any advertising or promotional monies or credits offered by any supplier based upon purchases by FRANCHISEE or otherwise. All interest earned on monies contributed to the MARKETING FUND will be contributed to the MARKETING FUND and will be used to pay costs before using the MARKETING FUND's other assets. A statement of monies collected and costs incurred by the MARKETING FUND will be prepared annually by FRANCHISOR and be furnished to FRANCHISEE upon written request. FRANCHISOR will have the right to cause the MARKETING FUND to be incorporated or operated through an entity as FRANCHISOR deems appropriate in its sole and absolute discretion, and such successor entity will have all rights and duties of FRANCHISOR relating to the MARKETING FUND.

(7) FRANCHISOR may (but is not required to) remit a portion of MARKETING FUND contributions back to a franchisee for reimbursement of local advertising expenditures. FRANCHISOR may also forgive, waive, settle, and compromise all claims by or against the MARKETING FUND. FRANCHISOR will have sole and absolute discretion as to whether or not FRANCHISOR takes legal or other action against any franchisee who is in default of his or her obligations with respect to the MARKETING FUND (including obligations to make contributions) or otherwise and whether a franchisee may be allowed to make direct advertising expenditures.

(8) FRANCHISEE acknowledges and agrees that the MARKETING FUND is generally intended to maximize general recognition of the Name and/or Marks and patronage of STORES. FRANCHISEE understands and acknowledges that the STORE may not benefit directly or in proportion to its contribution to the MARKETING FUND from the development and placement of advertising and development of marketing materials. FRANCHISOR will have no obligation to cause other STORES, licensees or outlets (some of which may be under different arrangements) to contribute to the MARKETING FUND, any cooperative or engage in local marketing. FRANCHISEE and FRANCHISOR, each having a mutual interest in, and agreeing on the critical practical business importance of, FRANCHISEE's and FRANCHISOR's relationship being governed solely by written instruments signed by the parties to be bound (and not having either FRANCHISEE or FRANCHISOR subject to the uncertainty and ambiguity inherent in the application of legal or other concepts not expressly agreed to in writing by FRANCHISEE and FRANCHISOR),

agree that FRANCHISEE's and FRANCHISOR's rights and obligations with respect to the MARKETING FUND and all related matters are governed solely by the express terms of this Agreement and that this Agreement (and the parties' relationship and all rights and obligations with respect to the MARKETING FUND) does not create a "trust," "fiduciary relationship" or similar special arrangement.

C. BY FRANCHISEE

FRANCHISEE must submit for prior approval by FRANCHISOR, any and all advertising and promotional materials prepared by FRANCHISEE for the STORE and FRANCHISEE must not use any disapproved or unapproved advertising or promotional materials. FRANCHISEE must comply with any advertising requirements contained in its lease or sublease for the premises of the STORE. All advertising and promotional materials used by FRANCHISEE must be completely factual, comply with all applicable laws and conform to the highest standards of ethical advertising and policies prescribed from time to time by FRANCHISOR.

FRANCHISEE must list and advertise the STORE in the digital and/or print business listings and directories that FRANCHISOR prescribes, utilizing FRANCHISOR's standard advertisement at FRANCHISEE's sole expense. When more than one STORE serves a metropolitan area, FRANCHISOR may require all such STORES to be listed in the business listing and/or directory advertisement and FRANCHISEE must pay an equal share of the cost thereof.

D. WEBSITE

FRANCHISEE must not establish a Website. As used in this Agreement, the term "Website" means an interactive electronic document, contained in a network of computers linked by communications software that refers to STORES or the NAMES AND MARKS. The term Website includes, but is not limited to, Internet and World Wide Web home pages. FRANCHISOR shall have the right, but not the obligation, to establish a Website and to designate one or more web page(s) on such Website to describe FRANCHISEE and/or the STORE, such web page(s) to be located within FRANCHISOR's Website.

If FRANCHISOR provides FRANCHISEE with a webpage on the Website, FRANCHISEE must: (i) provide the information and materials to develop, update, and modify FRANCHISEE's webpage; and (ii) notify FRANCHISOR whenever any information on FRANCHISEE's webpage is not accurate. FRANCHISOR will own all intellectual property and other rights in the Website, including FRANCHISEE's webpage, and all information they contain (including, without limitation, the domain name or URL for your webpage, the log of "hits" by visitors, and any personal or business data that visitors supply).

FRANCHISOR may use the MARKETING FUND'S assets to develop, maintain, and update the Website. FRANCHISOR periodically may update and modify the Website (including FRANCHISEE's webpage). FRANCHISEE acknowledges that FRANCHISOR has final approval rights over all information on the Website (including FRANCHISEE's webpage).

Even if FRANCHISOR provides FRANCHISEE a webpage on the Website, FRANCHISOR will only maintain such webpage while FRANCHISEE is in full compliance with this Agreement. If FRANCHISEE is in default of any obligation under this Agreement, then FRANCHISOR may, in addition to its other remedies, remove FRANCHISEE's webpage information from the Website.

All advertising, marketing and promotional materials that FRANCHISEE develops for the STORE must contain notices of the Website's domain name in the manner FRANCHISOR designates. FRANCHISEE may not develop, maintain, or authorize any other Website that mentions or describes FRANCHISEE or the STORE or displays any of the NAMES AND MARKS.

E. SOCIAL MEDIA ACTIVITIES

As used in this Agreement, the term "Social Media" is defined as a network of services, including, but not limited to, blogs, microblogs, and social networking sites (such as Facebook, Tik Tok, LinkedIn, and Twitter), video-sharing and photo-sharing sites (such as YouTube and Instagram), review sites (such as Yelp and Urbanspoon), marketplace sites (such as eBay and Amazon), Wikis, chat rooms and virtual worlds, that allows participants to communicate online and form communities around shared interests and experiences. While it can be a very effective tool for building brand awareness, it can also be devastating to a brand if used improperly. Therefore, FRANCHISEE must strictly follow the Social Media guidelines, code of conduct, and etiquette as set forth in the OPERATING MANUAL. Any use of Social Media by FRANCHISEE pertaining to the STORE must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. FRANCHISOR reserves the right to "occupy" any Social Media websites/pages and be the sole provider of information regarding the STORES on such websites/pages (e.g., a system-wide Facebook page). If FRANCHISOR requests, FRANCHISEE will promptly modify or remove any online communication pertaining to the STORE.

9. REPORTS, BOOKS AND RECORDS, INSPECTIONS

A. GENERAL REPORTING

FRANCHISEE shall at all times maintain true and accurate business records in the manner specified by FRANCHISOR. FRANCHISEE shall submit weekly financial reporting forms (or less frequently if permitted by FRANCHISOR) and such other financial, operational and statistical information as FRANCHISOR may require to: (i) assist FRANCHISEE in the operation of the STORE in accordance with the System; (ii) allow FRANCHISOR to monitor FRANCHISEE's Gross Sales, purchases, costs and expenses; (iii) enable FRANCHISOR to develop chain wide statistics which may improve bulk purchasing; (iv) assist FRANCHISOR in the development of new authorized PRODUCTS or the removal of existing unsuccessful products; (v) enable FRANCHISOR to refine existing authorized PRODUCTS; and (vi) generally improve chain-wide understanding of the System. Without limiting the generality of the foregoing:

FRANCHISEE will allow FRANCHISOR to poll on a daily basis, at a time selected by FRANCHISOR, FRANCHISEE's computerized point of sale system for the STORE to retrieve sales, usage, and operations data. All store sales must be accounted for through the FRANCHISOR described point of sale system.

On or before noon (Central Standard Time) each Friday, during the TERM of this Agreement and any extensions or renewals, FRANCHISEE shall submit a weekly sales summary, on a form prescribed by FRANCHISOR, reporting all Gross Sales for the preceding week (defined as the seven day period beginning each Thursday and ending on the following Wednesday) either by electronic mail ("e-mail") or by any other electronic means prescribed by FRANCHISOR.

On or before the 10th day of each month, during the TERM of this Agreement and any extensions or renewals, FRANCHISEE shall submit a monthly sales summary signed by FRANCHISEE, on a form

prescribed by FRANCHISOR, reporting all Gross Sales for the preceding month, or fiscal period as applicable, together with such additional financial information as FRANCHISOR may from time to time request.

Within thirty (30) days after the end of each fiscal quarter, FRANCHISEE shall also provide FRANCHISOR with quarterly sales and menu mix data in the format and manner prescribed by FRANCHISOR.

Within thirty (30) days following FRANCHISEE's receipt of written request from FRANCHISOR, FRANCHISEE shall submit to FRANCHISOR financial statements for the preceding quarter, including a Balance Sheet and Profit and Loss Statement, prepared in the form and manner prescribed by FRANCHISOR and in accordance with generally accepted accounting principles ("GAAP"), which shall be certified by FRANCHISEE to be accurate and complete.

FRANCHISOR reserves the right to require such other information concerning the STORE as FRANCHISOR may from time to time reasonably request, including, without limitation, a semi-annual balance sheet and Profit and Loss Statement, prepared by a Certified Public Accountant, in accordance with GAAP. FRANCHISEE shall submit to FRANCHISOR a copy of the original signed 1120 or 1120S tax form each and every year or any other forms which take the place of the 1120 or 1120S forms. FRANCHISEE shall also provide FRANCHISOR with copies of signed original sales and use tax forms contemporaneously with their filing with the appropriate state or local authority.

Within sixty (60) days following the end of each calendar year, FRANCHISEE shall submit to FRANCHISOR an unaudited annual financial statement prepared in accordance with GAAP, and in such form and manner prescribed by FRANCHISOR, which shall be certified by FRANCHISEE to be accurate and complete.

FRANCHISEE shall immediately (in no event more than 24 hours following) notify FRANCHISOR of any (i) incident that may adversely affect the operation or financial condition of the STORE, FRANCHISOR or its affiliates; (ii) legal action (including the commencement of a suit or proceeding, or the threat thereof), (iii) issuance of any writ, order, injunction, award or decree of any court, agency or government authority, including any citation, fine or closing order, or (iv) any other adverse inquiry, notice, demand or sanction received by FRANCHISEE relating to the operation of the STORE or the LOCATION, including any alleged violation of any law, including health, safety or employment law violations, and including any labor dispute or actual or threatened labor strike, work stoppage, lock-out or other incident relating to any labor agreement, and shall provide FRANCHISOR with copies of all related correspondence and other communications and information relating thereto.

If FRANCHISEE fails, for any reason, to timely deliver to FRANCHISOR any required report with all required information, FRANCHISOR is authorized, without further notice, to assess ROYALTY FEES and MARKETING FUND contributions for each relevant week and effect an electronic funds or other transfer of such funds calculated as the greater of (i) FRANCHISEE's average weekly ROYALTY FEE and MARKETING FUND contributions over the prior twelve months, or (ii) the ROYALTY FEE and MARKETING FUND contributions of all similar franchisees within FRANCHISEE's region as defined by FRANCHISOR. FRANCHISEE hereby authorizes FRANCHISEE's bank to make such transfers upon FRANCHISOR's request. No action taken under this Paragraph shall constitute a cure of any breach by FRANCHISEE, an election of remedies by FRANCHISOR or in any way limit FRANCHISEE's liability to pay fees under this Agreement.

B. INSPECTIONS

FRANCHISOR's authorized representatives will have the right to enter the LOCATION and the STORE at any time during business hours, and without prior notice to FRANCHISEE, for the purposes of: (i) examining same; (ii) conferring with FRANCHISEE's employees; (iii) inspecting and checking operations, food, beverages, furnishings, interior and exterior decor, supplies, fixtures, and equipment; (iv) removing samples for testing and analysis; (v) interviewing customers; (vi) conducting inventories; and (vii) determining whether the business is being conducted in accordance with this Agreement, the System and the OPERATING MANUAL. FRANCHISEE agrees to fully cooperate in connection with such matters. If any such inspection indicates any deficiency or unsatisfactory condition with respect to any matter required under this Agreement or the OPERATING MANUAL, including but not limited to quality, cleanliness, service, health and authorized product line, FRANCHISOR will notify FRANCHISEE in writing of FRANCHISEE's non-compliance with the OPERATING MANUAL, the System, or this Agreement. FRANCHISEE shall have 24 hours after receipt of such notice, or such other greater timeperiod as FRANCHISOR may provide, at its sole discretion, to correct or repair such deficiency or unsatisfactory condition. If FRANCHISEE fails or refuses to correct the non-compliance within the requiredperiod of time, FRANCHISOR shall have the right, in addition to all other remedies, to take such corrective action as is, in the sole determination of FRANCHISOR, necessary and appropriate to bring the STORE in compliance with FRANCHISOR's specifications, standards, methods, policies and procedures, and FRANCHISEE shall pay the entire cost thereof to FRANCHISOR on demand.

C. AUDITS

Upon ten (10) days prior written notice, FRANCHISOR, its agents or representatives may audit FRANCHISEE's books and records. In connection with such audit(s) or other operational visits, FRANCHISEE shall keep its cash receipts records, monthly control forms, accounts payable records including all payments to FRANCHISEE's suppliers at the LOCATION or at its business office for five (5) years after their due date, which records shall be available for examination by FRANCHISOR or its representative(s), at FRANCHISOR's request. Without any prior written notice, FRANCHISOR, its agents or representatives may inspect the STORE and FRANCHISEE's daily, weekly and monthly statistical information which is required under the OPERATING MANUAL. FRANCHISEE shall make such information available for such inspections in recognition that an operational inspection cannot succeed without review of essential statistical information. If any audit or other investigation reveals an under-reporting or under-recording error of two percent (2%) or more, then in addition to any other sums due, the expenses of the audit/inspection shall be borne and paid by FRANCHISEE upon billing by FRANCHISOR, plus interest as provided under Section 12.D below.

10. NAMES AND MARKS

A. OWNERSHIP OF NAMES AND MARKS

FRANCHISOR is the licensee of the IP OWNER of the NAMES AND MARKS licensed to FRANCHISEE by this Agreement and FRANCHISEE's right to use the NAMES AND MARKS is derived solely from this Agreement and is limited to the operation of the STORE in compliance with this Agreement at the LOCATION, or a substitute premises hereafter approved by FRANCHISOR as provided in Section 2, and by all applicable standards, specifications and operating procedures prescribed by FRANCHISOR from time to time during the Term of this Agreement and any extensions or renewals of this FRANCHISE. FRANCHISEE

agrees that all usage of the NAMES AND MARKS, including usage on computerized media and/or electronic media if approved by FRANCHISOR (including but not limited to the World Wide Web, the Internet, Telnet, newsgroups, bulletin boards, FTP, and the like), by FRANCHISEE and any goodwill established thereby shall inure to the exclusive benefit of FRANCHISOR and the IP OWNER. FRANCHISEE further agrees that after the termination or expiration of the FRANCHISE, it will not directly or indirectly at any time or in any manner identify, the STORE, FRANCHISEE, any owner or other business as a STORE, a former STORE or as a franchisee of or otherwise associated with FRANCHISOR, or use in any manner or for any purpose any of the NAMES AND MARKS or other indicia of a STORE.

B. LIMITATIONS ON FRANCHISEE'S USE OF NAMES AND MARKS

FRANCHISEE agrees to use the NAMES AND MARKS as the sole service mark and trade name identification of the STORE. FRANCHISEE shall display a notice in such form as FRANCHISOR may prescribe that FRANCHISEE is an independent owner of the STORE pursuant to this Agreement. FRANCHISEE shall not use any of the NAMES AND MARKS as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to FRANCHISEE hereunder), or in any modified form, nor may FRANCHISEE use any NAMES AND MARKS in connection with the sale of any unauthorized product or service or in any other manner including via computerized media and electronic media not explicitly authorized in writing by FRANCHISOR. All bank accounts, licenses, permits or other similar documents shall contain the actual name of the person or entity owning the STORE and may contain "d/b/a" and the Name, as defined in Item 23 of Schedule 1. FRANCHISEE shall obtain any fictitious name, assumed name or "doing business" registration as may be required by law.

C. NOTIFICATION OF INFRINGEMENTS AND CLAIMS

FRANCHISEE shall immediately notify FRANCHISOR of any apparent infringement of or challenge to FRANCHISEE's use of any of the NAMES AND MARKS or claim by any person of any rights in any of the NAMES AND MARKS and FRANCHISEE shall not communicate with any person other than FRANCHISOR and the IP OWNER and their counsel in connection with any such infringement, challenge or claim. FRANCHISOR and its affiliates shall have sole discretion to take such action as they deem appropriate and the right to exclusively control any litigation or Patent and Trademark Office or other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any NAMES AND MARKS. FRANCHISEE agrees to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of FRANCHISOR's or the IP OWNER's counsel, be necessary or advisable to protect and maintain FRANCHISOR's and IP OWNER's interests in any litigation or Patent and Trademark Office or other proceeding or to otherwise protect and maintain FRANCHISOR's and IP OWNER's interests in any of the NAMES AND MARKS.

D. DISCONTINUANCE OF USE OF NAMES AND MARKS

If FRANCHISOR believes at any time that it is advisable for FRANCHISOR and/or for FRANCHISEE to modify or discontinue the use of any of the NAMES AND MARKS and/or use one or more additional or substitute name(s), trademarks or service marks, FRANCHISEE will promptly comply (at FRANCHISEE's sole expense) with FRANCHISOR's directions to modify or otherwise discontinue the use of such NAMES AND MARKS, or use one or more additional or substitute names, trademarks or service marks, including (but not limited to) replacement of all signage, etc. Neither FRANCHISOR nor any of its affiliates, including the IP OWNER, will have any liability or obligation (whether of indemnity, expense reimbursement or

otherwise) to FRANCHISEE, and FRANCHISEE agrees to make no claim, for, or in connection with, any modification, discontinuance or otherwise, and/or any dispute regarding any of the NAMES AND MARKS and/or FRANCHISEE's and/or FRANCHISOR's rights in or to them. FRANCHISOR makes no guaranty that a modification, discontinuance or otherwise may not be required, whether as a result of expiration, termination or limitation of FRANCHISOR's rights to the NAMES AND MARKS or otherwise.

E. INDEMNIFICATION OF THE FRANCHISEE.

FRANCHISOR agrees to indemnify FRANCHISEE against and to reimburse FRANCHISEE for all damages for which FRANCHISEE is held liable in any proceeding rising out of FRANCHISEE's use of any of the NAMES AND MARKS pursuant to and in compliance with this Agreement and for all costs reasonably incurred by FRANCHISEE in the defense of any such claim brought against FRANCHISEE or in any such proceeding in which FRANCHISEE is named as a party; provided that FRANCHISEE has timely notified FRANCHISOR of such claim or proceeding and has otherwise complied with this Agreement.

11. INITIAL FRANCHISE FEE

A new FRANCHISEE shall pay to FRANCHISOR the Initial Franchise Fee, as specified in Item 13 of Schedule 1, for the FRANCHISE.

The Initial Franchise Fee is payable in immediately available funds upon the execution of this Agreement and is deemed fully earned by FRANCHISOR upon execution of this Agreement and shall be non-refundable in whole or in part, under any circumstances.

12. ROYALTY FEE

A. AMOUNT OF ROYALTY FEE

FRANCHISEE agrees to pay to FRANCHISOR a royalty fee ("the ROYALTY FEE, as specified in Item 16 of Schedule 1, as a percentage of the Gross Sales (as defined in Section 12.B below) of the STORE, payable as provided in Section 12.C.

B. DEFINITION OF "GROSS SALES"

As used in this Agreement, the term "Gross Sales" shall mean and include the total actual gross charges for all PRODUCTS and services sold to customers of the STORE, for cash or credit, whether such sales are made at or from the premises of the STORE, or any other location or other channels of distribution if approved in writing in advance by FRANCHISOR but excluding: sales, use, service or excise taxes collected from customers and paid to the appropriate taxing authority; customer refunds and adjustments.

C. PAYMENT OF ROYALTY FEE AND MARKETING FUND CONTRIBUTIONS AND OTHER AMOUNTS DUE

FRANCHISOR will debit FRANCHISEE's business checking account (the "EFT Account") for ROYALTY FEES and MARKETING FUND contributions weekly on each Thursday based on the STORE's Gross Sales during the preceding week (or as FRANCHISOR may otherwise prescribe from time to time in its sole

discretion). FRANCHISEE hereby authorizes FRANCHISOR and its affiliates to debit FRANCHISEE's EFT Account for the ROYALTY FEE, MARKETING FUND contributions (as defined below) and all other amounts due (including, but not limited to, the monthly POS Cloud Fee and PCI Fee) to FRANCHISOR or its affiliates under this Agreement or otherwise. FRANCHISEE agrees to ensure that funds are available in the EFT Account to cover FRANCHISOR's withdrawals. Upon FRANCHISOR's request, FRANCHISEE agrees to sign any additional documents FRANCHISOR requires to authorize FRANCHISOR to debit FRANCHISEE's EFT Account.

Also, FRANCHISOR may debit FRANCHISEE's EFT Account for an estimated ROYALTY FEE and MARKETING FUND contribution on the date it is due. FRANCHISOR will calculate its estimate of FRANCHISEE's ROYALTY FEE and MARKETING FUND contribution by using a Gross Sales figure that is equal to one hundred twenty percent (120%) of the average weekly Gross Sales of the STORE for the previous six weeks. If the amounts that FRANCHISOR debits from FRANCHISEE's EFT Account are less than the amounts FRANCHISEE actually owes FRANCHISOR (once FRANCHISOR has determined the STORE's true and correct Gross Sales), FRANCHISOR will debit FRANCHISEE's EFT Account for the balance on the day FRANCHISOR specifies. If the amounts that FRANCHISOR debits from FRANCHISEE's EFT Account are greater than the amounts FRANCHISEE actually owes FRANCHISOR, FRANCHISOR will credit the excess against the amounts FRANCHISOR otherwise would debit from FRANCHISEE's EFT Account on the next payment date.

FRANCHISOR may require FRANCHISEE to pay any amounts due under this Agreement or otherwise by means other than debiting FRANCHISEE's EFT Account or automatic debit (e.g., by check) whenever FRANCHISOR deems appropriate, and FRANCHISEE agrees to comply with FRANCHISOR's payment instructions.

FRANCHISEE is responsible for paying all service charges and other fees imposed or otherwise resulting from action by FRANCHISEE's bank in connection with the electronic funds transfers ("EFT") by FRANCHISOR, including, without limitation, any and all service charges and other fees arising in connection with any EFT by FRANCHISOR not being honored or processed by FRANCHISEE's bank for any reason and a Fifty Dollar (\$50) charge by FRANCHISOR for processing the EFT.

D. INTEREST ON LATE PAYMENTS AND LATE FEES

All ROYALTY FEES, MARKETING FUND contributions and any other amounts owed to FRANCHISOR or its affiliates by FRANCHISEE, pursuant to this Agreement, shall bear interest after due date at the highest legal rate for open account business credit in the state in which the STORE is located not to exceed one and one-half percent (1 1/2%) per month. FRANCHISEE must also pay FRANCHISOR or its affiliates a late fee of Two Hundred Fifty Dollars (\$250) per occurrence subject to applicable law. FRANCHISEE acknowledges that this Section 12.D shall not constitute FRANCHISOR's agreement to accept such payments after they are due or a commitment by FRANCHISOR to extend credit to or otherwise "finance" FRANCHISEE's operation of the STORE. Further, FRANCHISEE acknowledges that its failure to pay any amounts when due will constitute a breach of this Agreement as provided in Section 13.B notwithstanding the provisions of this Section 12.D.

Additionally, if FRANCHISEE fails to pay all ROYALTY FEES and MARKETING FUND contributions to FRANCHISOR and to adhere to the standard credit terms of FRANCHISOR or its affiliate with respect to payment for any PRODUCTS, FRANCHISOR and its affiliates reserve the right to cease selling PRODUCTS

to FRANCHISEE or to require FRANCHISEE to pay cash on delivery by certified check until such time as FRANCHISEE cures the payment default.

13. TERMINATION OF FRANCHISE

A. TERMINATION BY FRANCHISEE

If FRANCHISEE has materially complied with all of its obligations under this Agreement and FRANCHISOR has materially breached this Agreement, FRANCHISEE will have a right to terminate this Agreement if (1) FRANCHISEE provides FRANCHISOR with written notice of FRANCHISOR's breach within ninety (90) days of the occurrence of the material breach and (2) FRANCHISOR fails to cure FRANCHISOR's breach within sixty (60) days after FRANCHISOR receives the written notice of such breach or, in a case where FRANCHISOR's breach cannot reasonably be cured within sixty (60) days after FRANCHISOR receives written notice of its breach, if FRANCHISOR fails to provide FRANCHISEE with reasonable evidence of FRANCHISOR's continuing efforts to correct its breach within a reasonable time. If FRANCHISOR disputes the occurrence of a material breach or FRANCHISEE's allegation that FRANCHISOR has failed to timely cure any breach or to provide FRANCHISEE with reasonable evidence of FRANCHISOR's continuing efforts to correct its breach within a reasonable time, then FRANCHISOR will provide FRANCHISEE with written notice of the dispute. FRANCHISEE must then commence mediation pursuant to this Agreement within twenty (20) days after FRANCHISEE receives such written notice. FRANCHISEE's failure to commence mediation within such twenty (20) day period shall operate as a waiver of any alleged breach by FRANCHISOR to date. The mediation is to be administered by the American Arbitration Association or ADR in Orange County, California, and conducted by one (1) mediator selected by the AAA or ADR under the then current commercial mediation rules of the American Arbitration Association or ADR, at a facility selected by the mediator that is located within fifty (50) miles of FRANCHISOR's then current principal place of business. During the pendency of the mediation proceeding (or arbitration proceeding if the dispute cannot be resolved by mediation), this Agreement shall not terminate unless otherwise terminable by FRANCHISOR hereunder or upon agreement of the parties.

To terminate this Agreement under this Section 13.A, FRANCHISEE must give FRANCHISOR a separate written notice of termination which will be effective thirty (30) days after delivery of such notice to FRANCHISOR.

B. BY FRANCHISOR

FRANCHISOR shall have the right to terminate this Agreement for "good cause" upon delivering notice of termination to FRANCHISEE. For purposes of this Agreement, "good cause" shall include, but not be limited to: (i) a material breach of this Agreement or any other agreement between FRANCHISEE and FRANCHISOR or any of its affiliates, (ii) intentional, repeated or continuous breach of any provision of this Agreement or any other agreement between FRANCHISEE and FRANCHISOR or any of its affiliates, and (iii) the breaches set forth below:

(1) **Immediate Termination.** FRANCHISEE shall be deemed to be in default and FRANCHISOR may terminate this Agreement and all rights granted hereunder, without affording FRANCHISEE any opportunity to cure the default, effective immediately upon receipt of notice by FRANCHISEE, and such termination shall be for good cause where the grounds for termination are:

(a) FRANCHISEE has made any material misrepresentation or omission in applying for the FRANCHISE or in executing or performing under this Agreement or any other agreement between FRANCHISEE and FRANCHISOR or any of its affiliates;

(b) FRANCHISEE becomes insolvent by reason of FRANCHISEE's inability to pay debts as they become due, or makes an assignment for the benefit of creditors or makes an admission of FRANCHISEE's inability to pay obligations as they become due;

(c) FRANCHISEE files a petition in bankruptcy, or an involuntary petition in bankruptcy is filed against FRANCHISEE or a receiver is appointed for FRANCHISEE's business, or a final judgment remains unsatisfied or of record for thirty (30) days or longer; or if FRANCHISEE is a corporation, limited liability company or partnership, FRANCHISEE is dissolved;

(d) FRANCHISEE voluntarily abandons or discontinues to actively operate the STORE for two (2) business days or more in any twelve (12) month period;

(e) FRANCHISEE operates the STORE in a manner that presents a health or safety hazard to its customers, employees or the public;

(f) FRANCHISEE or any of its principal officers, directors, partners or managing members is convicted of or pleads no contest to a felony or other crime or offense that adversely affect the reputation of the System or the goodwill associated with the Name and Marks;

(g) FRANCHISEE or any partner, member or shareholder in FRANCHISEE makes, purports to make or attempts to make an unauthorized direct or indirect transfer of this Agreement or any rights or obligations under this Agreement, or makes, purports to make or attempts to make an unauthorized direct or indirect transfer of an ownership interest in the STORE, or fails or refuses to transfer the STORE or the interest in the STORE of a deceased or disabled controlling owner thereof as otherwise required in this Agreement;

(h) FRANCHISEE falsifies any financial reports or records required to be provided by FRANCHISEE to FRANCHISOR under this Agreement or an audit of FRANCHISEE's records discloses an understatement by FRANCHISEE of its Gross Sales by two percent (2%) or more;

(i) FRANCHISEE's disclosure, utilization, or duplication of any portion of the System, the Operating Manual or other proprietary or Confidential Information relating to the STORE that is contrary to the provisions of this Agreement;

(j) FRANCHISEE defaults under the lease or sublease, or otherwise loses the right to possess the premises at the LOCATION approved for the STORE and fails to secure a Substitute LOCATION approved by FRANCHISOR within ninety (90) days after the STORE ceases to operate from the LOCATION;

(k) FRANCHISEE fails to comply with the confidentiality and non-competition covenants, as required in Sections 7 and 14.F herein;

(l) FRANCHISEE offers, sells, markets, distributes, delivers, serves and/or promotes any products/services which are not authorized by FRANCHISOR as required in Section 6.D, above;

(m) FRANCHISEE closes any bank account without completing all of the following forthwith after such closing; (i) immediately notifying FRANCHISOR thereof in writing, (ii) immediately establishing another bank account, and (iii) executing and delivering to FRANCHISOR all documents necessary for FRANCHISOR to begin and continue making withdrawals from such bank account by electronic funds transfer in accordance with Section 12.C of this Agreement;

(n) FRANCHISEE loses or fails to obtain or maintain any permit or license necessary to operate the STORE; or

(o) FRANCHISEE, having defaulted pursuant to Section 13.B(2) herein, commits the same act of default again within any twelve (12) consecutive month period, whether or not such default is cured after notice thereof is delivered to FRANCHISEE, or if FRANCHISEE receives three (3) or more default notices from FRANCHISOR within any twelve (12) consecutive monthly period or six (6) or more default notices from FRANCHISOR during the Term of this Agreement and any extensions or renewals, whether or not any such defaults were related to the same problem or were cured after notice thereof to FRANCHISEE.

(2) **Termination with Notice.** In addition to the provisions of Section 13.B(1), if FRANCHISEE is in default under the terms of this Agreement and the default is not cured or remedied (to FRANCHISOR's satisfaction) within thirty (30) days after receipt of written notice from FRANCHISOR (or ten (10) days prior notice in the event of a default described in Subsections (c), (g), (h), (i), (k), and (q) below), in addition to all other remedies available to FRANCHISOR at law or in equity, FRANCHISOR may at any time thereafter immediately terminate this Agreement. If any such default is not cured within the specified cure period, this Agreement shall terminate without further notice to FRANCHISEE effective immediately upon expiration of the cure period. FRANCHISEE shall be in default, and each of the following shall constitute good cause for termination under this Agreement:

(a) FRANCHISEE fails to secure control of a FRANCHISOR-approved location and open the STORE for business within twelve (12) months after signing this Agreement;

(b) FRANCHISEE fails or neglects to obtain FRANCHISOR's prior written approval or consent when approval or consent is required by this Agreement [except for a transfer or attempted transfer of an interest in this Agreement without approval (for which FRANCHISOR has the right to terminate this Agreement immediately without right to cure), as provided in Section 13.B(1)(f) above];

(c) FRANCHISEE uses any name, marks, system or symbol not authorized by FRANCHISOR, or FRANCHISEE commits any act or practice that impairs or imminently threatens to impair the goodwill associated with the NAMES AND MARKS, as determined by FRANCHISOR;

(d) FRANCHISEE fails to comply with any provision of this Agreement that does not otherwise provide for immediate termination, or FRANCHISEE's bad faith in carrying out the terms of this Agreement;

(e) FRANCHISEE fails (i) to maintain books and financial records for the STORE suitable for proper financial audit, (ii) to submit, as required by this Agreement, all reports, records and information of the STORE or (iii) to permit FRANCHISOR to carry out FRANCHISOR's rights to conduct an inspection or audit, as provided in this Agreement;

(f) if FRANCHISEE has elected not to directly supervise "on-premises" the day-to-day store operations, FRANCHISEE's store manager fail to complete, to FRANCHISOR's satisfaction, the training program as provided in this Agreement;

(g) FRANCHISEE fails or refuses to pay when due any amount owing to FRANCHISOR or its affiliates under this Agreement or any other agreement, or is unable to obtain adequate financing to cover all costs of developing, opening and operating the STORE;

(h) FRANCHISEE fails or refuses to pay when due any amounts owing to any person or entity in connection with the construction, equipment, products, leasing, financing, operation or supply of the STORE, except, in FRANCHISOR's sole judgment, for disputed amounts that FRANCHISEE is working in good faith to resolve;

(i) FRANCHISEE fails to maintain or suffers cancellation of any INSURANCE POLICIES required under this Agreement;

(j) FRANCHISEE violates any health or safety law, ordinance or regulation;

(k) FRANCHISEE fails to comply with then current STORE staffing requirements, as stated by FRANCHISOR in the Operating Manual or in other written requirements;

(l) FRANCHISEE fails to obtain execution of the confidentiality and non-competition covenants as required in Sections 7 and 14.F, herein;

(m) FRANCHISEE fails to execute any exhibits, addendum, attachments, or agreements to this Agreement requiring FRANCHISEE's signature;

(n) If FRANCHISEE, by act or omission, permits a continued violation in connection with the operation of the STORE of any law, ordinance, rule or regulation of a governmental agency, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief there from;

(o) FRANCHISEE fails to maintain and operate the STORE in accordance with any provisions, specifications, methods, standards or procedures prescribed by FRANCHISOR for the System, including, but not limited to, complying with the Operating Manual and other written materials, and maintaining uniform high standards for product quality, customer service, and a clean STORE in orderly condition and excellent repair;

(p) FRANCHISEE fails to abide by the pertinent marketing and advertising requirements and procedures and participate in marketing programs for the business as established by FRANCHISOR; or

(q) FRANCHISEE fails to use an approved or designated supplier for a specified product or service, as required by FRANCHISOR.

C. RIGHT OF FRANCHISOR TO DISCONTINUE PRODUCTS TO FRANCHISEE AFTER NOTICE OF DEFAULT TO FRANCHISEE

If FRANCHISOR delivers to FRANCHISEE a notice of default or non-compliance pursuant to Section 13.B of this Agreement, in addition FRANCHISOR's other rights and remedies, FRANCHISOR reserves the right of FRANCHISOR (and its affiliates), if currently selling PRODUCTS, to discontinue selling PRODUCTS to FRANCHISEE until such time as FRANCHISEE corrects the default.

D. CROSS-DEFAULTS, NON-EXCLUSIVE REMEDIES, ETC.

Any default by FRANCHISEE (or any person/company affiliated with FRANCHISEE) under the terms and conditions of this Agreement or any lease or sublease, or any other agreement between FRANCHISOR, or its affiliate, and FRANCHISEE, shall be deemed to be a material default of each and every said agreement, and furthermore, in the event of termination, for any cause, of this Agreement, or any other agreement between the parties hereto, FRANCHISOR may, at its option, terminate any or all said agreements. No right or remedy which FRANCHISOR may have (including termination) is exclusive of any other right or remedy provided under law or equity and FRANCHISOR may pursue any rights and/or remedies available.

14. FRANCHISEE'S OBLIGATION UPON TERMINATION OR EXPIRATION

A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR

FRANCHISEE agrees to pay to FRANCHISOR and its affiliates within ten (10) days after the effective date of termination or expiration of the FRANCHISE, such ROYALTY FEES, MARKETING FUND contributions, amounts owed for PRODUCTS purchased by FRANCHISEE from FRANCHISOR and its affiliates, and all other amounts owed to FRANCHISOR and its affiliates which are then unpaid, including any interest and late fees due pursuant to this Agreement as provided in Section 12.D.

B. RETURN OF MANUALS

Upon termination or expiration of the FRANCHISE, FRANCHISEE shall immediately return all copies of the OPERATING MANUAL for a STORE to the FRANCHISOR.

C. DISCONTINUE USE OF INTELLECTUAL PROPERTY, CONFIDENTIAL INFORMATION AND TRADE DRESS

Upon termination or expiration of the FRANCHISE, FRANCHISEE shall have no further rights to use, in any manner, the System or the NAMES AND MARKS. FRANCHISEE agrees to immediately and permanently discontinue operation of the STORE and any use of the intellectual property and/or the Confidential Information owned by FRANCHISOR, and will not use any similar or derivative marks, or materials, or colorable imitations of any such intellectual property in any medium or manner or for any purpose.

FRANCHISEE will remove from public view any distinctive signage, physical and/or structural features associated with the STORE, so that the premises are clearly distinguished from other STORES and do not create any public confusion (to the extent the STORE has not been assigned in connection with an authorized transfer or purchased by FRANCHISOR).

FRANCHISEE agrees not to identify itself, or any business it may operate or in which it may become involved, or to advertise or promote itself in any manner, as a present or former STORE franchisee or in any way connected with a STORE.

D. CANCELLATION OF ASSUMED NAMES, TRANSFER OF PHONE NUMBERS AND INTERNET SITES

FRANCHISEE agrees that upon termination or expiration of the FRANCHISE, it will take such action as may be required to cancel all fictitious and assumed names or equivalent registrations relating to its use of the NAMES AND MARKS and to notify the telephone/communication service provider and all listing agencies of the termination or expiration of FRANCHISEE's right to use any telephone number and any classified and other business and/or directory listings associated with any NAMES AND MARKS and with a STORE and to authorize transfer of same to FRANCHISOR or its designee. FRANCHISEE acknowledges that as between FRANCHISOR and FRANCHISEE, FRANCHISOR has the sole right to and interest in all business and directory listings associated with any NAMES AND MARKS of the STORE and FRANCHISEE authorizes FRANCHISOR, and hereby appoints FRANCHISOR and any officer of FRANCHISOR as its attorney-in-fact, to direct the telephone/communication service provider and all listing agencies to transfer the same to FRANCHISOR or its designee should FRANCHISEE fail or refuse to do so. The telephone/communication service provider and all listing agencies may accept such direction or this Agreement as conclusive evidence of the exclusive rights of FRANCHISOR in such business and directory listings and its authority to direct their transfer.

FRANCHISEE shall sign any documents and/or pay any amounts required by a telephone or communication services provider as a condition to FRANCHISOR exercising any rights under this Section. If FRANCHISOR is required to pay any amounts owed by FRANCHISEE, to any telephone/communication services provider or otherwise, in connection with FRANCHISOR exercising its rights under this Section or otherwise obtaining/exercising rights to the telephone numbers, FRANCHISEE will immediately reimburse FRANCHISOR for such amounts and all related costs, on demand.

FRANCHISEE shall cancel, or if FRANCHISOR so elects shall assign to FRANCHISOR, all ownership of any and all computerized media or electronic media, including but not limited to the World Wide Web, Internet addresses/sites, Telnet, news groups, bulletin boards, FTP, and the like which presently or which may later exist.

FRANCHISEE shall also comply as to the terms of the Telephone Listing Agreement attached hereto as Exhibit G.

E. FRANCHISOR HAS RIGHT TO PURCHASE STORE

If this Agreement is terminated prior to its scheduled NEW TERM Expiration Date (as specified in Item 10 of Schedule 1) by FRANCHISOR in accordance with the provisions of this Agreement, FRANCHISOR or its designee shall have the right and option (exercisable by written notice thereof within thirty (30) days after the determination of the purchase price pursuant to this Paragraph) to purchase (at the purchase

price determined pursuant to this Paragraph) from FRANCHISEE some or all of the assets (including FRANCHISEE's inventory of saleable PRODUCTS) of the STORE and if the premises were not leased to FRANCHISEE by FRANCHISOR or its affiliates, the right to an assignment of FRANCHISEE's lease or sublease for the premises of the STORE (or, if assignment is prohibited, a sublease for the full remaining term and on the same terms and conditions as FRANCHISEE's lease). There shall be no provision for payment for leasehold improvements, the title of which shall be governed by the terms of FRANCHISEE's lease or sublease for the STORE premises. The purchase price for the assets of the STORE shall be the depreciated value of those assets as shown on FRANCHISEE's most current federal tax return; provided that the purchase price shall not contain any factor or increment for "goodwill" or "going concern value." FRANCHISOR may exclude from the assets purchased hereunder any fixtures, equipment, signs or PRODUCTS and supplies in the inventory of the STORE that are not approved as meeting quality standards for a STORE. The purchase price shall be paid by FRANCHISOR in cash at the closing of the purchase, offset by any amounts owed to FRANCHISOR by FRANCHISEE. Contemporaneously therewith, FRANCHISEE shall: (i) deliver instruments transferring good and merchantable title to the assets purchased, free and clear of all liens and encumbrances to FRANCHISOR or its nominee with all sales and other transfer taxes paid by FRANCHISEE; and (ii) assign or transfer all licenses or permits which may be assigned or transferred. In the event that FRANCHISEE cannot deliver clear title to all of the purchased assets as aforesaid, or in the event there shall be other unresolved issues, the closing of the sale shall be accomplished through an escrow. Further, FRANCHISEE and FRANCHISOR shall, prior to closing, comply with any applicable bulk filings required in the state where the STORE is located. If FRANCHISOR exercises its option to purchase, pending the closing of such purchase as hereinabove provided, FRANCHISOR shall have the right to appoint a manager to maintain the operation of the STORE. Alternatively, FRANCHISOR may require FRANCHISEE to close the STORE during such time period without removing therefrom any assets. FRANCHISEE shall maintain in force all required INSURANCE POLICIES until the date of closing. In connection with such purchase, FRANCHISEE (and each owner and/or affiliate of FRANCHISEE) will execute a general release, in form prescribed by FRANCHISOR, of any and all claims, liabilities and/or obligations against FRANCHISOR and its affiliates.

If agreement on the depreciated value is not reached by FRANCHISEE and FRANCHISOR within ten (10) days after the effective date of termination, the determination of depreciated value (as above defined) shall be submitted to an independent appraiser selected by FRANCHISOR. All fees, costs and expenses of such independent appraiser shall be borne equally by FRANCHISOR and FRANCHISEE.

If FRANCHISOR does not exercise its option to purchase, FRANCHISEE shall, within ten (10) days after the earlier of (i) the expiration of the option period, or (ii) service of written notice that FRANCHISOR does not intend to exercise its option, physically remove from the STORE, obliterate any painting/sign, and cease to use in the STORE and elsewhere, all names, distinctive architectural or other designs, signs, pictures, and other advertising and equipment which are indicative of FRANCHISOR or FRANCHISEE. All PRODUCTS which are not merchantable due to deterioration or which are "out-of-date" shall be destroyed by FRANCHISEE.

F. COVENANT NOT TO COMPETE

To prevent a conflict of interest and unfair competition based upon FRANCHISEE's knowledge and use of the System, the Name and Marks, and other Confidential Information, FRANCHISEE, including all officers, directors, holders of beneficial interests of FRANCHISEE, members, general partners, any limited partners and their respective spouses and immediate family members, covenant and agree, pursuant to

this Agreement, that FRANCHISEE, shall not without FRANCHISOR's prior written consent, directly or indirectly, as an individual, owner, partner, stockholder, member, employer, employee, consultant, or in any other capacity, participate in or share the earnings or profits of any business (except through FRANCHISEE's ownership of publicly-traded securities or interests in other STORES pursuant to other franchise agreements with Franchisor or its affiliates) that provides products, or marketing or consulting, or any similar business offering products of a similar nature to those of any concept (including, but not limited, to STORES) franchised or owned and operated by FRANCHISOR, its parent, or any of its affiliates, or in any business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses: (i) during the Term of this Agreement and any extensions or renewals, at any location other than the STORE; (ii) for two (2) years after the expiration, termination or non-renewal (by FRANCHISOR or by FRANCHISEE for any reason) of this Agreement anywhere within a ten (10) mile radius of the STORE location licensed under this Agreement or of any concept (including, but not limited to, STORES) franchised or owned and operated by FRANCHISOR, its parent, or any of its affiliates; and (iii) for two (2) years after FRANCHISEE has assigned its interest in this Agreement anywhere within a ten (10) mile radius of the STORE licensed under this Agreement or of any concept (including, but not limited, to STORES) franchised or owned and operated by FRANCHISOR, its parent, or its affiliates.

If FRANCHISEE violates this Section 14.F and competes with FRANCHISOR, FRANCHISOR has the right to require that all sales made by the competing business ("Competitive Business") be reported to it. FRANCHISEE will pay to FRANCHISOR, on demand, a weekly fee of Seven Hundred Fifty Dollars (\$750) without being deemed to revive or modify this Agreement. These payments are liquidated damages to compensate FRANCHISOR for its damages from FRANCHISEE's violation of the covenant not to compete.

FRANCHISEE agrees that the restrictions contained in this Section 14.F are reasonable and necessary to protect the legitimate interests of the STORES and other concepts franchised, or owned and operated by FRANCHISOR, its parent or any of its affiliates. If, however, any court should find Section 14.F or any portion of Section 14.F to be unenforceable and/or unreasonable, the court is authorized and requested to reduce the scope or duration of the provision(s) in issue to the extent necessary to render it enforceable and/or reasonable and to enforce the provision so revised.

FRANCHISOR shall have the right to reduce the scope of any covenant not to compete in this Agreement, or any portion thereof, without FRANCHISEE's consent, effective upon receipt by FRANCHISEE of written notice thereof. FRANCHISEE shall comply with any covenant as so modified.

G. CONTINUING OBLIGATIONS

All obligations of FRANCHISOR and FRANCHISEE which expressly or by their nature survive the expiration or termination of the FRANCHISE shall continue in full force and effect subsequent to the expiration or termination of this Agreement until they are satisfied in full or by their nature expire.

15. ASSIGNMENT, TRANSFER AND ENCUMBRANCE

A. BY FRANCHISOR

This Agreement, and any or all of FRANCHISOR's rights and/or obligations under it, are fully transferable by FRANCHISOR in whole or in part, without the consent of FRANCHISEE and shall inure to

the benefit of any person or entity to whom FRANCHISOR transfers it, or to any other legal successor to FRANCHISOR's interests in this Agreement.

B. FRANCHISEE MAY NOT ASSIGN WITHOUT APPROVAL OF FRANCHISOR

The FRANCHISE is personal to FRANCHISEE (and its OWNERS) and neither the FRANCHISE, this Agreement (except as hereinafter provided with respect to assignment to a partnership, limited liability company or corporation), the STORE or its assets (other than in the ordinary course of its business) nor any part or all of the ownership of FRANCHISEE may be voluntarily, involuntarily, directly or indirectly assigned, subdivided, subfranchised or otherwise transferred (including, without limitation, in the event of the death of FRANCHISEE or an owner of FRANCHISEE, by will, declaration of or transfer in trust or the laws of intestate succession) without the prior written consent of FRANCHISOR, and any such assignment or transfer without such consent shall constitute a breach hereof and shall convey no rights to or interest in the FRANCHISE, this Agreement, the STORE or its assets or any part or all of the ownership interest in FRANCHISEE, and shall be null and void. A transfer of ownership in the STORE may only be made in conjunction with a transfer of the FRANCHISE. If the transfer is of the FRANCHISE, this Agreement or a controlling interest in FRANCHISEE, or is one of a series of transfers which in the aggregate constitute the transfer of the FRANCHISE, this Agreement or a controlling interest in FRANCHISEE, all of the following conditions must be met prior to, or concurrently with the effective date of the transfer: (1) the transferee must have sufficient business experience and financial resources; (2) the transferee must assume all existing obligations of the transferor hereunder and under the lease or sublease; (3) the transferee must attend and complete the training program to the satisfaction of FRANCHISOR; (4) if any part of the sale price of the transferred interest is financed, FRANCHISEE and its OWNERS and the transferor shall have agreed that all obligations of the transferee to either of them shall be subordinate to the obligations of the transferee to pay all fees and other amounts due to FRANCHISOR and its affiliates, and otherwise comply with the Agreement or the franchise agreement executed by the transferee; (5) the STORE must be in compliance with or be brought up to the then-current design and equipment standards for STORES; and (6) the transferee must execute and be bound by all provisions of FRANCHISOR's then-current form of franchise agreement (and sublease if the STORE was subleased directly from FRANCHISOR or its affiliates), which may provide for a higher ROYALTY FEE and MARKETING FUND contributions and other significant provisions may vary from what is provided hereunder and shall provide for a term equal to the remaining TERM of the FRANCHISE.

FRANCHISOR shall not charge such transferee an initial franchise fee for the FRANCHISE, but will charge the transferor an assignment fee (herein know as a "TRANSFER FEE" and specified in Item 24 of Schedule 1) to cover FRANCHISOR's costs in approving and effectuating the assignment. FRANCHISEE shall deposit in escrow funds equal to the anticipated cost of any refurbishing or remodeling necessary to bring the STORE up to the then-current design and equipment standards at the time of the assignment. Funds from the escrow account will be released to FRANCHISEE as per invoice submitted by FRANCHISEE evidencing work completed to FRANCHISOR.

C. ASSIGNMENT TO PARTNERSHIP, LIMITED LIABILITY COMPANY OR CORPORATION

If FRANCHISEE is in full compliance with this Agreement, FRANCHISOR shall not unreasonably withhold its consent to a transfer of the FRANCHISE, this Agreement, the STORE and its assets to a partnership, limited liability company or corporation which conducts no business other than the STORE (and other STORES under franchise agreements with FRANCHISOR), which is actively managed by

FRANCHISEE and in which FRANCHISEE owns and controls not less than fifty-one percent (51%) of the equity and voting power of all issued and outstanding stock or membership or partnership interest; provided that the corporation, limited liability company or partnership execute FRANCHISOR's standard assignment and assumption agreement, and the shareholders, members or partners, in form approved by FRANCHISOR, agree to be personally bound jointly and severally by all provisions of this Agreement and guarantee the performance thereof and all other agreements between FRANCHISEE and FRANCHISOR and its affiliates, to the same extent as if they had been parties to the original agreements, and all issued and outstanding stock certificates of such corporation shall bear a legend reflecting or referring to the restrictions of Section 15.B.

D. FRANCHISOR'S RIGHT OF FIRST REFUSAL

If FRANCHISEE or its OWNERS shall at any time determine to sell the FRANCHISE, this Agreement, the STORE or its assets or an ownership interest in FRANCHISEE, FRANCHISEE or its OWNERS shall obtain abona fide, executed written offer accompanied by a cashier's check for ten percent (10%) of the purchase price to serve as forfeitable earnest money thereunder, from a responsible and fully identified purchaser and shall submit an exact copy of such offer to FRANCHISOR. FRANCHISOR or its designee shall, for a period of thirty (30) days from the date of delivery of such offer, have the right, exercisable by written notice to FRANCHISEE or its OWNERS, to purchase the interest for the price and on the terms and conditions contained in such offer; provided that FRANCHISOR or its designee may substitute cash for any form of payment proposed in such offer. If FRANCHISOR or its designee does not exercise this right of first refusal, FRANCHISEE or its OWNERS may complete the sale of the FRANCHISE, the STORE and its assets or such ownership interest to such purchaser (on the terms of the bona fide offer subject to FRANCHISOR's approval of the purchaser as provided in Section 15.B); provided that if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to FRANCHISOR, FRANCHISOR or its designee shall again have the right of first refusal as stated herein.

E. DEATH OR PERMANENT DISABILITY OF FRANCHISEE

Upon the death or permanent disability of FRANCHISEE or if FRANCHISEE is a corporation, limited liability company or partnership, upon the death or permanent disability of the owner of the controlling interest in FRANCHISEE, the executor, administrator, conservator or other personal representative of such person shall transfer his interest to the heirs or beneficiaries of such person or to a third party approved by FRANCHISOR within a period of twelve (12) months. Such transfers, including, without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for transfers contained in this Agreement. Failure to so dispose of such interest within said period of time shall constitute a breach of this Agreement. FRANCHISEE shall be deemed to have a "permanent disability" if the usual, active participation in the STORE by FRANCHISEE pursuant to this Agreement is for any reason curtailed for a continuous period of six (6) months.

If after the death or permanent disability of FRANCHISEE (or the MANAGING OWNER), the STORE is not being managed by a competent and trained manager (as determined by FRANCHISOR in its sole discretion), FRANCHISOR is authorized to immediately appoint a manager to maintain the operation of the STORE for a period not to exceed twelve (12) months or until an approved assignee shall be able to assume the management and operation of the STORE.

F. RELEASE, EFFECT OF TRANSFER

In connection with any assignment, subdivision, transfer or other permanent disposition of any interest of or by FRANCHISEE (including, but not limited to, an assignment to a corporation) FRANCHISEE and each of its OWNERS and/or affiliates and the transferee (and each owner and/or affiliate of the transferee) if the transferee or such owner and/or affiliate is or has been a franchisee of, or had any other relationship with, FRANCHISOR or any of its affiliates must execute a general release in the form approved by FRANCHISOR.

FRANCHISOR's consent to a transfer, or failure to exercise any right-of-first-refusal, will not constitute a waiver of any claims FRANCHISOR may have against FRANCHISEE (or its OWNERS or affiliates), nor will it be deemed a waiver of FRANCHISOR's right to demand exact compliance with any of the terms or conditions of this Agreement or any other agreement by any transferor or transferee. Unless FRANCHISOR expressly in writing releases FRANCHISEE from its obligations under this Agreement (which FRANCHISOR has no obligation to do), FRANCHISEE will remain and be liable for all of the payment and other obligations under this Agreement (and any other agreement with FRANCHISOR and/or any affiliate) and any franchise agreement and/or other agreement executed by any transferee. Any transfer (including any transfer consented to by FRANCHISOR and even if the transferee executes a new franchise agreement) will not act as a termination of FRANCHISEE's (or its owner's) confidentiality, indemnity, covenant not to compete and other obligations under this Agreement which by their nature survive the Term of this Agreement and any extensions or renewals. In the event of a transfer of an ownership interest in FRANCHISEE, the transferring owner must also comply with such obligations, including, without limitation, the covenant not to compete under Section 14.F.

16. DISPUTE RESOLUTION

For the purposes of this Section 16, "FRANCHISEE" shall be deemed to include its OWNERS, affiliates and its respective employees, and "FRANCHISOR" shall be deemed to include FRANCHISOR, its parent, and its affiliates.

A. MEDIATION, MANDATORY BINDING ARBITRATION, AND WAIVER OF COURT TRIAL

FRANCHISEE and FRANCHISOR believe that it is important to resolve any disputes amicably, quickly, cost effectively and professionally and to return to business as soon as possible. FRANCHISEE and FRANCHISOR have agreed that the provisions of this Section 16 support these mutual objectives and, therefore, agree as follows:

(1) **Claim Process.** Any litigation, claim, dispute, suit, action, controversy, or proceeding of any type whatsoever, including any claim for equitable relief and/or where FRANCHISEE is acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving FRANCHISEE and FRANCHISOR on whatever theory and/or facts based, and whether or not arising out of this Agreement, ("Claim") will be processed in the following manner, FRANCHISEE and FRANCHISOR each expressly waiving all rights to any court proceeding, except as expressly provided below at Section 16.A(4).

(a) First, discussed in a meeting held within thirty (30) days after either FRANCHISEE or FRANCHISOR give written notice to the other proposing such a meeting.

(b) Second, if not resolved, submitted to non-binding mediation for a minimum of four hours. FRANCHISEE and FRANCHISOR will split the costs and each will bear their own expenses of the first four (4) hours of any mediation, and no mediation is required to extend beyond such four-hour period. Any mediation/arbitration will be conducted by a mediator/arbitrator experienced in franchising. Any party may be represented by counsel and may, with permission of the mediator, bring persons appropriate to the proceeding. If FRANCHISEE or FRANCHISOR do not want to participate in a meeting or mediation, then they may proceed to arbitration as provided below.

(c) Third, submitted to and finally resolved by binding arbitration before a single arbitrator in the county where FRANCHISOR's then-current headquarters is located, and in accordance with the arbitration rules of the American Arbitration Association or its successor. On election by any party, arbitration and/or any other remedy allowed by this Agreement may proceed forward at the same time as mediation. Judgment on any preliminary or final arbitration award will be final and binding, and may be entered in any court having jurisdiction.

(2) **Confidentiality**. The parties to any meeting/mediation/arbitration will sign confidentiality agreements, excepting only public disclosures and filings as are required by law.

(3) **Fees and Costs**. The parties will bear their own fees and costs, including attorneys' fees; provided that for matters not settled through agreement of the parties, the arbitrator may assess all, or any portion, of the fees and costs incurred in connection with any arbitration against the party who does not prevail.

(4) **Disputes Not Subject to the Mediation/Arbitration Process**. Claims or disputes relating primarily to (a) the NAMES AND MARKS and/or any intellectual property licensed to FRANCHISEE, and (b) injunctive relief for health and safety issues, may be subjected to court proceedings, at FRANCHISOR's sole election; provided that only the portion of any claim or dispute relating primarily to the validity of the NAMES AND MARKS and/or any intellectual property licensed to FRANCHISEE and requesting equitable relief shall be subject to court action, and any portion of such claim seeking monetary damages will be subject to the Claim Process outlined above.

(5) **Intentions of FRANCHISEE and FRANCHISOR**. FRANCHISEE and FRANCHISOR mutually agree that, notwithstanding any contrary provisions of state, federal or other law, and/or any statements in FRANCHISOR's franchise disclosure document required by a state or the Federal government as a condition to registration or for some other purpose:

(a) all issues relating to arbitration and/or the enforcement of arbitration-related provisions of this Agreement will be decided by the arbitrator (including all Claims that any terms were procured by fraud or similar means) and governed only by the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law of arbitration and exclusive of state statutes and/or common law;

(b) all provisions of this Agreement shall be fully enforced, including (but not limited to) those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, and shortened periods in which to bring Claims;

(c) FRANCHISEE and FRANCHISOR intend to rely on federal preemption under the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and, as a result, the provisions of this Agreement will be enforced only according to its terms;

(d) **FRANCHISEE and FRANCHISOR each knowingly waive all rights to a court trial** (except as expressly provided in this Agreement), understanding that arbitration may be less formal than a court or jury trial, may use different rules of procedure and evidence and that appeal is generally less available, but still strongly preferring mediation and/or arbitration as provided in this Agreement; and

(e) the terms of this Agreement (including but not limited to this Section 16) shall control with respect to any matters of choice of law. Nothing in this or any related agreement, however, is intended to disclaim the representations FRANCHISOR made in the franchise disclosure document it furnished to FRANCHISEE.

B. VENUE

Without in any way limiting or otherwise affecting the obligations of FRANCHISEE and FRANCHISOR under Section 16.A above, FRANCHISEE and FRANCHISOR agree that any litigation will be brought in a court of competent jurisdiction in the county where FRANCHISOR's then-current headquarters is located.

C. TERMS APPLICABLE TO ALL PROCEEDINGS, WAIVER OF TRIAL BY JURY, CERTAIN CLAIMS, AND CLASS ACTION RIGHTS

With respect to any arbitration, litigation or other proceeding of any kind, FRANCHISEE and FRANCHISOR:

- (1) **knowingly waive all rights to trial by jury**; and
- (2) **will pursue any proceeding on an individual basis only, and not on a class-wide or multiple plaintiff basis.**

D. LIMITATIONS ON CLAIMS

Neither party may make claims for emotional distress, whether negligent or intentional, nor punitive damages.

E. PERIODS IN WHICH TO MAKE CLAIMS

No arbitration, action or suit (whether by way of claim, counter-claim, cross-complaint, raised as an affirmative defense, offset or otherwise) by either FRANCHISEE or FRANCHISOR will be permitted against the other, whether for damages, rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged breach of this Agreement, or any other Claim of any type, unless such party commences such arbitration proceeding, action or suit before the expiration of the earlier of:

(1) One (1) year after the date on which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such party; or

(2) Eighteen (18) months after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered.

The above periods may begin to run, and will not be tolled, even though the claiming party was not aware of the legal theories, statutes, regulations, case law or otherwise on which a claim might be based. If any federal, state or provincial law provides for a shorter limitation period than is described in this Section, then such shorter period will govern. The time period for actions for indemnity shall not begin to run until the indemnified party(ies) have been found liable and any time for appeals has run in the underlying action.

F. SEVERABILITY OF PROVISIONS

Each provision of this Agreement, and any portion of any provision, is severable (including, but not limited to, any provision related to dispute resolution), and the remainder of this Agreement will continue in full force and effect.

G. CHOICE OF LAWS

FRANCHISEE and FRANCHISOR agree on the practical business importance of certainty as to the law applicable to their relationship and its possible effect on the development and competitive position of the System. Therefore, FRANCHISEE and FRANCHISOR also agree that, except with respect to the applicability of the Federal Arbitration Act, 9 U.S.C. § 1 et seq. and the effect of federal pre-emption of state law by such Act, and except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) and other federal laws and as otherwise expressly provided in this Agreement, this Agreement and all other matters, including, but not limited to respective rights and obligations, concerning FRANCHISEE and FRANCHISOR, will be governed by, and construed and enforced in accordance with, the laws of Illinois; except that the provisions of any law of that state regarding franchises (including, without limitation, registration, disclosure, and/or relationship laws) shall **not** apply unless that state's jurisdictional, definitional and other requirements are met independently of, and without reference to, this Section 16.G. FRANCHISEE and FRANCHISOR agree that this provision shall be enforced without regard to the laws of Illinois relating to conflicts of laws or choice of law.

H. NO RECOURSE AGAINST NONPARTY AFFILIATES

All claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) that may be based upon, in respect of, arise under, out of or by reason of, be connected with, or relate in any manner to this Agreement, or the negotiation, execution, or performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to this Agreement, but not including separate undertakings such as guarantees of performance, personal guarantees, or corporate guarantees), may be made only against (and are those solely of) the entities that are expressly identified as parties in the preamble to this Agreement ("Contracting Parties"). No person who is not a Contracting Party, including without limitation any director, officer, employee, incorporator, member, partner, manager, stockholder, affiliate, agent, attorney, or representative of, and any financial advisor or lender to, any of the foregoing ("Nonparty

Affiliates”), shall have any liability (whether in contract or in tort, in law or in equity, or granted by statute) for any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach; and, to the maximum extent permitted by law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates, unless such liabilities, claims, causes of action, and obligations arise from deliberately fraudulent acts. Without limiting the foregoing, to the maximum extent permitted by law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands or causes of action that may otherwise be available at law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of a Contracting Party on any Nonparty Affiliate, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance upon any Nonparty Affiliates with to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement. Nothing herein is intended to prevent a Contracting Party from pursuing any distinct legal rights it may have against a Nonparty Affiliate which arise from a separate document, such as a guaranty of performance, personal guaranty, corporate guaranty or similar agreement. Notwithstanding any other provision of this Agreement which limits the right of prospective third party beneficiaries, any Nonparty Affiliate may rely on this provision and enforce it against any Contracting Party or other person or entity.

17. CONSTRUCTION, ETC.

Except as expressly provided otherwise, nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies on any person or legal entity not a party hereto. The headings of the several Sections hereof are for convenience only and do not define, limit, or construe the contents of such Sections. The term “attorneys’ fees” will include, without limitation, legal fees, whether incurred prior to, in preparation for, or in contemplation of, the filing of any written demand or claim, action, hearing or proceeding to enforce the obligations of this Agreement. References to a “controlling interest” in a business entity will mean fifty percent (50%) or more of the voting control of such entity if such entity is a corporation, and any equity interest if such entity is a partnership or limited liability company. The term “affiliate” means any past, present or future person, company or other entity which controls, is controlled by or is under common control with another person, company or other entity. For purposes of this Agreement, “affiliates” of FRANCHISOR includes, without limitation, the IP OWNER. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time FRANCHISEE hereunder, whether or not as partners or joint venturers, their obligations and liabilities to FRANCHISOR will be joint and several. This Agreement will be executed in multiple copies, each of which will be deemed an original. Each of the provisions of this Agreement (including Sections 16 and 23) apply to any claim brought (or which could be brought) by any owner and/or affiliate of FRANCHISEE’s or by or on FRANCHISEE’s behalf. If any limitation on FRANCHISEE’s rights (including, but not limited to, any limitation on damages, waiver of jury trial, shortened period in which to make any claim or otherwise) is held unenforceable with respect to FRANCHISEE, then such limitation will not apply to FRANCHISOR. Nothing contained herein shall be deemed a waiver of any rights FRANCHISOR may have to rely on information contained in the franchise disclosure document.

18. NON-RETENTION OF FUNDS

FRANCHISEE does not have the right to offset or withhold payments owed to FRANCHISOR (and/or any affiliate) for amounts purportedly due to FRANCHISEE (or any affiliate of FRANCHISEE's) from FRANCHISOR and/or any of its affiliates as a result of any dispute of any nature or otherwise, but will pay such amounts to FRANCHISOR (or FRANCHISOR's affiliate) and only thereafter seek reimbursement in accordance with the provisions of Section 16. If FRANCHISEE believes that FRANCHISOR or any other person/entity has violated any legal duty to FRANCHISEE, FRANCHISEE will, notwithstanding such dispute, pay as designated all sums specified under this Agreement or any other agreement, whether to be paid to FRANCHISOR or any affiliate (including ROYALTY FEES, any unpaid portion of the INITIAL FRANCHISE FEE and any MARKETING FUND contributions and/or amounts payable to franchisee councils and/or cooperatives) and will not withhold any payments until and unless such dispute has been finally determined in FRANCHISEE's favor.

19. SUBSTITUTION OF VALID PROVISIONS

To the extent that any provision restricting FRANCHISEE's competitive activities is deemed unenforceable, FRANCHISEE and FRANCHISOR agree that such provisions will be enforced to the fullest extent permissible under governing law. FRANCHISOR may modify any invalid or unenforceable provision to the extent required to be valid and enforceable and FRANCHISEE will be bound by the modified provisions.

20. WAIVERS

FRANCHISOR's waiver of any breach(es) under this or any other agreement (whether by failure to exercise a power or right available to FRANCHISOR, failure to insist on strict compliance with the terms, obligations or conditions of any agreement, development of a custom or practice between FRANCHISEE and FRANCHISOR (or others) which is at variance with the terms of any agreement, acceptance of partial or other payments or otherwise), whether with respect to FRANCHISEE or others, will not affect FRANCHISOR's rights with regard to any breach by FRANCHISEE or anyone else or constitute a waiver of FRANCHISOR's right to demand exact compliance by FRANCHISEE with the terms of this Agreement or otherwise. Subsequent or other acceptance by FRANCHISOR of any payments or performance by FRANCHISEE will not be deemed a waiver of any preceding or other breach by FRANCHISEE of this Agreement or otherwise. The rights and remedies provided in this Agreement are cumulative and FRANCHISOR will not be prohibited from exercising any rights or remedies provided under this Agreement or permitted under law or equity.

21. ENTIRE AGREEMENT

This Agreement, including the introduction, schedule and exhibits to it, together with the OPERATING MANUAL, constitutes the entire agreement between FRANCHISOR and FRANCHISEE. There are no other oral or written understandings or agreements between FRANCHISOR and FRANCHISEE concerning the subject matter of this Agreement, except that nothing in this Agreement or any related agreement is intended to disclaim any representations made in any franchise disclosure document that FRANCHISEE received from FRANCHISOR in connection with this Agreement. Except as expressly provided

otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both FRANCHISOR and FRANCHISEE.

22. INDEPENDENT CONTRACTORS AND INDEMNIFICATION

FRANCHISOR and FRANCHISEE are independent contractors. FRANCHISOR and FRANCHISEE agree that there does not exist any fiduciary relationship between them. FRANCHISEE shall conspicuously identify FRANCHISEE at the premises of the STORE and in all dealings with suppliers, as the owner of the STORE. Neither FRANCHISOR nor FRANCHISEE shall make any agreements or representations in the name of or on behalf of the other or that their relationship is other than FRANCHISOR and FRANCHISEE and neither FRANCHISOR nor FRANCHISEE shall be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized hereunder, nor shall FRANCHISOR be obligated for any damages to any person or property directly or indirectly arising out of the operation of the STORE or FRANCHISEE's business conducted pursuant to the FRANCHISE, whether caused by FRANCHISEE's negligent or willful action or failure to act, FRANCHISOR shall have no liability for any sales, use, excise, income, property or other taxes levied upon the STORE or its assets or in connection with the sales made or business conducted by the STORE. FRANCHISEE agrees to indemnify FRANCHISOR, its affiliates, and their respective shareholders, directors, officers, employees, agents, representatives, successors and assigns (the "Indemnified Parties") from and against, and to reimburse any of the Indemnified Parties for, any and all claims, obligations, damages, costs and taxes arising directly or indirectly out of the STORE's operations, the business FRANCHISEE conducts under this Agreement, or FRANCHISEE's breach of this Agreement. This indemnification shall be fully applicable, and shall not be voided or otherwise affected by any allegation or claims that FRANCHISOR has been negligent in any degree. For the purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration or alternative dispute resolution, including travel and living expenses, regardless of whether litigation, arbitration or alternative dispute resolution is commenced. FRANCHISOR shall have the right to defend any such claim against it. The indemnities and assumptions of liabilities and obligations herein shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

23. NOTICES

All written notices permitted or required to be delivered by the provisions of this Agreement or of the OPERATING MANUAL, shall be deemed so delivered on the date when: (a) sent by e-mail to the e-mail address of the addressee (as notified by the addressee from time to time), a notice must be treated as given and received; (1) if sent or notified by e-mail before 5pm on a business day at the place of receipt, on the day it is sent or notified and otherwise on the next business day at the place of receipt; (2) despite Paragraph (a) above, an e-mail message is not treated as given or received if the sender's computer reports that the message has not been delivered; (b) hand delivered; one (1) day after sending by telegraph or after the date of deposit, if deposited with a commercial delivery service which guarantees next day delivery; or three (3) days after placed in the mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most-current principal business address of which the notifying party has been notified.

24. EFFECTIVE DATE OF AGREEMENT

As specified in Item 21 of Schedule 1.

25. LEGAL COMPLIANCE

A. COMPLIANCE WITH ANTI-TERRORISM LAWS

FRANCHISEE agrees to comply and assist FRANCHISOR in its compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, FRANCHISEE agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the STORE as may be required by FRANCHISOR or by law. FRANCHISEE confirms that it and its OWNERS are not listed in the Annex to Executive Order 13224 and agrees not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at <http://www.treasury.gov>). FRANCHISEE is solely responsible for ascertaining what actions must be taken by FRANCHISEE to comply with all such laws, orders and/or regulations, and specifically acknowledges and agrees that its indemnification responsibilities as provided in Section 22 pertain to its obligations hereunder.

B. MODERN SLAVERY POLICY

As used in this Section, the following terms apply:

“Modern Slavery” means various situations where coercion, threats or deception are used to exploit victims (including employees) and undermine or deprive them of their freedom. It constitutes serious exploitation and may take many forms, including slavery, servitude, human trafficking, forced labor, forced marriage, debt bondage and the worse forms of child labor;

“Modern Slavery Laws” means all legal requirements regulating Modern Slavery within the United States of America;

“Modern Slavery Policy” means, to the extent it is not inconsistent with any laws within the United States of America, any policy adopted by the Franchisor or its related bodies corporate in connection with Modern Slavery, and any amendment or replacement of it. As at the date of this Agreement, this means the Policy Regarding Modern Slavery Practices adopted by Retail Food Group Limited and posted on its extranet;

“Work Laws” means, for the purposes of this Agreement, the following:

- (a) Workplace Laws;
- (b) Modern Slavery Laws; and
- (c) the Modern Slavery Policy.

“Workplace Laws” means all legal requirements regulating the relationship between employers and employees within the United States of America.

Without limiting any of the Franchisee's obligations under this Agreement, the Franchisee must take reasonable steps to ensure at all times that it:

- (1) Strictly comply with all Work Laws;
- (2) immediately rectify any identified non-compliance with Work Laws;
- (3) promptly review and investigate any alleged breach of Work Laws raised by past or present employees;
- (4) implement appropriate systems and processes to ensure ongoing compliance with the obligations arising from any Work Laws;
- (5) keep a register of all complaints made by employees or personnel, including details of how such complaints are resolved;
- (6) immediately notify the Franchisor in writing if:
 - (a) the Franchisee becomes aware of any investigation or prosecution relating to an alleged breach of Work Laws by the Franchisee;
 - (b) the Franchisee or its personnel are contacted by any regulatory authority or the media about any matter relating to compliance with Work Laws;
- (7) actively and honestly comply in any compliance review initiated by the Franchisor or a regulatory authority;
- (8) promptly respond to any of the Franchisor's queries in relation to compliance with Work Laws, including by providing evidence of compliance;
- (9) if the Franchisor requests, conduct an audit of the Franchisee's compliance with Work Laws, and disclose the results of the audit to the Franchisor; and
- (10) comply with any audit of the Franchisee's compliance with Work Laws that the Franchisor initiates, including by providing the Franchisor with access to the Franchisee's business records and employees; and
- (11) If the audit discloses that the Franchisee has breached its obligations under this Agreement (including through non-compliance with any Work Laws):
 - (a) the Franchisee must pay to the Franchisor or any third parties any amounts that would have been payable if the Franchisee were not in breach of this Agreement or Work Laws; and
 - (b) the Franchisee must pay the cost of the audit on demand including a reasonable charge for the Franchisor's overhead and administrative expenses.

26. ELECTRONIC MAIL

FRANCHISEE acknowledges and agrees that exchanging information with FRANCHISOR by e-mail is efficient and desirable for day-to-day communications as well as for notices as provided in Section 23 above and that FRANCHISOR and FRANCHISEE may utilize e-mail for such communications. FRANCHISEE authorizes the transmission of e-mail by FRANCHISOR and its employees, vendors, and affiliates ("Official Senders") to FRANCHISEE during the TERM of this Agreement.

FRANCHISEE further agrees that: (a) Official Senders are authorized to send e-mails to those of FRANCHISEE's employees as FRANCHISEE may occasionally authorize for the purpose of communicating

with FRANCHISOR; (b) FRANCHISEE will cause FRANCHISEE's officers, directors and employees to give their consent to Official Senders' transmission of e-mails to them; (c) FRANCHISEE will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with FRANCHISEE; and (d) FRANCHISEE will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the TERM of this Agreement.

27. ACKNOWLEDGMENTS

FRANCHISEE acknowledges that it has conducted an independent investigation of the business authorized hereunder and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of FRANCHISEE as an independent business-person. FRANCHISOR expressly disclaims the making of, and FRANCHISEE acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement. FRANCHISEE acknowledges that it has read this Agreement and the FRANCHISOR's franchise disclosure document and that it has no knowledge of any representation by the FRANCHISOR, or its officers, directors, shareholders, employees or agents that are contrary to the statements made in the FRANCHISOR's franchise disclosure document or to the terms herein.

FRANCHISEE acknowledges that it has received, read, and understood this Agreement and FRANCHISOR's franchise disclosure document; that FRANCHISOR has fully and adequately explained the provisions of each to FRANCHISEE's satisfaction; and that FRANCHISOR has accorded FRANCHISEE ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

FRANCHISEE acknowledges that FRANCHISEE has received a franchise disclosure document at least fourteen (14) calendar days prior to the date on which this Agreement has been executed.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date stated below.

"FRANCHISOR"

**GLORIA JEAN'S GOURMET COFFEES FRANCHISING
CORP.**
an Illinois corporation

By: _____
Print Name: Grant Peter Fischer
Title: General Manager - International
Date: _____

"FRANCHISEE"

If Franchisee is an individual:

Individually: _____
Print Name: _____
Date: _____

Individually: _____
Print Name: _____
Date: _____

If Franchisee is a corporation or other entity

[Name of Franchisee]

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Print Name: _____
Title: _____
Date: _____

Schedule 1 Franchise Particulars

Item 1 Franchisor

Name: Gloria Jean's Gourmet Coffees Franchising Corp.
Address: Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, IL 60607

Item 2 Franchisee

Name: [insert entity]
Address: [insert]

Item 3 Owners

Name of Shareholder	Ownership interest held in Franchisee
[insert name]	[insert interest]%
[insert name]	[insert interest]%
Total	100%

Item 4 Guarantor

Name: [insert entity]
Address: [insert]

Item 5 Managing Owner

Name: [insert entity]
Address: [insert]

Item 6 IP Owner

Name: Gloria Jean's Gourmet Coffees Corp.
Address: Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, IL 60607

Item 7 Term

[insert] years from the EFFECTIVE DATE or the term of the underlying lease or sublease for the STORE, not exceeding ten (10) years, whichever shall first occur.

Item 8	New Term
	10 years
Item 9	Expiration Date
	10 years from the EFFECTIVE DATE
Item 10	New Term Expiration Date
	20 years from the EFFECTIVE DATE (if the option for the NEW TERM is exercised in accordance with Section 2.F).
Item 11	Location
	[insert Store address]
Item 12	Store
	A ☐ STORE or ☐ KIOSK or ☐ DRIVE-THRU (check one)
	The above premises are hereinafter referred to as a “STORE(S)”. Some STORES provide seating. FRANCHISOR and IP OWNER have also developed a kiosk concept, offering certain other products offered by STORES, hereinafter referred to as a “KIOSK(S)”. Unless otherwise specified, all references to STORES herein include KIOSKS.
Item 13	Initial Franchise Fee
	\$15,000 less any deposit already paid to the Franchisor. If FRANCHISEE is an existing franchisee purchasing a franchise for an additional store, FRANCHISEE shall pay to FRANCHISOR an INITIAL FRANCHISE FEE for the FRANCHISE in the amount of \$7,500.
Item 14	Renewal Fee
	[insert]
Item 15	Grand Opening Fee
	\$5,000
Item 16	Royalty Fee
	6% of Gross Sales
Item 17	Marketing Fund
	2% of Gross Sales

Item 18

Insurance Policies

- (a) Worker’s compensation insurance as required by law and employer’s liability insurance with a limit not less than \$1,000,000, and such other insurance as may be required by the state or locality in which the STORE is operated;
- (b) Commercial general liability insurance, occurrence form, including a per location aggregate if the policy is covering more than one location, with the following coverages: owners and contractors protective liability, broad form property damage, contractual liability, severability of interest clause; personal and advertising injury; and products/completed operations; medical payments and fire damage liability; insuring FRANCHISEE and FRANCHISOR against all claims, suits, obligations, liabilities and damages, including attorneys’ fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from or occurring in the course of, or on or about or otherwise relating to the STORE, including general aggregate coverage in the following limits:

<u>Required Coverage</u>	<u>Minimum Limits of Coverage</u>
General Aggregate	\$2,000,000
Products/Completed Operations Aggregate.....	\$2,000,000
Personal and Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Fire Damage (any one fire).....	\$50,000
Medical Expense (any one person).....	\$5,000

- (c) “ALL RISK” or special property coverage of not less than current replacement cost of the STORE’s glass, equipment, fixtures and leasehold improvements sufficient in the amount to restore the STORE to full operations;
- (d) Business interruption insurance with coverage for at least twelve (12) months for actual losses (for purposes of this Agreement, “Gross Sales shall further include any proceeds received by FRANCHISEE in connection with a “business interruption” insurance claim); and
- (e) If FRANCHISEE has company-owned vehicles, automobile liability insurance for owned and non-owned automobiles including personal injury, wrongful death, and property damage with single limit coverage of at least One Million Dollars (\$1,000,000).

Item 19

Products

Products authorized by FRANCHISOR for sale by STORES are referred to herein as the “PRODUCTS” and includes all coffee (including coffee which is roasted and packaged under the NAMES AND MARKS), products, food items and merchandise, which the FRANCHISOR from time to time authorises for sale by FRANCHISEES at STORES, and includes products on the IP OWNER’S menu and all products ancillary to the supply and service of coffee and other beverages such as cups, utensils and ingredients and all products specified in the OPERATIONS MANUAL or any addendum.

Item 20 **Opening Date** *[amend as applicable]*

[insert date] or 180 days after the Agreement Date

Item 21 **Effective Date** *[amend as applicable]*

[insert date] or the “TERM” of this Agreement shall take effect upon the date of FRANCHISOR’s execution of this Agreement.

Item 22 **District Manager (plus other management personnel)**

Position	Name
District Manager	[insert]
[insert]	[insert]
[insert]	[insert]

Item 23 **Names and Marks** *[amend as applicable]*

“Gloria Jean’s Coffees” or such variation to “Gloria Jean’s Coffees” or such additional or replacement name as the Franchisor may from time to time use as the name under which Stores are operated.

Trade Mark	Application / Registration No.	Application / Registration Date	Registration Renewal
	1577971	January 16, 1990	Renewed
	88618554	December 7, 2021	Not yet due.
	90071189	July 24, 2020	Pending

Domain Name

[insert]

Item 24

Transfer Fee

\$5,000

EXHIBIT A

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement and any Addenda thereto (individually or collectively the "Agreement") by and between FRANCHISOR and FRANCHISEE, each of the undersigned ("GUARANTORS") hereby personally and unconditionally (1) guarantees to FRANCHISOR and its successors and assigns, for the Term of the Agreement, any extensions or renewals and thereafter as provided in the Agreement, that FRANCHISEE shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Each of the undersigned waives:

- (1) acceptance and notice of acceptance by FRANCHISOR of the foregoing undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and
- (4) any right the GUARANTOR may have to require that an action be brought against FRANCHISEE or any other person as a condition of the GUARANTOR's liability.
- (5) Each of the undersigned consents and agrees that:
 - (a) each GUARANTOR's direct and immediate liability under this guaranty shall be joint and several;
 - (b) the undersigned will render any payment or performance required under the Agreement upon demand if FRANCHISEE fails or refuses punctually to do so;
 - (c) the GUARANTOR's liability is not contingent upon or conditioned upon pursuit by FRANCHISOR of any remedies against FRANCHISEE or any other person; and
 - (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or the indulgence which FRANCHISOR may from time to time grant to FRANCHISEE or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the Term of the Agreement and any extensions or renewals.

If FRANCHISOR is required to enforce this Guaranty and Assumption of Obligations in any judicial or arbitration proceeding or appeal thereof, the GUARANTORS shall reimburse FRANCHISOR for its costs and expenses, including but not limited to, reasonable accountants', attorneys', attorney assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty and Assumption of Obligations.

Each of the undersigned agrees to be personally bound by the arbitration obligations under Section 16.A of the Agreement, including, without limitation, the obligation to submit to binding arbitration the claims described in Section 16.A of the Agreement in accordance with its terms.

Upon the death of a GUARANTOR, the GUARANTOR's estate will remain bound by this Guaranty and Assumption of Obligations, but only for obligations existing at the time of death. The obligations of the surviving GUARANTORS will continue in full force and effect.

The spouse of each GUARANTOR must sign the Spouse's Acknowledgment, by which the spouse acknowledges that FRANCHISOR is relying on all assets of the GUARANTOR, including jointly owned marital property, in accepting the GUARANTOR's obligations hereunder. The Spouse's Acknowledgment confirms that FRANCHISOR may pursue the GUARANTOR's interest in jointly owned marital property, but it does not make the spouse a guarantor or subject his or her separate property to this Guarantee. However, if the spouse is also an owner of FRANCHISEE, the spouse must also sign this Guaranty and Assumption of Obligations as a GUARANTOR. Terms not defined in this document shall have the same meaning as they do in the Franchise Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

WITNESS

Signature: _____
Print Name: _____

WITNESS

Signature: _____
Print Name: _____

WITNESS

Signature: _____
Print Name: _____

WITNESS

Signature: _____
Print Name: _____

GUARANTOR

Individually: _____
Print Name: _____
Date: _____

GUARANTOR

Individually: _____
Print Name: _____
Date: _____

GUARANTOR

Individually: _____
Print Name: _____
Date: _____

GUARANTOR

Individually: _____
Print Name: _____
Date: _____

(Continued on following page)

The undersigned, as the spouse of the GUARANTOR indicated below, acknowledges and consents to the guarantee given herein by his/her spouse.

GUARANTOR

Guarantor Name: [insert]

GUARANTOR'S SPOUSE

Individually: _____
Print Name: _____
Date: _____

GUARANTOR

Guarantor Name: [insert]

GUARANTOR

Individually: _____
Print Name: _____
Date: _____

GUARANTOR

Guarantor Name: [insert]

GUARANTOR

Individually: _____
Print Name: _____
Date: _____

GUARANTOR

Guarantor Name: [insert]

GUARANTOR

Individually: _____
Print Name: _____
Date: _____

EXHIBIT B

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This "Agreement" is made and entered into as of this _____ day of _____, 20____, by and among Franchisee, Covenantor and Franchisor. As defined in Item 4 of Schedule 1 of that certain Franchise Agreement and any Addenda thereto, "Covenantor", being any of an owner, an officer, a director, general partner, managing member or manager (as the case may be) of Franchisee.

Terms not defined in this document shall have the same meaning as they do in the Franchise Agreement.

1. PREAMBLES

Franchisor has executed or intends to execute a "Franchise Agreement" with Franchisee under which Franchisor grants to Franchisee certain rights with regard to a Store. Before allowing Covenantor to have access to the Confidential Information (as defined below) and as a material term of the Franchise Agreement necessary to protect Franchisor's confidential know-how and distinctive systems, designs, decor, trade dress, specifications, standards and procedures authorized or required by Franchisor from time to time for use in the operation of Franchisee's Store (the "Store") and Franchisor's proprietary rights in and Franchisee's right to use the Confidential Information, Franchisor and Franchisee require that Covenantor enter into this Agreement.

To induce Franchisor to enter into the Franchise Agreement and/or to avoid a material breach thereof, Franchisor, Franchisee and Covenantor desire and consider it to be in Covenantor's best interests that Covenantor enter into this Agreement. Due to the nature of Franchisor's and Franchisee's business any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Franchisee substantial harm.

2. PROTECTION OF CONFIDENTIAL INFORMATION

Covenantor acknowledges and agrees that Franchisor possesses certain confidential and proprietary information in which Franchisor possesses valuable industrial and intellectual property rights consisting of the methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of STORES (the "Confidential Information"). Franchisor and Franchisee will disclose such parts of the Confidential Information as are required for Covenantor to perform its obligations to Franchisee in furnishing Covenantor the training program, the Operating Manual (as defined in the Franchise Agreement) and in guidance furnished to Covenantor for his/her performance of services to Franchisee.

Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform Covenantor's duties for Franchisee taking into consideration the confidential nature of the Confidential Information. Covenantor may disclose the Confidential Information only as agent for Franchisee. Covenantor acknowledges and agrees that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to Franchisor and Franchisee and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with Franchisor and other Stores owned by Franchisor, its affiliates or franchisees.

Covenantor acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Franchisor. The Confidential Information will be disclosed to Covenantor solely on the condition that Covenantor agrees to the terms and conditions of this Agreement. Covenantor therefore agrees that during the Term of the Franchise Agreement, any extensions or renewals and thereafter, he/she: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and (d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information.

Notwithstanding anything to the contrary contained in this Agreement the restrictions on Covenantor's disclosure and use of the Confidential Information shall not apply to the following: (a) information, methods, procedures, techniques and knowledge which are or become generally known or easily accessible other than by Covenantor's breach of an obligation of confidentiality; and (b) the disclosure of the Confidential Information pursuant to applicable law or in judicial or administrative proceedings to the extent that Covenantor is legally compelled or required by a regulatory body to disclose such information, provided Covenantor has notified Franchisor and Franchisee prior to disclosure and shall have used his/her best efforts to obtain, and shall have afforded Franchisor and Franchisee the opportunity to obtain, an appropriate assurance reasonably satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

3. IN-TERM RESTRICTIVE COVENANT

Covenantor acknowledges and agrees that Franchisor and Franchisee would be unable to protect the Confidential Information against unauthorized use or disclosure and Franchisor would be unable to achieve a free exchange of ideas and information among Stores if persons authorized to use the Confidential Information were permitted to engage in, have ownership interests in or perform services for Competitive Businesses (as defined below). Covenantor therefore agrees that for as long as Covenantor is an owner, director, officer, general partner, managing member or manager of Franchisee or is otherwise employed or engaged by Franchisee, Covenantor shall not, without Franchisor's prior written consent, directly or indirectly (through a member of the immediate family or otherwise), have any interest as an owner of (except of publicly-traded securities or interests in other Stores pursuant to other franchise agreements with Franchisor or its affiliates), or assist or perform services as a director, officer, employee, consultant, representative, agent or in any other capacity, for, any business principally offering products substantially similar to the PRODUCTS then being offered by the majority of the Stores (a "Competitive Business"), nor will Covenantor, without the prior written consent of Franchisor, have any interest, as aforesaid, in, or serve in any capacity, any entity which franchises or otherwise grants to others the right to operate a Competitive Business.

4. RESTRICTIVE COVENANT UPON TERMINATION OR EXPIRATION OF THE FRANCHISE AGREEMENT OR COVENANTOR'S ASSOCIATION WITH FRANCHISEE

Upon the first to occur of: (a) termination or expiration without renewal of the Franchise Agreement; or (b) the date as of which Covenantor ceases to be an owner, director, officer, general partner, managing member or manager of, or otherwise employed or engaged by, Franchisee (both referred to herein as a "Termination Event"), Covenantor agrees that, for a period of two (2) years commencing on the effective date of a Termination Event, Covenantor shall not (through a member of the immediate family or otherwise) have any interest as an owner of (except of publicly-traded securities or interests in other Stores pursuant to other franchise agreements with Franchisor or its affiliates), or assist or perform services as a director, officer, employee, consultant, representative, agent or in any

other capacity for, any Competitive Business located within a ten (10) mile radius from any concept (including, but not limited to, STORES) franchised or owned and operated by Franchisor, its parent, or any of its affiliates; nor will Covenantor have any interest, as aforesaid, in, or serve in any capacity, any entity which franchises or otherwise grants to others the right to operate a Competitive Business.

Covenantor recognizes the broad scope of the restrictive covenants set forth in Sections 3 and 6 of this Agreement, but agrees that they are reasonable. If any court or tribunal of competent jurisdiction shall refuse to enforce any such covenant because it is more extensive whether as to time limit, geographic area, scope of business or otherwise than is deemed reasonable, it is expressly understood and agreed that such covenants shall not be void, but that the restrictions contained therein shall be deemed reduced to the extent necessary to permit the enforcement of such covenants.

Covenantor expressly acknowledges and agrees that Covenantor possesses skills and abilities of a general nature and has opportunities for exploiting such skills. Consequently enforcement of the covenants made in Sections 3 and 6 of this Agreement will not deprive Covenantor of the ability to earn a living.

5. SURRENDER OF DOCUMENTS

Covenantor agrees that, as of the effective date of a Termination Event, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Franchisee or to Franchisor if directed by Franchisor all copies of the Confidential Information loaned or made available to Covenantor.

6. COSTS AND ATTORNEYS' FEES

In the event that Franchisor or Franchisee is required to enforce this Agreement in an action against Covenantor, Covenantor shall reimburse Franchisor and/or Franchisee if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal.

7. WAIVER

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

8. SEVERABILITY

Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible. Such other portions shall continue to be given full force and effect and bind the parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Covenantor is a party thereto or upon Covenantor's receipt of a notice from Franchisor that it will not enforce the section, paragraph, term or provision in question.

9. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

10. BENEFIT

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In the event Franchisor does not execute this Agreement (regardless of the reason) Franchisor shall be deemed a third party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

11. EFFECTIVENESS

This Agreement shall be enforceable and effective when signed by Covenantor regardless of whether and when Franchisor or Franchisee signs this Agreement.

12. GOVERNING LAW/CONSENT TO JURISDICTION

This Agreement and the relationship between the parties hereto shall be construed and governed in accordance with the internal laws of the state of Illinois without regard to its conflict of laws principles. Covenantor and Franchisee agree that they shall institute and that Franchisor may institute any action against any of the parties hereto in any state or federal court of general jurisdiction in the state court of general jurisdiction or the Federal District Court nearest to Franchisor's principal place of business at the time such action is filed. Covenantor and Franchisee irrevocably submit to the jurisdiction of such courts and waive any objections to either the jurisdiction or venue of such court.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written.

Covenantor:

Franchisee:

Print name of Covenantor

Print name of Franchisee

Signature of Covenantor

By: _____

Print Name: _____

Title: _____

Print name of Covenantor

By: _____

Print Name: _____

Title: _____

Signature of Covenantor

Franchisor:

GLORIA JEAN'S GOURMET COFFEES

FRANCHISING CORP.

an Illinois corporation

By: _____

Print Name: _____

Title: _____

Grant Peter Fischer

General Manager - International

EXHIBIT C

CONFIDENTIALITY AGREEMENT

This "Agreement" is made and entered into as of this _____ day of _____, 20____, by and among Franchisee, Covenantor and Franchisor. As defined in Item 4 of Schedule 1 of that certain Franchise Agreement and any Addenda thereto, "Covenantor", being any of an owner, an officer, a director, general partner, managing member or manager (as the case may be) of Franchisee.

Terms not defined in this document shall have the same meaning as they do in the Franchise Agreement.

1. PREAMBLES

Franchisor has executed or intends to execute a "Franchise Agreement" with Franchisee under which Franchisor grants to Franchisee certain rights with regard to Stores. Before allowing Covenantor to have access to the Confidential Information (as defined below) and as a material term of the Franchise Agreement necessary to protect Franchisor's confidential know-how and distinctive systems, designs, decor, trade dress, specifications, standards and procedures authorized or required by Franchisor from time to time for use in the operation of Franchisee's Store (the "Store") and Franchisor's proprietary rights in and Franchisee's right to use the Confidential Information, Franchisor and Franchisee require that Covenantor enter into this Agreement.

To induce Franchisor to enter into the Franchise Agreement and/or to avoid a material breach thereof Franchisor, Franchisee and Covenantor desire and consider it to be in Covenantor's best interests that Covenantor enter into this Agreement. Due to the nature of Franchisor's and Franchisee's business any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Franchisee substantial harm.

2. PROTECTION OF CONFIDENTIAL INFORMATION

Covenantor acknowledges and agrees that Franchisor possesses certain confidential and proprietary information in which Franchisor possesses valuable industrial and intellectual property rights consisting of the methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of STORES (the "Confidential Information"). Franchisor and Franchisee will disclose such parts of the Confidential Information as are required for Covenantor to perform his/her obligations to Franchisee in furnishing Covenantor the training program, the Operating Manual (as defined in the Franchise Agreement) and in guidance furnished to Covenantor for his/her performance of services to Franchisee.

Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform Covenantor's duties for Franchisee taking into consideration the confidential nature of the Confidential Information. Covenantor may disclose the Confidential Information only as agent for Franchisee. Covenantor acknowledges and agrees that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to Franchisor and Franchisee and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with Franchisor and other Stores owned by Franchisor, its affiliates or franchisees.

Covenantor acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Franchisor. The Confidential Information will be disclosed to Covenantor solely on the condition that Covenantor agrees to the terms and conditions of this Agreement. Covenantor therefore agrees that during the Term of the Franchise Agreement, any extensions or renewals and thereafter, he/she: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and (d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information.

Notwithstanding anything to the contrary contained in this Agreement the restrictions on Covenantor's disclosure and use of the Confidential Information shall not apply to the following: (a) information, methods, procedures, techniques and knowledge which are or become generally known or easily accessible other than by Covenantor's breach of an obligation of confidentiality; and (b) the disclosure of the Confidential Information pursuant to applicable law or in judicial or administrative proceedings to the extent that Covenantor is legally compelled or required by a regulatory body to disclose such information, provided Covenantor has notified Franchisor and Franchisee prior to disclosure and shall have used his/her best efforts to obtain, and shall have afforded Franchisor and Franchisee the opportunity to obtain, an appropriate assurance reasonably satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

3. SURRENDER OF DOCUMENTS

Covenantor agrees that as of the date on which Covenantor ceases to perform services for Franchisee in connection with the Store, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Franchisee or to Franchisor if directed by Franchisor all copies of the Confidential Information loaned or made available to Covenantor.

4. COSTS AND ATTORNEYS' FEES

In the event that Franchisor or Franchisee is required to enforce this Agreement in an action against Covenantor, Covenantor shall reimburse Franchisor and/or Franchisee if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal.

5. WAIVER

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

6. SEVERABILITY

Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible. Such other portions shall continue to be given full force and effect and bind the parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Covenantor is a party thereto or upon Covenantor's receipt of a notice from Franchisor that it will not enforce the section, paragraph, term or provision in question.

7. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

8. BENEFIT

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In the event Franchisor does not execute this Agreement (regardless of the reason) Franchisor shall be deemed a third party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

9. EFFECTIVENESS

This Agreement shall be enforceable and effective when signed by Covenantor regardless of whether and when Franchisor or Franchisee signs this Agreement.

10. GOVERNING LAW/CONSENT TO JURISDICTION

This Agreement and the relationship between the parties hereto shall be construed and governed in accordance with the internal laws of the state of Illinois without regard to its conflicts of laws principles. Covenantor and Franchisee agree that they shall institute and that Franchisor may institute any action against any of the parties hereto in any state or federal court of general jurisdiction in the state court of general jurisdiction or the Federal District Court nearest to Franchisor's principal place of business at the time such action is filed. Covenantor and Franchisee irrevocably submit to the jurisdiction of such courts and waive any objections to either the jurisdiction or venue of such court.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written.

Covenantor:

Print name of Covenantor

Signature of Covenantor

Print name of Covenantor

Signature of Covenantor

Print name of Covenantor

Signature of Covenantor

Print name of Covenantor

Signature of Covenantor

Franchisee:

Print name of Franchisee

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

Franchisor:

**GLORIA JEAN'S GOURMET COFFEES
FRANCHISING CORP.**

an Illinois corporation

By: _____

Print Name: Grant Peter Fischer

Title: General Manager – International

EXHIBIT D

ADA CERTIFICATION FORM

The Franchisor and the Franchisee are parties to that certain Franchise Agreement for the operation of a Store at the Location.

Terms not defined in this document shall have the same meaning as they do in the Franchise Agreement.

ADA Certification:

In accordance with Section 3.B of the Franchise Agreement, Franchisee certifies to Franchisor that to the best of Franchisee's knowledge, the Store and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing or operation of the Store by Franchisor. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify Franchisor and each of Franchisor's affiliates, and each of their respective officers, directors, members, shareholders, representatives, employees and agents, in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by such indemnified party(ies) as a result of any matters associated with Franchisee's compliance (or failure to comply) with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same.

In the event of any dispute concerning or relating to this document and/or any of the transactions and/or matters to which it may apply, such dispute will be resolved in accordance with the dispute resolution provisions of the Franchise Agreement, including Section 16 of the Franchise Agreement.

[Signature Page Follows]

All signers are jointly and severally responsible for the representations and promises described in this Acknowledgment and Certification Form.

"FRANCHISEE"

If Franchisee is an individual:

Individually: _____
Print Name: _____
Date: _____

Individually: _____
Print Name: _____
Date: _____

If Franchisee is a corporation or other entity:

[Name of Franchisee]

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Print Name: _____
Title: _____
Date: _____

All Owners of Business Entity Franchisee must sign this Agreement

"Owner"

Individually: _____
Print Name: _____
Date: _____

"Owner"

Individually: _____
Print Name: _____
Date: _____

EXHIBIT E

ELECTRONIC FUNDS TRANSFER AGREEMENT

This Electronic Funds Transfer Agreement (this "Agreement") is made on this ____ day of _____, 20____, by and between Franchisor and the Franchisee.

Terms not defined in this document shall have the same meaning as they do in the Franchise Agreement.

Whereas, Franchisor and Franchisee are parties to that certain Franchise Agreement executed on even date herewith (the "Franchise Agreement") and desire to enter into this addendum to the Franchise Agreement;

Now, therefore in consideration of the mutual promises contained herein and as an inducement to Franchisor to execute the Franchise Agreement, the parties agree as follows:

A. Franchisee shall pay any and all fees and other charges in connection with this Agreement and the Franchise Agreement (including, without limitation, the ROYALTY FEES, the MARKETING FUND contributions, and all other amounts due, including, by not limited to, POS Cloud Fees, and any applicable late fees and interest charges) by electronic, computer, wire, automated transfer, ACH debiting, and bank clearing services (collectively "electronic funds transfers" or "EFT"), and Franchisee shall undertake all action necessary to accomplish such transfers.

B. Upon execution and delivery of this Agreement, Franchisee shall execute and deliver two (2) originals of the "Electronic Debit Authorization" attached as Exhibit F to the Franchise Agreement, which authorizes Franchisee's bank or other financial institution to accept debit originations, electronic debit entries, or other EFT, and electronically deposit fees and contributions owing Franchisor directly to Franchisor's bank account(s). Upon Franchisor's request, Franchisee shall deliver to Franchisor all additional information that Franchisor deems necessary (including, without limitation, financial institution of origin and relevant accounts and ABA/transit numbers for any new bank accounts that Franchisee opens after the date of this Agreement) in connection with such EFT.

C. By executing this Agreement, Franchisee authorizes Franchisor to withdraw funds at such days and times as Franchisor shall determine via EFT from Franchisee's bank account for all fees and other charges in connection with the Franchise Agreement and this Agreement, as described in the first sentence of this Section. Franchisee authorizes weekly ACH debits via EFT based on an amount equal to: (1) 6% of Franchisee's Gross Sales for the preceding week ending Sunday (the "Accounting Period") for ROYALTY FEES; (2) 2% of Franchisee's Gross Sales for the Accounting Period for MARKETING FUND contributions; and (3) all other amounts due to Franchisor, including, but not limited to, the monthly POS Cloud Fee and PCI Compliance Fee.

D. If Franchisor does not receive by 5:00 PM (Central Standard Time) on Thursday of each week a report that includes Gross Sales figures for the prior Accounting Period, then Franchisor is authorized to have withdrawn by electronic transfer an amount from Franchisee's bank account for the ROYALTY FEE and the MARKETING FUND contribution with respect to the prior Accounting Period equal to the amount withdrawn the previous week (or the most recent withdrawal week) plus ten percent (10%) as an estimate of the Accounting Period's ROYALTY FEES and the MARKETING FUND contribution.

E. If a Gross Sales report in the form required by Franchisor is subsequently received and reflects (1) that the actual amount of the ROYALTY FEE and/or the MARKETING FUND contribution paid to Franchisor was more than the amount of the EFT due to Franchisor, then Franchisor shall credit the excess amount to the payment of Franchisee's future ROYALTY FEES or other amounts owing to Franchisor or (2) that the actual amount of the ROYALTY FEE and/or the MARKETING FUND contribution paid to Franchisor was less than the amount of the EFT due to Franchisor, then Franchisor shall be entitled to immediately receive additional funds via EFT from Franchisee's bank account for the difference.

F. Franchisee is responsible for paying all service charges and other fees imposed or otherwise resulting from action by Franchisee's bank in connection with EFT by Franchisor, including, without limitation, any and all service charges and other fees arising in connection with any EFT by Franchisor not being honored or processed by Franchisee's bank for any reason and a Fifty Dollar (\$50) charge by Franchisor for processing the EFT. Upon written notice by Franchisor to Franchisee, Franchisee may be required to pay any amount(s) due under the Franchise Agreement and/or this Agreement directly to Franchisor by check or other non-electronic means in lieu of EFT at Franchisor's discretion. It shall be a non-curable event of default under Section 13.B of the Franchise Agreement if Franchisee closes any bank account without completing all of the following forthwith after such closing: (1) immediately notifying Franchisor thereof in writing, (2) immediately establishing another bank account, and (3) executing and delivering to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account by EFT as this Agreement permits.

G. Except as specifically set forth in this Agreement, the Franchise Agreement shall remain in full force and effect in accordance with its terms and conditions. This Agreement is attached to and upon execution becomes an integral part of the Franchise Agreement.

[Signature Page Follows]

Wherefore, the parties have set forth their hand and seal on the day and date first above written.

"FRANCHISOR"

**GLORIA JEAN'S GOURMET COFFEES
FRANCHISING CORP.**

an Illinois corporation

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

"FRANCHISEE"

If Franchisee is an individual:

Individually: _____
Print Name: _____
Date: _____

Individually: _____
Print Name: _____
Date: _____

If Franchisee is a corporation or other entity

[Name of Franchisee]

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Print Name: _____
Title: _____
Date: _____

EXHIBIT F

ELECTRONIC DEBIT AUTHORIZATION

AUTHORIZATION AGREEMENT FOR PRE-AUTHORIZED PAYMENTS
VIA ACH DEBIT ORGANIZATIONS

The undersigned hereby authorizes the Franchisor, to initiate debit entries to the undersigned's checking account indicated below and the depository named below (the "Depository"), to debit the same to such account.

Depository Name: _____
Branch: _____
City State and Zip Code: _____
Transit/ABA #: _____
Bank Account Name: _____
Bank Account #: _____
Tax ID # Used For Bank: _____
Account: _____

This authority is to remain in full force and effect until the underlying obligations under the Franchise Agreement have been satisfied in full or released in writing by Franchisor. This authorization further confirms my understanding of Exhibit E to the Franchise Agreement signed by me/us in which I/we expressly agree that this authorization shall apply to any and all Depositories and bank accounts with which I/we open accounts during the Term of the Franchise Agreement and any renewals. Without limiting the generality of the forgoing, I/we understand that if I/we close any bank account, I/we are obligated immediately to: (i) notify Franchisor thereof in writing, (ii) establish another bank account, and (iii) execute and deliver to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account/depository by ACH debiting or other electronic means. I/we specifically agree and declare that this Authorization shall be the only written authorization needed from me/us in order to initiate debit entries/ACH debit originations to my/our bank account(s) established with any Depository in the future.

Store #: _____

Name of Franchisee: _____

Signature: _____ Signature: _____

Print Name: _____ Print Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

NOTICE TO FRANCHISEE

1. ATTACH ONE VOIDED CHECK HERE.
2. BE SURE ALL BLANK SPACES ABOVE ARE COMPLETED.
3. RETURN 2 ORIGINAL COPIES OF BOTH AGREEMENTS IMMEDIATELY.

Please Note: There is an Indemnification Agreement to follow.

INDEMNIFICATION AGREEMENT

To The Depository Designated:

In consideration of your compliance with the request and authorization printed on the Authorization Form hereof, the Payee/Franchisee agrees with respect to any such action:

(1) To indemnify you and hold you harmless from any loss you may suffer as a consequence of your actions resulting from or in connection with the execution and issuance of any check, draft or order, whether or not genuine, purporting to be executed by the Payee/Franchisee and received by you in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify you for any loss arising in the event that any such check, draft or order shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

To defend at our own cost and expense any action which might be brought by any depositor or any other person because of your action taken to the foregoing request, or in any manner arising by reason of your participation.

Name of Payor/Franchisee: _____

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT G

TELEPHONE LISTING AGREEMENT

This Telephone Listing Agreement (the "Agreement") is made on this ____ day of _____, 20____, by and between the Franchisor, and the Franchisee.

Terms not defined in this document shall have the same meaning as they do in the Franchise Agreement.

Recitals

WHEREAS, Franchisor is the franchisor of the System throughout the United States of America and is the master licensee of the service marks, trademarks, and trade names related to the operation of the franchised business (collectively the "NAMES AND MARKS"); and

WHEREAS, Franchisor and Franchisee are parties that certain Franchise Agreement executed on even date herewith (the "Franchise Agreement") under which Franchisee is granted a franchise (the "Franchise") involving certain rights to use the NAMES AND MARKS in Franchisee's business telephone listings to promote its Store.

NOW, THEREFORE, in consideration of the Recitals above and the terms below, Franchisor and Franchisee agree:

1. Franchisee is authorized to continue using the NAMES AND MARKS until the Franchise Agreement is terminated or expires.
2. Franchisee is authorized to obtain telephone service for the Store. That service is not to be used in conjunction with any other business.
3. Franchisee is authorized to obtain various business listing and directory advertising under the NAMES defined in Item 23 of Schedule 1 or any other NAMES AND MARKS that Franchisor may authorize Franchisee to use in conjunction with Franchisee's Store. No additional listings may be used with any telephone number(s) assigned to the Store, without Franchisor's prior written consent.
4. Franchisee must pay all charges for telephone service and business listing and directory advertisements.
5. On termination or expiration of the Franchise Agreement, Franchisee acknowledges that its right to the use any of the NAMES AND MARKS made available by Franchisor to Franchisee for use under the Franchise Agreement will immediately end, and that all telephone numbers appearing under the NAMES AND MARKS will immediately become the property of Franchisor, and Franchisee irrevocably releases to Franchisor all rights to and use of all telephone numbers associated with the NAMES AND MARKS then listed. Franchisee irrevocably authorizes the telephone company, on notification by Franchisor of termination or expiration of the Franchise, to transfer or assign all of those telephone numbers to Franchisor or to disconnect those telephone numbers and assign them to Franchisor or to transfer calls coming to those disconnected numbers to any telephone numbers issued by the telephone company to Franchisor, without need for any further document(s) from Franchisee.

6. Franchisee irrevocably releases the telephone company, Franchisor and their respective successors, assigns, directors, officers, employees and agents, from liability of any kind that may result directly from Franchisor’s exercise of its rights under this Agreement or from the telephone company’s cooperation with Franchisor in effecting the terms of this Agreement.

7. The undersigned agree to the terms of this Agreement.

“FRANCHISOR”

**GLORIA JEAN’S GOURMET COFFEES
FRANCHISING CORP.**
an Illinois corporation

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

“FRANCHISEE”

If Franchisee is an individual:

Individually: _____
Print Name: _____
Date: _____

Individually: _____
Print Name: _____
Date: _____

If Franchisee is a corporation or other entity

[Name of Franchisee]

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Print Name: _____
Title: _____
Date: _____

EXHIBIT H

FORM OF LEASE RIDER

THIS ADDENDUM dated _____ amends and supplements the Lease Agreement dated _____ (the "**Lease**") between _____ ("Lessor") and [insert] ("**Lessee**"), a franchisee of Gloria Jean's Gourmet Coffees Franchising Corp. (the "**Franchisor**").

Terms not defined in this document shall have the same meaning as they do in the Franchise Agreement.

1. Lessor acknowledges that Lessee intends to operate a GLORIA JEAN'S COFFEES® Store at the premises specified in the Lease (the "**Premises**") under the terms of a Franchise Agreement between Lessee and Franchisor (the "**Franchise Agreement**").
2. Lessor and Lessee agree as follows:
 - a. Lessor consents to Lessee's use of the NAMES AND MARKS, signage, décor items and color scheme prescribed by the Franchisor for a GLORIA JEAN'S COFFEES® Store.
 - b. The use of the Premises is restricted solely to the operation of a GLORIA JEAN'S COFFEES® Store during the Term of the Franchise Agreement and any extensions or renewals.
 - c. Lessee is prohibited from subleasing or assigning all or any part of its occupancy rights or from extending the term of or renewing the Lease without the Franchisor's prior written consent.
 - d. Lessor will provide the Franchisor with copies of all notices of default given to Lessee under the Lease and a reasonable opportunity to cure the default on Lessee's behalf.
 - e. The Franchisor has the right to enter the Premises to make modifications necessary to protect its NAMES AND MARKS plus System (as defined in the Franchise Agreement) or to cure any default under the Franchise Agreement or under the Lease.
 - f. The Franchisor has the option, within thirty (30) days after expiration or termination of the Franchise Agreement, and upon notice to Lessor, to assume (or to have the Franchisor's designee assume) all of Lessee's rights and obligations under the Lease, including any right to assign or sublease.
 - g. Lessee has the right, without the prior approval of Lessor, to remodel the Premises as and when required by the Franchise Agreement.
 - h. Lessee has the right, without Lessor's prior approval, to assign the Lease or sublet the leased Premises to the Franchisor or any of its affiliates, or to any other franchisee of the Franchisor.
 - i. Lessor and its affiliates will not lease space in property owned, managed or controlled by them within one-half mile of the Premises to any foodservice brand or outlet (not including other GLORIA JEAN'S COFFEES® Stores) featuring related Products as a principal menu item (a "**Competing Business**"); and

j. Lessor and Lessee will not amend the Lease in any manner that could materially affect the foregoing requirements without the Franchisor's prior written consent.

3. The Franchisor is a third party beneficiary with the independent right to enforce the provisions of this Addendum.

LESSOR

Signature: _____

Name: _____

LESSEE

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

EXHIBIT 3

KIOSK ADDENDUM

GLORIA JEAN'S GOURMET COFFEES FRANCHISING CORP.

KIOSK ADDENDUM

1. **Background.** This Kiosk Addendum ("Addendum") is made by and between Gloria Jean's Gourmet Coffees Franchising Corp., an Illinois Corporation ("FRANCHISOR") and _____ ("FRANCHISEE"). Contemporaneously herewith, FRANCHISOR and FRANCHISEE have entered into a Franchise Agreement (the "Agreement") and this Addendum which is intended to be part of the Agreement, both dated _____. This Addendum modifies the Agreement to the extent necessary to reflect the operation of a GJC Kiosk. All capitalized terms used but not defined in this Addendum have the meanings set forth in the Agreement. Except as provided in this Addendum, the Agreement remains in full force and effect as originally written. If there is any inconsistency between the Agreement and this Addendum, the terms of this Addendum will control.

2. **The Kiosk.** All references in the Agreement to the "GJC Store" shall be deleted and the term "GJC Kiosk" shall be inserted in place thereof. Unless otherwise noted herein, all applicable terms, conditions and requirements set forth in the Agreement applicable to the GJC Store shall apply to the GJC Kiosk.

3. **Products.** FRANCHISEE acknowledges and agrees that the number of the Products offered for sale from a GJC Kiosk will differ from that of a GJC Store. The inventory requirements for a GJC Kiosk will also differ from those of a GJC Store. Further, the number of Products offered for sale and the inventory requirements may differ among GJC Kiosks.

4. **Insurance.** The minimum insurance amounts required under Section 6.M of the Agreement may be lowered if approved by FRANCHISOR in its sole discretion and the lease or sublease for the premises permits lower minimums.

5. **Initial Franchise Fee.** Section 11 of the Agreement shall be deleted and replaced with the following:

FRANCHISEE shall pay to FRANCHISOR an initial franchise fee for the Franchise in the amount of _____ Dollars (\$_____). The initial franchise fee is payable in immediately available funds upon execution of this Addendum and is deemed fully earned by FRANCHISOR upon execution of the Agreement and shall be non-refundable, in whole or in part, under any circumstances.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the FRANCHISOR and the FRANCHISEE have duly executed and delivered this Addendum on this day of _____ 20____.

FRANCHISOR

FRANCHISEE(S) (INDIVIDUAL)

**GLORIA JEAN'S GOURMET COFFEES
FRANCHISING CORP.**
an Illinois corporation

By: _____
Signature

Name

Name

Signature

Title

Name

Date

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

EXHIBIT 4

TERRITORY ADDENDUM FOR STREET LOCATION

GLORIA JEAN'S GOURMET COFFEES FRANCHISING CORP.

TERRITORY ADDENDUM
FOR
STREET LOCATION

1. **Background.** This Territory Addendum ("Addendum") is made on _____, 20____ by and between Gloria Jean's Gourmet Coffees Franchising Corp., an Illinois Corporation ("FRANCHISOR") and _____ ("FRANCHISEE"). Contemporaneously herewith, FRANCHISOR and FRANCHISEE have entered into a Franchise Agreement (the "Agreement") and this Addendum is intended to be part of the Agreement. This Addendum modifies the Agreement to the extent necessary to reflect certain rights which are applicable only if FRANCHISEE will operate a GJC STORE to be located in a street, non-mall, location. All capitalized terms used but not defined in this Addendum have the meanings set forth in the Agreement. Except as provided in this Addendum, the Agreement remains in full force and effect as originally written. If there is any inconsistency between the Agreement and this Addendum, the terms of this Addendum will control.

2. **Territory.** Section 2.B of the Agreement is hereby deleted and replaced with the following:

B. Protected Territory.

Provided that FRANCHISEE is in full compliance with the Agreement, FRANCHISOR will not operate or grant a franchise for the operation of another GJC STORE, the physical premises of which is located within a one-half (1/2) mile radius of the Location (the "Protected Territory"); provided, however, nothing contained herein shall prohibit FRANCHISOR from operating or granting a franchise for the operation of a GJC STORE located within a shopping mall, even if such shopping mall is located within the Protected Territory. Except as expressly limited above, FRANCHISEE acknowledges that FRANCHISOR (and its affiliates), retain the right at all times during this Agreement's term to engage in any and all activities that FRANCHISOR (and its affiliates) deem appropriate, wherever and whenever FRANCHISOR (and its affiliates) desire, and whether or not such activities compete with the GJC STORE, including, without limitation, the right to:

(1) establish and operate, and allow others to establish and operate, other GJC STORES and other gourmet coffee stores and/or other coffee beverage businesses using the Names and Marks, at any location outside the Protected Territory and on such terms and conditions we deem appropriate;

(2) establish and operate, and allow others to establish and operate, gourmet coffee stores and/or other coffee beverage businesses, located anywhere (including in the Protected Territory), that may offer products and services which are identical or similar to Products and services offered by GJC STORES, under other trade names, trade-marks, service marks and commercial symbols different from the Names and Marks, and on any terms and conditions FRANCHISOR deems appropriate;

(3) establish, and allow others to establish, other businesses and distribution channels (including, but not limited to, the Internet), wherever located or operating and

regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, that operate under the Names and Marks or any other trade names, trade-marks, service marks or commercial symbols that are the same as or different from GJC STORES, and that sell products and/or services that are identical or similar to, and/or competitive with, those that GJC STORES customarily sell under any terms and conditions we deem appropriate;

(4) roast, develop, wholesale, market, distribute and sell Products through any channel of distribution, including, without limitation, mail order, the Internet, and wholesale, under or in association with the Names and Marks or any other trade names, trade-marks, service marks or commercial symbols;

(5) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at GJC STORES, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Territory);

(6) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at GJC STORES, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Protected Territory; and

(7) engage in all other activities not expressly prohibited by the Agreement.

[Signatures on Following Page]

IN WITNESS WHEREOF, the FRANCHISOR and the FRANCHISEE have duly executed and delivered this Addendum on this day of _____, 20__.

FRANCHISOR

**GLORIA JEAN'S GOURMET COFFEES
FRANCHISING CORP.**
an Illinois corporation

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

EXHIBIT 5

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT

Agreement Date: _____

Developer Name: _____

Business Address: _____

Type of Business Entity: _____

State in which organized: _____

Owner Name(s):

Ownership
Percentage:

_____ %

_____ %

_____ %

_____ %

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APPENDIX A – DEVELOPMENT AREA, DEVELOPMENT SCHEDULE, DEVELOPMENT FEE AND
FRANCHISE FEES, AND KEY PERSON

APPENDIX B – FORM OF LEASE RIDER

APPENDIX C – PERSONAL GUARANTEE

APPENDIX D – CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement ("Agreement") is entered into as of the Agreement Date shown on the cover page between GLORIA JEAN'S GOURMET COFFEES FRANCHISING CORP. ("**we**", "**us**" or "**GJF**") and the individual or business entity identified on the cover page ("**you**" or "**Developer**").

As used in this Agreement, "**Owners**" means the person(s) identified on the cover page as the owners of Developer and all other persons whom we may subsequently approve to acquire an interest in Developer.

BACKGROUND

- A. We and our affiliates are engaged in the business of developing, operating and franchising GLORIA JEAN'S COFFEES® stores ("**GLORIA JEAN'S Stores**").
- B. GLORIA JEAN'S Stores operate under a distinctive format and set of specifications and procedures developed by us and our affiliates (the "**System**").
- C. Developer wishes to obtain the right to develop GLORIA JEAN'S Stores within the territory defined in this Agreement.

AGREEMENT

1. DEVELOPMENT RIGHTS AND OBLIGATIONS

1.1. Rights Granted. We grant you the right, and you undertake the obligation, to develop the number of GLORIA JEAN'S Stores shown in Appendix A to this Agreement, solely within the territory defined in Appendix A (the "**Development Area**"). Your right to develop GLORIA JEAN'S Stores is contingent on satisfaction of the requirements in Section 1.2 below.

1.2. Development Obligations. You must develop and open GLORIA JEAN'S Stores in accordance with the deadlines set forth in Appendix A to this Agreement (the "**Development Schedule**"). For each GLORIA JEAN'S Store, you must:

1.2.1 Submit for our approval a proposed location for the GLORIA JEAN'S Store pursuant to Section 3.1 below;

1.2.2 At the time you propose a specific location, demonstrate satisfaction of our then-current financial and operational criteria for development of a new GLORIA JEAN'S Store; and

1.2.3 If we approve the location and you obtain control of it by lease or purchase, sign a separate Franchise Agreement ("**Franchise Agreement**") in the form that we are then offering for new franchises in the USA, along with a release of claims, as provided in Section 3.3 below.

1.3. Failure to Satisfy Development Schedule. If you do not have in operation the minimum number of GLORIA JEAN'S Stores required at each deadline specified in the Development Schedule, we will have the right to terminate this Agreement by written notice to you. Termination of this Agreement pursuant to this Section 1.3

will not affect your right or your obligation to operate each GLORIA JEAN'S Store for which we have signed a Franchise Agreement before termination of this Agreement.

1.4. Disclaimer of Other Rights. This Agreement is not a franchise and does not grant you any right to use the System or the GLORIA JEAN'S COFFEES name or any of our other names or marks (collectively, the "**Marks**"). The rights to use the System and Marks are granted only under the Franchise Agreement. You have no right or power under this Agreement or under any Franchise Agreement: (i) to sublicense or subfranchise any other person or legal entity to use the Marks or the System; or (ii) to subdivide or partition the Development Area or any development rights granted in Section 1.1.

1.5. Territorial Protection. While this Agreement is in effect, we will not establish GLORIA JEAN'S Stores or franchise or license others to establish GLORIA JEAN'S Stores within the Development Area, except for Non-Traditional Outlets as permitted by Section 1.6.2 below and Conversion Stores to the extent permitted by Section 1.6.5 below.

1.6. Rights Reserved. We and our affiliates retain the rights, despite anything to the contrary in Section 1.5 and regardless of the proximity to or effect on any GLORIA JEAN'S Store that you operate:

1.6.1 To own, acquire, establish, operate, and franchise or license others to operate GLORIA JEAN'S Stores located outside of the Development Area;

1.6.2 To own, acquire, establish, operate, and franchise or license others to operate Non-Traditional Outlets under the GLORIA JEAN'S COFFEES name or any other name, both inside and outside of the Development Area. "**Non-Traditional Outlet**" means a mobile or temporary outlet (such as a food truck, cart, kiosk, or so-called "pop-up" restaurant) or an outlet at a facility where the primary function is not foodservice, such as (but not limited to) a performing arts arena, sports stadium, department store, retail store, wholesale club, grocery store, supermarket, casino, amusement park, fairground, college or university, factory, hospital, penal institution, military base, airport, turnpike, limited access highway rest stop, or other transportation facility;

1.6.3 To develop, manufacture, have manufactured, market, sell and distribute, at retail or wholesale, and license others to manufacture, sell or distribute, packaged food products or any other goods or services under the GLORIA JEAN'S COFFEES mark or any other name or mark, through any channel of distribution, including but not limited to the Internet, mobile applications, supermarkets, specialty food stores, convenience stores, wholesale clubs, and retail food stores, anywhere in the world;

1.6.4 To use the GLORIA JEAN'S COFFEES brand in other lines of business besides the operation of GLORIA JEAN'S Store, anywhere in the world; and

1.6.5 To own, acquire, establish, operate, and franchise or license others to establish and operate outlets under names and marks other than GLORIA JEAN'S COFFEES, at any location within or outside of the Development Area, even if the concepts or businesses are similar to GLORIA JEAN'S Stores. However, while this Agreement is in effect, if we acquire the assets of any outlets located within the Development Area that we determine in our sole discretion to convert to a GLORIA JEAN'S Store (a "**Conversion Store**"), we will offer to sell the Conversion Store to you for the price we paid for its assets, provided that, in our judgment: (1) the sale to you will not conflict with any existing legal obligation we have; (2) the sale to you will not interfere with the completion of our acquisition on the terms agreed to by us; (3) the sale to you will not adversely affect any

financing or federal or state income tax consequences arising from the acquisition; and (4) you agree: (a) to sign, concurrently with your purchase of the assets, a Franchise Agreement as modified for use in connection with each Conversion Store; and (b) to convert each Conversion Store to a GLORIA JEAN'S Store in accordance with our standards and specifications. Any Conversion Store that you purchase and convert under this Section will be counted toward the minimum cumulative number of GLORIA JEAN'S Stores required by the Development Schedule. Your purchase price for the Conversion Store will include the direct and indirect costs and liabilities we have incurred or assumed in acquiring the Conversion Store, and other expenses allocated or otherwise related to the Conversion Store (including any losses from continuing operations and renovation costs). You will have thirty (30) days after receipt of our offer in which to accept or reject the offer. Acceptance must be communicated in writing. If accepted, you will have thirty (30) days from the date of acceptance to complete the purchase of the Conversion Store. If you reject or do not timely accept our offer to sell you the Conversion Store, or if you do not timely complete the purchase after accepting, or if we are not obligated to extend an offer to you for any of the reasons stated in this Section, we will have the right to alter, modify, refurbish, remodel, promote and market, operate, or franchise others to operate the Conversion Store as a GLORIA JEAN'S Store or any other business. For purposes of this Section, all references to us are deemed to include our affiliates.

2. FEES

2.1. Development Fee. The initial franchise fee payable for each GLORIA JEAN'S Store required by the Development Schedule is shown in Appendix A. In consideration for granting you the development rights and reserving the Development Area as provided in Section 1.1, you must pay us 50% of each initial franchise fee (collectively, the **"Development Fee"**) when you sign this Agreement. The Development Fee is fully earned when paid and is non-refundable, even if you do not sign any Franchise Agreements or open any GLORIA JEAN'S Stores.

2.2. Franchise Fees. When you sign the Franchise Agreement for each GLORIA JEAN'S Store required by the Development Schedule, you must pay us the balance of the initial franchise fee for that store.

3. DEVELOPMENT PROCESS

3.1. Site Selection. You must identify and obtain a site for each GLORIA JEAN'S Store at your own expense. We will furnish you with our general criteria for site selection and with site selection counseling and assistance as we deem appropriate. Before acquiring a site by lease or purchase, you must submit any information and materials we request to evaluate the site and to assess your financial capability to develop the site, along with a letter of intent or other evidence of your ability to obtain the site. We will conduct an on-site evaluation of each proposed site, unless we waive this requirement in our sole discretion. We will either approve or reject a proposed site within thirty (30) days after conducting our on-site evaluation or receiving all information and materials we have requested for the site, whichever is later. Approval or rejection is at our sole discretion. No site will be deemed to have received our approval unless it has been approved in writing by an officer of GJF with authority to give approval. You acknowledge that our review is solely for the purpose of determining whether the site is within our acceptable criteria and that our approval is not a representation or guarantee that a GLORIA JEAN'S Store will be successful at the site.

3.2. Lease Terms. If you will occupy the approved site under a lease, you must submit the proposed lease to us for approval before signing it. As a condition of our approval, we may require that the lessor sign a lease rider containing some or all of the provisions set out in Exhibit B to this Agreement. You must furnish us with a copy of the signed lease and lease rider within ten (10) days after you sign them.

3.3. Execution of Franchise Agreement. When we receive a signed copy of the lease and lease rider for the approved site, we will issue a Franchise Agreement and the site will be the “Approved Location” referred to in the Franchise Agreement. You must return the signed Franchise Agreement and pay the balance of the initial franchise fee within twenty (20) days of your receipt of the Franchise Agreement, or we can withdraw our approval of the site. Concurrently with signing each Franchise Agreement, you and the Owners must sign a general release of any and all claims against us and our affiliates, officers, directors, employees, agents, successors and assigns, subject to any limits or exceptions imposed by applicable law.

4. TERM

This Agreement will expire on the last deadline date specified in the Development Schedule, unless terminated sooner under Section 1.3 or Section 8.

5. CONFIDENTIAL INFORMATION

5.1. Nondisclosure. You are prohibited, both during and after the term of this Agreement, from communicating or divulging Confidential Information to any unauthorized person and from using Confidential Information for your benefit or the benefit of any other person, other than for the development of GLORIA JEAN’S Stores. “**Confidential Information**” means all knowledge and data not generally known to the public, whether or not constituting trade secrets, that we disclose to you or that you obtain by virtue of this Agreement or any activities hereunder, including but not limited to: (i) business procedures and communications concerning the development of GLORIA JEAN’S Stores; (ii) our site selection guidelines and criteria; (iii) specific sites that have been identified as candidates for GLORIA JEAN’S Stores; (iv) plans and specifications for construction of a GLORIA JEAN’S Store, including exterior and interior design and layout plans, and including samples, prototypes, and site-specific drafts; (v) supplier lists, mailing lists, prospect lists, marketing studies, cost studies, marketing plans and techniques, and promotion and marketing aids; (vi) actual or proposed lease terms, specific negotiating strategies and the status of negotiations; and (vii) business forms, accounting procedures, business plans, feasibility studies, and non-public financial information of or about us and our affiliates. You may divulge Confidential Information only: (i) to your employees who must have access to it in order to carry out their duties relating to the GLORIA JEAN’S Stores; and (ii) to your contractors and prospective landlords with our prior written approval. All information, knowledge, trade secrets, know-how, techniques, and other data which we designate as confidential will be deemed to be Confidential Information for purposes of this Agreement, except information which you can demonstrate came to your attention by lawful means before we disclosed it to you, or which, at or after the time of our disclosure to you, had become or later becomes a part of the public domain, through publication or communication by others.

5.2. Owners, Officers and Others. At our request, you must require your Owners, Key Person (as defined in Section 9.2), officers, and any other person to whom you wish to disclose any of our Confidential Information to sign a separate Confidentiality and Non-Competition Agreement in the form of Appendix D to this Agreement.

6. RESTRICTIONS ON COMPETITION

6.1. During Term. You acknowledge that this Agreement will give you access to valuable Confidential Information and business opportunities that you and the Owners did not have before entering into this Agreement. Accordingly, while this Agreement is in effect, except as we otherwise approve in writing, you may not, either directly or indirectly:

6.1.1. Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any interest in any Competing Business, as defined in Section 6.3 below; or

6.1.2. Divert or attempt to divert any present or prospective business or customer to any Competing Business, or do anything else harmful to the goodwill associated with the Marks and the System.

6.2. After Expiration, Termination or Transfer. You further agree that, except as we otherwise approve in writing, you will not, for two (2) years after the expiration or termination of this Agreement or the approved transfer of this Agreement to a new developer, either directly or indirectly:

6.2.1. Own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in any Competing Business operating (i) within the Development Area; or (ii) within 10 miles of any GLORIA JEAN'S Store; or

6.2.2 Divert or attempt to divert any present or prospective business or customer to any Competing Business operating within the Development Area, or do anything else harmful to the goodwill associated with the Proprietary Marks and the System.

6.3. Definition of Competing Business. In this Agreement, "**Competing Business**" means a foodservice brand or outlet featuring coffee, coffee-based drinks, or coffee-related products (not including any GLORIA JEAN'S Stores that you or the Owners operate under other agreements with us or our affiliates).

6.4. Exception for Publicly-Held Shares. Sections 6.1.1 and 6.2.1 do not apply to ownership of less than five percent (5%) beneficial interest in the equity securities of any publicly-held corporation.

6.5. Enforcement.

6.5.1. Neither Developer nor any person bound by the restrictions of this Section 6 may circumvent the restrictions by engaging in prohibited activity indirectly through any other person or entity.

6.5.2. For the individuals who are bound personally by the restrictions in this Section 6 or by a separate Confidentiality and Non-Competition Agreement, the time periods in Section 6.2 will run from the expiration, termination, or transfer of this Agreement or from the end of the individual's relationship with Developer, whichever occurs first.

6.5.3. We have the right to reduce the scope of any restriction in this Section 6, effective immediately upon written notice to Developer.

6.5.4. The existence of any claim that Developer or the Owners may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of this Section 6 or any Confidentiality and Non-Competition Agreement.

6.5.5. You acknowledge that a violation of this Section 6 would result in irreparable injury for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction, without the need for us to post bond, prohibiting any violation of this Section 6. Injunctive relief is in addition to

any other remedies we may have. If we obtain enforcement in a judicial proceeding, the obligations under the breached restriction will continue in effect for a period ending two (2) years after the date of the order enforcing the restriction.

6.5.6. The restrictions in this section are in addition to any restrictions on competition under any other agreements you have with us.

7 SALE OR ASSIGNMENT

7.1. No Assignment or Ownership Change without Consent. We have entered into this Agreement in reliance on your and the Owners' business skill, financial capacity, and personal character. Accordingly, neither you nor any of the Owners may sell, assign, transfer, convey, or give away, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) (collectively, "**Transfer**") any direct or indirect interest in this Agreement, in Developer, or in the development rights granted by this Agreement without our prior written consent. You must notify us in writing of any proposed Transfer at least sixty (60) days before the Transfer is to take place, and provide information and documentation relating to the proposed Transfer as we request. You agree that the conditions of Transfer in Sections 7.3 through 7.9 below are reasonable and that they do not preclude other reasonable conditions that we may impose. We have the right to communicate with and counsel both you and the proposed transferee on any aspect of a proposed Transfer. If we have not responded within 60 days after we receive your written notice of the proposed Transfer, our consent will be deemed to have been given. Unless otherwise agreed, we do not waive any claims against the transferring party if we approve the Transfer. If we do not approve the Transfer, you must continue to develop GLORIA JEAN'S Stores in accordance with this Agreement.

7.2. Right of First Refusal. We have the right, exercisable within 45 days after receipt of the notice required by Section 7.1, to send written notice to you that we intend to purchase the interest proposed to be transferred. The request for approval of Transfer must include a true and complete copy of the term sheet, letter of intent, proposed purchase agreement, assignment document, description of financing or other contingencies, and any other documents reasonably necessary to support a prudent business decision on whether to exercise the right of first refusal. We can assign our right of first refusal to someone else either before or after we exercise it. However, our right of first refusal will not apply to a Transfer under Section 7.5 or to a Transfer to a spouse or adult son or daughter (including Transfers to a spouse, son, or daughter as a result of death or incapacity as described in Section 7.6).

7.2.1. If the proposed Transfer is a sale, we or our designee may purchase on the same economic terms and conditions offered by the third party. Closing on our purchase must occur within sixty (60) days after the date of our notice to the seller electing to purchase the interest. If we cannot reasonably be expected to furnish the same type of consideration as the third party, then we may substitute the reasonable equivalent in cash. If the parties cannot agree within 30 days on the reasonable equivalent in cash, you and we will jointly designate and pay the cost of an independent appraiser, and the appraiser's determination will be final. We will have thirty (30) days after receipt of the appraiser's determination to decide whether to proceed with the purchase. Any material change in the third party's offer after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as for the third party's initial offer.

7.2.2. If a Transfer is proposed to be made by gift, you and we will jointly designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be

transferred. We will have thirty (30) days after receipt of the appraiser's determination to decide whether to purchase the interest at the fair market value determined by the appraiser. If we decide to purchase, closing on the purchase will occur within 45 days after our notice to the transferor of our decision.

7.2.3. If we elect not to exercise our rights under this Section, the transferor may complete the proposed Transfer after complying with Sections 7.3 through 7.9, provided that the final sale price is not less than the price at which we were entitled to purchase. If we determine that the final sale price is less than the price at which we were entitled to purchase, we may refuse to give our consent to the Transfer. Closing of the Transfer must occur within 60 calendar days of our election not to exercise our rights. If closing does not occur within the 60-day period, the third party's offer will be treated as a new offer subject to our right of first refusal.

7.3. Transfer of Entire Business. For a proposed Transfer of this Agreement or the development rights granted hereunder, the conditions set forth in this Section apply unless specifically waived by GJF. If Developer is a business entity, this Section also applies to a Transfer of ownership interests that would result in a change of control of Developer:

7.3.1. You must be in compliance with all obligations to us under this Agreement and any other agreement you have with us and our affiliates as of the date of the request for our approval of the Transfer, or you must make arrangements satisfactory to us to come into compliance by the date of the Transfer.

7.3.2. The proposed transferee must:

(a) Demonstrate to our satisfaction that he or she meets all of our then-current qualifications to become a multi-store developer of GLORIA JEAN'S Stores, which may include educational, managerial, and business standards; absence of involvement with Competing Businesses; good moral character, business reputation, and credit rating; and aptitude and ability to develop GLORIA JEAN'S Stores. If the proposed transferee is already a GLORIA JEAN'S COFFEES franchisee, that fact does not guarantee approval to become a multi-store developer. We have no less discretion with respect to a proposed transferee than we have with a new multi-store developer of GLORIA JEAN'S Stores.

(b) Demonstrate that the transferee has adequate financial resources and capital to complete the Development Schedule in a timely manner.

(c) Complete (or cause its owners and/or employees to complete, if the transferee is a business entity) any training programs that we then require for multi-store developers in the U.S.A.

(d) If the proposed transferee is an existing GLORIA JEAN'S COFFEES franchisee or multi-store developer, he or she must not have any outstanding notice of default under his or her agreements with us, must have a good record of customer service and compliance with the System standards, and must execute a general release in a form acceptable to us.

(e) If the transferee is a business entity, all owners of a beneficial interest in the transferee must sign our then-current form of Personal Guarantee.

7.3.3. You must pay us a Transfer fee in the amount of \$5,000.

7.3.4. Because we believe it is important to brand integrity to keep markets intact, you must (unless we otherwise approve) Transfer all GLORIA JEAN'S Stores that have been developed under this Agreement to the same transferee in the same transaction.

7.3.5. You and all Owners must sign a general release, in a form satisfactory to us, of all claims against us and our past, present and future affiliates, officers, directors, shareholders, agents and employees. You and the Owners will remain liable to us for all obligations arising before the effective date of the Transfer.

7.3.6. The price and other proposed terms of the Transfer must not, in our reasonable business judgment, have the effect of negatively impacting the transferee's ability to complete the Development Schedule.

7.3.7. Any financing incurred in connection with the Transfer must be expressly subordinated to the transferee's obligations to us.

7.4. Transfer of Minority Ownership Interest. For any proposal to admit a new Owner, to remove an existing Owner, or to change the distribution of ownership shown on the cover page of this Agreement, or for any other transaction that amounts to the Transfer of a partial interest in Developer or this Agreement, you must give us advance notice and submit a copy of all proposed contracts and other information concerning the Transfer that we may request. We will have a reasonable time (not less than 45 days) after we have received all requested information to evaluate the proposed Transfer. We may withhold our consent or give our consent subject to the conditions of Section 7.3 that we deem to be applicable. You acknowledge that any proposed new owner must submit a personal application and sign a Personal Guarantee in our then-current form.

7.5. Transfer to a Business Entity. We will consent to the assignment of this Agreement to and assumption of this Agreement by a corporation or limited liability company that you form solely for the convenience of ownership (a "**Company**"), without payment of a Transfer fee, provided that you comply with all of the following:

7.5.1. You must provide us with proof that the Company is in existence and in good standing in the state where it was organized. The Company must have no other business besides the development and operation of GLORIA JEAN'S Stores. The legal name of the Company must not contain the words "Gloria Jean's" or any similar words or phrases.

7.5.2. The Owners must hold equity interests in the Company in the same proportion shown on the cover page of this Agreement.

7.5.3. You must designate a Key Person, as defined in Section 9.3.

7.5.4. All Owners must sign a Personal Guarantee in the form attached to this Agreement.

7.5.5. You must reimburse us for the reasonable costs and expenses we incur in connection with the assignment, including legal fees.

7.5.6. You and the Company must comply with the requirements in Section 9 for the remaining term of this Agreement.

7.6. Transfer on Death, Incapacity or Bankruptcy. If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within 3 months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. The Transfer will be subject to the provisions of Sections 7.2 through 7.4, as applicable. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days or (ii) for 60 or more total days during a calendar year. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the applicable conditions, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this Section 7.6 within one year after the date of death or appointment of a personal representative or trustee, we can terminate this Agreement under Section 8.2.

7.7. Non-Conforming Transfers. Any purported Transfer that is not in compliance with this Section 7 is null and void and constitutes a material breach of this Agreement, for which we may terminate this Agreement without opportunity to cure.

7.8. Prohibited Transfers. Notwithstanding Sections 7.1 to 7.6, neither Developer nor any Owner may: (i) pledge or otherwise encumber this Agreement; or (ii) pledge or otherwise encumber any ownership interest in Developer. Any security interest which, notwithstanding the previous sentence, may be created in this Agreement by virtue of Section 9-408 of the Uniform Commercial Code will be limited as described in Section 9-408(d) of the Uniform Commercial Code.

7.9. Securities Offering. If Developer or an Owner desires to offer securities, the offering will be subject to all of the conditions of this Section 7, including our right of first refusal under Section 7.2. All materials required for the offering by federal or state law must be submitted to us for review and consent prior to their use. No offering may imply, by use of the Marks or otherwise, that we are participating in underwriting, issuing, or offering the securities. Our review of the offering materials will be limited solely to the subject of the relationship between you and us. You agree to make any changes we deem necessary to describe the relationship accurately and completely. After we have approved the offering materials, you may proceed with the offering, but you must give us written notice of the commencement date of the offering at least thirty (30) days in advance, and your notice must confirm that the final offering materials are in the form we approved or explain any deviations from the materials we approved. All participants in the offering must fully indemnify us in connection with the offering. For each proposed offering, we may require you to pay, in addition to the transfer fee under Section 7.3, a non-refundable fee of up to \$10,000 to reimburse us for our costs and expenses associated with reviewing the proposed offering.

7.10. Sale or Assignment by GJF. We have the right to transfer or assign all or any portion of our rights or obligations under this Agreement to any person or legal entity. With respect to any assignment that results in the subsequent performance by the assignee of our obligations under this Agreement, the assignee will become solely responsible for the obligations from the date of the assignment. You acknowledge that we can sell our assets, sell securities in a public offering or in a private placement; merge with, acquire, or be acquired by another company, or undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, without restriction and without affecting your obligations under this Agreement.

8 DEFAULT AND TERMINATION

8.1. Termination without Notice. You will be in material default of this Agreement and, to the extent permitted by law, all rights granted by this Agreement will automatically terminate without notice to you if you become insolvent or make an assignment for the benefit of your creditors; if a receiver is appointed for your business; if execution is levied against your business assets; if a suit to foreclose any lien or mortgage is filed against you and not dismissed within 60 days; if a bankruptcy petition is filed by or against you and not dismissed within 60 days; or if your business entity is dissolved.

8.2. Termination without Cure Period. If any of the following events of default occurs, we will have the right to terminate this Agreement without giving you an opportunity to cure the default, effective immediately upon delivery of written notice to you:

8.2.1. If you do not have in operation the minimum number of GLORIA JEAN'S Stores required at each deadline specified in the Development Schedule;

8.2.2. If we terminate any Franchise Agreement based on your default;

8.2.3. If any Transfer occurs that does not comply with Section 7;

8.2.4. If you knowingly maintain false or misleading books or records or knowingly submit any false or misleading information to us;

8.2.5. If you or any Owner is convicted of, pleads guilty to, or pleads no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe is likely to have an adverse effect on the System, the Marks, or the goodwill associated with them. Once you or the Owner has been arrested for or formally charged with a serious criminal offense, we will have the right to require that the individual(s) charged be removed from any active role in Developer's business pending final disposition of the charges;

8.2.6. If you or any Owner appears on any government list of "blocked" persons or your assets, property, or interests are "blocked" under any anti-terrorism law or similar law that prohibits us from doing business with you or the Owner.

8.3. Termination upon Expiration of Cure Period. If you fail to cure a default of any other provision of this Agreement within thirty (30) days after receiving written notice of default from us, this Agreement will terminate at the end of the thirty-day period without further notice from us.

8.4. Effect of Expiration or Termination. Upon expiration or termination of this Agreement, you will have no right to establish or operate any GLORIA JEAN'S Store for which we have not signed a Franchise Agreement before expiration or termination of this Agreement. We will be free to establish, and to franchise others to establish, GLORIA JEAN'S Stores at any location in the former Development Area except as may be otherwise provided under the terms of any Franchise Agreement that remains in effect between us and you.

8.5. No Refund. You will have no right to a refund of any part of the Development Fee upon expiration or termination of this Agreement, regardless of whether you have signed any Franchise Agreements.

9 BUSINESS ENTITY REQUIREMENTS

9.1. Ownership Information. If the Developer is a limited liability company, corporation, partnership, or other entity, Developer and each of the Owners represents and warrants that the ownership information on the cover page is correct and complete as of the Agreement Date. Developer must maintain a current list of all stockholders, general partners, limited partners, members, or other direct and indirect beneficial owners (as applicable) and furnish the list to us upon request. If any Owner is a business entity, you must provide all information we request concerning that business entity and its owners.

9.2. Key Person. “**Key Person**” means the individual who is responsible for managing the day-to-day development activities under this Agreement and who has the authority to bind Developer in all decisions regarding development of the GLORIA JEAN’S Stores. The Key Person may be, but need not be, an Owner. The initial Key Person is designated in Appendix A. We have the right to rely on any statement, agreement, or representation by the Key Person. If the Key Person leaves the Developer’s organization, you must nominate a new Key Person within 30 days thereafter. If you have not obtained our approval of a new Key Person within 90 days, you will be in material default of this Agreement.

9.3. Governing Documents. At our request, you must promptly furnish us with copies of your articles of incorporation, bylaws, partnership agreement, certificate of formation, limited liability company operating agreement, or other governing documents, as applicable. You must give us at least thirty (30) days prior written notice of any proposed amendments to your governing documents. Your governing documents must provide at all times that your activities are confined exclusively to developing and operating GLORIA JEAN’S Stores. If any controlling Owner is a business entity, you must provide similar information concerning that business entity as we may request.

9.4. Control Arrangements. Any voting trust, management agreement, or other arrangement affecting the power to direct and control the affairs of Developer requires our prior written consent. You must furnish any information and documentation that we may request concerning a proposed control arrangement.

10 NOTICES

All notices related to this Agreement must be in writing and must be delivered in person or sent by certified mail, by national commercial delivery service, or by other written or electronic means which affords the sender reliable evidence of delivery or attempted delivery, to the addresses following our respective signature blocks, unless and until a different address has been designated by written notice to the other party.

11 INSURANCE AND INDEMNIFICATION

11.1. Insurance. You must buy and maintain the types and minimum amounts of insurance coverage that we specify from time to time for multi-store developers. All insurance policies must be written by a carrier with an industry rating acceptable to us; must name GJF, our affiliates, and their respective officers, directors, shareholders, and employees as additional insureds as we direct; and must not have deductibles, exclusions or co-insurance that are unacceptable to us. Each insurance policy must contain a waiver by the insurance company of subrogation rights against us, our affiliates, and their successors and assigns. Upon signing this Agreement, you must provide us with evidence of insurance coverage and payment of premiums. Thereafter, before each insurance policy expires, you must furnish us with a copy of each renewal or replacement insurance policy and evidence of payment of the premium. If you do not maintain the insurance required by this Agreement, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you agree to reimburse us for the

cost of insurance, plus a reasonable fee for our services. We may increase the amounts of coverage required and/or require different or additional kinds of insurance, including excess liability insurance, at any time on reasonable notice to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Your obligation to obtain coverage is not limited in any way by insurance that we maintain.

11.2. Indemnification. You agree to hold harmless, defend, and indemnify GJF, its affiliates, and their respective past, present, and future officers, directors, shareholders, employees, and agents (collectively, **“Protected Parties”**) against: (i) any claims arising directly or indirectly from, as a result of, or in connection with your activities under this Agreement (collectively, **“Claims”**); and (ii) any liabilities, damages, losses, and expenses the Protected Parties incur as a result of such Claims, including but not limited to reasonable attorneys’ fees, costs of investigation, settlement costs, and interest charges (collectively, **“Expenses”**). To the extent permitted by law, this indemnity includes Claims and Expenses alleged to be caused by the negligence of the Protected Parties, unless (and then only to the extent that) the Claim or Expense is finally determined by a court to have been caused solely by gross negligence or willful misconduct of the Protected Parties. With respect to any threatened or actual litigation, proceeding, or dispute which could directly or indirectly affect any of the Protected Parties hereunder, the Protected Parties will have the right, but no obligation, to: (i) choose counsel; direct, manage, and control the handling of the matter; and (ii) settle any Claim on behalf of the Protected Parties. Your obligations under this Section are not limited by the amount of your insurance coverage. This Section will survive the expiration or termination of this Agreement.

12 GENERAL PROVISIONS

12.1. Notice of Suit. You must immediately notify us in writing of any lawsuit or legal proceeding or any order, writ, injunction, award, or decree of any court or government agency that may adversely affect your financial condition or development of GLORIA JEAN’S Stores.

12.2. Independent Contractor. Nothing in this Agreement is intended to make us or you an agent, legal representative, subsidiary, joint venturer, partner, or employee of the other for any purpose. Nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf or to incur any debt or other obligation in our name. We will not assume liability for, or be deemed liable as a result of, any such action, nor will we be liable for your acts or omissions or any claim or judgment arising therefrom against you or us. You must hold yourself out to the public as an independent contractor operating under this Agreement. This Agreement does not create a fiduciary relationship between you and us.

12.3. Public Notice of Independent Status. You must conspicuously identify yourself by your own company name in all dealings with landlords, contractors, suppliers, public officials, and employees and on all business cards, stationery, advertising, payroll forms, purchase orders and other materials. No permitted use of the Marks in such materials may give the third party the impression that the third party is dealing with us rather than you or that you are acting on our behalf.

12.4. Severability. If any provision of this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, the invalidity will not impair the operation of any other provisions of this Agreement that remain otherwise intelligible. The latter will continue to be given full force and effect and the invalid provision(s) will be deemed not to be a part of this Agreement.

12.5. No Implied Waiver. No failure to exercise any right reserved to us in this Agreement or to insist upon your strict compliance with any obligation or condition in this Agreement, and no custom or practice of the parties, will constitute a waiver of our right to exercise any right or to demand your compliance with this Agreement. Our waiver of any particular default will not affect or impair our rights with respect to any subsequent default. No delay, forbearance, or omission by us to exercise any power or right arising out of your breach or default will affect or impair our right to exercise the power; nor will it constitute a waiver of our right to declare any subsequent breach or default and to terminate this Agreement.

12.6. No Implied Third Party Beneficiaries. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity other than Developer, the Owners, and us, and such of their successors and assigns as may be contemplated by Section 7 above.

12.7. No Implied Consent. Whenever this Agreement requires our prior approval or consent, you or the Owners must make a timely written request, and the approval or consent must be obtained in writing and signed by one of our officers. We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you by providing any waiver, approval, consent or suggestion in connection with this Agreement.

12.8. Survival of Obligations. All obligations which expressly or by reasonable implication are to be performed, in whole or in part, after the expiration, termination, or Transfer of this Agreement will survive expiration, termination, or Transfer.

12.9. Our Business Judgment. Unless otherwise expressly provided in this Agreement, whenever we exercise a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take an action, we can make our decision or exercise our discretion based on our judgment of what is in our best interests. "Best interests" includes what we believe to be the best interests of the GLORIA JEAN'S COFFEES brand at the time the decision is made or the right or discretion is exercised, even though (a) there may have been other alternative decisions or actions that could have been taken; (b) our decision or action taken promotes our own financial interest; or (c) our decision or the action may apply differently to different franchisees, multi-store developers, or GLORIA JEAN'S Stores. In the absence of an applicable statute, we will have no liability to you for any such decision or action. If applicable law implies a duty of good faith and fair dealing in this Agreement, we and you agree that the duty does not encompass any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement.

12.10. Entire Agreement. This Agreement and its Appendices constitute the entire agreement between you and us concerning the development rights and obligations for GLORIA JEAN'S Stores in the Development Area and supersede all prior agreements, negotiations, representations, and correspondence concerning the same subject matter, except that nothing in this Agreement is intended to disclaim any representations made in any Franchise Disclosure Document that you received from us in connection with this Agreement. No amendment, change, or variance from this Agreement will be binding unless agreed to in writing and signed by authorized representatives of each party.

13 APPLICABLE LAW; DISPUTES

13.1. Governing Law. This Agreement and the relationship between us, you and the Owners is governed by the laws of the State of Illinois, except that if Section 6.2 or any other provision of this Agreement would not be enforceable under the laws of Illinois, and if the Development Area is located outside of Illinois and

the provision would be enforceable under the laws of the state in which the Development Area is located, then that provision will be governed by the laws of the state in which the Development Area is located. In the event of any conflict of law question, the laws of Illinois will prevail, without regard to the application of Illinois conflict-of-law rules. This Section is not intended to subject this Agreement or our relationship with you to any Illinois statute or regulation that would not apply by its own terms without considering this Section.

13.2. Venue for Litigation. Developer and the Owners must file any lawsuit against us only in the federal or state court where our principal office is located at the time the suit is filed. We may file a lawsuit against Developer or the Owners in the federal or state court where our principal office is located or where Developer's principal office is located at the time the suit is filed. The parties waive all objections to personal jurisdiction and venue for purposes of carrying out this provision.

13.3. Time Limit on Filing. Any lawsuit you or the Owners file against us arising out of or relating to this Agreement must be filed and served within two (2) years from the occurrence of the facts giving rise to the claim or action, or the claim or action is barred.

13.4. Waiver of Jury Trial. We, you and the Owners irrevocably waive trial by jury in any action, proceeding, or counterclaim.

13.5. Waiver of Exemplary Damages. You and the Owners, on the one hand, and GJF on the other, waive to the fullest extent permitted by law any right to or claim of any punitive, exemplary, multiple, or consequential damages against the other and agree that, in case of a dispute, each will be limited to the recovery of any actual damages sustained.

13.6. Class Action Waiver. TO THE EXTENT PERMITTED BY LAW, YOU AND THE OWNERS WAIVE THE RIGHT TO SEEK CERTIFICATION OF A CLASS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM AGAINST US.

13.7. Attorney's Fees and Costs. You must reimburse us for all expenses we reasonably incur (including attorneys' fees): (a) to enforce the terms of this Agreement; and (b) in the defense of any claim asserted by Developer or the Owners on which we substantially prevail in court or other formal legal proceedings.

13.8. Remedies are Cumulative. Except as otherwise provided in this Section 13, no right or remedy under this Agreement is exclusive of any other right or remedy.

[Signature page follows]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Rider in duplicate on the day and year first above written.

**GLORIA JEAN’S GOURMET COFFEES FRANCHISING
CORP**
an Illinois corporation

By: _____
Print Name: _____
Title: _____

DEVELOPER: If a corporation, partnership, or limited liability company, print name of business entity on the line below

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

Address for Notices:

Address for Notices:

APPENDIX A TO AREA DEVELOPMENT AGREEMENT

DEVELOPMENT AREA (Section 1.1)

DEVELOPMENT SCHEDULE (Section 1.2)

Deadline:	Minimum cumulative number of GLORIA JEAN'S Stores that you must have open and operating in the Development Area by Deadline (see notes 1 and 2):

Note 1: Any existing GLORIA JEAN'S Stores acquired by Developer at the time of or before signing this Agreement do not count toward the required minimum numbers in the Development Schedule.

Note 2: Any GLORIA JEAN'S Store that closes within the time period of the Development Schedule will be subtracted from Developer's cumulative total if the GLORIA JEAN'S Store was previously counted toward the minimum requirements.

DEVELOPMENT FEE AND FRANCHISE FEES (Sections 2.1 and 2.2)

The franchise fees payable for each GLORIA JEAN'S Store required by the Development Schedule are:

First Store:	\$ _____
Second Store:	\$ _____
Third Store:	\$ _____
Fourth Store:	\$ _____
Fifth Store:	\$ _____
TOTAL:	\$ _____

The Development Fee is \$ _____

KEY PERSON (Section 9.2)

The initial Key Person is _____

APPENDIX B TO AREA DEVELOPMENT AGREEMENT

FORM OF LEASE RIDER

THIS ADDENDUM is dated _____ amends and supplements the Lease Agreement dated _____ (the “**Lease**”) between _____ (“**Lessor**”) and _____ (“**Lessee**”), a franchisee of GLORIA JEAN’S GOURMET COFFEES FRANCHISING CORP. (“**GJF**”).

1. Lessor acknowledges that Lessee intends to operate a GLORIA JEAN’S COFFEES® store at the premises specified in the Lease (the “**Premises**”) under the terms of a Franchise Agreement between Lessee and GJF (the “**Franchise Agreement**”).
2. Lessor and Lessee agree as follows:
 - a. Lessor consents to Lessee’s use of the Marks, signage, décor items and color scheme prescribed by GJF for a GLORIA JEAN’S COFFEES® store.
 - b. The use of the Premises is restricted solely to the operation of a GLORIA JEAN’S COFFEES® store during the term of the Franchise Agreement.
 - c. Lessee is prohibited from subleasing or assigning all or any part of its occupancy rights or from extending the term of or renewing the lease without GJF’s prior written consent.
 - d. Lessor will provide GJF with copies of all notices of default given to Lessee under the Lease and a reasonable opportunity to cure the default on Lessee’s behalf.
 - e. GJF has the right to enter the Premises to make modifications necessary to protect its Marks and System (as defined in the Franchise Agreement) or to cure any default under the Franchise Agreement or under the Lease.
 - f. GJF has the option, within thirty (30) days after expiration or termination of the Franchise Agreement, and upon notice to Lessor, to assume (or to have GJF’s designee assume) all of Lessee’s rights and obligations under the Lease, including any right to assign or sublease.
 - g. Lessee has the right, without the prior approval of Lessor, to remodel the Premises as and when required by the Franchise Agreement.
 - h. Lessee has the right, without Lessor's prior approval, to assign the Lease or sublet the leased Premises to GJF or any of its affiliates, or to any other franchisee of GJF.
 - i. Lessor and its affiliates will not lease space in property owned, managed or controlled by them within one-half mile of the Premises to any foodservice brand or outlet (not including other GLORIA JEAN’S Stores) featuring coffee, coffee-based drinks, or coffee-related products as a principal menu item (a “**Competing Business**”); and

j. Lessor and Lessee will not amend the lease in any manner that could materially affect the foregoing requirements without GJF's prior written consent.

3. GJF is a third party beneficiary with the independent right to enforce the provisions of this Addendum.

LESSOR

By: _____

LESSEE

By: _____

By: _____

By: _____

By: _____

APPENDIX C TO AREA DEVELOPMENT AGREEMENT

PERSONAL GUARANTEE

As an inducement to GLORIA JEAN'S GOURMET COFFEES FRANCHISING CORP. ("**GJF**") to execute a Development Agreement (the "**Agreement**") with _____ ("**Developer**"), a _____, the undersigned individuals (collectively, the "**Guarantors**"), jointly and severally, hereby unconditionally guarantee to GJF, its affiliates, and their successors and assigns (collectively, "**Gloria Jean's Coffees**") that all of Developer's obligations under the Agreement, and under other agreements or arrangements between the Developer and Company, will be punctually paid and performed.

1. Guarantee. Upon demand by Gloria Jean's Coffees, the Guarantors will immediately make each contribution or payment required of Developer under the Agreement and under other agreements or arrangements between Developer and Gloria Jean's Coffees. Each Guarantor waives any right to require Gloria Jean's Coffees to: (a) proceed against Developer or any other Guarantor for any contribution or payment required under the Agreement; (b) proceed against or exhaust any security from Developer or any other Guarantor; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer or any other Guarantor. Without affecting the obligations of the Guarantors under this Guarantee, Gloria Jean's Coffees may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of the Developer, or settle, adjust, or compromise any claims against the Developer. The Guarantors waive notice of amendment of the Agreement and notice of demand for contribution or payment and agree to be bound by any and all such amendments and changes to the Agreement.

2. Indemnity. The Guarantors agree to hold harmless and indemnify Gloria Jean's Coffees against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) arising out of or in connection with any failure by Developer to perform any obligation under the Agreement or any other agreement between Developer and Gloria Jean's Coffees.

3. Other Personal Obligations. The Guarantors acknowledge and agree to be bound personally by all restrictions on competition, confidentiality provisions, governing law and dispute resolution provisions, and restrictions on transfer of interest contained in the Agreement. The Guarantors may not disclose to any third party or make use of any Confidential Information (as defined in the Agreement) they may have received from Gloria Jean's Coffees, by virtue of their involvement in the business, or via their ownership interest in Developer.

4. Survival of Obligations. Upon the death of a Guarantor, the Guarantor's estate will remain bound by this Guarantee, but only for obligations existing at the time of death. The obligations of the surviving Guarantors will continue in full force and effect.

5. Spouses. The spouse of each Guarantor must sign the Spouse's Acknowledgment, by which the spouse acknowledges that Gloria Jean's Coffees is relying on all assets of the Guarantor, including jointly owned marital property, in accepting the Guarantor's obligations hereunder. The Spouse's Acknowledgment confirms that Gloria Jean's Coffees may pursue the Guarantor's interest in jointly owned marital property, but it does not make the spouse a guarantor or subject his or her separate property to this Guarantee. However, if the spouse is also an owner of Developer, the spouse must also sign this Guarantee as a Guarantor.

GUARANTOR:

Printed Name: _____

Signature: _____

Date: _____

SPOUSE'S ACKNOWLEDGEMENT:

Printed Name: _____

Signature: _____

Date: _____

GUARANTOR:

Printed Name: _____

Signature: _____

Date: _____

SPOUSE'S ACKNOWLEDGEMENT:

Printed Name: _____

Signature: _____

Date: _____

GUARANTOR:

Printed Name: _____

Signature: _____

Date: _____

SPOUSE'S ACKNOWLEDGEMENT:

Printed Name: _____

Signature: _____

Date: _____

GUARANTOR:

Printed Name: _____

Signature: _____

Date: _____

SPOUSE'S ACKNOWLEDGEMENT:

Printed Name: _____

Signature: _____

Date: _____

APPENDIX D TO AREA DEVELOPMENT AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

_____[name of Developer] ("**Developer**") has entered into a Area Development Agreement (the "**Area Development Agreement**") with GLORIA JEAN'S GOURMET COFFEES FRANCHISING CORP. ("**GJF**") to develop GLORIA JEAN'S COFFEES® stores in a defined geographic area (the "**Development Area**"). Under the Area Development Agreement, GJF can require that certain individuals affiliated with Developer bind themselves personally to the confidentiality obligations and restrictions on competition contained in the Area Development Agreement. You therefore agree as follows:

1. You are signing this Area Development Agreement for the benefit of both Developer and GJF, as a condition of your employment by, ownership interest in, or other role with Developer. GJF has the right to enforce this Area Development Agreement directly against you.
2. You will or might gain access to Confidential Information (as defined in the Area Development Agreement) as a result of your role with Developer. You agree that you will: (a) not use the Confidential Information in any other business or capacity; (b) exert best efforts to maintain the confidentiality of the Confidential Information; and (c) not make unauthorized copies of any Confidential Information. If your affiliation with Developer ends, you must deliver to GJF any Confidential Information in your possession or control.
3. While the Area Development Agreement is in effect and you continue in your role with Developer, you will not, without GJF's consent (which may be withheld at GJF's discretion) either directly or indirectly (such as through an affiliate or a family member) own, operate, engage in, be employed by, provide assistance to, or have any economic interest in any other foodservice brand or outlet featuring coffee, coffee-based drinks, or coffee-related products (not including any GLORIA JEAN'S COFFEES® stores that Developer operates under other agreements with GJF) ("**Competing Business**").
4. For two (2) years after (i) your relationship with Developer ends; (ii) the expiration or termination of the Area Development Agreement; or (iii) the approved transfer of the Area Development Agreement to a new developer, whichever comes first, you will not, without GJF's consent (which may be withheld at GJF's discretion) either directly or indirectly (such as through an affiliate or a family member) own, operate, engage in, be employed by, provide assistance to, or have any economic interest in any Competing Business operating within the Development Area or within ten (10) miles of any GLORIA JEAN'S COFFEES® stores. If you do not abide by any of the foregoing restrictions and Developer or GJF obtains enforcement in a judicial or arbitration proceeding, the obligations under the breached restriction will continue in effect for a period of time ending two (2) years after the date of the order enforcing the restriction.
5. You acknowledge that enforcement of the restrictions contained in Paragraphs 3 and 4 will not deprive you of the ability to earn a living. If a court rules that any of these restrictions is unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited, and/or length of time, you agree to comply with any lesser restriction deemed enforceable by the court. If Developer or GJF initiates a legal proceeding to enforce this Area Development Agreement and prevails in the proceeding, you agree to reimburse Developer or GJF for its enforcement costs and expenses, including reasonable attorneys' fees.

[DEVELOPER]

YOU

EXHIBIT 6

COLLATERAL ASSIGNMENT OF LEASE

GLORIA JEAN'S GOURMET COFFEES FRANCHISING CORP.
COLLATERAL ASSIGNMENT OF LEASE ("ASSIGNMENT")

FOR VALUE RECEIVED, the undersigned _____
("Assignor"), hereby assigns, transfers any assets over unto **Gloria Jean's Gourmet Coffees Franchising Corp.**, an Illinois corporation ("Assignee") all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit A (the "Lease"), respecting premises commonly known as Space No. _____ of that certain shopping center legally described in the Lease as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

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

Upon a default by Assignor under the Lease or under the franchise agreement for a GJC Store between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement or under any other agreement between Assignor and Assignee or its affiliates, Assignee or its designee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal, provided that Assignee shall have the right but not the obligation to exercise such extension or renewal options.

This Assignment shall inure to the benefit of Assignee and its successors and assigns and shall be binding upon Assignor, and Assignor's heirs, personal representatives, officers, partners, successors and assigns.

[SIGNATURES ON NEXT PAGE]

Upon recordation, return to Gloria Jean's Gourmet Coffees Franchising Corp. at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, IL 60607.

**GLORIA JEAN'S GOURMET COFFEES
FRANCHISING CORP.**

By: _____

Title: _____

Attest: _____

ASSIGNOR(S) (INDIVIDUAL):

Name

Signature

Name

Signature

ASSIGNOR(S) (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforescribed Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if Assignee shall take possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor shall recognize Assignee as tenant under the Lease; and

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

DATED: _____

Lessor

SIGNED AND SEALED this _____ day of _____, 20____.

Notary Public

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EXHIBIT 8

GENERAL RELEASE

GENERAL RELEASE

This General Release ("Release") is made by and among GLORIA JEAN'S GOURMET COFFEES FRANCHISING CORP., an Illinois corporation ("FRANCHISOR") and ("FRANCHISEE"), effective as of the date of execution of this Release by both FRANCHISOR and FRANCHISEE ("Effective Date") with reference to the following facts:

A. FRANCHISEE has elected to enter into a franchise agreement with FRANCHISOR to open and operate a "Gloria Jean's Coffees" store and/or kiosk (the "Business") pursuant to the "Gloria Jean's Coffees" Franchise Agreement between FRANCHISOR and FRANCHISEE dated _____ (the "Franchise Agreement"); and

B. FRANCHISOR has agreed to execute the franchise agreement on condition, among other things, that FRANCHISEE execute this General Release.

THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, FRANCHISEE and FRANCHISOR hereby agree as follows:

1. Release. FRANCHISEE hereby absolutely and forever releases and discharges FRANCHISOR and its Related Parties, from and against any and all Claims of FRANCHISEE arising out of or relating to the offer or sale of the Franchise Agreement, including violations of any Federal or state law, rule or regulation pertaining thereto. "Related Parties" means predecessors, affiliates, agents, employees, successors, assigns, and their respective officers, directors, shareholders, heirs, executors and representatives. "Claims" means any and all claims, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, at law or in equity, which the releasing party now has, owns or holds, at any time heretofore ever had, owned or held, or at any time hereafter has, owns or holds. FRANCHISEE hereby irrevocably covenants not to assert, or to initiate any suit or proceeding based in whole or in part based upon, any Claim released hereunder.

2. Waiver. If FRANCHISEE is a resident of or domiciled in California, FRANCHISEE acknowledges that it is familiar with Section 1542 of the Civil Code of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

FRANCHISEE hereby expressly waives and relinquishes every right or benefit which FRANCHISEE has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, with respect to the matters released by FRANCHISEE under paragraph 1 to the full extent that FRANCHISEE may lawfully waive such right or benefit pertaining to the subject matter of this Release. In connection with such waiver and relinquishment, with respect to said matters released by FRANCHISEE, FRANCHISEE

acknowledges that it is aware that it may hereafter discover facts in addition to or different from those which FRANCHISEE now knows or believes to be true with respect to the subject matter of this Release, but that it is FRANCHISEE'S intention hereby fully, finally and forever, to settle and release all Released Matters, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts.

3. Entire Agreement. This Release supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. The Release may not be amended except in a writing signed by all of the parties. No representations, warranties, agreements or covenants have been made with respect to this Release, and in executing this Release, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth herein.

4. Acknowledgment. Each of the parties certifies to the other that it has read all of this Release and fully understands all of the same and that it has executed this Release after having had the opportunity to obtain legal advice as to such party's rights from legal counsel of its choice.

5. Power and Authority. Each of the parties represents and warrants to the other that it has the full power and authority to execute this Release, and to do any and all things reasonably required hereunder. Nothing herein shall constitute an admission of any liability or wrong doing by any party hereto.

6. No Assignment. FRANCHISEE represents and warrants to FRANCHISOR that it has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Released Matters which are called for to be released by this Release now or in the future, that it is aware of no third party who contends or claims otherwise, and that it shall not purport to assign, or convey any such claim hereafter.

7. Choice of Law. This Agreement shall be construed in accordance with and all disputes hereunder shall be governed by the laws of the State of Illinois. Any legal action to enforce or challenge the terms and conditions of this Agreement shall be filed exclusively in the federal or state courts sitting in Cook County, Illinois. The parties waive all objections to personal jurisdiction and venue for purposes of carrying out this provision.

8. Gender. Whenever in this Agreement the context may so require, the feminine, masculine or neuter gender shall be deemed to refer to and include the neuter, feminine and masculine, and the singular to refer to and include the plural.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this General Release as of the date set forth above its/his name below.

FRANCHISOR

FRANCHISEE

**GLORIA JEAN'S GROUMET COFFEES
FRANCHISING CORP.**

an Illinois corporation

By: _____

By: _____

Its: _____

By: _____

By: _____

Date: _____

Date: _____

EXHIBIT 9

FRANCHISEES AS OF JULY 1, 2022

U.S. FRANCHISEES AS OF JULY 1, 2022

Current Franchisee	Store Address	City	State	Zip	Telephone
David Giron	1280 Northgate Mall	San Rafael	CA	94903	(415) 472-1488
Nisha Coffee, Inc.	1700 W International Speedway Blvd	Daytona Beach	FL	32114	(386) 258-3002
Mudzi's Coffees, Inc.	1118 Fox Valley Center	Aurora	IL	60504	(630) 898-0221
Mudzi's Coffees, Inc.	521 Stratford Square Mall	Bloomington	IL	60108	(630) 437-1738
Luo Brothers Corporation	1615 East Empire Street	Bloomington	IL	61701	(309) 662-2550
Mudzi's Coffees, Inc	0170 Market Place Shopping Center	Champaign	IL	61820	(217)352-7996
Mudzi, Inc.	221 Chicago Ridge Mall # F-4	Chicago Ridge	IL	60415	(708) 422 3810
A V Coffee, Inc.	18322 Governors Highway	Homewood	IL	60430	(708) 991-2152
Mudzi's Coffees, Inc.	3340 Mall Loop Circle	Joliet	IL	60435	(815) 439-3655
Mudzi's Coffees, Inc.	203 Yorktown Shopping Center	Lombard	IL	60148	(630) 424-0222
Edessa Kawa, Inc.	399 Golf Mill Center	Niles	IL	60714	(847) 298-5245
Mudzi's Coffees, Inc.	1609 North Brook Drive Suite 1	Normal	IL	61761	(309) 808-1328
Yin's Coffee Corporation	1900 E. College Avenue, Normal, IL 61761	Normal	IL	61761	
Clear Sky Retail Company	7501 W. Cermack Road	North Riverside	IL	60546	(708) 443-6021
Marti Hart, Inc.	4202 North Harlem Ave.	Norridge	IL	60706	(708) 453-8040
Luo's Coffee Corporation	2200 West War Memorial Drive	Peoria	IL	61613	(309) 981-5081
Mudzi's Coffees, Inc.	2501 Wabash Avenue	Springfield	IL	62704	(217) 546-0544
Edessa Kawa, Inc.	122 Hawthorne Center	Vernon Hills	IL	60061	(847) 680-2912
Racer & Vo Gourmet Coffee, Inc.	6501 Grape Road	Mishawaka	IN	46545	(219) 273-2326
Mudz Inc. ME	364 West Maine Mall Road	South Portland	ME	04106	(207) 874-7483
Racer & Vo Gourmet Coffee, Inc.	2568 North Squirrel Road	Auburn Hills	MI	48326	(248) 972-5252
Vo's Gourmet Coffee Company, Inc.	4252 Baldwin Road #606	Auburn Hills	MI	48326	(248) 854-4406
Racer & Vo Gourmet Coffee, Inc.	6650 South Westnedge Dr, Suite 125	Portage	MI	49002	(269) 327-1611
Manvinder Bathla (Bathla, LLC)	18813 East 39th Street South, Suite 2128	Independence	MO	64057	(816) 795-0056

Current Franchisee	Store Address	City	State	Zip	Telephone
Bellamy FAM Enterprises, LLC	4325 Glenwood Avenue #1114	Raleigh	NC	27612	(919) 783-8688
Tim & Monica Wonnenberg	2921 North 11th Street	Bismarck	ND	58501	(701) 221-9236
Mudz Inc. NH	1500 South Willow	Manchester	NH	03103	(816) 795-0056
Shree Gautam Labdhi NJ LLC	400 Commons Way (Store 2475)	Bridgewater	NJ	08807	(908) 524-7577
TJ Bathla, LLC	120 Albany Street	Brunswick	NJ	08901	(732) 214-9800
Mudz NJ, LLC	3710 Route #9	Freehold	NJ	07728	(732) 294-9898
TJ Bathla, LLC	537 Monmouth Road, Space 0172	Jackson	NJ	08527	(732) 703-1976
Mudz NY, LLC	2001 South Road	Poughkeepsie	NY	12601	(845) 297-7171
KISU, Inc.	420 Greece Ridge Ctr. Dr.	Rochester	NY	14626	(585) 227-8130
Shree Labdhi, LLC	2655 Richmond Avenue	Staten Island	NY	10314	(718) 982-7257
Lake County Coffees, Inc.	7850 Mentor Avenue, #1343	Mentor	OH	44060	(440) 255-5918
Scarco, LLC	7401 Market Street	Youngstown	OH	44512	(412) 655-1122
JY Coffee, Inc.	200 Mall Boulevard	Monroeville	PA	15146	(412) 856-9044
South Hills Coffee House, Inc.	301 South Hills Village	Pittsburgh	PA	15241	(412) 854-5655
KLJ Ventures, LLC	2150 Northwoods Blvd	North Charleston	SC	29406	(843) 569-3537
The Mocha Merchant, Inc.	1000 Rivergate Parkway	Goodlettsville	TN	37072	(615) 859-9497
STX Brewing Company, LLC	2200 South 10th Street	McAllen	TX	78503	(956) 686-6668
Dinah Oranday & Pablo Pacheco	500 N. Jackson Rd	Pharr	TX	78576	(956) 601-0021
Coffee Buzz, Inc.	4301 W. Wisconsin Ave	Appleton	WI	54913	(920) 733-2121
CNR Pretzeltwist, Inc.	210 N Glasser Rd Suite 241	Baraboo	WI	53913	(608) 253-3574
Coffee Buzz, Inc.	203 Bay Park Square Mall	Green Bay	WI	54304	(920) 498-8859
Racer & Vo Gourmet Coffee, Inc.	5300 South 76th	Greendale	WI	53129	(414) 421-1111
Valley View Café, Inc.	3800 State Road 16	La Crosse	WI	54601	(608) 783-7780

FRANCHISE AGREEMENT SIGNED BUT GJC STORE NOT OPENED AS OF JULY 1, 2022

Franchisee	Store Address	City	State	Zip	Telephone
Expert Grounds, Inc.	TBD	TBD	CA	TBD	Not yet available
Classic LLC	1111 RDU Center Drive	Morrisville	NC	27560	Not yet available
STX Brew Company, LLC	1417 Ware Road	McAllen	TX	78501	Not yet available
STX Brew Company, LLC	3701 North Bicentennial Blvd, Suite 300	McAllen	TX	78501	Not yet available
Jon Gabet Coffee Brewers, LLC	101 W. Euclid Avenue	San Antonio	TX	78589	Not yet available

EXHIBIT 10

FRANCHISEES WHO EXITED AN OUTLET DURING FISCAL YEAR ENDING JULY 1, 2022

**FRANCHISEES WHO TRANSFERRED A
STORE DURING FISCAL YEAR ENDING
JULY 1, 2022**

FRANCHISEE	STORE ADDRESS	CITY	STATE	ZIP	TELEPHONE
N/A	N/A	N/A	N/A	N/A	N/A

**FRANCHISEES WHO CEASED TO DO BUSINESS UNDER A FRANCHISE
AGREEMENT DURING FISCAL YEAR ENDING JULY 1, 2022**

STATE	FRANCHISEE	STORE ADDRESS	CITY	ZIP	TELEPHONE
MI	Racer & Vo Gourmet Coffee, Inc.	3700 Rivertown Pkwy	Grandville	49418	(248) 342-0259
NY	JY Coffee, Inc.	646 Eastview Mall	Victor	14564	(585) 425-9990
NY	TE Enterprises, LTD	9015 Queen's Boulevard	Elmhurst	11373	(917) 853-0284
PA	Coach Brothers, LLC	201 Smithfield Avenue	Pittsburgh	15222	(412) 264-0544

EXHIBIT 11

FINANCIAL STATEMENTS OF GUARANTOR RETAIL FOOD GROUP USA, INC.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL REPORT
JULY 1, 2022, JULY 2, 2021, AND JUNE 30, 2020

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Retail Food Group USA, Inc. and subsidiaries

Opinion

We have audited the consolidated financial statements of Retail Food Group USA, Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheet as of July 1, 2022, and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the year ended July 1, 2022, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of July 1, 2022, and the changes in their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, effective July 3, 2021, the Company adopted new accounting guidance Accounting Standards Update 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Company's 2021 and 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2021 and December 9, 2020, respectively. In our opinion, the summarized comparative information presented herein as of and for the year ended July 2, 2021 and June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



December 22, 2022

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
July 1, 2022 and July 2, 2021

ASSETS

	July 1, 2022	July 2, 2021
Current assets		
Cash	\$ 282,446	\$ 372,828
Accounts receivable, net	78,264	186,989
Inventory	35,967	-
Prepaid expenses and other current assets	53,213	51,745
	<u>449,890</u>	<u>611,562</u>
Total current assets		
	449,890	611,562
Property and equipment		
Computer software and equipment	66,873	18,289
Operating lease right-of-use assets, net of impairment	986,712	-
	<u>1,053,585</u>	<u>18,289</u>
Less accumulated depreciation and amortization	394,172	1,018
	<u>659,413</u>	<u>17,271</u>
Total property and equipment		
	659,413	17,271
Other assets		
Accounts receivable – related party	580,646	588,788
Intangible assets, net of accumulated amortization of \$1,120,356	-	-
Security deposits	41,500	41,500
	<u>622,146</u>	<u>630,288</u>
Total other assets		
	622,146	630,288
Total assets	<u><u>\$ 1,731,449</u></u>	<u><u>\$ 1,259,121</u></u>

See notes to consolidated financial statements.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
July 1, 2022 and July 2, 2021

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	July 1, 2022	July 2, 2021
Current liabilities		
Accounts payable	\$ 4,617	\$ 43,469
Accrued expenses	601,425	511,531
Operating lease liabilities, current	515,224	-
Deferred franchise fees, current	9,875	-
Note payable – PPP loan	-	208,687
Total current liabilities	1,131,141	763,687
Noncurrent liabilities		
Accounts payable – related parties	62,042	64,973
Operating lease liabilities	396,030	-
Deferred franchise fees, noncurrent	56,583	113,000
Sublease security deposit	53,063	103,791
Lease security deposits from franchisees	19,789	19,789
Total noncurrent liabilities	587,507	301,553
Total liabilities	1,718,648	1,065,240
Commitments, contingencies, and related party transactions		
Stockholders' equity (deficit)		
Common stock, \$0.001 par value		
10,000 shares authorized		
10,000 shares issued and outstanding	1,975,000	1,975,000
Additional paid-in capital	18,907,480	18,907,480
Accumulated deficit	(20,869,679)	(20,688,599)
Total stockholders' equity (deficit)	12,801	193,881
Total liabilities and stockholders' equity (deficit)	\$ 1,731,449	\$ 1,259,121

See notes to consolidated financial statements.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended July 1, 2022, July 2, 2021, and June 30, 2020

	July 1, 2022	July 2, 2021	June 30, 2020
Revenues	\$ 2,988,149	\$ 1,888,617	\$ 2,356,669
Cost of revenues	<u>725,774</u>	<u>590,709</u>	<u>523,029</u>
Gross profit	2,262,375	1,297,908	1,833,640
Selling, general, and administrative expenses	<u>2,669,363</u>	<u>2,013,038</u>	<u>2,885,031</u>
Loss from operations	<u>(406,988)</u>	<u>(715,130)</u>	<u>(1,051,391)</u>
Financial income			
Gain on debt extinguishment – PPP loan	208,687	226,602	-
Other income	<u>-</u>	<u>351,969</u>	<u>-</u>
Total financial income	<u>208,687</u>	<u>578,571</u>	<u>-</u>
Loss before benefit for income taxes	(198,301)	(136,559)	(1,051,391)
Benefit for income taxes	<u>(17,221)</u>	<u>(20,073)</u>	<u>(13,224)</u>
Net loss	<u>\$ (181,080)</u>	<u>\$ (116,486)</u>	<u>\$ (1,038,167)</u>

See notes to consolidated financial statements.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
Years Ended July 1, 2022, July 2, 2021, and June 30, 2020

	Common Stock		Additional	Accumulated	
	Shares	Amount	Paid-in Capital	Deficit	Total
Beginning balance at June 30, 2019	10,000	\$ 1,975,000	\$ 17,994,818	\$ (19,533,946)	\$ 435,872
Contributed capital	-	-	912,662	-	912,662
Net loss	-	-	-	(1,038,167)	(1,038,167)
Balance at June 30, 2020	10,000	1,975,000	18,907,480	(20,572,113)	310,367
Net loss	-	-	-	(116,486)	(116,486)
Balance at July 2, 2021	10,000	1,975,000	18,907,480	(20,688,599)	193,881
Net loss	-	-	-	(181,080)	(181,080)
Balance at July 1, 2022	<u>10,000</u>	<u>\$ 1,975,000</u>	<u>\$ 18,907,480</u>	<u>\$ (20,869,679)</u>	<u>\$ 12,801</u>

See notes to consolidated financial statements.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended July 1, 2022, July 2, 2021, and June 30, 2020

	July 1, 2022	July 2, 2021	June 30, 2020
Reconciliation of net loss to cash flows from operating activities			
Net loss	\$ (181,080)	\$ (116,486)	\$ (1,038,167)
Adjustments to reconcile net loss to net cash flows from operating activities			
Allowance for doubtful accounts	(38,114)	(270,514)	93,432
Depreciation and amortization of property and equipment	6,736	4,147	5,149
Loss on sale of property and equipment	-	9,736	-
Amortization of operating lease right-of-use assets	238,237	-	-
Loss on impairment of right-of-use assets	570,140	-	-
Gain on lease modification	(32,981)	-	-
Amortization of intangible assets	-	-	17,708
Gain on debt extinguishment – PPP loan	(208,687)	(226,602)	-
Deferred income taxes	-	-	459,081
Change in valuation allowance on deferred tax assets	-	-	(459,081)
Changes in operating assets and liabilities			
Accounts receivable	146,839	260,018	(75,236)
Accounts receivable – related parties	8,142	145,850	1,979,659
Inventory	(35,967)	93,686	33,078
Due from related party	-	317,327	(263,513)
Prepaid expenses and other current assets	(1,468)	(51,745)	6,377
Security deposit	-	(26,500)	-
Accounts payable	(38,852)	(41,592)	(352,501)
Accounts payable – related parties	(2,931)	(192,227)	(536,029)
Accrued expenses	89,894	(46,728)	43,757
Deferred franchise fees	(46,542)	27,500	(87,500)
Sublease security deposit	(50,728)	84,413	-
Lease security deposits from franchisees	-	(21,271)	-
Net cash flows from operating activities	<u>422,638</u>	<u>(50,988)</u>	<u>(173,786)</u>
Cash flows from investing activities			
Proceeds from sale of property and equipment	-	5,000	3,601
Purchase of property and equipment	(48,584)	(18,289)	-
Net cash flows from investing activities	<u>(48,584)</u>	<u>(13,289)</u>	<u>3,601</u>
Cash flows from financing activities			
Principal payments on operating lease liabilities	(464,436)	-	-
Proceeds from PPP note payable	-	208,687	226,602
Net cash flows from financing activities	<u>(464,436)</u>	<u>208,687</u>	<u>226,602</u>
Net change in cash	<u>\$ (90,382)</u>	<u>\$ 144,410</u>	<u>\$ 56,417</u>
Cash, beginning of year	<u>372,828</u>	<u>228,418</u>	<u>172,001</u>
Cash, end of year	<u>\$ 282,446</u>	<u>\$ 372,828</u>	<u>\$ 228,418</u>
Supplemental disclosures of cash flow information			
Taxes paid	<u>\$ 13,804</u>	<u>\$ 15,512</u>	<u>\$ 22,300</u>
Summary of noncash investing and financing activities			
Noncash change in operating lease right-of-use asset and operating lease liabilities from remeasurement of existing leases	<u>\$ 1,408,671</u>	<u>\$ -</u>	<u>\$ -</u>
Transfer of property and equipment to intangibles	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Conversion of related party payables to contributed capital	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 912,662</u>

See notes to consolidated financial statements.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BUSINESS ACTIVITIES

Retail Food Group USA, Inc. was incorporated in Delaware on August 10, 2008. Retail Food Group USA, Inc. and subsidiaries (collectively, the “Company”) is a specialty coffee franchise company that has the exclusive rights to Gloria Jean’s Coffees in the United States and It’s A Grind coffee brands globally. The Company provides support to its franchises in areas including interior design, inventory control, marketing techniques, employee training, and store operations. The Company grants franchise licenses to its franchisees throughout the United States and various international countries. The Company has 48 franchisees. There are no Company-owned stores.

The accompanying consolidated financial statements include the accounts of Retail Food Group USA, Inc. (RFG) and its wholly-owned subsidiaries Praise Operations Company, LLC, Gloria Jean’s Gourmet Coffees Corp., Gloria Jean’s Gourmet Coffees Franchising Corp., Praise North America IP LLC, Praise IAG Stores, LLC, Praise IAG Franchisor, LLC, and It’s A Grind Coffee, Inc., Praise U.S. Holdings Inc. (inactive), Praise Coffee, Inc. (inactive), Gloria Jean’s Inc. (inactive), Edglo Enterprises, Inc. (inactive), and Coffee Specialists, LLC (inactive) (collectively, the “Company”). The Company was acquired by Retail Food Group Limited (parent), a public company listed on the Australian Securities Exchange—franchisor and owner of numerous brands throughout the world.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated balance sheets include the accounts of Retail Food Group USA, Inc., Praise Operations Company, LLC, Gloria Jean’s Gourmet Coffees Corp., Gloria Jean’s Gourmet Coffees Franchising Corp., Praise North America IP LLC (inactive since inception), Praise IAG Stores, LLC, Praise IAG Franchisor, LLC, and It’s A Grind Coffee, Inc. All significant intercompany balances and transactions have been eliminated upon consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fiscal Year

During the year ended July 2, 2021, the Company changed its fiscal year from ending June 30 to follow a 52-/53-week fiscal reporting calendar ending on the last Friday of June. A 52-week fiscal year consists of three 12-week quarters and one 16-week quarter; a 53-week fiscal year reports an extra week in the last quarter. The years ended July 1, 2022, July 2, 2021, and June 30, 2020 consisted of 53, 53, and 52 weeks, respectively.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made to the prior year's balances in order to conform to the current year's presentation. Such reclassifications or title changes had no effect on net loss as previously reported.

Accounts Receivable

The Company's accounts receivable primarily represents franchise fees, royalties, rent, advertising, and other costs due from franchisees. Credit losses are provided for in the consolidated financial statements based on management's evaluation of historical and current industry trends. Receivables are generally due in 30 days. Although the Company expects to fully collect amounts due, actual collections may differ from estimated amounts. As of July 1, 2022 and July 2, 2021, the allowance for doubtful accounts amounted to \$0 and \$38,114, respectively.

Inventory

Inventory, consisting principally of coffee beans and drink components, is valued at the lower of cost (computed on the first-in, first-out method) or net realizable value. Net realizable value is defined as estimated selling price in the ordinary course of business less reasonable predictable costs of completion, disposal and transportation. As of July 1, 2022, July 2, 2021, and June 30, 2020, management determined a reserve was not required.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are provided for using the straight-line method over the estimated useful lives of the assets as follows:

Computer software and equipment	3 years
Machinery and equipment	5 years
Leasehold improvements	Lesser of useful life or term of lease
Office furniture and fixtures	5 years

Intangible Assets

Intangible assets with finite lives are stated at cost and amortized principally using the straight-line method over the estimated lives of the assets. Useful lives used in the computation of amortization are ten years for the internet domain names, three years for e-commerce customer lists, and one year for other intangible assets.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets in question may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of that asset. For the years ended July 1, 2022, July 2, 2021, and June 30, 2020, no impairment losses have been recognized.

PPP Loan

The Company accounts for forgivable debt (including PPP loans) in accordance with the debt model in U.S. GAAP. The outstanding balance is presented as debt until the Company is legally released from the obligation and, at the time of legal release, will report the forgiveness as debt extinguishment.

Franchise Operations – Gloria Jean's Coffees

The Company grants franchises to franchisees under franchise agreements for ten-year terms (and includes one option to extend the terms of the agreement for an additional ten years) to operate Gloria Jean's Coffees stores and kiosks in specific locations. Upon the signing of the Franchise Agreement, the Company receives a franchise fee, as specified in the Franchise Disclosure Document, for each franchise license granted. These payments are recognized as income when the store or kiosk opens.

Franchise Operations – It's A Grind

The Company grants franchises to franchisees under franchise agreements for ten-year terms (and includes one option to extend the terms of the agreement for an additional ten years) to operate It's A Grind stores, kiosks, and carts in specific locations. Upon the signing of the Franchise Agreement, the Company receives a franchise fee, as specified in the Franchise Disclosure Document, for each franchise license granted. These payments are recognized as income when the store, kiosk, or cart opens.

Franchised Locations – Open Restaurants (Three Year Summary)

	Year Ended		
	July 1, 2022	July 2, 2021	June 30, 2020
Open at beginning of year	56	72	75
Opened during the year	-	-	4
Terminated or closed during the year	(8)	(16)	(7)
Open at end of year	48	56	72

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Franchise Fees

Deferred revenues represent the unearned initial franchise fees. As of July 1, 2022 and July 2, 2021, the noncurrent portion of deferred franchise fees of \$66,458 and \$113,000, respectively, and is based on estimated due dates of the initial master franchise fee.

Lease Security Deposits from Franchisees

The Company accounts for lease security deposits collected from franchises, according to the lease agreements, as long-term liabilities. As of July 1, 2022 and July 2, 2021, the Company reported lease security deposits from franchisees of \$19,789, respectively.

Revenue Recognition

Under ASC 606, the Company recognizes revenue when its customers obtain control of the promised good or services, typically through the grant or continued grant of the Retail Food Group USA license. The Company applies the following five-step: (i) identify the contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation.

At contract inception, once the contract is determined to be within the scope of ASC 606, the Company identifies the performance obligations in the contract by assessing whether the goods or services promised within each contract are distinct. The Company then recognizes revenue for the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied.

The Company uses the practical expedient for private company franchisors in ASC 952-606-25-2 to simplify the identification of performance obligations under ASC 606.

Franchise Revenue

Franchise rights including the use of the Company's intellectual property may be granted through a master franchise agreement that sets out the terms of the arrangement with the franchisee. The franchise agreements also typically require certain, less significant, upfront franchise fees such as initial fees paid upon opening of a store, fees paid to renew the term of the franchise right and fees paid in the event the franchise agreement is transferred to another franchisee.

Upfront franchise fees are typically billed and paid when a new franchise or sub-franchise agreement becomes effective or when an existing agreement is transferred to another franchisee. The Company has determined that the services provided in exchange for upfront franchise fees, which primarily relate to pre-opening support, are individually distinct from the franchise right and the ongoing services provided to franchisees. As a result, upfront franchise fees are recognized when all material services have been performed. Revenues for these upfront franchise fees are recognized upon the opening of a store.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Advertising and Royalty Fee Revenues

In addition to the franchise fee, each of the franchise locations is required to remit to the Company a weekly royalty fee of 6% of adjusted gross revenue (as defined in the Franchise Agreement), and a weekly advertisement fee of 2% of adjusted gross revenue, or at rates determined by their individual agreements, and are recognized when earned during the reporting period. In compliance with the Franchise Agreement, the advertising fees mentioned above are used for advertising and promotion of the stores. These funds are segregated and are not used for marketing of the franchise. Franchise advertising fees collected and unused are recorded as a liability and held for future use.

Gift Cards

Revenues from the Company's store gift cards are recognized when presented for payment or upon redemption. Gift card income recognized upon redemption of the gift cards for the years ended July 1, 2022, July 2, 2021, and June 30, 2020, amounted to \$17,777, \$54,299, and \$74,749, respectively.

Outstanding gift card balances are included as accrued expenses on the consolidated balance sheets. There are no expiration dates on the Company's gift cards, and the Company does not charge any service fees that cause a decrement to customer balance. While the Company will continue to honor all gift cards, management may determine the likelihood of redemption to be remote for certain gift cards and certificates due to, among other things, long periods of inactivity. In these circumstances, if management also determines there is no requirement for remitting balances to government agencies under unclaimed property laws, gift cards may then be recognized in the consolidated statement of operations. No gift card income was recognized for the years ended July 1, 2022, July 2, 2021, or June 30, 2020 on unused gift cards.

Ecommerce direct sales

Revenues from the sale of coffee beans and drink components are recognized as revenue upon shipment and the related costs are recognized as incurred. Due to the short nature of the performance obligation, the Company recognizes revenue and records the costs upon shipment of the products versus recognizing over time. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods to the customer. Revenue is recorded based on the transaction price, which is fixed.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Company's lease obligations include real estate operating leases used in operations. For any lease with an initial term in excess of 12 months, the related lease assets and liabilities are recognized on the statement of operations as either operating or finance leases at the inception of an agreement where it is determined that a lease exists. Lease and non-lease components, where the payment is based on a fixed amount, index or rate, are separated and allocated based on their stand-alone price for all classes of assets. Non-lease components, where the payment is not based on a fixed amount, index or rate are excluded from the calculation of the lease liability and right of use asset, and are accounted for based on the underlying principles of the incurred charges. Leases with an initial term of 12 months or less are not recorded on the statement of operations; lease expense for these leases are recognized on a straight-line basis over the lease term. At adoption and as of July 1, 2022, there were no short-term leases.

Operating lease right-of-use assets represent the right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make lease payments arising from the lease. These assets and liabilities are recognized based on the present value of future payments over the lease term at the commencement date. Since the leases generally do not provide an implicit rate, the Company uses the risk-free rate for a period comparable to the lease term published by U.S. Department of the Treasury on the lease commencement date. Lease terms generally do not include options to extend or terminate the lease unless it is reasonably certain that the option will be exercised. Fixed payments may contain predetermined fixed rent escalations. The Company recognizes the related rent expense on a straight-line basis from the commencement date to the end of the lease term.

Income Taxes

The Company files a consolidated return for federal and state income taxes. Income taxes are provided on the liability method, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. A valuation allowance is provided for deferred assets in the event it is more likely than not that the Company will not realize tax assets through future operations.

Praise Operations Company, LLC, Praise IAG Stores, LLC, Praise IAG Franchisor, LLC, and Praise North America IP, LLC are pass-through entities that file on a stand-alone basis for both federal and state purposes. The pass-through entities are subject to a minimum tax of \$800 and LLC fees.

The Company recognizes the impact of tax positions in the financial statements if the positions are more likely than not to be sustained on an audit, based on the technical merits of the position. To date, the Company has not recorded any uncertain tax positions.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Company recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the years ended July 1, 2022, July 2, 2021, and June 30, 2020, the Company did not recognize any amount in potential interest and penalties associated with uncertain tax positions.

Changes in Accounting Principles

Effective July 3, 2021, the Company adopted ASU 2016-02, *Leases (Topic 842)*, using the modified retrospective method. The adoption of ASC Topic 842 resulted in a significant increase in the Company's assets and liabilities presented on the Company's balance sheet and the related changes in these balances presented on the Company's statement of cash flows. The adoption of ASC Topic 842 did not have any impact on the Company's statement of operations; therefore, no cumulative adjustment to beginning retained earnings was required as a result of adoption. The adoption of ASC Topic 842 primarily resulted in the recognition of operating lease liabilities totaling \$1,408,671 as of July 3, 2021, based upon the present value of the remaining minimum rental payments using discount rates as of the adoption date. In addition, the Company recorded corresponding operating lease right-of-use assets totaling \$1,408,671. Upon adoption, the Company recorded an impairment on the right-of-use asset of \$570,140 related to two leases, for which the Company sublessees the asset. As the sublessors may not honor the duration of the sublease, collections are uncertain, and the Company will not obtain benefit from the asset for any other use. See Note 9 for additional discussion related to leases.

Upon adoption, the Company elected the following accounting policies or practical expedients related to ASC Topic 842:

- not reassess whether any expired or existing contracts are or contain leases, not reassess the lease classification for any expired or existing leases, and not reassess initial direct costs for any existing leases;
- apply accounting similar to ASC Topic 840 operating leases accounting to leases that meet the definition of short-term leases;
- to use the risk-free rate for a period comparable to the lease term published by U.S. Department of the Treasury on the lease commencement date

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Accounting Principles (Continued)

Effective July 3, 2021, the Company adopted ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new standard creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. This requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of operations as the amounts expected to be collected change. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years beginning after December 15, 2021. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

NOTE 3 – GOING CONCERN CONSIDERATIONS

The Company considered the conditions and events that could raise substantial doubt about its ability to continue as a going concern for a reasonable period of time, including the current financial condition and liquidity sources (such as current funds, working capital, forecasted cash flows, and the liabilities due before December 31, 2023). Although the Company has outstanding debt and management believes the Company could meet its future obligations, continued losses and lack of working capital would require it to substantially constrain operating activities. In order to sustain the Company's operating activities, its parent company has committed to providing all necessary financial support so the Company can continue as a going concern for a reasonable period of time.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – RISKS AND UNCERTAINTIES

Concentrations of Credit Risk

Cash

The Company maintains its cash balances in a financial institution located in the United States. From time to time, deposits exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). Deposits held in non-interest-bearing transaction accounts are aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total is insured up to \$250,000. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Customers

As of July 1, 2022, July 2, 2021, and June 30, 2020, zero, one, and three customer(s) represented approximately 0%, 18%, and 29% of accounts receivable, respectively.

Suppliers

For the years ended July 1, 2022, July 2, 2021, and June 30, 2020, one supplier represented approximately 67%, 50%, and 79% of purchases, respectively. As of July 1, 2022, July 2, 2021, and June 30, 2020, one supplier represented approximately 0%, 0%, and 63% of accounts payable, respectively.

Uncertainties

The disruption resulting from the COVID-19 pandemic is currently expected to be temporary, but there is considerable uncertainty around the duration and the Company was negatively impacted due to supply chain disruption and mandated closures of certain franchisee locations. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 5 – INTANGIBLE ASSETS

As of July 1, 2022 and July 2, 2021, identified intangible assets consisted of the following:

	July 1, 2022	July 2, 2021
Internet domain names	\$ 880,894	\$ 880,894
E-commerce customer lists	195,093	195,093
Other intangible assets	44,369	44,369
	1,120,356	1,120,356
Accumulated amortization	(1,120,356)	(1,120,356)
Total	\$ -	\$ -

Amortization expense for the years ended July 1, 2022, July 2, 2021 and June 30, 2020 amounted to \$0, \$0, and \$17,708, respectively.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – ACCRUED EXPENSES

As of July 1, 2022 and July 2, 2021, accrued expenses consisted of the following:

	July 1, 2022	July 2, 2021
Accrued expenses	\$ 359,278	\$ 262,268
Accrued gift card liability	186,685	199,379
Accrued payroll and related benefits	<u>55,462</u>	<u>49,884</u>
Total accrued expenses	<u>\$ 601,425</u>	<u>\$ 511,531</u>

NOTE 7 – NOTE PAYABLE – PPP LOAN

On February 23, 2021, the Company signed a promissory note of \$208,687 for a PPP loan and, in accordance with the CARES Act. The Company used the PPP loan proceeds for eligible costs and on December 20, 2021, the Company received forgiveness of the entirety of loan proceeds including accrued interest. As such, the amount is presented as a gain on debt extinguishment in the consolidated statement of operations.

NOTE 8 – INCOME TAXES

For the years ended July 1, 2022, July 2, 2021, and June 30, 2020, the provision for income taxes consisted of the following:

	July 1, 2022	July 2, 2021	June 30, 2020
Current			
State	\$ <u>(17,221)</u>	\$ <u>(20,073)</u>	\$ <u>(13,224)</u>
Total current	<u>(17,221)</u>	<u>(20,073)</u>	<u>(13,224)</u>
Total benefit for income taxes	<u>\$ (17,221)</u>	<u>\$ (20,073)</u>	<u>\$ (13,224)</u>

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 – INCOME TAXES (Continued)

As of July 1, 2022 and July 2, 2021, significant components of the Company's deferred tax assets for estimated federal and state income taxes consisted of the following:

Deferred tax assets

	July 1, 2022	July 2, 2021
Net operating loss	\$ 1,079,104	\$ 971,758
Accrued vacation	6,461	4,261
Accrued management fees	7,024	-
Accrued royalties	47,071	-
Accrued professional fees	-	9,190
Allowance for doubtful accounts	-	10,008
Right-of-use leases remeasurement	154,016	-
Impairment of intangible assets	117,961	171,264
Deferred revenue	8,695	19,825
Depreciation of property and equipment	(392)	27
State taxes	(10,701)	(11,885)
	<u>1,409,239</u>	<u>1,174,448</u>
Less valuation allowance	<u>1,409,239</u>	<u>1,174,448</u>
Total deferred tax assets	\$ -	\$ -

Income tax expense for the years ended July 1, 2022, July 2, 2021, and June 30, 2020 differed from the amounts computed by applying the U.S. federal income tax rate of 21% to pretax income as a result of nondeductible expenses and California Limited Liability Company annual tax and filing fees.

The Company intends to maintain a valuation allowance for the net operating loss carryforwards until sufficient evidence exists to support the reversal of the valuation allowance. The valuation allowance increased by \$234,791 from 2021 to 2022, decreased by \$190,671 from 2020 to 2021, and decreased by \$459,081 from 2019 to 2020. The Company file income tax returns in federal and most state jurisdictions and are subject to routine examinations by the respective taxing authorities.

As of July 1, 2022, the Company had federal net operating loss carryforwards of approximately \$3,871,329 and state operating losses of \$4,149,237. The federal and state net operating losses will expire beginning in 2036, if not utilized.

As of July 1, 2022, there are no accrued penalties or interest related to income tax positions for federal and state purposes. The Company records these items in income tax expense.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 – COMMITMENTS, CONTINGENCIES, AND RELATED PARTY TRANSACTIONS

Operating Leases

Lease term and discount rate for operating leases were as follows:

Weighted-average remaining lease term	2.35 years
Weighted-average discount rate	5.21%

The Company leases facilities under cancellable and non-cancellable operating lease agreements with various third parties. The operating leases include term and month-to-month leases, including renewals and extensions, for which management has estimated that the remaining contractual life would terminate in January 2027 that require minimum monthly payments of \$50,889. For the years ended July 1, 2022, July 2, 2021, and June 30, 2020, total rent expense associated with these leases amounted to \$201,606, \$14,162, and \$15,032, respectively.

At July 1, 2022, the Company has \$911,254 of non-cancelable operating lease commitments. The following is a schedule by years of undiscounted future minimum lease payments as of July 1, 2022:

<u>Year Ending June 30,</u>	<u>Total</u>
2023	\$ 547,023
2024	240,768
2025	68,272
2026	70,320
2027	<u>44,607</u>
Total lease payments	<u>970,990</u>
Less: interest	<u>(59,736)</u>
Present value of lease liabilities	<u>\$ 911,254</u>

Related Party Transactions

Operating Leases—Lessee

The Company shared office space with a related party under a month-to-month operating lease. The lease required monthly base payments of \$4,438 and shared CAM charge and tax. Rent expense for the years ended July 1, 2022, July 2, 2021, and June 30, 2020, amounted to \$0, \$39,944, and \$54,841, respectively. The lease was cancelled in April 2021.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 – COMMITMENTS, CONTINGENCIES, AND RELATED PARTY TRANSACTIONS (Continued)

Related Party Transactions (Continued)

Accounts Receivable – Related Party

At July 1, 2022 and July 2, 2021, accounts receivable – related party amounted to \$580,646 and \$588,788, respectively.

Accounts Payable – Related Parties

At July 1, 2022 and July 2, 2021, accounts payable – related parties amounted to \$62,042 and \$64,973, respectively.

Management Fees

The Company received management services from its parent company during the years ended July 1, 2022, July 2, 2021, and June 30, 2020, aggregating to \$26,000, \$21,000, and \$6,000, respectively. The Company received full forgiveness of the total amount of management fees from the Parent Company during the year ended July 2, 2021.

Royalty Fees

The Company compensates its parent company for rights to use certain intellectual property during the years ended July 1, 2022, July 2, 2021, and June 30, 2020, aggregating to \$174,247, \$330,969, and \$467,768, respectively. The Company received full forgiveness of the total amount of royalty fees from the Parent Company during the year ended July 2, 2021.

Litigation

The Company, from time to time, is involved in certain legal matters which arise in the normal course of business. Management believes, based in part on advice of legal counsel, that the resolution of such matters will not have a material adverse effect on the consolidated financial position of the Company.

NOTE 10 – SUBSEQUENT EVENTS

Management evaluated all activity through December 22, 2022, the date on which the financial statements were available to be issued.

UNAUDITED FINANCIAL STATEMENTS

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

Retail Food Group USA, Inc & Subsidiaries

As at January 31, 2023

Balance Sheet

Fixed & Leased Assets	691,118
Accounts Receivable	246,093
Other Receivables	72,294
Liquid Assets	208,885
Intercompany Accounts	513,363
Total Assets	1,731,753
Unearned Income	57,135
Accounts Payable	206,399
Accruals	169,164
Lease Liability	522,617
Provisions & Clearing	2,604
Gift Voucher	188,517
Security Deposits Paid	72,851
Sales & Withholding Taxes Payable	104,787
Share Capital	20,882,480
Current Income/(Loss)	394,878
Retained Earnings	(20,869,679)
Total Liabilities & Equity	1,731,753

Income Statement

Revenue	2,289,222
Cost of Goods Sold	473,391
Gross Profit	1,815,831
Salaries & Wages	577,699
Franchising Expenses	88,425
Financing & Insurance Expenses	36,495
Property Expenses	275,727
Computer & Comms Expenses	30,725
Legal & Licensing Expenses	33,273
Marketing Expenses	201,584
Travel & Accom Expenses	150,450
EBITDA	421,453
Depn & Amortisation	13,425
Profit/(Loss) Before Tax	408,028
Income Taxes - State/Local	13,150
Profit/(Loss) After Tax	394,878

EXHIBIT 12

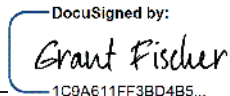
GUARANTEE OF PERFORMANCE FROM RETAIL FOOD GROUP USA, INC.

GUARANTEE OF PERFORMANCE

For value received, Retail Food Group USA, Inc., a Delaware corporation (the “**Guarantor**”), located at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, Illinois 60607, absolutely and unconditionally guarantees to assume the duties and obligations of Gloria Jean’s Gourmet Coffees Franchising Corp., located at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, Illinois 60607 (the “**Franchisor**”), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its Franchise Disclosure Document issued February 9, 2023, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, which ever occurs first. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor executes this guarantee at Chicago, Illinois, on the 10 day of February, 2023.

Guarantor: Retail Food Group USA, Inc.

By:  1C9A611FF3BD4B5...

Name: Grant Fischer

Title: General Manager - International

EXHIBIT 13

STATE-SPECIFIC ADDENDA

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
GLORIA JEAN'S GOURMET COFFEES
FRANCHISING CORP.**

The following additional disclosures for the Franchise Disclosure Document of GLORIA JEAN'S GOURMET COFFEES FRANCHISING CORP. are required by various state franchise laws. Each provision of these additional requirements will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

CALIFORNIA

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

2. California Corporations Code, Section 31125 requires the Franchisor to give the Franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.

3. Our Resource Locator ("URL") address is www.gloriajeans.com. Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

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

5. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

6. The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

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

8. The Franchise Agreement and Area Development Agreement contain a venue provision for litigation requiring actions to be brought in the courts of Chicago, Illinois. This provision may not be enforceable under California law.

9. The Franchise Agreement and Area Development Agreement require application of the laws of the State of Illinois. This provision may not be enforceable under California law.

10. The Franchise Agreement and Area Development Agreement require that you sign a general release if you transfer your franchise or area development rights. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professional Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

11. Each owner of the franchise is required to execute a personal guarantee. Doing so could jeopardize the marital assets of non-owner spouses domiciled in community property state such as California.

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

13. **Item 5, Additional Disclosure.**

The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business. For any development agreement, the payment of the development and initial fee attributable to a specific unit is deferred until that unit is open.

14. **Item 22, Additional Disclosure.**

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

ILLINOIS

1. Cover Page, Additional Disclosures.

THE GOVERNING LAW, VENUE AND JURISDICTION REQUIREMENTS IN THE DISCLOSURE DOCUMENT AND THE FRANCHISE AGREEMENT ARE SUBJECT TO THE PROVISIONS OF THE ILLINOIS FRANCHISE DISCLOSURE ACT, AND NOTHING IN THESE DOCUMENTS SHALL BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON YOU BY THE ILLINOIS FRANCHISE DISCLOSURE ACT.

2. Item 5, Additional Disclosures:

All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens. The Illinois Attorney General's Office imposed this deferral requirement due to franchisor's financial condition.

3. Item 7, Additional Disclosures:

A new franchisee in Illinois should expect his/her total investment to open the first store to be no less than \$298,800 (for a small store under 1,000 square feet, without drive-thru), which includes the initial franchise fee of \$15,000 and Grand Opening Fee of \$5,000. A new franchisee in Illinois should expect his/her total investment to open the first Kiosk to be no less than \$178,700 which includes the initial franchise fee of \$15,000 and Grand Opening Fee of \$5,000.

4. Item 17, Additional Disclosures:

The conditions under which the Franchise Agreement can be terminated and your rights upon non-renewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Pursuant to Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement or Area Development Agreement that designates jurisdiction or venue for litigation in a forum outside of Illinois is void.

The Illinois Franchise Regulations, Section 200.608, require that Illinois law govern franchise agreements entered into in Illinois.

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

5. **Item 22, Additional Disclosure:**

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

MARYLAND

Item 17, Additional Disclosures.

The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 *et seq.*).

The Franchise Agreement requires you to sign a general release as a condition of renewal or transfer of the franchise. The Area Development Agreement requires you to sign a general release as a condition of transfer of the development rights. These releases will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

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

Item 22, Additional Disclosure.

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

MICHIGAN

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

- A. A prohibition on the right of a franchisee to join an association of franchisees.
- B. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- C. A provision that permits a franchisor to terminate a franchise prior to the expiration of this term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- D. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- E. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- F. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- G. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - 1) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

2) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00 the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

Michigan Attorney General's Office
Corporate Oversight Division, Franchise Section
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913
(517) 335-7567

[Note: Despite paragraph F above, we intend to enforce fully the provisions of the arbitration section contained in the Franchise Agreement. We believe that paragraph F is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce this section as well.]

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT 1 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, INVESTOR PROTECTION BUREAU, 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.

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

Except as disclosed in Item 3, with regard to us, our parent, predecessor or affiliate, the persons identified in Item 2, or an affiliate offering franchises under our principal trademark:

- A. There is no pending administrative, criminal, or civil action alleging: a felony; violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable civil or misdemeanor allegations or was a party to any material civil action involving the franchise relationship in the last fiscal year.
- B. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action alleging: violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable allegations.
- C. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, 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 franchise as a real estate broker or sales agent.

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

Except as disclosed above, no person identified in Item 1, and no officer of franchisor, or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this disclosure document have, during the 10 year period immediately preceding the date of the Franchise Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy laws; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy laws or that obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws during or within 1 year after that officer or general partner of ours held this position in the company or partnership.

Item 17, Revised Disclosures:

1. In the Item 17 Table, the following sentence is added to item "d":

You may also terminate the Agreement on any grounds available by law.

2. In the Item 17 Table, the following sentence is added to item "j":

However, no assignment will be made by us except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Agreement.

3. In the Item 17 Table, the following sentence is added to item "w":

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

Item 17, Additional Disclosures.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Agreement inconsistent with that law.

You must sign a general release if you renew or transfer the franchise or if you exercise the right to terminate without cause. This provision may not be enforceable under New York law.

Item 22, Additional Disclosure:

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

NEW YORK STATEMENT OF DISCLOSURE DOCUMENT ACCURACY

THE FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

NORTH DAKOTA

1. Item 5, Additional Disclosures:

Based upon the franchisor's financial condition, the North Dakota Securities Department has required a financial assurance. All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
- I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- J. Enforcement of Agreement: Requiring that North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

VIRGINIA

Item 17, Additional Disclosures.

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

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

Item 22, Additional Disclosure:

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

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT AND
AREA DEVELOPMENT AGREEMENT**

**RIDER TO THE GLORIA JEAN'S GOURMET
COFFEES FRANCHISING CORP.
FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA**

This Rider is made and entered into by and between Gloria Jean's Gourmet Coffees Franchising Corp., an Illinois corporation ("FRANCHISOR"), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, IL 60607, and _____ ("FRANCHISEE") whose principal address is _____

1. **BACKGROUND.** FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated _____, that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE is a resident of California and/or (b) FRANCHISEE will operate the GJC STORE in California.

2. **ACKNOWLEDGMENTS.** Section 27 of the Agreement, under the heading "Acknowledgments," is deleted in its entirety.

3. This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this amendment.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR

**GLORIA JEAN'S GOURMET COFFEES
FRANCHISING CORP.**

an Illinois corporation

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

**RIDER TO THE GLORIA JEAN'S GOURMET
COFFEES FRANCHISING CORP.
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

This Rider is made and entered into by and between Gloria Jean's Gourmet Coffees Franchising Corp., an Illinois corporation ("FRANCHISOR"), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, IL 60607, and _____ ("FRANCHISEE") whose principal address is _____

1. **BACKGROUND.** FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated , that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE is a resident of Illinois and/or (b) FRANCHISEE will operate the GJC STORE in Illinois and the offer or sale of the franchise for the GJC STORE that FRANCHISEE will operate under the Franchise Agreement was made in the State of Illinois.

2. **INITIAL FRANCHISE FEE.** Section 11 of the Agreement, under the heading "Initial Franchise Fee," shall be amended by the addition of the following sentences, which shall be considered an integral part of the Agreement:

All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. The Illinois Attorney General's Office imposed this deferral requirement due to franchisor's financial condition.

3. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** The following language is added to the end of the second sentence of Section 16.C of the Franchise Agreement:

; provided, however, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 200.609.

4. **LIMITATION OF CLAIMS.** The following language is added to the end of Section 16.D of the Franchise Agreement:

However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 at Section 705/27.

5. **CONSENT TO JURISDICTION.** The following language is added to the end of Section 16.B of the Franchise Agreement:

However, any provision in this Agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void under Section 4 and Section 41 of the current Illinois Franchise Disclosure Act, provided that this Agreement may provide for arbitration in a forum outside the State of Illinois.

6. **CHOICE OF LAWS.** The following is added to the end of Sections 16(G) and Section 21 of the Franchise Agreement:

This Agreement shall be interpreted and construed under the laws of Illinois. Nothing in Section 16(G) or Section 21 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation of the State of Illinois to which it would not otherwise be subject.

7. **ACKNOWLEDGMENTS.** Section 27 of the Franchise Agreement is deleted in its entirety.

8. **ADDITIONAL INFORMATION REQUIRED BY ILLINOIS.** The following is added to the end of the Franchise Agreement:

A new franchisee in Illinois should expect his/her total investment to open the first store to be no less than \$298,800 (for a small store under 1,000 square feet, without drive-thru), which includes the initial franchise fee of \$15,000 and Grand Opening Fee of \$5,000. A new franchisee in Illinois should expect his/her total investment to open the first Kiosk to be no less than \$178,700 which includes the initial franchise fee of \$15,000 and Grand Opening Fee of \$5,000.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR

**GLORIA JEAN'S GOURMET COFFEES
FRANCHISING CORP.**
an Illinois corporation

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

**RIDER TO THE GLORIA JEAN'S GOURMET
COFFEES FRANCHISING CORP.
AREA DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS**

THIS RIDER made this ____ day of _____, by and between Gloria Jean's Gourmet Coffees Franchising Corp., an Illinois corporation ("FRANCHISOR"), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, IL 60607, and _____ ("DEVELOPER") whose principal address is _____.

1. **BACKGROUND.** FRANCHISOR and DEVELOPER are parties to that certain Area Development Agreement dated _____, that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) DEVELOPER is a resident of Illinois and/or (b) the Development Area is located in Illinois and the offer or sale activity relating to the Area Development Agreement occurred in the State of Illinois.

2. **DEVELOPMENT FEE.** Section 2.1 of the Agreement, under the heading "Development Fee," shall be amended by the addition of the following sentences, which shall be considered an integral part of the Agreement:

All development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens. The Illinois Attorney General's Office imposed this deferral requirement due to franchisor's financial condition.

3. **DISPUTE RESOLUTION.** The following language is added to Section 13.2 of the Area Development Agreement:

However, any provision in this Agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void under Section 4 and Section 41 of the current Illinois Franchise Disclosure Act, provided that this Agreement may provide for arbitration in a forum outside the State of Illinois.

4. **LIMITATION OF CLAIMS.** The following language is added to Section 13.3 of the Area Development Agreement:

However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 at Section 705/27.

5. **JURY TRIAL.** The following language is added to Section 13.4 of the Area Development Agreement:

; provided, however, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 200.609.

6. **CHOICE OF LAWS.** The following language is added to Section 13.1 of the Area Development Agreement:

This Agreement shall be interpreted and construed under the laws of Illinois. Nothing in this Section 13.3 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation of the State of Illinois to which it would not otherwise be subject.

7. **ADDITIONAL INFORMATION REQUIRED BY ILLINOIS.** The following is added to the end of the Area Development Agreement:

Nothing contained in this Agreement shall constitute a condition, stipulation or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

A new franchisee in Illinois should expect his/her total investment to open the first store to be no less than \$298,800 (for a small store under 1,000 square feet, without drive-thru), which includes the initial franchise fee of \$15,000 and Grand Opening Fee of \$5,000. A new franchisee in Illinois should expect his/her total investment to open the first Kiosk to be no less than \$178,700 which includes the initial franchise fee of \$15,000 and Grand Opening Fee of \$5,000.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Rider in duplicate on the day and year first above written.

**GLORIA JEAN’S GOURMET COFFEES FRANCHISING
CORP**

an Illinois corporation

By: _____
Print Name: _____
Title: _____

DEVELOPER: If a corporation, partnership, or limited liability company, print name of business entity on the line below

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

Address for Notices:

Address for Notices:

**RIDER TO THE GLORIA JEAN'S GOURMET
COFFEES FRANCHISING CORP.
FRANCHISE AGREEMENT
FOR USE IN INDIANA**

This Rider is made and entered into by and between Gloria Jean's Gourmet Coffees Franchising Corp., an Illinois corporation ("FRANCHISOR"), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, IL 60607, and _____ ("FRANCHISEE") whose principal address is _____

1. **BACKGROUND.** FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated _____, that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE will operate the GJC STORE in Indiana and/or (b) the offer or sale of the franchise for the GJC STORE that FRANCHISEE will operate under the Franchise Agreement was made in the State of Indiana.

2. Pursuant to Section 23.2-2.7-1 of the Indiana Code, it is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:

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

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

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

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

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

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subdivision.

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

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

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

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

(11) Requiring the franchisee to participate in any:

(A) advertising campaign or contest;

(B) promotional campaign;

(C) promotional materials; or

(D) display decorations or materials;

at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. If the Franchise Agreement contains a provision that is inconsistent with the Indiana Code, the provisions of the Indiana Code will supersede the Franchise Agreement.

4. This Rider will have effect only if the Franchise Agreement and/or the relationship between FRANCHISOR and FRANCHISEE satisfy all of the jurisdictional requirements of the Indiana Code, without considering this Rider. Except as expressly modified by this Rider, the Franchise Agreement remains unmodified and in full force and effect.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR

**GLORIA JEAN'S GOURMET COFFEES
FRANCHISING CORP.**

an Illinois corporation

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

**RIDER TO THE GLORIA JEAN'S GOURMET
COFFEES FRANCHISING CORP.
FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

This Rider is made and entered into by and between Gloria Jean's Gourmet Coffees Franchising Corp., an Illinois corporation ("FRANCHISOR"), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, IL 60607, and _____ ("FRANCHISEE") whose principal address is _____

BACKGROUND. FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated _____, that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE will operate the GJC STORE in Maryland and/or (b) the offer or sale of the franchise for the GJC STORE that FRANCHISEE will operate under the Franchise Agreement was made in the State of Maryland.

1. **Releases.** The following is added to Section 2.E and Section 15.F of the Franchise Agreement:

This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. **Entire Agreement; Disclosure Statement and Disclaimer.** Section 21 and Section 27 are each amended by adding the following:

Notwithstanding anything to the contrary in this Agreement, you are not required to waive any of your rights under the Maryland Franchise Registration and Disclosure Law with regard to FRANCHISOR's prior representations.

3. **Governing Law.** Section 16.G is amended by adding the following:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

4. **Jurisdiction and Venue.** Section 16.B is amended by adding the following:

Any choice of forum for litigation is subject to your right to bring an action under the Maryland Franchise Registration and Disclosure Law in Maryland.

5. **Time Limit on Filing.** Section 16.E is amended by adding the following:

The foregoing limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Acknowledgments. Section 27 is deleted in its entirety.

7. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Franchisee and Franchisor satisfy all of the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR

**GLORIA JEAN'S GOURMET COFFEES
FRANCHISING CORP.**

an Illinois corporation

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

**RIDER TO THE GLORIA JEAN'S GOURMET
COFFEES FRANCHISING CORP.
AREA DEVELOPMENT
AGREEMENT
FOR USE IN MARYLAND**

This Rider is made and entered into by and between Gloria Jean's Gourmet Coffees Franchising Corp., an Illinois corporation ("FRANCHISOR"), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, IL 60607, and _____ ("FRANCHISEE") whose principal address is _____.

BACKGROUND. FRANCHISOR and FRANCHISEE are parties to that certain Area Development Agreement dated _____, that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) the Development Area is located in Maryland and/or (b) the offer or sale activity relating to the Area Development Agreement occurred in the State of Maryland.

1. **Releases.** The following is added to Section 1.2.3, Section 3.3, Section 7.3.2, and Section 7.3.5 of the Development Agreement:

This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. **Entire Agreement.** Section 12.10 is amended by adding the following:

Notwithstanding anything to the contrary in this Agreement, you are not required to waive any of your rights under the Maryland Franchise Registration and Disclosure Law with regard to LMFC's prior representations.

3. **Governing Law.** Section 13.1 is amended by adding the following:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

4. **Jurisdiction and Venue.** Section 13.2 is amended by adding the following:

Any choice of forum for litigation is subject to your right to bring an action under the Maryland Franchise Registration and Disclosure Law in Maryland.

5. **Time Limit on Filing.** Section 13.3 is amended by adding the following:

The foregoing limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. This Addendum will have effect only if the Development Agreement and/or the relationship between FRANCHISEE and FRANCHISOR satisfy all of the jurisdictional requirements of the Maryland Franchise

Registration and Disclosure Law, without considering this Addendum. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Rider in duplicate on the day and year first above written.

**GLORIA JEAN’S GOURMET COFFEES FRANCHISING
CORP**

an Illinois corporation

By: _____
Print Name: _____
Title: _____

DEVELOPER: If a corporation, partnership, or limited liability company, print name of business entity on the line below

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

Address for Notices:

Address for Notices:

**RIDER TO THE GLORIA JEAN'S GOURMET
COFFEES FRANCHISING CORP.
FRANCHISE AGREEMENT
FOR USE IN NEW YORK**

This Rider is made and entered into by and between Gloria Jean's Gourmet Coffees Franchising Corp., an Illinois corporation ("FRANCHISOR"), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, IL 60607, and _____ ("FRANCHISEE") whose principal address is _____.

1. **BACKGROUND.** FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated _____, that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE is a resident of New York and will operate the GJC STORE in New York and/or (b) the offer or sale of the franchise for the GJC STORE that FRANCHISEE will operate under the Franchise Agreement was made in the State of New York.

2. **RELEASES.** The following language is added to the end of the first paragraph of Section 2.E, the end of Section 2.F, the end of the first paragraph of Section 14.E, and the end the first paragraph of Section 15.F of the Franchise Agreement:

However, to the extent required by applicable law, all rights FRANCHISEE enjoys and any causes of action arising in FRANCHISEE's 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 is being the intent of the proviso that the non-waiver provisions of General Business Law 687 and 687.5 be satisfied.

3. **TERMINATION BY FRANCHISEE.** The following language is added to the end of the first paragraph of Section 13.A of the Franchise Agreement:

FRANCHISEE also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. **CONSENT TO JURISDICTION.** The following language is added to the end of Section 16.D of the Franchise Agreement:

This Section shall not be considered a waiver of any right conferred upon FRANCHISEE by Article 33 of the General Business Law of the State of New York.

5. **ACKNOWLEDGMENTS.** Section 27 of the Franchise Agreement is deleted in its entirety.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR

**GLORIA JEAN'S GOURMET COFFEES
FRANCHISING CORP.**

an Illinois corporation

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

**RIDER TO THE GLORIA JEAN'S GOURMET
COFFEES FRANCHISING CORP.
AREA DEVELOPMENT AGREEMENT
FOR USE IN NEW YORK**

THIS RIDER made this ____ day of _____, by and between Gloria Jean's Gourmet Coffees Franchising Corp., an Illinois corporation ("FRANCHISOR"), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, IL 60607 and _____ ("DEVELOPER") whose principal address is _____.

1. **BACKGROUND.** FRANCHISOR and DEVELOPER are parties to that certain Area Development Agreement dated _____, that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) DEVELOPER is a resident of New York and the Development Area is located in New York and/or (b) the offer or sale activity relating to the Area Development Agreement occurred in the State of New York.

2. **DEFAULT AND TERMINATION.** The following language is added to the end of Section 8 of the Area Development Agreement:

DEVELOPER also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

3. **RELEASES.** The following language is added to the end of Sections 3.3 and 7.3.5 of the Area Development Agreement:

However, to the extent required by applicable law, all rights DEVELOPER enjoys and any causes of action arising in DEVELOPER's 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 is being the intent of the proviso that the non-waiver provisions of General Business Law 687 and 687.5 be satisfied.

4. **ENFORCEMENT.** The following language is added to the end of Section 13 of the Area Development Agreement:

This Section shall not be considered a waiver of any right conferred upon DEVELOPER by Article 33 of the General Business Law of the State of New York.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Rider in duplicate on the day and year first above written.

**GLORIA JEAN’S GOURMET COFFEES FRANCHISING
CORP**

an Illinois corporation

By: _____

Print Name: _____

Title: _____

DEVELOPER: If a corporation, partnership, or limited liability company, print name of business entity on the line below

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

Address for Notices:

Address for Notices:

**RIDER TO THE GLORIA JEAN'S GOURMET
COFFEES FRANCHISING CORP.
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

This Rider is made and entered into by and between Gloria Jean's Gourmet Coffees Franchising Corp., an Illinois corporation ("FRANCHISOR"), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, IL 60607 and _____ ("FRANCHISEE") whose principal address is _____

1. **BACKGROUND.** FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated _____, that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE is a resident of North Dakota and the GJC STORE that FRANCHISEE will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **INITIAL FRANCHISE FEE.** Section 11 of the Agreement, under the heading "Initial Franchise Fee," shall be amended by the addition of the following sentences, which shall be considered an integral part of the Agreement:

Based upon the franchisor's financial condition, the North Dakota Securities Department has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

3. **RELEASES.** The following language is added to the end of the second paragraph of Section 2.E, the end of Section 2.F, the end of the first paragraph of Section 14.D, and the end of the first paragraph of Section 15.D of the Franchise Agreement:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. **COVENANT NOT TO COMPETE.** The following language is added to the end of Section 14.E of the Franchise Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, FRANCHISOR will enforce the covenants to the maximum extent the law allows.

5. **ARBITRATION.** Section 16.A of the Franchise Agreement is deleted in its entirety and replaced with the following:

A. ARBITRATION

EXCEPT FOR CONTROVERSIES, DISPUTES, OR CLAIMS RELATED TO OR BASED ON IMPROPER USE OF THE NAMES AND MARKS OR CONFIDENTIAL INFORMATION, ALL

CONTROVERSIES, DISPUTES OR CLAIMS ARISING BETWEEN FRANCHISOR, ITS AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES AND ATTORNEYS (IN THEIR REPRESENTATIVE CAPACITY) AND FRANCHISEE (AND ITS OWNERS AND GUARANTORS, IF APPLICABLE) ARISING OUT OF OR RELATED TO IN WHOLE OR IN PART: (1) THIS AGREEMENT OR ANY RELATED AGREEMENT; (2) THE RELATIONSHIP OF THE PARTIES HERETO; (3) THE VALIDITY OF THIS AGREEMENT OR ANY RELATED AGREEMENT, OR ANY PROVISION THEREOF; OR (4) ANY SPECIFICATION, STANDARD OR OPERATING PROCEDURE RELATING TO THE ESTABLISHMENT OR OPERATION OF THE STORE, SHALL BE SUBMITTED FOR BINDING ARBITRATION TO BE ADMINISTERED BY THE AMERICAN ARBITRATION ASSOCIATION; PROVIDED THAT FRANCHISOR AND ITS AFFILIATES SHALL HAVE THE RIGHT TO ENFORCE BY JUDICIAL PROCESS ANY RIGHTS IT MAY HAVE TO POSSESSION OF THE PREMISES OF THE STORE UNDER ANY SUBLEASE OR COLLATERAL ASSIGNMENT OF LEASE WITH FRANCHISEE. SUCH ARBITRATION PROCEEDING SHALL BE CONDUCTED BY A SINGLE ARBITRATOR APPROVED BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS RULES AT A FACILITY DETERMINED BY THE ARBITRATOR THAT IS LOCATED WITHIN FIFTY (50) MILES OF FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS AND SHALL BE CONDUCTED IN ACCORDANCE WITH THE THEN- CURRENT COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION; PROVIDED, HOWEVER, THAT TO THE EXTENT OTHERWISE REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW (UNLESS SUCH A REQUIREMENT IS PREEMPTED BY THE FEDERAL ARBITRATION ACT), ARBITRATION SHALL BE HELD AT SITE TO WHICH FRANCHISOR AND FRANCHISEE MUTUALLY AGREE. JUDGMENT UPON THE AWARD MAY BE ENTERED IN ANY COURT OF COMPETENT JURISDICTION. THE PARTIES FURTHER AGREE THAT, IN CONNECTION WITH ANY SUCH ARBITRATION PROCEEDING, EACH SHALL SUBMIT OR FILE ANY CLAIM WHICH WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM (AS DEFINED BY RULE 13 OF THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES. ANY SUCH CLAIM WHICH IS NOT SUBMITTED OR FILED IN SUCH PROCEEDING SHALL BE FOREVER BARRED. THIS PROVISION SHALL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO AND NOTWITHSTANDING EXPIRATION OR TERMINATION OF THIS AGREEMENT. FRANCHISEE AND FRANCHISOR AGREE THAT ARBITRATION SHALL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, BASIS AND THAT FRANCHISOR (AND/OR ITS AFFILIATE AND THEIR RESPECTIVE SHAREHOLDER, OFFICER, DIRECTORS, AGENTS, AND/OR EMPLOYEES) AND FRANCHISEE (AND/OR ITS OWNERS, GUARANTORS, AFFILIATES, AND/OR EMPLOYEES) SHALL BE THE ONLY PARTIES TO ANY ARBITRATION PROCEEDING DESCRIBED IN THIS SECTION AND THAT NO SUCH ARBITRATION PROCEEDING MAY BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, NOR SHALL ANY OTHER PERSON BE JOINED AS A PARTY TO SUCH ARBITRATION PROCEEDING.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the North Dakota Franchise Investment Law, Section 16.B of the Franchise Agreement is deleted.

7. **LIMITATION OF CLAIMS.** The following language is added to the end of Section 16.C of the Franchise Agreement:

The statutes of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

8. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 16.D of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law and subject to FRANCHISEE's arbitration obligations, FRANCHISEE may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

9. **CHOICE OF LAWS**. Section 21 of the Franchise Agreement is deleted in its entirety and replaced with the following:

21. CHOICE OF LAWS

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) and except that all issues relating to arbitrability or the enforcement or interpretation of the agreement to arbitrate set forth in Section 16.A shall be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and the federal common law relating to arbitration, this Agreement, and except as required by North Dakota law, the FRANCHISE and all other matters concerning FRANCHISEE and FRANCHISOR (and its affiliates) shall be governed by the internal laws of the state where the STORE is located (without reference to the choice of law and conflict of law rules of that state), except that the provisions of any law of that state regarding franchise disclosure, registration or relationship and the regulations thereunder shall not apply unless its jurisdictional requirements are met independently without reference to this Paragraph.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR

**GLORIA JEAN'S GOURMET COFFEES
FRANCHISING CORP.**

an Illinois corporation

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

**RIDER TO THE GLORIA JEAN'S GOURMET
COFFEES FRANCHISING CORP.
AREA DEVELOPMENT AGREEMENT
FOR USE IN NORTH DAKOTA**

THIS RIDER made this ____ day of _____, by and between Gloria Jean's Gourmet Coffees Franchising Corp., an Illinois corporation ("FRANCHISOR"), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, IL 60607, and _____ ("DEVELOPER") whose principal address is _____.

1. **BACKGROUND.** FRANCHISOR and DEVELOPER are parties to that certain Area Development Agreement dated _____, that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) DEVELOPER is a resident of North Dakota and the Development Area is located in North Dakota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in North Dakota.

2. **DEVELOPMENT FEE.** Section 2.1 of the Agreement, under the heading "Development Fee," is amended to add the following sentences, which shall be considered an integral part of the Agreement:

Based upon the franchisor's financial condition, the North Dakota Securities Department has required a financial assurance. Therefore, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

3. **RELEASES.** The following language is added to the end of Sections 3.3 and 7.3.5 of the Area Development Agreement:

However, any release required as a condition of assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. **COVENANTS.** The following language is added to the end of Section 6.2 of the Area Development Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, FRANCHISOR will enforce the covenants to the maximum extent the law allows.

5. **LIMITATION OF CLAIMS.** The following language is added to the end of Section 13.3 of the Area Development Agreement:

The statutes of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the North Dakota Franchise Investment Law, Sections 13.4 and 13.5 of the Franchise Agreement are deleted.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Rider in duplicate on the day and year first above written.

**GLORIA JEAN’S GOURMET COFFEES FRANCHISING
CORP**

an Illinois corporation

By: _____
Print Name: _____
Title: _____

DEVELOPER: If a corporation, partnership, or limited liability company, print name of business entity on the line below

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

Address for Notices:

Address for Notices:

STATE EFFECTIVE DATES

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

STATE	EFFECTIVE DATE
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
New York	Pending
North Dakota	Pending
Virginia	Pending
Wisconsin	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.

FRANCHISE DISCLOSURE DOCUMENT RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on **Exhibit 1**.

Issuance Date: February 9, 2023

The Franchisor is Gloria Jean's Gourmet Coffees Franchising Corp., at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, IL 60607 and tel. (773) 270-2900. The franchise seller is Grant Fischer at the same address.

We authorize the respective state agencies identified on **Exhibit 1** to receive service of process for us in the particular state.

I received a Franchise Disclosure Document dated February 9, 2023 that included the following exhibits:

Exhibit 1	List of State Administrators/Agents for Service of Process
Exhibit 2	Franchise Agreement
Exhibit 3	Kiosk Addendum
Exhibit 4	Territory Addendum for Street Location
Exhibit 5	Area Development Agreement
Exhibit 6	Collateral Assignment of Lease
Exhibit 7	Operating Manual Table of Contents
Exhibit 8	General Release
Exhibit 9	U.S. Franchisees as of July 1, 2022
Exhibit 10	Franchisees Who Exited an Outlet During FY Ending July 1, 2022
Exhibit 11	Financial Statements
Exhibit 12	Guarantee of Performance
Exhibit 13	State-Specific Addenda

Date

Signature

Printed Name

PLEASE SIGN THIS COPY OF THE FRANCHISE DISCLOSURE DOCUMENT RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO:

Gloria Jean's Gourmet Coffees Franchising Corp., Convene Floor 8, Suite 803, 333 N. Green St., Chicago, IL 60607

FRANCHISE DISCLOSURE DOCUMENT RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on **Exhibit 1**.

Issuance Date: February 9, 2023

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KEEP THIS COPY FOR YOUR RECORDS.