FRANCHISE DISCLOSURE DOCUMENT

ENGEL&VÖLKERS
YACHTING

Engel & Völkers Americas, Inc.
a Delaware corporation
430 Park Avenue
11th Floor
New York, NY 10022
212.234.3100
americas@engelvoelkers.com
www.evyachting.com

The franchise offered is the right to own and operate an Engel & Völkers Yachting Brokerage for the marketing of yachts and moorings.

The total investment necessary to begin operation of an Engel & Völkers Yachting Brokerage franchise is $107,490 to $307,354 for a conversion yachting brokerage and $193,086 to $437,586 for a start-up yachting brokerage. This includes the $51,490 to $61,854 that must be paid to the franchisor or its affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Anthony Hitt or Ulrike Cohen at 430 Park Avenue, 11th Floor, New York, NY 10022, 212-234-3100.

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

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

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

Issuance Date: March 31, 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 will 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 and Exhibits G and H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor and at the franchisor's direction; Item 7 lists the initial investment to open, and Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to support my business?	Item 21 and Exhibit I include financial statements. Review these statements carefully.
Is the franchise system stable and growing or shrinking?	Item 20 summarizes the 3-year history of the number of company-owned and franchised outlets.
Will my business be the only Engel & Völkers Yachting Brokerage business in my market?	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 an Engel & Völkers Yachting Brokerage franchisee?	Item 20 and Exhibits G and H 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*

Consider these facts about franchising before investing in any franchise:

1. **Losses and personal liability**. You may have to pay royalties and other fees even if your franchise is losing money.

2. **Additional investment.** 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 franchised business or may adversely impact the operation of your franchised business

3. **Operating restrictions.** The franchise agreement may prohibit you from operating a similar business both during the term of the franchise and after the franchise ends. If so, you would be unable to operate a similar business after the franchise ends even if you still have obligations to your landlord or other creditors.

4. **When your franchise ends.** Your franchise agreement may not permit you to renew. Even if it does, most franchise agreements do not allow you to renew on the same terms and conditions. You may have to sign a new agreement with different terms and conditions in order to continue to operate your franchised business.

5. **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.

Some States Require Registration

Your state may have a franchise 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 A.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New York. 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 New York than in your own state.

2. **Mandatory minimum payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment. Sale performance required.

3. **Spousal liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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 MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT, IF ANY, APPEAR IN THE STATE ADDENDA AT **EXHIBIT L** OR THE STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENT IN **EXHIBIT D.**

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

The franchisor is Engel & Völkers Americas, Inc., and will be referred to in this Franchise Disclosure Document as "**Engel & Völkers**", "**we**", "**us**" or "**our**". "**You**" or "**your**" means the person who buys the franchise. If you are a business entity, "you" includes your owners. Throughout this document and in our agreements we refer to you and our franchisees as "franchisees."

We are a Delaware corporation that was incorporated on November 17, 2005. We began operations in February 2006 under the name Engel & Völkers U.S. Holdings, Inc. and we changed names to Engel & Völkers Americas, Inc. on February 28, 2018. We do business only under the names Engel & Völkers and Engel & Völkers Americas, Inc. Our principal place of business is at 430 Park Avenue, 11th Floor, New York, NY 10022. Our agents for service of process are disclosed in **Exhibit B**.

Our Parents, Predecessors and Affiliates

We do not have any predecessors.

We have several parents. We are a majority owned subsidiary of Engel & Völkers U.S. Holding GmbH ("**U.S. Holding GmbH**"**),** a German limited liability company which was organized in December 2005.

U.S. Holding GmbH is wholly owned by Engel & Völkers Residential GmbH, formerly known as Engel & Völkers Immobilien GmbH **("E&V Residential")**, which is in turn wholly-owned by Engel & Völkers GmbH, formerly known as Engel & Völkers AG **("E&V GmbH")**, which is wholly owned by Engel & Völkers Holding GmbH ("E&V Holding GmbH"), a German limited liability company. Our ultimate parent is Permira VII Inv. Platform S.à.r.l, (**"Permira"**), a Luxembourg limited liability company.

U.S. Holding GmbH, E&V Residential, E&V GmbH and E&V Holding GmbH are all located at Vancouverstrasse 2a, 20457 Hamburg, Germany. Permira is located at 488, route de Longwy, 1940 Luxembourg.

Our direct parent, U.S. Holding GmbH has been granted an exclusive master franchise for the yachting brokerage sector to use the Engel & Völkers Yachting System (described below) and the ENGEL & VÖLKERS® E&V® and GG® and GG® Trademarks in the United States, and in September 2012 exclusively sublicensed those rights to us (described in Item 13) and further exclusively sublicensed in September 2019 those rights for the Caribbean and Central America to us (the "**General Yachting License Agreement**"). U.S. Holding GmbH has previously also been granted the exclusive master franchise regarding the residential property sector to use the Völkers System and the Trademarks in the United States, and on January 9, 2006 exclusively sublicensed those rights to us and further exclusively sublicensed in July 2016 those rights in Mexico, Cayman Islands, Belize and The Bahamas to us and in September 2018 for the remainder of the Caribbean and Central America. We offer residential real estate franchises under a separate franchise disclosure document. U.S. Holding GmbH is not engaged in any other business activities.

Affiliates Offering Franchises

E&V Residential offers franchises in the residential sector in Germany and in various countries of the world. On August 11, 2020 E&V Residential merged with Engel & Völkers Yachting GmbH, leaving E&V Residential as the surviving entity. From that date E&V Residential also offers franchises in the

yachting sector in Germany and in various other countries of the world, except for in the United States, the Caribbean and Central America, where we offer yachting brokerage franchises.

Engel & Völkers Commercial GmbH, formerly known as Engel & Völkers Berlin GmbH **("E&V Commercial")**, a German limited liability company, offers franchises only in the commercial sector in Germany and throughout the world. E&V Commercial is located at Vancouverstrasse 2a, 20457 Hamburg, Germany. It sold its first franchise in March 2003 and now has franchisees operating 112 locations.

On January 17, 2014 we incorporated Engel & Völkers Canada, Inc. ("**E&V Canada**"), an Ontario corporation in Toronto, Ontario, Canada. We are the sole equity owner of EV Canada, which we have franchised to act as master franchisee for the residential real estate segment in Canada. E&V Canada is currently located at 2 Bloor Street West, Suite 700, Toronto, Ontario M4W 3R2, Canada. E&V Canada started offering residential real estate franchises in June 2014. It does not operate the type of business you will operate.

Affiliates Providing Products and Services to Franchisees

We have several affiliates that provide products and services to us, you, our master franchisee and its subfranchisees (part of our real estate brokerage franchise system is operated on a master franchise basis). Grund Genug Verlag und Werbe GmbH ("**Grund Genug Verlag**"), a German limited liability company, which is wholly owned by E&V GmbH, is a publishing house which publishes the architecture and lifestyle magazine called GG Magazine, and also distribute goods and marketing materials to our master franchisees and subfranchisees. Grund Genug Verlag supplies magazines to us, you, our master franchisees and their subfranchisees.

Engel & Völkers Technology GmbH **("E&V Technology")**, a German limited liability company, is responsible for providing certain technology support services to us, you, master franchisees and their subfranchisees. E&V Technology is a 100% subsidiary of E&V GmbH.

Grund Genug Verlag and E&V Technology each have their principal place of business at Vancouverstrasse 2a, 20457 Hamburg, Germany.

Engel & Volkers UK LTD, formerly known as Engel & Völkers Private Office Ltd. **("E&V Private Office")**, a UK limited liability company, which is wholly owned by E&V GmbH (formerly known as Engel & Völkers AG), is providing certain marketing and referral services to our real estate franchise program master franchisee and subfranchisees. E&V Private Office has its principal place of business at 25 Bedford Square, LondonWC1B 3HN, United Kingdom.

Our Business

We have two primary lines of business: a yachting brokerage franchise program (described in this FDD) and a real estate brokerage franchise program. Those two lines of business constitute our entire business.

We grant yachting brokerage franchises and providing services to franchisees regarding the yachting segment consisting of (i) the opportunity to open and operate Engel & Völkers Yachting Brokerages for the marketing of exclusive yachts and moorings and providing yacht management services under the Engel & Völkers trade name, Trademarks and Engel & Völkers Yachting System of brand operating procedures (as defined below), including the utilization of a worldwide client platform. For the yachting segment, we are primarily seeking conversion franchisees already in the yachting brokerage business who can operate from high-end marinas and retail locations in high-end commercial areas ("**Yachting Shops**") close to such marinas.

Under the real estate brokerage program our business is to grant direct franchises and master franchises in the United States, Canada, Mexico and certain parts of the Caribbean to provide services to our direct franchisees and master franchisees for the residential property segment consisting of (i) the opportunity to open and operate Engel & Völkers Residential Real Estate Brokerages for the marketing of residential property under the Engel & Völkers trade name, Trademarks and System of operating procedures, including the utilization of a worldwide client platform, and (ii) for our master franchisees, the right to grant subfranchises to third parties to own and operate Residential Real Estate Brokerages using the Engel & Völkers real estate brokerage System. In Florida, a master franchisee has been granted exclusive rights to offer Franchise Agreements for the operation of Engel & Völkers Residential Real Estate Brokerages. As of December 31, 2021, we had 204 franchised and subfranchised real estate brokerage locations in the United States.

Our only business is to franchise yachting brokerages and residential real estate brokerages and we do not conduct the type of business that you and other franchisees will operate.

We initially began offering yachting brokerage franchises in October 2012, but as of December 31, 2014 temporarily stopped the yachting program. As of October 2019 we are again offering the yachting program in the United States. We began offering master franchises in the residential real estate segment in February 2006 and direct franchises in the residential real estate segment in April 2011. We disclose the sale of residential real estate franchises by a separate FDDs.

Prior Experience of the Engel & Völkers Group/Franchises Offered by Affiliates

The Engel & Völkers group of affiliated companies (the "**Engel & Völkers Group**"), are firms of real estate agents with extensive experience handling upscale properties under the Engel & Völkers name in Germany and other countries (*e.g.,* Spain, Italy, U.K., South Africa and Thailand). The prior business experience of the Engel & Völkers Group includes more than 30 years operating Engel & Völkers real estate offices, more than 20 years operating and franchising Engel & Völkers real estate brokerages in the form of Property Shops. The Engel & Völkers Group channels the experience from the franchising of residential real estate brokerages into the yachting segment since it commenced the franchising of yachting brokerages in the form of Yachting Shops in June 2008.

The Engel & Völkers Group history goes back to 1977, when Engel & Cie was established to specialize in the sale and rental of top-quality residential premises in the suburbs of Hamburg, Germany. In 1988, Engel & Völkers GmbH (formerly known as Engel & Völkers AG) established a division for the sale and rental of commercial property, and opened the first office for the sale of residential property/holiday homes outside Hamburg in the Tegernsee (Bavaria) and coastal areas of Germany. Many other offices followed and in 1989 Engel & Völkers GmbH opened its first office abroad in Majorca, Spain in an exclusive partnership with a third party.

In 1996, the offices of the Engel & Völkers Group were transformed into so-called "shops", allowing prospective clients to view the offerings in the shop windows. In 1998, Engel & Völkers GmbH began offering franchises to operate real estate brokerages in the form of Property Shops using the Engel & Völkers real estate brokerage franchise system (described below) in the residential real estate segment and, from 2002 on, in the commercial segment. Shortly afterwards, various franchised offices were opened in the greater Hamburg area, Hanover, Bremen and Berlin, Germany.

E&V AG (now E&V GmbH) was founded in 1999 E&V Holding GmbH was established in December 2021.

Grund Genug Verlag, which was established on March 26, 1990, is a publishing house which publishes the architecture and lifestyle magazine called GG Magazine, and also distributes goods and marketing materials to the master franchisees of Engel & Völkers and their subfranchisees.

E&V Residential, a German limited liability company, was established in 1977. It is responsible for franchising outside of Germany and in Germany for the residential real estate segment. E&V Residential started offering franchises in 1998. Until December 31, 2007, it was also responsible for franchising outside of Germany for the commercial real estate segment. E&V Residential grants direct franchises and master franchises to third parties in Germany and throughout countries worldwide to use the Engel & Völkers real estate brokerage franchise system. As of December 31, 2022, E&V Residential had 751 franchisees operating in Europe, South America, and South Africa. Currently, the master franchisees in the above regions and countries have subfranchisees.

E&V Canada, which was incorporated on January 17, 2014, has since that date been responsible for franchising the residential real estate segment in Canada. As of December 31, 2021, E&V Canada had 51 operational franchised locations.

The Engel & Völkers Group started its yachting brokerage program through Engel & Völkers Yachting GmbH (**"E&V Yachting"**), a German limited liability company, which was established on November 21, 2006. Until its merger with E&V Residential in August 2020, it was responsible for franchising the Engel & Völkers yachting brokerage program throughout the world, except the United States. E&V Yachting granted direct franchises and master franchises to third parties throughout the world, except the United States, to use the Engel & Völkers Yachting System to own and operate one or more Engel & Völkers Yachting Brokerages. E&V Yachting started offering franchises in June 2008. As of December 31, 2022, E&V Yachting had no direct franchise. In addition, in 2013 E&V Yachting granted a master franchise to a Luxembourg entity to act as a master franchisee, however, the master franchise was terminated in October 2021. As of August 2020, the operations and outstanding franchise agreements of E&V Yachting were acquired by E&V Residential that continues to operate the business.

E&V Technology was established in 2005 to be responsible for providing certain technology services to real estate brokerage master franchisees and their subfranchisees and to yachting brokerage program franchisees.

In 2006, E&V International (now E&V Residential) granted U.S. Holding GmbH a license to use, and a right to subfranchise, the Engel & Völkers real estate brokerage system and the ENGEL & VÖLKERS®, E&V® and GRUND GENUG® trademarks within the United States real estate brokerage system and in 2017 within the real estate brokerage systems in Mexico, The Bahamas, Caymans Islands and Belize. Grund Genug Verlag previously had granted E&V International (now E&V Residential) a license to use and to sublicense the GRUND GENUG® trademark, which is no longer active, but now substituted by the stylized GG® and the GG® GLOBAL GUIDE trademarks. In turn, U.S. Holding GmbH has franchised Engel & Völkers U.S. to use and to subfranchise the Engel & Völkers real estate brokerage system and the ENGEL & VÖLKERS, E&V and the GG and GG GLOBAL GUIDE Trademarks within the United States in the real estate brokerage system, in 2016 within in Mexico, and certain parts of the Caribbean and in September 2018 within the real estate brokerage systems in the remainder of the Caribbean and Central America ("**General Residential Licensing Agreement**").

In 2012, E&V Yachting granted U.S. Holdings GmbH a license to use and a right to sublicense, the Engel & Völkers Yachting System and the ENGEL & VÖLKERS, E&V, GG and GG GLOBAL GUIDE trademarks within the United States for the yachting brokerage sector. In turn, U.S. Holdings GmbH has licensed Engel & Völkers to use and to sublicense the Engel & Völkers Yachting System and the ENGEL & VÖLKERS, E&V, GG and GG GLOBAL GUIDE Trademarks within the United States in the yachting segment and in September 2019 for the Caribbean and Central America.

We have not conducted the type of business you will operate. We initially started offering yachting brokerage franchises as of December 17, 2012, but as of December 31, 2014 stopped pursuing the yachting program. As of the effective date of this Franchise Disclosure Document we are now

beginning to offer the yachting program again in the United States. Apart from us and E&V Residential, none of our affiliates offer yachting brokerage franchises.

Engel & Völkers Yachting System

Our yachting brokerage concept developed out of the Engel & Völkers Group real estate brokerages program under which Property Shops are operated at attractive locations in various countries. They have used their extensive experience in the field of residential property to develop a corporate concept for the support of sales advisors, setting up a professional referral system, and the marketing activities necessary for the operation of an Engel & Völkers Residential Real Estate Brokerage. This concept has developed into a system applied in each market. The yachting brokerage concept was derived from the real estate brokerage system that had already been developed and takes advantage of the concepts developed for the support of sales advisors, a professional referral system, and marketing activities. All Engel & Völkers Yachting Brokerages have a stylish, upscale atmosphere, a standardized, exclusive design interior decorations and furnishings, and are run by highly qualified operators using uniform methods and procedures and demanding uniformly high standards of behavior and selling techniques from their staff.

This is called the "**Engel & Völkers Yachting System**" or "**Yachting System**". The Engel & Völkers Yachting System encompasses the experience of the Engel & Völkers Group. It includes the following elements: various intellectual property rights; practical knowledge and experience running yachting brokerages; specific yachting brokerage design standards; various System Documentations; an information technology platform; ongoing business administration, brand, marketing support; training courses; and opportunities to exchange information and experiences. We continuously are developing the Yachting System, introducing changes on a temporary or permanent basis, due to changing market conditions and other developments. The Yachting System is generally applied the same way to all franchisees and throughout the U.S., but based on peculiarities of the particular market area or circumstances such as its business potential, population, existing businesses practices and other conditions we consider important to the successful operation of Engel & Völkers Yachting Brokerages we may adjust the System in different geographies or for specific circumstances. We also offer special programs and designations that are only available to franchisees that meet certain criteria. If you do not satisfy such criteria, you will not be permitted to participate in such programs and designations.

The Engel & Völkers Yachting Brokerage Franchises We Offer

We offer the right to operate an Engel & Völkers Yachting Brokerage under the terms of a franchise agreement in the form attached to this disclosure document as **Exhibit C** (the "**Franchise Agreement**"). For the Engel & Völkers Yachting Brokerage program we only offer direct franchises. There are no subfranchisees in the U.S. and we don't grant subfranchises for this program.

Our desire is to grant Engel & Völkers Yachting Brokerage franchises to the owners of existing yachting brokerages, in appropriate markets, for conversion into an Engel & Völkers Yachting Brokerage. However, in some circumstances, we may grant also a franchise to a newly organized yachting brokerage, provided that it is located in an appropriate market and is, or will be, substantially comprised of yachting brokers and sales advisors who already possess an appropriate market reputation, expertise and database of clientele.

U.S. Holding GmbH granted us an exclusive master license to offer yachting brokerage licenses in the U.S. in 2012. The exclusive master license is for an indefinite term. If the master license terminates, your right to operate under your franchise agreement will also terminate.

General Market/Competition

You will be operating in a highly competitive market. The degree to which the market for the yachting brokerage services in your area is competitive depends on the number of potential buyers, sellers and charters in your area, the price level of yachts and moorings in your area, and the number of yachting brokerage businesses that are operating in your area. Your competitors include other yachting brokerages like Camper & Nicholson, Fraser Yachts, Edmiston, Merle Wood, Burgess, Ocean Independence, Yachtzoo and local competitors.

Regulations

Specific state standards regulate the yachting industry. Different states have varying degrees of laws regulating those operations and requiring licensing of yachting brokers and their salespersons or sales advisors. These regulations vary from state to state and can affect your operations. If you operate your own Yachting Brokerage, you must either be a yachting broker licensed in your state or have a licensed yachting broker manage your business. In some states, every person who actively participates in the yachting brokerage activities of the business and every employee or independent contractor who acts as a salesperson must have a license as a yachting broker, salesperson or other appropriate designated category. You should consult with your own attorney to see whether in your state you may need a yachting broker license even if you do not operate your own Yachting Brokerage.

You may need other general and specific types of licenses required by the jurisdictions in which you will operate. There may be many other laws that affect your yachting brokerage business, including local laws affecting the terms of your brokerage agreements, advertising and other matters. During the term of your franchise agreement with us we may enter into systemwide supply contracts with service companies, such as banks or insurance companies, which we may require you to use, except in cases where you have legitimate commercial or financial reasons for refusing to do so. These systemwide supply contracts could enable you to offer additional services to your clients. Provision of these kinds of services may require you to obtain additional licenses and to comply with laws regulating these industries. Consult with your lawyer to learn about specific laws applicable to your business.

You and your employees and yachting sales advisors must protect the reputation of the Engel & Völkers System and Trademarks and observe any best practices stipulated in the Engel & Völkers Yachting System Documentation, including any Code of Ethics we may develop, and conform to any Code of Ethics or similar standard of conduct promulgated by any yachting association to which you or your employees or sales advisors belong.

In 2020, 2021, and so far in 2022, federal, state, and local regulations and ordinances related to the pandemic caused by COVID-19 have impacted the operation of all kinds of businesses, including our franchisees. We expect that such regulations and ordinances are likely to impact your Yachting Brokerage to some extent at least for the rest of this year. Such regulations and ordinances may impact your physical offices (for example, limiting the number of people who can be in the office, requiring enhanced cleaning and require you, your brokers, staff, and customers to take other safety precautions), how and where you are able to meet with your clients and potential clients, and, in the case of new full or partial lock-downs, whether you can keep your Yachting Brokerage open for business.

Principals

If you are a corporation or other entity, each of your owners that own 10% or more of you (**"Principals"**) must sign a Principal's Guarantee and Assumption of Obligations attached to the Franchise Agreement (**Appendix 4** to **Exhibit C**) agreeing to discharge all your obligations as Franchisee, including your payment obligations, under the Franchise Agreement. If the Principal is in a community property state or for other reasons we determine, the Principal's spouse may also have to sign

the Guarantee form. Your Principals must also agree to retain an ownership interest in your company and to not dispose of their interest without our consent. All Principals must also sign a Principal's Acknowledgment agreeing to accept and be bound by their separate rights and obligations in the Franchise Agreement.

Item 2
BUSINESS EXPERIENCE

Director: Sven Odia

Since December 2005, Mr. Odia has served as our sole director. Mr. Odia became Managing Director of EV MMC Holding GmbH (formerly E&V LUX S.a.r.l) in December 2013 and in January 2015 he became Managing Director of EV MMC Management GmbH. In October 2014 he became Chief Executive Officer of E&V AG and served in that capacity until December 2021 when E&V AG converted its corporate form to E&V GmbH, and Mr. Odia became Managing Director/CEO of E&V GmbH in its new form. Since November 2021 Mr. Odia also serves as one of the managing directors of E&V Holding GmbH. Since September 2005, he has also served as Managing Director of U.S. Holding GmbH. Since September 2012, Mr. Odia has also served as one of Engel & Völkers Residential's managing directors. Mr. Odia also serves as Managing Director of Engel & Völkers Commercial since October 2008, as Managing Director of EV Spain, S.L.U. and Engel & Völkers Spain, S.L since April 2018, as one of the managing directors of EV MMC Greece S.A. since July 2022, and as a Managing Director for Engel & Völkers Russia GmbH, EV MMV Lizenz GmbH, Engel & Volkers UK Ltd and EV UK Brokerage Limited since August 2022. From July 2017 until October 2022 Mr. Odia served as Managing Director of EV MMC Italia S.r.l., and November 2010 until January 2019 as Managing Director of Engel & Völkers Advisory GmbH. From January 2019 until August 2021 he also served as Managing Director of Venture Management GmbH and from February 2019 until April 2021 as Managing Director of Engel & Völkers Immobilien Deutschland GmbH (formerly EuV Residential Lizenzholding GmbH), As of February 2019 Mr. Odia became Managing Director of Engel & Völkers Venture Holdings GmbH, as of October 2019 Managing Director of Grund Genug Verlag & Werbe GmbH. From January 2019 until April 2020 he was managing Director of Engel & Völkers Finance GmbH and from November 2019 until August 2020 he served as Managing Director of Engel Yachting GmbH. He works in Hamburg, Germany.

President and Chief Executive Officer: Anthony Hitt

Mr. Hitt has served in different roles with us since January 2012. Since January 2014 he has been our Chief Executive Officer, and since 2017 he is also our President. Since May 2017 Mr. Hitt has also served as one of the Managers of Engel & Völkers New York Real Estate LCC. Mr. Hitt also serves as Director and President and CEO of E&V Canada, our Canadian Master Franchisee, since January, 2014. He works in New York, New York.

Chief Financial Officer and Treasurer: Andrew Dinsmore

Mr. Dinsmore became our Chief Financial Officer in June 2021. Since July 2021 he also serves as Chief Financial Officer and Treasurer of Engel & Völkers Canada, Inc. From November 2010 until May 2021 he was Chief Financial Officer of Elmscroft LLC. He also served from April 2019 until October 2000 as Chief Financial Officer for Tekscape Inc. From February 2018 until March 2019 he was Chief Financial Officer for Coresight Research, Inc. Each of these positions were held in New York, New York and he now works in New York, New York.

Chief Administrative Officer and Secretary: Ulrike Cohen

Ms. Cohen has been with us since April 2008 and most recently Ms. Cohen became our Chief Administrative Officer in January 2018. She served as our Chief Financial Officer from September 2012 until December 2017, and as our Treasurer from February 2009 until December 2017. Ms. Cohen also served as Chief Financial Officer of E&V Canada, our Canadian Master Franchisee, from January 2014 until June 2021. She became E&V Canada's Director in December 2020. She also served as one of the Managers of EVNY in February 2011 until December 2017. She works in New York, New York.

Chief Strategy Officer: Stuart Siegel

Mr. Siegel became our Chief Strategy Officer in October 2022 and served as our Executive Vice President from July 2020 until October 2022. Mr. Siegel also has been Engel & Völkers New York Real Estate LLC's President and Chief Executive Officer since January 2014. He works in New York, New York.

Chief Experience Officer: Peter Ianos

Mr. Ianos became our Chief Experience Officer in August 2022. He served as Chief of Staff from September 2021 until August 2022 and as Senior Vice President, Expansion from January 2021 until August 2021. He served as our Senior Vice President, Performance from September 2015 until December 2020. He works in New York, NY.

Item 3
LITIGATION

Pending Litigation

Nicholas R. Castricone, III and Tracy B. Castricone v. Antonius Bentlage, Karen Bentlage, Sanddollar Building & Remodeling, Inc., David Roberts, Southern Stair Builders, Meyer Contracting & Consulting, Donald T. Meyer, Terminix Service, Inc., Waterproof Decking, LLC d/b/a Duradeck of Georgia, American Master Ironworks, LLC a/k/a AM Ironworks, LLC, Wall Solutions Supply, LLC, Island Platering, LLC, Island Plasters, LLC a/k/a Island Plaster, LLC, Arkbuilt, LLC, Nicholas Maxim, ACR Roofing, LLC, Lowcountry Real Estate of Southeast d/b/a Engel & Volkers, Mayer LCRE, LLC d/b/a Engel & Volkers, Engel & Völkers Americas, Inc., J.A. Thomas Construction, LLC, Joshua A. Thomas, M.P.P./Michael Parent Painting, LLC, Equitable Property and Account Management, LLC, Geraldine Colucci, and Shore Winds Landscape, LLC, in the Court of Common Please, Fourteenth Judicial circuit, C.A. No: 2020-CP-07-00834. On April 7, 2020 Nicholas R. Castricone and Tracy B. Castricone (the "Plaintiffs") filed a claim against several of the defendants listed above complaining that prior construction work done to a property they purchased it in 2019 had covered up moisture and termite damage and that other renovation work had not been properly performed. On February 2, 2022 they added us as a defendant to the complaint. The plaintiffs allege: negligence and gross negligence, negligent misrepresentation, constructive fraud and fraud, all based on the allegation that sellers, seller's agent and we made representations about the property that we knew, or should have known, were false; negligence and gross negligence based on us allegedly acting as construction managers with respect to renovation works done on the property by the previous owners; breach of implied and express warranties of workmanship. Plaintiffs seek damages in an unspecified amount. Mediation commenced in the summer of 2022 and again in February of 2023 with no further mediation to be scheduled. A motion for summary judgment is pending as of the FDD issuance date.

Concluded Litigation

Jessie Rodriguez and Cal American Homes and Realty v. Engel & Volkers Americas, Inc. and Does 100, Case No. 2:21-cv-02993, in the U.S. District Court, The Central District of California, On April 7, 2021 our franchisee, Cal American Homes and Realty, and its owner Jessie Rodriguez, filed a complaint against us alleging fraud, intentional interference with prospective economic advantage, negligent interference with prospective economic advantage, and violations of the California franchise investment law, and seeking rescission of its license agreement, punitive damages, actual damages of at least $250,000, as well as attorney's fees and other litigation costs. The complaint followed the franchisee's abandonment of its franchise with us. On April 27, 2021 the parties entered into a settlement agreement and all claims between them were settled, without any damages being paid. The plaintiffs agreed to dismiss the lawsuit and we agreed to not pursue any damages claims against them for the franchisee's wrongful termination of the license agreement, which agreement was terminated.

In Re: Franchise No Poaching Provisions, State of Washington v. Engel & Völkers Americas, Inc., State of Washington, King County Superior Court, No. 19-2-25518-8, commenced on August 16, 2019. In August of 2019 the Washington State Office of the Attorney General initiated an investigation into "no-poach" provisions used by Engel & Völkers in its franchise agreements for its residential brokerage program. The investigation was part of a broader investigation into the use of no-poach provisions by franchisors in general. The matter was resolved by Engel & Völkers and the Washington State Office of the Attorney General entering into an Assurance of Discontinuance, approved by the King County Superior Court on September 30, 2019. Pursuant to the Assurance of Discontinuance Engel & Völkers agreed to not enforce no-poaching provisions in its existing agreements in the U.S. and attempt to amend its agreements franchisees in Washington to delete such provisions.

EV Scarsdale Corp. and Jonathan Lerner v. Engel & Voelkers North East, LLC, Engel & Voelkers N.Y., LLC as successor in interest to Engel & Voelkers North East, LLC, Engel & Völkers U.S. Holdings, Inc. and Rauert Peters, Supreme Court of the State of New York, County of New York, Index No. 651169-11, filed April 29, 2011. An amended complaint was filed June 9, 2011. EV Scarsdale Corp. ("**EV Scarsdale**") and Jonathan Lerner ("**Lerner**") sued the defendants seeking damages, punitive damages and rescission of two franchise agreements and related agreements, and for attorney's fees and costs, relating to North East's alleged sale of franchises in violation of New York General Business Law §683 and §687, and breach of contract. EV Scarsdale entered into a License Agreement with North East on July 3, 2008 to operate one Property Shop in Scarsdale, NY ("**Scarsdale License Agreement**"), and entered into a second License Agreement with North East on November 26, 2008 to operate three Property Shops ("**Southampton License Agreement**"). Lerner signed personal guarantees for both License Agreements. The plaintiffs alleged that defendants provided earnings claims that were not included in the FDD/UFOC and that North East did not provide a statement setting forth the date, methods and computations on which the earnings claims were based. They further alleged the Earnings Claims were false and misleading. Plaintiffs claimed that these representations were material to their investment decision. Plaintiffs further alleged that that North East or EVNY breached the License Agreements by failing to provide required support. Plaintiffs alleged that the defendants were jointly and severally liable because EVNY assumed the obligations of North East, that Engel & Völkers U.S. controlled North East and took part in and directed some or all of the transactions, and that Rauert Peters directed and took part in some or all of the transactions. Plaintiffs sought rescission of the License Agreements, damages in excess of $1,500,000, plus interest and attorney's fees. On April 1, 2011, E&V Technology and Grund Genug Verlag notified EV Scarsdale it was in material breach of its contracts with them and provided an opportunity to cure. On April 26, 2011, Engel & Völkers U.S. notified EV Scarsdale that it was in breach of its Southampton License Agreement and provided an opportunity to cure. We denied the allegations in the Complaint and asserted counterclaims for unpaid and future royalties and other fees. On November 16, 2017, the Court denied plaintiffs' motion for summary judgment and granted, in part, defendants' motion for summary judgment. Specifically, the court

dismissed all of plaintiffs' claims under the New York Franchise Act, leaving only the breach of contract claims against North East and E&V Technology. Plaintiffs filed a timely Notice of Appeal on December 14, 2017. The remaining claims were settled pursuant to a settlement agreement dated May 29, 2018 between us, the plaintiffs in this action and the plaintiffs in the 2 other actions disclosed in this Item (the **"Settlement Agreement"**). Pursuant to the Settlement Agreement, we paid the plaintiffs in the 3 cases a total amount of $125,000. All parties released all claims against each other, the actions were dismissed with prejudice on June 27, 2018 and the appeals were withdrawn.

James Ian Properties Corp., Gary Leveillee and Gordon Dwan v. Engel & Voelkers North East LLC, Engel & Voelkers N.Y. LLC as successor in interest to Engel & Voelkers North East, LLC, Engel & Völkers U.S. Holdings, Inc., and Michael Audet, in the Supreme Court of the State of New York, County of New York, Index No: 651611/11, filed June 10, 2011. The plaintiffs sued the defendants seeking damages, punitive damages and rescission of a franchise agreement and related agreements, and for attorney's fees and costs, relating to North East's alleged sale of a franchise in violation of Rhode Island General Laws §19-28.1-8 and §19-28.1-17, and breach of contract pursuant to the laws of the state of New York. James Ian Properties Corp. (**"JI Properties"**) entered into a License Agreement with North East on November 13, 2007 to operate one Property Shop (**"Providence License Agreement**"). Mr. Leveillee and Mr. Dwan signed personal guarantees for the Providence License Agreement. The plaintiffs alleged that defendants failed to provide an FDD/UFOC at their first personal meeting, provided earnings claims that were not included in the FDD/UFOC and that North East did not provide a statement setting forth the date, methods and computations on which the earnings claims were based. They further alleged the earnings claims were false and misleading. Plaintiffs claimed that these representations were material to their investment decision. Plaintiffs further alleged that that North East or EVNY breached the License Agreements by failing to provide required support. Plaintiffs alleged that the defendants were jointly and severally liable because EVNY assumed the obligations of North East, that Engel & Völkers U.S. controlled North East and took part in and directed some or all of the transactions, and that Mr. Audet directed and took part in some or all of the transactions. Plaintiffs sought rescission of the License Agreement, damages in excess of $600,000, plus interest and attorneys' fees. We denied the allegations in the Complaint and asserted counterclaims for unpaid and future royalties and other fees. On November 16, 2017, the Court denied plaintiffs' motion for summary judgment and granted, in part, defendants' motion for summary judgment. Specifically, the court dismissed all of plaintiffs' claims under the New York Franchise Act, leaving only the breach of contract claims against North East and E&V Technology. Plaintiffs filed a timely Notice of Appeal on December 14, 2017. The remaining claims were settled pursuant to the Settlement Agreement dated May 29, 2018 between us, the plaintiffs in this action and the plaintiffs in the 2 other actions disclosed in this Item. Pursuant to the Settlement Agreement, we paid the plaintiffs in the 3 cases a total amount of $125,000. All parties released all claims against each other, the actions were dismissed with prejudice on June 27, 2018 and the appeals were withdrawn.

Riverside Homes Realty Inc. and Ling Ho v. Engel & Voelkers North East LLC, Engel & Voelkers N.Y. LLC as successor in interest to Engel & Voelkers North East LLC, Engel & Völkers U.S. Holdings, Inc., Rauert Peters, Michael Audet and Ralph Lenihan, in the Supreme Court of the State of New York, County of New York, Index No. 651608/11, filed June 10, 2011. The plaintiffs sued the defendants seeking damages, punitive damages and rescission of a franchise agreement and related agreements, and for attorney's fees and costs, relating to North East's alleged sale of a franchise in violation of New York General Business Law §683 and §687, and breach of contract. Riverside Homes Realty Inc. (**"RH Realty"**) entered into a License Agreement with North East on March 21, 2009 to operate two Property Shops (**"License Agreement"**). Ms. Ho signed a personal guaranty for the License Agreement. The plaintiffs alleged that defendants failed to provide an FDD/UFOC at their first personal meeting, provided earnings claims and build-out representations that were not included in the FDD/UFOC and that North East did not provide a statement setting forth the date, methods and computations on which the earnings claims and build-out representations were based. They further alleged the earnings claims and build-out representations were false and misleading. Plaintiffs claimed

that these representations were material to their investment decision. Plaintiffs further alleged that that North East or EVNY breached the License Agreements by failing to provide required support. Plaintiffs alleged that the defendants were jointly and severally liable because EVNY assumed the obligations of North East, that Engel & Völkers U.S. controlled North East and took part in and directed some or all of the transactions, and that Mr. Peters, Mr. Audet and Mr. Lenihan directed and took part in some or all of the transactions. Plaintiffs sought rescission of the License Agreements, damages in excess of $400,000, plus interest and attorney's fees. We denied the allegations in the Complaint and asserted counterclaims for unpaid and future royalties and other fees. On November 16, 2017, the Court denied plaintiffs' motion for summary judgment and granted, in part, defendants' motion for summary judgment. Specifically, the court dismissed all of plaintiffs' claims under the New York Franchise Act, leaving only the breach of contract claims against North East and E&V Technology. Plaintiffs filed a timely Notice of Appeal on December 14, 2017. The remaining claims were settled pursuant to the Settlement Agreement dated May 29, 2018 between us, the plaintiffs in this action and the plaintiffs in the 2 other actions disclosed in this Item. Pursuant to the Settlement Agreement, we paid the plaintiffs in the 3 cases a total amount of $125,000. All parties released all claims against each other, the actions were dismissed with prejudice on June 27, 2018 and the appeals were withdrawn.

Other than these 7 matters, no litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5
INITIAL FEES

You must pay us an initial franchise fee ("**Initial Franchise Fee**") of $50,000 at the time of signing the Franchise Agreement. For the minimum Initial Franchise Fee, your Protected Area will be an area of one or several US postal zip codes. You may be charged a higher Initial Franchise Fee based on the size of your Protected Area, the number of locations, the market potential, the population base, the character of the yachts and moorings, and the total market turn-over. Each Protected Area will have different characteristics. In yachting, each location is unique and we take several different factors into consideration when determining what initial fee to charge. Some of the factors we consider include whether the location is in an established yachting "hot spot" where there is some concentration of other yachting brokerages, if there is a marina that has been operational for many years, and whether there is a concentration of high net worth individuals in your location. The Initial Franchise Fee covers all expenses incurred by us in the development, outfitting and system integration services provided for you. An additional Initial Franchise Fee of $5,000 will apply if we grant you a franchise for an additional physical location within your Protected Area. The Initial Franchise Fee is not refundable. In 2022, we executed one Franchise Agreement and the Initial Franchise Fee was $10,000.

Additionally, you will be required to pay a training fee of $298 per person participating in the Engel & Völkers Engage training ("Engel & Völkers Engage"). This training must be taken by you, if you participate in the operational business of your yachting brokerage or your brokerage manager. If you and your brokerage manager are involved in the yachting brokerage, then both of you must be enrolled in the Engel & Völkers Engage training and pay the training fee. You will also have to pay the training fee of $298 per additional person participating in the Engel & Völkers Engage training. The number of participants in the Engel & Völkers Engage training will depend on the size of your operations, but in addition to you and/or your brokerage manager we estimate that at least one employee and 3 sales advisors will participate. On the high end, we estimate that 1 additional employee and 17 additional sales advisors will participate. Currently, if you cancel training in writing at least 21 days before the training you will receive a 50% refund of the training fees. If you cancel less than 21 days before the training you will receive no refund. The remainder of the training fees is non-refundable. We have the right to amend the cancellation policy periodically. You may, however, substitute the person to receive the training at any time. You must pay the per diem salaries, travel expenses, meals, lodging and other costs of your employees or sales advisors attending in-person training programs.

Item 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Ongoing Royalties (See Note 1)	10% of Gross Revenues or $8,000 per month, whichever is greater	At the earlier of (i) the time of settlement or closing, or (ii) upon receipt of our invoice	(See Note 2)
Internal Commissions (Referral Fee)	As negotiated between you and the referring franchisee.	Upon receipt of the Gross Revenues from a referral.	(See Note 3)
National Marketing and Technology Fund Contributions (See Note 1)	2% of Gross Revenues with a minimum of $1,250 per month (See Note 2)	At the earlier of i) the time of settlement or closing, or ii) upon receipt of our invoice	(See Note 4)
Sales Advisor System Training (Engel & Völkers Engage) Fees (See Note 1)	$298 per person (See Note 6)	Before commencing training (See Note 5)	(See Notes 6 and 7)
Additional Training	At then current training fees	Upon receipt of an invoice	(See Note 15)
Conference Fee	Varies (See Note 8)	Upon receipt of an invoice	(See Note 8)
GG Magazine advertisements	1 yacht or mooring advertisement at $2,880 per year.	Within 10 days of receipt of an invoice.	Payable to Grund Genug Verlag or its agent. (See Note 9)

Type of Fee	Amount	Due Date	Remarks
Monthly Technology Fee	$748 per month for up to 15 users (consisting of up to 5 administrative and 10 sales advisors) and $68 per month for each additional user	Monthly, upon receipt of an invoice.	Payable to us or our agent. (See Note 10 and 11)
Additional Technology Services Fees	According to then current Technology Pricelist	Upon receipt of an invoice.	Payable to us or our agent. (See Notes 10 and 11)
Transfer Fee (See Note 1)	$2,500 administrative fee. $10,000 or such higher amount as is necessary to reimburse our reasonable costs, in the case of a securities offering.	Prior to or at transfer.	(See Note13)
Purchases of marketing articles (See Note 1)	(See Note14)	Upon receipt of an invoice.	(See Note14)
Renewal Fee (See Note 1)	50% of the Initial Franchise Fee	Before the effective date of the Renewal Term.	There are other requirements for renewal in addition to paying the renewal fee.
Interest (See Note 1)	The highest rate permitted by applicable law, or if there is no such rate 4% above the prime rate of interest identified by Citibank, N.A. in New York City	On demand.	Payable on all amounts in arrears from the first day of each month that an amount is past due. For any fees that were not timely reported interest will be payable from the first day of each month that an amount is past due, should they have been timely reported.
Attorneys' Fees	Varies	On demand.	You are responsible for our costs and attorney's fees if we incur them in any litigation proceeding with you in which we prevail or if we have to obtain an injunction against you.
Indemnification	You must indemnify us and other parties against all costs and expenses, including attorney's fees, arising out of claims by third parties as a result of your actions or omissions	On demand	Payable to us or our affiliates and their respective directors, officers, employees or agents.
Tax indemnity	You must pay us the amount of any state or local sales, use, gross receipts or similar tax that we may be required to pay on payments which you make to us	On demand	You must pay regardless of whether the tax is imposed directly on us, or required to be withheld by you from amounts due us, or is otherwise required to be collected by you from us.

Type of Fee	Amount	Due Date	Remarks
Inspection and Audit Costs	You must reimburse us for the cost of inspection or audit, including the charges of our employees, attorneys and accountants, and travel expenses.	On demand	Payable if the inspection or audit shows an underpayment of royalty payments greater than 2%.
Liquidated Damages	(See Note 16)	Upon demand	Payable if the Franchise Agreement terminated for your breach.

Notes:

1. All fees are payable to us and uniformly imposed except (i) the GG Magazine payments to be made to Grund Genug Verlag or its agent, (ii) the purchase of marketing articles which you pay to the respective vendors and (iii) referral fees payable to other franchisees, master franchisees or their subfranchisees. All fees payable to us are non-refundable except as explained in Note 5 below. Fees payable to our affiliates are also non-refundable. Whether fees payable to third parties are refundable or uniformly imposed is a matter of contract. Any fees, royalties or prices outlined in this Franchise Disclosure Document and its attached documents are calculated net amounts and exclude value added taxes and sales, use, gross receipts or similar transaction taxes on your revenues or receipts. We require you to set up a separate bank account for direct debit of Royalties, contributions to the National Marketing and Technology Fund and other ongoing fees under the Franchise Agreement. You must maintain such an account with a cash balance sufficient to cover such direct debits. As technology changes, we may require you to set up another form of payment for Royalties and other ongoing fees. All fees payable to us are imposed and collected by us. Referral fees are imposed, but not collected by us. Other fees are neither imposed nor collected by us.

2. You will pay royalties on the "Gross Revenues" you receive. "Gross Revenues" shall include all compensation, revenues and income from any source that you directly or indirectly earn or which is directly or indirectly receivable by, accrued by, or payable to you in connection with the operation of your franchised yachting brokerage, including but not limited to commissions, referral fees, and marketing fees and payments and the fair market value of goods and services received by Franchisee, its affiliates, or its Owners, or their family members, in exchange for services or goods provided by the franchised yachting brokerage. Whether received in or payable in cash, in services, in kin, from barter and/or exchange, on credit (whether or not payment is actually received on credit transactions) or otherwise "Gross Revenues" also includes all other compensation you directly or indirectly earn, irrespective of whether the services were rendered from the Approved Location, whether commissions, referral fees, marketing fees and payments relate to yachting, residential or commercial real estate, and whether or not you are offering your services using the Trademarks. Gross Revenues do not include Referral Fees you pay another third party outside of your yachting brokerage or compensation from Exempted Transactions. "Exempted Transactions" are closings occurring before the Payment Start Date. The Payment Start Date is the earlier date of (i) your first use of the Engel & Völkers System or Trademarks and (ii) the agreed upon opening date for your franchised yachting brokerage. Exempted Transactions include closings of any transactions that occurred before the Payment Start Date, if you provide us documentation of any Exempted Transactions at least 2 business days before the Payment Start Date. The minimum royalty amount payable should not be construed as a promise or representation about your likely Gross Revenues.

3. When permissible by law, if another franchisee refers a yacht, mooring or customer to you, you and that franchisee shall negotiate a referral fee that you will pay to the other franchisee. The amount of the Referral Fee will depend on your negotiations and what is permissible by law. This percentage may vary by region.

4. We do not currently charge a Marketing and Technology Fund Fee but reserve the right to do so in the future. The Marketing and technology Fund Fee can be increased if 80% of the franchisees in a locality or region agree.

5. If the designated person cannot attend, the training spot can be offered to another individual of your company. Seating may be limited for onsite training so participation is on a "first come – first served" basis. We may cancel the individual program due to lack of participation at least 30 days before the start date in which case you will receive a notification in writing and a refund of your already paid training fee. We recommend making your travel arrangements only after you receive a final confirmation.

   Our current practice is: A 50% refund will be provided for registrations cancelled at least 21 days in advance of the training program you are attending. No refunds will be permitted for cancellations made less than 21 days before the program or for "no-shows". All requests for substitution or cancellation must be made in writing.

6. Engel & Völkers Engage is our primary 1 day training for our franchisees and others who may manage and work in yachting brokerage offices. In addition, your sales advisors and your employees supporting your sales advisors must attend Engel & Völkers Engage. You must pay a training fee of $298 per person for each participant. In addition, you are responsible for your expenses and those of your personnel incident to attendance at any training classes, including any applicable per diem salaries (if any), travel, lodging, meals transportation, and other incidental expenses. Engel & Völkers Engage is conducted at a location we specify in the United States or via virtual web-based training platform. See Items 5 and 11.

7. You or your brokerage manager must attend Engel & Völkers Engage provided by us, at a location determined by us or via virtual web-based training platform as we determine in our sole business judgment from time to time. See Item 11.

8. Each of your owners with 25% or more ownership interest in the franchisee entity (each a "**Principal**") must attend our Network Conference. If a Principal does not attend we will invoice you as if the Principal attended. We will invoice you at the lowest available registration rate for that Principal.

9. You must place at least one full-page yacht or mooring advertisement in 1 issue of GG Magazine. Currently, each advertisement will cost you $2,880. We or a third party may act a collection agent for Grund Genug Verlag.

10. The monthly Technology Fee will begin with the delivery of a login and payment will be due upon receipt of an invoice from us. Monthly technology fees must be paid via direct debit or any other payment method we require. See Item 11. The Technology Fee may be revised by us at any time upon written notice to you. We may authorize a third party to act as a collection agent for us.

11. The current Technology Price List includes among other things: subdomain customization fees, and advisor page maintenance fees, and other fees, as applicable. We may authorize a third party to act as a collection agent for us.

12. During the term of your Franchise Agreement we may introduce voluntary programs and designations available to all franchisees, or to franchisees who meet certain criteria, including proven experience with certain types of yachting brokerage relevant to the program or designation. To participate you must apply and we must approve your application. At this time, there are no program or designations available for the yachting program. Any programs we may develop may apply only to existing franchisees and you would not qualify until you have been a franchisee for some time. All of the fees are subject to amendment from time to time and we also reserve the right to discontinue any programs and designations we may develop.

13. You must pay this fee to us when your franchise is sold or transferred. If the transfer is a securities offering you will also be responsible for annually reimbursing us for all costs associated with providing reporting information requested in connection with the security

14. You must purchase certain marketing articles bearing the Trademarks from us or one of our affiliates, or from suppliers we approve. There is no mandatory marketing inventory level. We currently require that you purchase from us, one of our affiliates, or suppliers approved by us, certain marketing materials including pens, printed materials and brochures that have the Trademarks.

15. We reserve the right to offer additional, ongoing and supplemental training. We may make certain of these training sessions mandatory for you. We reserve a right to charge a fee for attendance at this training.

16. The liquidated damages are typically an amount equal to the average monthly Royalty fees, National Marketing and Technology Fund contribution (if a National Marketing and Technology Fund is established) and any other fees due and payable under the Franchise Agreement from opening to termination, multiplied by the lesser of 24 months or the number of full calendar months left on the term. If the franchise agreement is terminated before you started operating or before Royalty fees, National Marketing and Technology Fund contribution are due under the franchise agreement, the liquidated damages will instead be an amount equal to what the combined monthly average of Royalty fees, National Marketing and Technology Fund contributions, and any other fees due and payable would have been, had the Agreement not been terminated, multiplied by 24 months. The Royalty fees, National Marketing and Technology Fund contribution and other fees that the liquidated damages are based on in that situation will be calculated on the monthly average of the gross revenue you (or your owners) directly or indirectly earned during the 12 month period immediately before the effective date of the franchise agreement from providing yachting brokerage services, including commissions, referral fees, marketing fees and payments, as such earnings information was provided or verified by you. If you did not previously operate a yachting brokerage the liquidated damages will be an amount equal to the minimum monthly Royalties, National Marketing and Technology Fund contributions, and any other fees due and payable multiplied by 24 months.

Item 7
ESTIMATED INITIAL INVESTMENT

The following table provides an estimate of the initial investment needed to convert an existing yachting brokerage business to an Engel & Völkers Yachting Brokerage.

YOUR ESTIMATED INITIAL INVESTMENT
-
CONVERSION YACHTING BROKERAGE

Type of Expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee	Minimum of $50,000 (See Note 1)	(See Note 1)	On signing the Franchise Agreement (See Note 1)	Us
Training Fees (See Note 2)	$1,490-6,854	As arranged	Before commencing training	Us
Real Estate (See Note 3)	(See Note 3)	(See Note 3)	(See Note 3)	(See Note 3)
Travel and Accommodation Expenses While Training (See Note 4)	$5,000 - $15,000	As arranged	As incurred before commencing training	Independent Vendor
Leasehold Improvements (See Note 5)	Varies	(As arranged	As arranged	Independent Vendors
License and Trade Requirements	(See Note 6)	(See Note 6)	Before opening for business (See Note 6)	(See Note 6)
Furniture, Equipment and Signage (See Note 7)	$15,000 - $120,000	As arranged	Before opening for business. As incurred	Independent Vendors
Advertising (See Note 8)	$3,500 - $15,000	As arranged	As incurred	Independent Vendors
Insurance (See Note 9)	$5,000 - $8,000	As arranged	When arranged	Independent Carrier
Grand Opening (See Note 10)	$5,000 - $25,000	As arranged	When arranged	Various Payees
Printing and Promotional Supplies (See Note 11)	$2,500 - $7,500	As arranged	As incurred	Independent vendors
Additional Funds – 3 Months (See Note 12)	$20,000 -$60,000	Cash	As incurred	Various Payees
Totals (See Notes 13, 14 and 15)	**$107,490 - $307,354**			

Notes:

1. The Initial Franchise fee is at a minimum $50,000, but could be higher based on the size of your protected area, the number of locations, the market potential, the population base, the character of yachts and moorings, and the total market turn-over. An additional Initial Franchise Fee of $5,000 will apply if we grant you a franchise for an additional physical location within your Protected

Area. The Initial Franchise Fee must be paid by bank transfer, check or any other method as we require in accordance with the Franchise Agreement. The Initial Franchise Fee is not refundable. See Item 5.

2. The low estimate is for providing the Engel & Völkers Engage Training to you or your brokerage manager, one employee ($298) and to 3 sales advisors ($298 per person). The highest estimated amount is calculated on the same basis but for providing Engel & Völkers Engage Training to 1 additional employee and 17 additional sales advisors (for a total of 20 sales advisors and 2 employees, plus you or your brokerage manager).

3. We do not estimate the cost of real estate because of the wide variation among geographical areas and different sites. Your office space cost will vary depending on a multitude of factors including whether the property is purchased or leased, and the size and location of the property. We estimate that you will need approximately 500 square feet of office space. Because of the nature of your business, it is likely you will need to find office space in a commercial area at or close to a marina.

4. You must pay costs for travel for yourself, your yachting brokerage manager and 3 sales advisors. Training will be conducted at a local academy in the United States. Your actual costs will vary, depending on the distance to be traveled, the method of travel, and personal circumstances.

5. Your yachting brokerage must be in an appropriate location approved by us. You might incur build-out cost if the interior and/or exterior of your location does not meet our design specifications as set forth in the System Documentation.

6. If you operate your own Engel & Völkers Yachting Brokerage, you, the person managing your yachting brokerage, and all sales advisors, must maintain a yachting broker's or salesperson's license, if such license is required by applicable state law.

7. You may have to purchase furniture, equipment and signage reflecting the Engel & Völkers corporate identity. We will provide you with a list of specifications we require in the Engel & Völkers Yachting System Documentation, which we provide to you with after you have signed the Franchise Agreement. You may purchase those items from a vendor of your choice, as long as the vendor is approved by us. Items that are not mentioned in the specifications (*e.g.*, copy machine or printers) can be any type you prefer.

8. You will need to advertise locally to help increase name recognition in your market.

9. You will need to purchase and maintain in effect at all times during the term of the Franchise Agreement a policy or policies of insurance, naming us as an additional insured, with public liability limits of no less than the following amounts: professional liability (errors and omissions) – $2,000,000 each occurrence, bodily injury - $2,000,000 each person; $2,000,000 each accident, and property damage - $2,000,000 each accident. You must also maintain workers' compensation and other liability insurance as required by state law. We may periodically add to, modify, or delete the types and amounts of insurance coverage that you must maintain.

10. Within 3 months of opening your own Engel & Völkers Yachting Brokerage, you have to hold an opening publics relations event at your own expense at that retail location. These costs will depend on the size of a press conference or opening event you select and which event you will organize. You will have to bear all costs related to this. We estimate that these costs would range from $5,000 to $25,000.

11. We recommend that you buy certain basic marketing materials for your Yachting Shop, consisting of items such as pens, business card holders, calculators, envelopes, umbrellas, note pads, pencils, service brochures, etc. You will decide what you want to buy.

12. We recommend that you have additional funds available during the start-up phase of your franchised business. These amounts are our estimates of the amount needed to cover your expenses for a 3 month period from the date you convert your franchised business. These figures are only estimates and we cannot assure you that you will not have additional expenses during this period. To compile these estimates, we have relied on the business experience of our officers and directors and the experience of the Engel & Völkers Group in the United States and in other markets, including Germany and other foreign countries, in which they have franchised operations. You should not construe the amount of additional funds as an estimate of how much funds you will need until your business breaks even.

13. To compile these estimates, we have relied on the business experience of our officers and directors and our experience in the United States and in other foreign markets, including Germany in which we and/or the Engel & Völkers Group have franchised operations. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. You will have ongoing operating costs which will exceed the amount of your initial investment significantly and which may or may not be covered by your generated revenues.

14. None of these payments to us or our affiliates are refundable. We do not offer financing.

15. Although to participate in the Engel & Völkers Yachting System you must use or acquire specific computer equipment that meets the minimum memory and standards described in the System Documentation, we expect that conversion franchisees will already have such equipment.

On a limited basis, we may grant a franchise to a newly formed yachting brokerage provided the business is located in an appropriate market and is, or will be, substantially comprised of yachting sales advisors who already possess an appropriate market reputation, expertise and database of clientele. The following table provides an estimate of the additional costs that may be incurred when opening a start-up Engel & Völkers Yachting Brokerage.

YOUR ESTIMATED INITIAL INVESTMENT
–
START-UP YACHTING BROKERAGE

Type of Expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee	$50,000 - $55,000	(See Note 1)	(See Note 1)	Us
Training Fees (See Note 2)	$2,086	As arranged	Before commencing training	Us
Real Estate (See Note 3)	(See Note 3)	(See Note 3)	(See Note 3)	(See Note 3)
Travel and Accommodation Expenses While Training (See Note 4)	$5,000 - $15,000	As arranged	As incurred	Independent Vendor

Type of Expenditure	Amount	Method of payment	When due	To whom payment is to be made
Leasehold Improvements (See Note 5)	Varies	As arranged	As arranged	Independent Vendors
License and Trade Requirements	(See Note 6)	(See Note 6)	(See Note 6)	(See Note 6)
Furniture, Equipment and Signage (See Note 7)	$50,000 - $120,000	As arranged	As incurred	Independent Vendors
MLS Research/Set Up Fee (See Note 8)	Varies	As arranged	Before opening for business (if an MLS exists). When arranged	Us or our agent or Independent Vendors
Supplies (See Note 9)	$5,000 - $15,000	As arranged	As incurred	Independent Vendors
Computer and Network (See Note 10)	$15,000 - $30,000	As arranged	When arranged	Independent Vendors
Advertising (See Note 11)	$3,500 - $15,000	As arranged	As incurred	Independent Vendors
Insurance (See Note 12)	$5,000 - $8,000	As arranged	When arranged	Independent Carrier
Grand Opening (See Note 13)	$5,000 - $25,000	As arranged	When arranged	Various Payees
Printing and Promotional Supplies (See Note 14)	$2,500 - $7,500	As arranged	As incurred	Independent vendors
Additional Funds – 3 Months (See Note 15)	$50,000 -$150,000	Cash	As incurred	Various Payees
Totals (See Note 16 and 17)	**$193,086 – $442,586**			

Notes:

1. The Initial Franchise Fee is at a minimum $50,000, but could be higher based on the size of your protected area, the number of locations, the market potential, the population base, the character of the yacht and moorings, and the total market turn-over. An additional Initial Franchise Fee of $5,000 will apply if we grant you a franchise for an additional physical location within your

Protected Area. The Initial Franchise Fee must be paid by bank transfer, check or any other method as we require in accordance with the Franchise Agreement. The Initial Franchise Fee is not refundable. See Item 5.

2. The estimate is for providing you or your yachting brokerage manager, one employee and to 5 sales advisors Engel & Völkers Engage training ($298 per person).

3. We do not estimate the cost of real estate because of the wide variation among geographical areas and different sites. Your office space cost will vary depending on a multitude of factors including whether the property is purchased or leased, and the size and location of the property. We estimate that you will need approximately 500 square feet of office space. Because of the nature of your business, it is likely you will need to find office space in a commercial area at or close to a marina.

4. You must pay costs for travel for yourself or your yachting brokerage manager, your employee and 5 sales advisors. Training will be conducted at a location we specify in the United States or via virtual web-based training platform as we determine in our sole business judgment from time to time. Your actual costs will vary, depending on whether training is conducted virtually or on-site, the distance to be traveled, the method of travel, and personal circumstances.

5. If you do not own building space for your business, you must lease or purchase the business premises. Your yachting brokerage must be an appropriate and a location approved by us prior to signing a lease. You might incur built-out cost if the interior and/or exterior of your location to meet our design specifications as set forth in the System Documentation. We recommend the size of the yachting brokerage to be approximately 750 to 2,000 square feet.

6. If you operate your own Engel & Völkers Yachting Brokerage, you, the person managing your yachting brokerage, and all sales advisors, must maintain a yachting broker's or yachting salesperson's license, if required by applicable state law.

7. You must purchase furniture, equipment, signage reflecting the Engel & Völkers corporate identity. We will provide you with a list of specifications we require in the Engel & Völkers Yachting System Documentation, which we provide to you with after you have signed the Franchise Agreement. You may purchase those items from a vendor of your choice, as long as the vendor is approved by us. Items that are not mentioned in the specifications (*e.g.*, copy machine or printers) can be any type you prefer.

8. If an MLS exists in your market, there may also be an MLS research/set up fee required in order to integrate MLS data into the brokerage subdomain and the Integrated Product Suite. This fee varies by MLS Board and cannot be specified at this moment.

9. You may purchase any type of supplies or materials you deem as necessary to operate your franchised business efficiently.

10. A description of the computer equipment you need is in Item 11.

11. You will need to advertise locally to increase name recognition in your market.

12. You will need to maintain in effect at all times during the term of the Franchise Agreement a policy or policies of insurance, naming us as an additional insured, with public liability limits of no less than the following amounts: professional liability (real estate errors and omissions) – $2,000,000 each occurrence, bodily injury - $2,000,000 each person; $2,000,000each accident,

and property damage - $2,000,000 each accident. You must also maintain workers' compensation and other liability insurance as required by state law.

13. Within 3 months of opening your yachting brokerage, you must hold an opening publics relations event at your own expense. These costs will depend on the size of opening event you select.

14. We recommend that you buy certain promotional materials, such as business cards, stationary, brochures and branded dishes, pens, note pads, giveaways etc. You will decide what you want to buy.

15. We recommend that you have additional funds available during the start-up phase of your franchised business. These amounts are our estimates of the amount needed to cover your expenses for a 3-month period from the date you convert your business.

16. To compile these estimates, we have relied on the business experience of our officers and directors and our experience in the United States and in other foreign markets, in which we and/or Engel & Völkers Group have franchised operations. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. You will have ongoing operating costs which will exceed the amount of your initial investment significantly and which may or may not be covered by your generated revenues.

17. None of these payments to us or our affiliates are refundable. We do not offer financing.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must comply with all of our mandatory standards, methods, policies, products, procedures, techniques, standards and specifications that we prescribe in the Systems Documentation or other written or electronic communications, including any requirement to purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate or comparable items related to establishing or operating the franchised business from us, our designees, or suppliers approved by us or under our specifications.

We currently require that you purchase from us, one of our affiliates, or suppliers approved by us, certain marketing materials, including pens, printed materials and brochures that have the Trademarks. As discussed below, you will have to place advertisements within the GG Magazine from Grund Genug Verlag. We reserve the right to designate one or more third parties, ourselves or an affiliate to supply you with certain categories of other goods or services. Currently, Grund Genug Verlag is an approved supplier. At this time, there are no other approved suppliers.

You must purchase or lease a phone, and copy machine from independent vendors for the operation of your Yachting Brokerage. We may require you to purchase or acquire certain computer hardware and/or software as deemed necessary for the operation of your franchised business within our Yachting System. We may set standards in the System Documentation for computer hardware and software. You may purchase the appropriate computer hardware from many different suppliers (for minimum requirements, see the System Documentation). You and your staff will have to use the standard Engel & Völkers e-mail addresses and signatures which are used for communication purposes. See Item 11.

For the operation of your Engel & Völkers Yachting Brokerage, you must purchase furniture, office equipment, signage, supplies and other products and services, etc. used in your yachting business that meet the specifications described in the System Documentation. We have the right to change the list

of items periodically. We have specific corporate identity standards for the furniture, fixtures and equipment that you have to use in your Yachting Brokerage described in our System Documentation.

Each year you must place at least one full-page property advertisement per year for your Approved Locations (as defined in the Franchise Agreement), currently costing $2,880 per issue in one issue of GG Magazine. However, if we grant you a franchise to operate multiple Approved Locations, you must place at least 1 full page advertisement per year for the first and second Approved Location, at least 1 additional full page advertisement per year for the third and fourth Approved Location and at least 1 additional advertisement per year for five or subsequent Approved Locations for a maximum of 3 such advertisements per year. These numbers may change in the future. See Item 11.

One or more of our officers may own nominal interests in certain of our suppliers that are public companies.

You will need to maintain in effect at all times during the term of the Franchise Agreement a policy or policies of insurance, naming us as an additional insured, with public liability limits of no less than the following amounts: professional liability (errors and omissions) – $2,000,000 each occurrence, bodily injury - $2,000,000 each person; $2,000,000 each accident, and property damage - $2,000,000 each accident. We also recommend a cyber risk /data breach insurance. You must also maintain workers' compensation and other liability insurance as required by state law. We may periodically add to, modify, or delete the types and amounts of insurance coverage that you must maintain. Upon delivery of written notice you must immediately purchase insurance that conforms with the new standards.

We will issue and modify standards and specifications through the System Documentation as it deems necessary or appropriate for management, marketing, operations and management efficiency. We may set requirements and restrictions on advertising, promotion and other activities that we determine, in our business judgment, negatively impacts the business of one or more other franchisees or that is specifically targeted or directed towards the protected areas of one or more other franchisees. Such requirements and restrictions are intended to balance the ability of franchisees to freely compete in the marketplace and the right of a franchisee to operate within its protected area without undue interference from other franchisees. You will be informed of new or modified standards in different ways, including via email, letters or in-house brochures, or by way of conferences.

We reserve the right to designate or approve one or more third parties (a "**Supplier**" or "**Suppliers**"), or ourselves or one of our respective affiliates, to supply you with certain products and services using the Trademarks. If we designate or approve a supplier, you must purchase the categories of products or services using the Trademarks only from Suppliers so designated or approved by us or from us or an affiliate. We are not the only approved supplier for any category of goods or services. Our affiliate Grund Genug Verlag is the only approved supplier of GG Magazine as described above.

We may designate or approve a Supplier of any products or services to be used in your franchised business. We may concentrate purchases with one or more Suppliers to obtain lower prices, better advertising support and/or better services for any group of your business. If you propose to contract for or purchase products or services from any supplier that we have not previously designated or approved, you must notify us in writing and submit to us all information, specifications and samples that we request. Any products or services from Suppliers must meet the Engel & Völkers standards. The System Documentation contains guidelines, templates and specifications that are modified by us periodically. We will approve any products or services based on samples that have been provided to us. We reserve the right to require that samples from the proposed Supplier be delivered to us or our designated testing facility for evaluation and testing. We will have sole discretion as to whether or not to approve any supplier. Approval of a Supplier of any products or services must be made by us in writing and may also be conditioned on requirements involving the frequency of delivery, standards of service, including

prompt attention to complaints, concentration of purchases and other criteria, and on the Supplier providing us with adequate insurance protection, the Supplier's execution of reasonable indemnity and confidentiality agreements, and the Supplier's payment of reasonable license fees if the Trademarks are used. Our approval of a Supplier may be temporary or conditional, pending our evaluation of the Supplier. You will be notified by us within 4 weeks after we receive all the requested material for review whether or not a supplier is approved. If we do not respond within 4 weeks, the supplier will be deemed approved. There is no fee for requesting that we approve another supplier.

We reserve the right to re-inspect, at any time, products and/or services of any approved Supplier and to revoke the approval upon the Supplier's failure to continue to meet any of our then-current criteria.

Our affiliates or we may realize a profit or receive payments, rebates, discounts, or other allowances based on your purchases of products and services from approved Suppliers, and our affiliates or we may retain these profits, payments, rebates, discounts or other allowances for our own account without having any obligation to provide any benefits to you.

As of this date, we do not have any arrangements with designated suppliers to make any payments to us.

We will not provide you with any material benefits if you purchase from or use designated or approved sources.

Our total revenues in the fiscal year ending December 31, 2022 was $25,872,836, including fees and royalties for both the yachting brokerage franchising program and the residential real estate brokerage franchising and residential real estate master franchising programs. Our revenues from required purchases and leases of products or services in the fiscal year ending December 31, 2022 were $1,145,193 or 4.43% of our total revenues. Grund Genug Verlag, E&V Technology, E&V Residential, and E&V GmbH together received revenues from U.S. and Canadian master franchisees and their subfranchisees in our real estate brokerage program in the amount of $2,690,060 in 2022. Grund Genug Verlag, E&V Technology, E&V Yachting, and E&V GmbH did receive $0 revenues in 2022 from franchisees in the yachting brokerage program. This information was taken from the internal financial records of these affiliates.

The percentage of your required purchases to all purchases of goods and services you will need to make to establish and operate your franchised business will be approximately 20% to 25%.

We also may negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees, but have not done so at this time. Neither we nor any of our affiliates have received revenues (including rebates) to date from required purchases or leases by U.S. franchisees from third parties. We will not provide you with any material benefits if you use designated or approved sources.

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.

Obligations	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	FA §3.1	Items 7 and 11
b. Pre-opening purchases/ leases	FA §3.3	Items 7 and 8
c. Site development and other pre-opening requirements	FA §§3.3, 3.4 and 6.6	Items 7 and 11
d. Initial and ongoing training	FA §§9	Items 5, 6, 7 and 11
e. Opening	FA §§3.1, 3.5, 14.4	Item 11
f. Fees	FA §§ 9, 10.2, 10.4, 12.3, 13.2, 14.1, 14.2, 14.3, 14.5, 14.6, 14.7, 14.8, 14.9, 14.10, 17.3, 19.2.5, 22.3.16, 22.7, and 23.2	Items 5, 6 and 7
g. Compliance with standards and policies/operations manual	FA §§4, 6, 7, 8, 9, 10, 11 and 12	Items 8 and 11
h. Trademarks and proprietary information	FA §§1.3, 1.4, 4, 8.1, 8.2, 10.5, 10.6, 20.3., Appendix 3	Items 13 and 14
i. Restrictions on products/ services offered	FA §§2 and 16.1	Item 16
j. Warranty and customer service requirements	FA §6.2	Items 1 and 11
k. Territorial development and sales quotas	FA §§2.1, 2.3 and 20.5	Items 12 and 17
l. Ongoing product/ service purchases	FA §§8, 9 and 10	Item 8
m. Maintenance, appearance and remodeling requirements	FA §§3.4 and 3.5	Item 11
n. Insurance	FA §18	Items 5, 7 and 8
o. Advertising	FA §§10	Items 6, 7 and 11
p. Indemnification	FA §§17	Item 6

Obligations	Section in agreement	Disclosure document item
q. Owner's participation/ management/ staffing	FA §6	Item 15
r. Records and reports	FA §§13	Item 6
s. Inspections and audits	FA §13.2	Items 6 and 11
t. Transfer	FA §§22	Items 6 and 17
u. Renewal	FA §19.2	Item 6 and 17
v. Post-termination obligations	FA §§21	Item 17
w. Non-competition covenants	FA §§16	Item 17
x. Dispute resolution	FA §§26	Item 17
y. Principal's Guarantee and Assumption of Obligations/ Spousal Obligation	FA §23.1 and Appendix 4	Item 15
z. Adequate Reserves and Working Capital	FA §6.15	Item 15

Note:

*References are to sections of your Franchise Agreement with us **("FA") (Exhibit C)**.

Item 10
FINANCING

We do not offer direct or indirect financing. We do not 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.

Pre-Opening Site Selection Obligations

We do not provide you with assistance in locating a site or negotiating the purchase or lease of a site whether you are franchising a start-up yachting brokerage, or are a conversion franchisee. We must

approve any location you select. You cannot operate your Yachting Brokerage if we have not approved the location of your business. In approving your location, we will consider general location and neighborhood, proximity to marinas, traffic patterns, parking, size, physical characteristics of existing buildings and marinas, and lease terms. Our approval of a location is focused only on whether the location meets our brand standards.

We will approve or reject any location you propose within two weeks after you provide us with all information necessary for us to evaluate the location. We may not withhold our approval without good cause. You must present a location that meets the requirements of the Engel & Völkers Yachting System. If we do not approve a location you propose, you must then propose another location. If you do not find a location acceptable to us within 6 months of signing your Franchise Agreement, we may terminate the Franchise Agreement unless you show that it was by all means impossible to find appropriate premises within that period.

Other Pre-Opening Obligations

Before you open your franchised business, we will:

(1) Designate your Protected Area. (Franchise Agreement, Section 2.3).

(2) Approve your location as described above but we will not help with conforming your premises to local ordinances and building codes, or with obtaining the required permits, or constructing, remodeling, the Americans with Disabilities Act or decorating your premises. (Franchise Agreement, Section 3.1 and Appendix 1.)

(3) Authorize your use of the ENGEL & VÖLKERS and other Trademarks in your business. (Franchise Agreement, Section 4.)

(4) Provide access to the Engel & Völkers international network. (Franchise Agreement, Section 5.1.1)

(5) Provide training courses for you and your employees, but it is your sole obligation to hire your employees. (Franchise Agreement, Sections 5.1.2 and 9.)

(6) Provide access to the System Documentation, which contains our recommended methods, specifications, procedures and products for operation of your franchised business under the Engel & Völkers Yachting System. We reserve the right to make changes in the System Documentation from time to time. (Franchise Agreement, Sections 5.1.4 and 11.2)

(7) Make available marketing materials and products and provide specifications regarding the Brokerage Design for equipment, signs, fixtures, though we do not deliver or install any such items. (Franchise Agreement, Sections 1.3, 10).

(8) Make our proprietary Integrated Product Suite available and integrate you into the Engel & Völkers information technology network. (Franchise Agreement, Section 5.1.6)

Opening of Your Engel & Völkers Yachting Brokerage

Your Engel & Völkers Yachting Brokerage must begin operations using the Engel & Völkers System and Trademarks at the earlier of within 6 months if you are a start-up business, or if you are a conversion within 3 months after you sign your Franchise Agreement (Franchise Agreement, Section 14.4). If you are not already operating an approved location, the factors that may affect the time of

opening include your ability to obtain a lease, financing or building permits, zoning and local ordinances, leasehold improvements, weather conditions, and shortages or delayed installation of equipment fixtures and signage. Any location you operate your Engel & Völkers yachting Brokerage from must first be approved by us**.** (Franchise Agreement, Section 3.1)

Obligations During Operations

During the operation of your franchised business, we will:

(1) Give you administrative, technical and marketing support in connection with the use of the Engel & Völkers Yachting System. (Franchise Agreement, Section 5.1.3)

(2) Provide continuing assistance to you about improvements and changes to the Engel & Völkers Yachting System. Guidance may be in the form of bulletins or other written materials, electronic communication, consultation by telephone or in person at your location, or by other means. (Franchise Agreement, Sections 11.2, 12.1.1 and 12.1.2)

(3) We may also provide marketing activities through a Marketing and Technology Fund to promote and enhance the awareness level and value of the Engel & Völkers Trademarks and the Engel & Völkers brand. (Franchise Agreement, Section 10.4.)

(4) Maintain reasonable availability to the Engel & Völkers technology network. (Franchise Agreement, Section 5.1.6)

(5) Encourage the exchange of ideas and suggestions for amendments and improvements to the Engel & Völkers Yachting System. (Franchise Agreement, Section 12.2)

(6) Provide qualified franchisees optional programs and designations. (Franchise Agreement, Section 5.1.7.)

We may delegate performance of certain services to be provided under the Franchise Agreement to qualified third parties. All services related to the GG Magazine will be provided by Grund Genug Verlag from Hamburg, Germany.

We may offer continuing education for your employees, but will not assist you in hiring employees.

We may enter into exclusive systemwide supply contracts with one or more vendors for programs, products, supplies, equipment, materials and services, e.g. banks or insurance companies, which you shall purchase, use, and/or sell, except in cases where you have legitimate commercial or financial reasons not to use such vendors. These agreements will enable you to offer additional products and/or services to your clients. The arrangements with the vendors may be set up in such a way that you have to enter into an agreement with the vendor yourself. We have the right to retain any commissions earned due to any such cooperation. (Franchise Agreement, Sections 5.5, 12.1.2).

Advertising

We provide advertising tools and templates. Which tools and templates you use will depend on the legal requirements existing in each region.

You will be responsible for your own local advertising. You must comply with the instructions contained in the System Documentation. You may only use advertising materials and displays prescribed and approved by us. You must obtain our prior written consent for any advertising or sales promotion

campaign, unless the advertising or campaign does not essentially depart from those previously practiced or recommended by us or outlined in the System Documentation. We may set requirements and restrictions on advertising, promotion and other activities that we determine, in our sole discretion, negatively impacts the business of one or more other franchisees or that is specifically targeted or directed towards the protected areas of one or more other franchisees. Such requirements and restrictions are intended to balance the ability of franchisees to freely compete in the marketplace and the right of a franchisee to operate within its protected area without undue interference from other franchisees.

You are not permitted to have an individual franchisee website. You may choose, however, to promote your business via alternate online strategies consistent with the Engel & Völkers' online policy. We have the right to review all online content on social media sites, blogs, in electronic communications and on other online sites on which our Trademarks are used to protect the reputation and high quality associated with our Trademarks. We may require you to remove any questionable usage or content involving our Trademarks. We may also require you to cease using our Trademarks at all on such sites.

Within 3 months of opening your Yachting Brokerage, you must hold an opening public relations event, at your own expense, in accordance with the guidelines set out in the System Documentation.

We do not have the power to require cooperatives to be formed, changed, dissolved or merged. You do not have to participate in a local or regional advertising cooperative. There is no advertising council.

Beyond providing you with the tools and templates to conduct local advertising we are not required to conduct advertising. Currently we do not conduct local, regional or national advertising. If would decide to do so in the future, we have the right to prepare the advertising materials in-house or to hire a national or regional advertising agency to prepare the materials. We are not required to spend any amount on advertising in your area or territory.

Marketing and Technology Fund

We do not currently, but we can require you to make monthly contributions to the National Marketing and Technology Fund as described in Item 6. If we do, you must make total monthly payments of 2% of your Net Commissions, though not less than $1,250 per month. In 2021 we did not bill or collect any National Marketing and Technology Funds and there currently are no funds in the Engel & Völkers National Marketing and Technology Fund. If a National Marketing and Technology Fund is instituted, all franchisees will be required to contribute at the same percentage of Gross Revenues. There are no franchisor-owned outlets, but if we open any we will contribute to the National Marketing and Technology Fund at the same level as franchisees.

Although the National Marketing and Technology Fund expenditures are intended to maximize general recognition and customer support for all Engel & Völkers Yachting Brokerages, we cannot assure you that your Yachting Brokerage will benefit directly from the placement of advertising or that you will benefit in proportion to your pro rata share of contributions to the National Marketing and Technology Fund.

All National Marketing and Technology Fund contributions to the Engel & Völkers National Marketing and Technology Fund will be deposited in our general operating account. Upon written request, we will furnish you with an annual financial statement for the National Marketing and Technology Fund. These annual financial statements are usually available on or about April 30th of each year. You may request to inspect the books and records related to the National Marketing and Technology Fund during our normal business hours. If the total contributions to the Marketing Fund

exceed the expenditures from the fund in any calendar year, the excess will be retained in the fund for future Marketing and Technology Fund expenses.

The National Marketing and Technology Fund is not held in trust and we do not manage the fund in a fiduciary capacity. The fund, which would be managed by us, would not be audited.

All National Marketing and Technology Fund contributions and interest, dividends and other amounts earned will be used exclusively on national, regional or local media, other marketing techniques, technologies, or programs designated to communicate the services of the franchisees on a national level to the public in our sole discretion, as well as for any creation and production costs incurred by us, including providing the Integrated Product Suite to you, copies of the GG Magazine, as well as for any creation and production costs incurred by us and for any reasonable accounting, bookkeeping, reporting, administrative and legal expenses and out-of-pocket costs associated with the National Marketing and Technology Fund and for other purposes deemed appropriate by us to enhance and promote the general recognition franchisees. of administering, directing, preparing, placing and paying for national, regional or local advertising, including (without limitation): television, radio, magazine, newspaper and worldwide web/internet/social media advertising campaigns; other advertising, marketing and public relations materials; point-of-purchase materials; consumer research, interviews and related activities; the creation, maintenance and periodic modification of the Engel & Völkers website and mobile applications; applications used to advertise listing services; new payment systems; implementation of blockchain and/or cryptocurrency tools to facilitate business; payments to vendors for providing services related to technology maintenance, upgrading and system changes; data analytics; technology pilot programs; data security devices, practices, procedures, designs and consultations regarding same; data storage, backup and support; research and focus groups pertaining to relevant technology; applications for intellectual property registration and/or protection of technology that is or becomes part of the Engel & Völkers System Documentation; any technological innovations, tools, consulting and processes to help facilitate, make more attractive and/or promote the business of Engel & Völkers Yachting Brokerages; celebrity endorsements; reviewing any advertising material a franchisee proposes to use (as provided below); search engine optimization; establishing a third party facility for customizing local advertising materials; accounting for National Marketing and Technology Fund receipts and expenditures; attendance at industry related conventions, shows or seminars; other activities that Franchisor in its business judgment believes are appropriate to enhance, promote and/or protect the Engel & Völkers System or any component thereof; and, engaging advertising agencies to assist in any or all of the foregoing activities, including fees to have print, broadcast and/or internet advertising placed by an agency, and all other advertising agency fees. The allocation of the National Marketing and Technology Fund between national, regional, and administrative expenditures will be made by us in our sole business judgment.

We will determine the cost, media, content, format, timing, concentration and exposure, and all other matters for advertising campaigns and the technology programs and tools. We may use part of the National Marketing and Technology Fund for joint or collective advertising campaigns with related companies. We will not use any part of the National Marketing and Technology Fund for advertising that is principally a solicitation of the sale of master franchises or franchises.

We or one or more of the Engel & Völkers Group may also provide certain products or services to the National Marketing and Technology Fund which have been provided previously by unaffiliated third parties. Any products or services provided by us or our affiliates will be provided at a cost comparable to those costs that the fund would otherwise incur if the products or services were obtained from unaffiliated third parties.

Computer Systems

To participate in the Engel & Völkers Yachting System, you must use or acquire specified computer equipment, that meets any minimum memory and other standards as described in the System Documentation. Currently there are no required minimum memory or other standards described in the System Documentation. The computer equipment is generally designed to handle other software applications related to the operation of franchised businesses. Based on industry standards, processing requirements and our discretion, you must upgrade hardware components as needed. The approximate cost of purchasing the computer hardware and Integrated Product Suite is approximately $15,000 - $30,000 per location.

You may also purchase various additional technology services from us at prices described in the then current Technology Price List for those services.

We may have independent access to information and data that is electronically collected by your Yachting Brokerage. The type of information that will be collected by Integrated Product Suite includes There are no contractual restrictions on our right to access such information and data.

We may periodically modify our standards, which will be communicated to you in corresponding updates to the System Documentation, which will require you to upgrade or update your system. There are no contractual limitations on the frequency or cost of this obligation. Apart from the Integrated Product Suite license with us, currently there are no optional or required maintenance, updating, or support contracts that you are required to enter into and therefore no annual costs associated with maintenance, updating or computer support.

Other than the Integrated Product Suite described above, we have no obligation to assist you in obtaining the computer goods and services described in this Franchise Disclosure Document. As far as our recommendations for specific computer component manufacturers, you may purchase or lease the hardware and software from any manufacturer meeting our minimum standards and from any computer supplier you choose. Neither we nor any of our affiliates or third parties has any obligation to provide ongoing maintenance, repairs, upgrades or update services for your computer hardware and software, except for the technology services which you contract with us.

Online Services

We make available an online service: evyachting.com. The evyachting.com service is a publicly accessible site on the Internet (http://www.evyachting.com). It allows franchisees and sales advisors to post listings on the Internet for consumers worldwide, who can search for listings by yacht name, length and price and other pertinent criteria.

The use of evyachting.com is included in the monthly Technology Fees as set forth in the Technology Suite Price List, however you must have a profile page (subdomain) displayed on evyachting.com. The current cost of a subdomain is $748 per month per location for up to 15 users (consisting of up to 5 administrative accounts and up to 10 sales advisor accounts) and an additional $68 per month per additional user. You may request other options at additional cost. You must also obtain appropriate connectivity and browser software for our technology as well as any platform upgrades that may be necessary.

System Documentation

The System Documentation currently includes 4 separate parts (collectively, we call them the "**System Documentation**"). The System Documentation is provided electronically, however if printed has approximately 376 pages. The table of contents of the System Documentation is attached as **Exhibit E** to this Franchise Disclosure Document. If we allow you to review the System Documentation before

you sign a Franchise Agreement, you will have to sign a Confidentiality Agreement in the form of **Exhibit F** to this Franchise Disclosure Document.

You must treat the System Documentation as confidential in accordance with the requirements of your Franchise Agreement.

Training

We will conduct training courses, seminars or conferences virtually via web-based training platforms of our choice or, if the training is conducted in person, at locations we select in the United States at our discretion. If an individual Franchisee or the Principals of a business entity Franchisee will not be active in the Yachting Brokerage, then your brokerage manager must attend the applicable training course. The training courses will be held when there are a sufficient number of franchisees, sales advisors or employees for attendance (minimum of 8 if the training course is conducted in New York City, a minimum of 15 if the training course is conducted in another city in the United States or a minimum of 6 attendees if conducted via virtual web-based training platform). You must pay the training fees we charge for training prior to commencing the training. You must pay all of your and your attendees' costs of transportation, lodging, meals and other expenses. Attendance at these courses is mandatory. (Franchise Agreement, Section 9.)

We will conduct training courses for you, your Brokerage Manager, your sales advisors and employees virtually via web-based training platforms of our choice or at either the Engel & Völkers facility in the United States or, if the training is conducted in person, at another location in the United States as determined in our sole discretion. We may grant reduced fees for the training courses at our sole discretion. At its current highest, the rates are as follows: $298 per person for the Engel & Völkers Engage training (assuming that there are at least minimum of 8 participants for the New York City location or a minimum of 15 participants for other U.S. locations). Attendance is required and you will be responsible for the attendees' expenses, which will vary depending on the distance traveled, mode of travel ad individual circumstances and preferences.

The instructional materials used depend on the course being taught. For many courses, we provide exercise handouts, questionnaires and guidelines to use.

The various training courses are summarized on the following charts:

TRAINING PROGRAM

Engel & Völkers Engage Training
(1 day training for Franchisees, Principals or Brokerage Managers actively involved in the Yachting Brokerage, Sales Advisors and employees)

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
Engel & Völkers Brand History, Vision and Values	2 hours	-	Virtual via web-based training platforms as determined by us, or at a location in the U.S. chosen by us

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
The Engel & Völkers Difference (understanding and leveraging the Engel & Völkers brand, Corporate Identity and Unique Value Propositions)	2 hours	-	Virtual via web-based training platforms as determined by us, or at a location in the U.S. chosen by us
Engel & Völkers Collection of Yachting Marketing Measures	1.5 hours	-	Virtual via web-based training platforms as determined by us, or at a location in the U.S. chosen by us
Engel & Völkers Systematic Approach to Servicing Clients	1.5 hours	-	Virtual via web-based training platforms as determined by us, or at a location in the U.S. chosen by us
Totals	**7 hours**	**-**	

We reserve the right to offer additional, ongoing and supplemental training sessions at times that may apply only to certain franchisees and/or such franchisee's sales advisors or employees at times and locations designated by us. We may make certain of these training sessions mandatory for you, and we reserve the right to change a fee for attendance at such training. As the Engel & Völkers System grows and evolves some training we currently offer may change, and other training may become needed or advisable. Therefore, during the term of your Franchise Agreement, the training offering and requirements are likely to change.

We also reserve the right to delegate the performance of training services to be provided to qualified third parties.

Experience of the Instructors: The experience of the instructors for the Franchisee training is as follows:

Ann Renee Miciak has been our Lead Trainer since October 2015 and became our Vice President Academy in January 2022. She served as our Vice President, Learning and Development from January 2020 until December 2021. Ms. Miciak has been a training consultant since 2004 and has been a real estate agent since 2003. Within her extensive experience, Ms. Miciak is certified to teach several professional development and certification courses including the NATIONAL ASSOCIATION OF REALTORS® At Home with Diversity®, Green Residential Elective Course, Certified International Property Specialist and Short Sales and Foreclosure Resource SFR certification classes.

Instructors and course content may be changed. Instructors for trainings provided by us, unless outside consultants are used, are usually department heads, corporate officers or certified trainers.

Additional training courses: You and your designated employees will also be required to attend additional training, supplemental or refresher courses in accordance with the Engel & Völkers training program at times and locations designated by us and to pay our then current fees. We may delegate organization and execution of these mandatory training courses and also any additional voluntary seminars to an independent training center. We cannot predict how frequently franchisees must attend the additional training and it depends on an individual franchisee's particular circumstances. We may make certain of these training sessions mandatory for you, your sales advisors or employees.

Costs: You will bear the costs for your attendance and that of your employees and sales advisors at the training courses, including travel, accommodation and out-of-pocket expenses, and salaries of your employees and sales advisors.

If you request that training be conducted at your location, and we agree to that request, you must pay, as we request, i) the trainer's expenses for travel, accommodation, food and other out-of-pocket expenses, and ii) the costs for the training location, and food and beverage cost for the training participants and any related service fees.

Cooperation Agreements

We may enter into agreements with service companies, *e.g.,* those that provide financial services, like banks or insurance companies, which you must use, except in cases where you have legitimate commercial or financial reasons for refusing such cooperation. These cooperation agreements will enable you to offer additional products and/or services to your clients, for example, mortgage loans and certain insurance.

Franchise Agreements Upon Expiration or Termination

Upon the expiration or termination of our General Yachting Licensing Agreement (described in Items 1 and 13), any existing Franchise Agreements between us and our franchisees will automatically expire. The General Yachting Licensing Agreement is for an indefinite term.

Item 12
TERRITORY

Approved Location and Protected Area

You will receive the right to operate an Engel & Völkers Yachting Brokerage at a specific location as specified in **Appendix 1** of your Franchise Agreement ("**Approved Location")**. You will also receive a protected area around your Approved Location called the "**Protected Area**", which will be an area defined by US postal zip codes. Because of certain limitations to your Protected Area described under the heading "Our Reserved Rights", your rights are not exclusive. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Your Rights in the Protected Area

You will operate only from one Approved Location and you must receive our written consent before relocating. You may not open an Engel & Völkers Yachting Brokerage outside your Protected Area. Unless prohibited by law, you may sell, purchase or lease Yachts and Moorings (as defined in the Franchise Agreement), provide Yacht Management Services and/or solicit customers only in the state in which your Approved Location is located, or provide services or advertise outside of your state and Protected Area. However, nothing prevents you from advertising your Engel & Völkers Yachting Brokerage services in the U.S. (including Yacht or Mooring listings in the U.S.) for which you are

registered for under applicable state law (if state law regulates such activity), in any national or international publications or via the internet, etc. Likewise, Franchisor and other franchisees are permitted to advertise inside of your Protected Area. Before advertising or otherwise soliciting or providing Engel & Völkers Yachting Brokerage services outside of the U.S. for any listings (buyer or seller side) Franchisee must obtain Franchisor's written consent, which Franchisor may grant or withhold in its sole discretion. If you refer a customer or a Yacht or a Mooring to another master franchisee or franchisee, or receive a referral from another master franchisee or franchisee and the transaction closes, you will receive or will pay a referral fee when permitted by applicable law.

During the term of your Franchise Agreement, we will not permit another location in your Protected Area (other than for additional franchise locations you and we agree to) and we will not open an Engel & Völkers Yachting Brokerage of our own dealing in Yachts, Moorings or Yacht Management Services using the ENGEL & VÖLKERS Trademark within your Protected Area. Generally, your rights in your Protected Area are not dependent upon achievement of a certain sales volume, market penetration or any other contingency. However, if you request and we grant you a franchise for more than one location in your Protected Area and you do not find or operate those additional locations as agreed upon in the Franchise Agreement, we may reserve the right to reduce your Protected Area to reflect an appropriate Protected Area for the location or locations that are operational.

Except for our right to terminate your Franchise Agreement under certain circumstances or to reduce your Protected Area if you have multiple locations in your Protected Area as described above, there are no other circumstances under which we can modify your Protected Area.

Our Reserved Rights

We reserve all rights not specifically granted to you in your Franchise Agreement. Your Franchise Agreement will not limit our right, or the right of our affiliates to use or franchise the ENGEL & VÖLKERS Yachting System or Trademarks, or to engage in or franchise any other business activity, including the operation or franchising of yachting business under the Trademarks and using the Engel & Völkers System at any location outside your Protected Area, or use or franchise ENGEL & VÖLKERS residential or commercial real estate brokerages under the Trademarks inside your Protected Area; and/or under any other trade name, trademark or service mark now or hereafter owned by or franchised to us or our affiliates, at any location outside your Protected Area, or at any location inside your Protected Area. We and our affiliates do not operate yachting or real estate brokerages but our franchisees do under the ENGEL & VÖLKERS trademark and/or other trademarks and we and our affiliates may develop other yachting and real estate related operations and franchise systems in the future.

Neither we, nor our affiliates, compete with you in your Protected Area through alternative channels of distribution for products and services such as through internet or catalog, telemarketing or direct sales. Yachts and Moorings brokered by other franchisees will however be included on our website and in the Grund Genug magazine, which will be available to customers in your Protected Area.

Neither we, nor any of our affiliates currently operate or franchise, or have plans to operate or franchise under a different trademark any business that sells services similar to those you will offer.

Upon expiration or termination of our General Yachting License Agreement (described in Items 1 and 13), the Franchise Agreement will terminate.

Item 13
TRADEMARKS

We grant you the non-exclusive right to use the service marks ENGEL & VÖLKERS®, E&V®, as well as the trademarks GG®, and GG® GLOBAL GUIDE and other trademarks in the operation of your franchised business during the term of your Franchise Agreement. You may also use other current or future trademarks we own or are franchised to use to operate your franchised business as permitted by the System Documentation. By **"Trademarks"** we mean various Engel & Völkers trade names, trademarks, service marks, logotypes and other commercial symbols and slogans used to identify your franchised business, and the GG and GG GLOBAL GUIDE marks.

In 2012, E&V Yachting granted U.S. Holdings GmbH a license to use and a right to sublicense, the Engel & Völkers Yachting System and the ENGEL & VÖLKERS, E&V trademarks within the United States for the yachting brokerage segment. In turn, U.S. Holdings GmbH has licensed Engel & Völkers to use and to sublicense the Engel & Völkers Yachting System and the ENGEL & VÖLKERS, E&V Trademarks within the United States in the yachting segment and in September 2019 for the Caribbean and Central America (the "**General Yachting License Agreement**"). In addition, Grund Genug Verlag, which owns the Trademark GG GLOBAL GUIDE, has licensed it and the stylized GG mark to E&V Yachting, that in turn licensed U.S. Holding GmbH to use them, and, in turn, U.S. Holding GmbH has licensed them to us to use in the yachting sector.

The following Trademarks owned by E&V Marken have been registered for use in the yachting sector on the Principal Register of the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Registration Number	Registration Date	Register
ENGEL & VÖLKERS	79114983	April 9, 2013	Principal Register
E&V (stylized lettering in red and black)	79114982	April 9, 2013	Principal Register

The following Trademarks owned by Grund Genug Verlag have been registered on the Principal Register of the USPTO:

Mark	Registration Number	Registration Date	Register
GG (stylized)	3627218	May 26, 2009	Principal Register
GG GLOBAL GUIDE (stylized)	3796063	June 1, 2010	Principal Register

We are undergoing a brand refinement and are updating the look of certain logos and designs and use slightly modified design for the new logo pictured on the cover page of this disclosure document and below to distinguish our Yachting program from our other offerings (such as the Residential Real Estate program).

ENGEL&VÖLKERS
YACHTING

By not having a federal registration for the new logo, that trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use that trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

E&V Marken has common law rights in the Trademarks ENGEL & VÖLKERS and E&V.

All required affidavits of Continuing Use and Incontestability have been filed. E&V Marken and Grund Genug Verlag intend to renew the registrations before their expiration.

You may use the Trademarks to publicize your activity under the Franchise Agreement in correspondence (including your business documents, letterheads, invoices, business cards, etc.) and also in advertisements, subject to compliance with the standards we stipulate in the System Documentation. You can use the trademark ENGEL & VÖLKERS and other Trademarks solely in accordance with the provisions of your Franchise Agreement and System Documentation and you cannot apply for any mark or names conflicting with the Trademarks or cause those symbols or names to be registered or prejudice the rights attaching to those Trademarks in any other way. Detailed instructions for the use of the Trademarks can be found in the System Documentation. You may use the Trademarks in all their variations, including using the words or letters in the marks, whether or not stylized, and whether or not using the color shown in the USPTO registration.

You cannot use the names ENGEL & VÖLKERS, ENGEL & VOELKERS, ENGEL AND VÖLKERS, ENGEL AND VOELKERS E&V or EV or any other confusingly similar names as part of your company's business (legal) name without our prior written permission. You must identify your company as the independent owner of your franchised business, give notices of trademark and service mark registrations in the manner we specify, and obtain the fictitious or assumed name registrations that may be required under applicable law or as may be required by us to distinguish your company from us. If you receive permission to use the Trademarks in your business name, you must immediately remove those Trademarks from your legal name upon termination or expiration of your Franchise Agreement. You must terminate any fictitious or assumed name registration promptly on termination or expiration of your Franchise Agreement.

You will not acquire any proprietary rights in the Trademarks by virtue of the franchise we granted to you in your Franchise Agreement or otherwise. All goodwill established by your use of the Trademarks, inures to the sole and exclusive benefit of E&V Marken or Grund Genug Verlag. You agree not to contest at any time either the validity or E&V Marken's ownership of any of the Trademarks, including ENGEL & VÖLKERS, ENGEL & VOELKERS, ENGEL AND VÖLKERS, ENGEL AND VOELKERS E&V or EV, or Grund Genug Verlag's ownership of the Trademarks GG or GG GLOBAL GUIDE. Any unauthorized use of the Trademarks by you will constitute an infringement of E&V Marken's or Grund Genug Verlag's rights in and to their Trademarks.

To the best of our knowledge there are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Trademarks that may significantly affect the ownership or use of any mark listed above.

We do not know of any infringing uses that could materially affect your use of the Trademarks.

No agreements limit our right to use or franchise the use of the Trademarks, except for the Franchise Agreement described above.

We will defend the intellectual property rights of the Engel & Völkers Yachting System, including the Trademarks, at our own expense, except for those rights that E&V Marken or Grund Genug

Verlag will defend, also at their expense. You must notify us of any infringements of or attacks on any intellectual property rights of the Engel & Völkers Yachting System and give us assistance in any relevant legal proceedings that we choose to institute. We will control any such proceedings. Any assistance you give us will be at our cost to the extent we have given our explicit prior approval regarding your assistance. You may not institute legal proceedings for infringement of any of the intellectual property rights without our prior written consent. We are not required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding regarding any Trademark, except as provided above.

Should any of the Trademarks franchised to you under your Franchise Agreement be cancelled or rejected, the validity of your Franchise Agreement will not be affected. We will use commercially reasonable efforts to offer adequate solutions when appropriate. You are not entitled to file any other claims for compensation, non-performance or reduction of royalties payable on the grounds of loss of Trademark rights. If a Trademark can no longer be used or we determine in our sole business judgment to adopt and use one or more additional or substitute Trademarks, then you must promptly comply with our directions to at your sole expense modify and discontinue the use of the Trademark being replaced and adopting the new Trademark(s). We will not be liable for any expenses, losses, or damages that you or your franchised business may sustain as a result of the change.

Electronic Commerce

You will comply with the requirements set forth in the System Documentation regarding use of the Trademarks in electronic commerce, which includes all forms of electronic or computer communication, including your Website. Your Website is a subdomain of our Website. You are not allowed to maintain any other website for your Yachting Brokerage or any of its sales advisors. We may require that various types of marketing or advertising utilize a specific template or format. You will give us copies of all proposed applications for registration of any of the Trademarks or any variation thereof for use in and for electronic commerce, including your Internet or Website address and domain name. You must obtain our prior written approval before filing any application, which approval we may withhold in our business judgment. On expiration or termination of this Agreement, you will transfer your Internet or Website addresses and domain names to us upon our written request. You will not receive any compensation for that transfer.

You are not permitted to have website for your franchised business, except for the one that is a subdomain of our Website. You may choose, however, to promote your business via alternate online strategies consistent with the Engel & Völkers' online policy. We have the right to review all online content on social media sites, blogs, in electronic communications and on other online sites on which the Trademarks are used to protect the reputation and high quality associated with the Trademarks. We may require you to remove any questionable usage or content involving the Trademarks. We may also require you to cease using the Trademarks at all on such sites.

Item 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patent is material to your franchise.

Under the Franchise Agreement, you will receive a franchise to use information that is published in the System Documentation, training material, advertising and promotional materials, information technology, and other confidential information. We regard various proprietary information used in our business and supplied to you as valuable trade secrets. This proprietary information includes (but is not limited to): System Documentation and all elements of the System, information concerning our business system, our referral system, business and marketing plans and resources, information technology: all

information, knowledge, trade secrets or know-how utilized or embraced by the System and/or imparted to you by us or any of our affiliates which concerns our systems of operation, programs, services, products, customers, clients, prospective customers or client, practices, materials, books, records, manuals, computer files, databases or software; all programs, products, services, equipment, technologies, policies, standards, requirements, criteria and procedures that now or in the future are a part of the System; all specifications, procedures, systems, techniques and activities employed by us in the offer and sale of services, programs, and/or products at or from your Yachting Brokerage; all pricing and commissions paradigms established by us; all our sources (or prospective sources) of supply and all information pertaining to same; the specifications, and your final plans, for the construction, build out, design, renovation, décor, equipment, signage, furniture, fixtures and trade dress elements of your office; the identity of, and all information relating to, the computer systems and software utilized by us and you; all information pertaining to our and your advertising, marketing, promotion and merchandising campaigns, activities, materials, specifications and procedures; all customer lists, data and records generated and/or otherwise maintained by you, your franchised business; your (and, if in the future we permit, your) internet/web protocols, procedures and content (including electronic data, data files, user names and passwords); our training and other instructional programs and materials; all elements of our staff training and staff certification policies and procedures; all communications between us and you; additions or improvements to, deletions from and modifications and variations of the components of the System and the other systems and methods of operations which we employ now or in the future; research, development and test programs for services and operations; and, all other information, knowledge and know-how which either we or our affiliates, now or in the future, designate as confidential, and other confidential aspects of our business. You must exert reasonably prudent efforts to maintain the confidentiality of this proprietary information. This includes informing your residential manager, officer manager and other personnel that these materials are proprietary and supervising their use by them.

You must treat the System Documentation as strictly confidential and not allow any unauthorized persons to read them or have access to them. The System Documentation and the copyright on them remain our sole and exclusive property. You may only use the System Documentation during the term of your Franchise Agreement. The System Documentation at all times shall remain our exclusive property, and you must return the System Documentation (and all copies which you have made or obtained) to us promptly upon our request and, in any event, upon termination or expiration of your Franchise Agreement for any reason. You may not at any time copy, duplicate, record or otherwise reproduce or transcribe any of the System Documentation or any of the forms we supply without our prior written consent. If the System Documentation are supplied electronically, you may print one copy for your personal use. Although we have not filed an application for a copyright registration for these materials, we claim a copyright for all of these materials and the information is proprietary. The use of the material is limited only to you and your employees.

You must treat all business and operational secrets and all information you receive, either directly or indirectly, about the Engel & Völkers Yachting System and from the know-how included in the System Documentation ("**Confidential Information**") in strict confidence and not divulge it to any third party. Access to this Confidential Information by your employees and sales advisors must be restricted to the necessary minimum (need-to-know) and may only be used for purposes of performing under your Franchise Agreement. During the Term of the Franchise Agreement or afterwards, you cannot use any Confidential Information, directly or indirectly, in any other business or in any other manner or obtain any benefit not specifically approved in writing by us. You must impose these secrecy undertakings on your employees and independent sales advisors. These confidentiality obligations will continue after termination or expiration of the Franchise Agreement. However, you are permitted to use any information, knowledge and transferred know-how which has meanwhile become generally known and easy to obtain, except in cases where this has occurred as a result of a breach of the Franchise Agreement.

We require you to promptly tell us if you learn about any unauthorized use of these materials. We are not obligated to take any action but will respond to this information as we think appropriate.

We will mutually agree to exchange ideas and suggestions for amendments and improvements to the Engel & Völkers Yachting System. You must inform us of all experience gained during use of the Engel & Völkers Yachting System and the rights under your Franchise Agreement and allow us and other master franchisees to use the know-how gained from your experience free of charge. We will have a perpetual, royalty-free license to use any of those amendments or improvements offered by you.

Under the IT Platform Licensing and IT-Services Agreement you will sign with E&V Technology, you will be granted a license to use our Integrated Product Suite ("**Licensed Materials**"). You must ensure that only licensed users use or have access to the Licensed Materials. If your employees or sales advisors are terminated, you must discontinue their access rights to the Licensed Materials. You must keep secret and confidential, and not disclose, the proprietary information related to the Licensed Materials. You have to employ reasonable security measures to prevent unauthorized disclosure or access to that proprietary information, which may include obtaining suitable non-disclosure agreements from the licensed users.

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

We neither require nor make any recommendations that you personally supervise or participate in the actual operation of your franchised business.

If you do not personally participate, you must employ a brokerage manager. The brokerage manager must be a franchised yachting broker in your state able to supervise the franchised business on a full-time basis. Except for the franchising requirement, we do not limit who you may hire as a broker manager. The brokerage manager must continuously exert his or her best efforts during normal business hours to promote and manage the franchised business. That person must not engage in any other business or activity that requires his or her active participation during normal business hours or that may conflict with your obligations under the Franchise Agreement. We do not require your brokerage manger to have an equity interest in your franchised business; however, your brokerage manager must agree in writing to preserve the confidentiality of any confidential information to which he or she has access. If an individual Franchisee or the Principals of a business entity Franchisee will not be active in the Yachting Brokerage, then your brokerage manager must attend the required training courses. The person or persons attending the training must complete the training, but there is no test that they must successfully pass.

Each owner of 10% or more of a franchisee that is an entity (we call them the "**Principals**") must sign the Principal's Guarantee and Assumption of Obligations, attached as **Appendix 4** to the Franchise Agreement and the Principal's Confidentiality Agreement and Covenants Not to Compete, attached as Appendix 3 to the Franchise Agreement. If the Principal is in a community property state, his or her spouse or domestic partner may also have to sign the Guarantee form. All Principals must also sign the Principal's Acknowledgement following the signature page of the Franchise Agreement, agreeing to bound by specific rights and duties mentioned in that Franchise Agreement. Your non-competition obligations and that of your Principals under the Franchise Agreement are described in Items 17q and r. of this Franchise Disclosure Document. Your confidentiality obligations are described in Section 16 of the Franchise Agreement, and your Principal's confidentiality obligations are described in Section 23.4 of the Franchise Agreement. See also Item 14. You are also required to maintain at all times adequate reserves and working capital sufficient for it to fulfill all of your obligations under the Franchise Agreement and to cover the risks and contingencies of you franchised business for at least 3 months. These reserves may be in the form of cash deposits or lines of credit. We reserve the right to require, in our sole business

judgment, that you meet certain additional or different financial requirements, which may include the requirement to maintain (i) a minimum working capital reserve, (ii) a minimum debt service coverage ratio, (iii) a maximum amount of incurred debt, and (iv) any other reasonable financial health metrics required by us. We will provide such requirements to you in writing and they will become effective 30 days after we provide written notice of such requirement(s) to you.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Franchise Agreement defines the Yachting Brokerage services you may provide under the Engel & Völkers name and you must operate the Yachting Brokerage in strict conformance with our standard specifications as described in the System Documentation.

You may provide yachting brokerage services, both sales and charter, for motor yachts and sailing yachts of all types and sizes, and for moorings and using the Engel & Völkers Yachting System and Trademarks. Moorings includes any docks and slips and any temporary or permanent anchor spots for yachts

You may also provide Yacht Management Services. Yacht Management Services includes yacht operating support services, technical and safety management services, harbor care, maintenance services and similar services tailored to the respective Yachts.

We reserve the right to increase the limits and expand the scope of permissible business activities upon advance written notice. We have the right to add additional authorized services and equipment that you are required to offer. There are no limits on our right to do so although we have no present plans to do so.

You must comply with all applicable laws and regulations and obtain all appropriate governmental approvals for the franchised business. You must operate in conformity with the methods, standards and specifications required by us to maintain uniformity within our system and to provide the highest degree of quality and service. You must not deviate from our standards and specifications without our prior written consent.

Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The following tables list important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Franchise Disclosure Document.

FRANCHISE AGREEMENT

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	§19.1	10 years
b. Renewal or extension of the term	§§19.2, 19.3	1 period of 10 years

Provision	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	§§19.2, 19.3	Serve written notice on us at least 6 months before expiration of current term, comply with all provisions of Franchise Agreement and other agreements with us, sign the then current form of Franchise Agreement, sign a general release and pay a renewal fee. You may be asked to sign a contract with materially different terms and conditions than your original contract.
d. Termination by franchisee	§20.1	You may not terminate or cancel the Franchise Agreement.
e. Termination by franchisor without cause	§§4.8	We can terminate upon written notice to you if we lose our rights to use the Engel & Völkers Yachting System and Trademarks.
f. Termination by franchisor with cause	§§20.2, 20.3, 20.4	We can only terminate if you default, except if we lose our rights to use the Engel & Völkers Yachting System and Trademarks.
g. "Cause" defined – curable defaults	§§20.4	We can also terminate if you do not cure these breaches within 30 days of receipt of notice: you are unable to properly manage the franchised business operation for a prolonged period; you fail to make use of material features of the Engel & Völkers System; you terminate your lease for your Residential Real Estate Brokerage or it terminates or expires; your Principals are in breach of their obligations pursuant to §23.2; an Estate fails to provide a competent and qualified individual, reasonably acceptable to us to operate the franchised business in case of your or a Principal's death, incompetency or the appointment of a conservator or guardian; you default under another agreement with us or other affiliates.
h. "Cause" defined – non-curable defaults	§§20.2, 20.3	We can also terminate on written notice to you, without an opportunity for you to cure the breach, if you fail to timely find and secure Franchisor approval for an Approved Location; you fail to start operating your yachting brokerage by the agreed upon Opening Date; you fail to operate for 7 consecutive days, or otherwise abandon the Yachting Brokerage, or use it for a prohibited purpose; you are in arrears more than 30 days of payments due us, or our respective affiliates; commit a breach of the confidentiality obligation you or your Principals breach the non-competition covenants; you or your Principals commit an act of moral turpitude or engage in another act that is likely to have a materially adverse effect on the Engel & Völkers System, the Trademarks, the goodwill associated with the Trademarks or our interest in the Engel & Völkers System or Trademarks, or are convicted of a felony, fraud, crime involving moral turpitude, or any other serious crime or offense; you are liquidated; you fail to obtain and maintain the licenses for your business operation; you do not comply with all applicable laws; you make willful misrepresentations or do not make a material disclosure required by governmental authority affecting your obligations under the Franchise Agreement; or you or your affiliates are in breach of another agreement with us or one

Provision	Section in Franchise Agreement	Summary
		of our affiliates; you or your affiliates are in default under another agreement with us or our affiliates and the default under that agreement is not curable or you or your affiliate did not cure it during the cure period (and we may also terminate the other agreement if you are in default under the Franchise Agreement); you omitted or misrepresented any material fact in the information you furnished to us in connection with our decision to enter into a Franchise Agreement with you; you and we agree to terminate the Franchise Agreement; you purport to transfer any interest in your franchise to a third party in violation of the Franchise Agreement; you use or duplicate any aspects of the Engel & Völkers System, services, program or products in an unauthorized fashion; you engage in any business or market any services under a name or mark that in our opinion is confusingly similar to the Trademarks; you abandon or cease to operate your franchised business; you knowingly conceal revenues, maintain false books or records, falsify information or otherwise defraud or make false representations to us; you do not maintain required financial records, you are found, after our audit, to have understated your revenues by 2% or more at least three times within any 36-months period, or by 5% for a reporting period; you take, withhold, misdirect or appropriate funds for your own use from your employees' wages, us or you systematically fail to deal fair and honestly with your employees, clients, sales advisors or suppliers, or fail to take action against or discharge an agent, servant or employee who embezzled funds; you commit the same act of default within six month after having cured a default under Section 20.4; you attempt to or interfere in our contractual relationships; you engage in a practice that subjects you or us to widespread publicity, ridicule and derision; you breach a provision of the Franchise Agreement relating to our advertising standards (incl. but not limited to our corporate identity) which is not cured within 3 days after our written notice thereof, your licenses to operate the franchised business or other governmental authorizations are revoked or terminated or you engage in any act or conduct, or fail to engage in any act or conduct, which authorizes us under the Franchise Agreement to terminate you immediately upon notice to you. In addition the Franchise Agreement will terminate automatically without us giving you notice if you, the entity that you operate the Engel & Völkers Yachting Brokerage through, one of your affiliates, or any guarantor of the Franchise Agreement (each a "Franchisee Party") is adjudicated bankrupt or insolvent; all or substantially all of the assets of the Engel & Völkers Yachting Brokerage are assigned to a creditor, a petition in bankruptcy is filed against any of the Franchisee Party and is not immediately contested or dismissed within 60 days; a Franchisee Party has an order for relief in bankruptcy, insolvency, reorganization, receivership or under statutes granting

Provision	Section in Franchise Agreement	Summary
		similar rights filed against it or agrees to the entry of an order for relief in an involuntary proceeding or conversion of an involuntary proceeding to a voluntary proceeding under such law; a bill in equity or other proceeding for the appointment of a receiver or other custodian of a Franchisee Party or their assets is filed and consented to by you; a receiver or other custodian of all or part of a Franchisee Party's assets is appointed by a court of competent jurisdiction; proceedings for composition with creditors are instituted against a Franchisee Party; a Franchisee Party is dissolved; execution is levied against a franchisee Party; the property of the Engel & Völkers Yachting Brokerage is sold after levy thereon by a governmental body or by a person authorized to do so; or if you are a business entity, you authorize an action to approval any of the activities listed above.
i. Franchisee's obligations on termination/non-renewal	§17.3, 21	You must pay amounts due to us, cease using our intellectual property, including the Trademarks and confidential information, cease using documents referring to the Engel & Völkers Yachting System, remove the name Engel & Völkers, Engel & Volkers, Engel & Voelkers, E&V or EV from your business name and take all necessary action to cancel any assumed name or equivalent registration; remove all visual features of the System, transfer all Internet domain names to us or a third party we nominate, and remove all references to us from telephone and other directories, cease to use products included in the business equipment or with Engel & Völkers stickers and emblems, and de-brand your brokerage so it is not similar to our design elements and trademarks. We may agree to take back stocks of materials at the original purchase price, or damaged goods at their market value. You must return all copies of the System Documentation and all documents about the System. You may not identify yourself to third parties as a former franchisee of Engel & Völkers. On termination you must pay us all losses and expenses incurred as a result of the default or termination, including all damages, costs, and expenses, and reasonable legal and experts' fees directly related thereto, as well as liquidated damages.
j. Assignment of contract by franchisor	§22.1	We may transfer or assign all or any part of the Franchise Agreement, or all or any of our rights or obligations, as long as the transferee or assignee assumes our obligations.
k. "Transfer" by franchisee – definition	§22.2	Includes direct and indirect, voluntary or involuntary, assignment, sale, transfer, sharing, reconsideration, sublicense, division or your interest in the Franchise Agreement, your rights, privileges or obligations under the Franchise Agreement, the franchised business, any and all interest in the franchised business (including any capital stock, membership, partnership or proprietary interest in you or any entity that controls you), in one or a series of related transactions, by operation of law or otherwise.

Provision	Section in Franchise Agreement	Summary
l. Franchisor approval of transfer by franchisee	§§22.2, 22.3	Other than consent to subfranchise, sublicense, subcontract, share or divide or partition your rights under the Franchise Agreement which we may withhold in our absolute discretion, we will not unreasonably withhold our consent to a transfer taking into account among other things, the viability of the transferee's investment.
m. Conditions for franchisor approval of transfer	§§22.3, 22.6, 22.7 22.8	The proposed transferee must be acceptable to us based on our standards for new franchisees: all transferee's owners present themselves, on our request, for a personal interview at our offices or any other location we designate at a date requested by us, without expense to us; the transferee's organizational, managerial and financial structure and resources are sufficient to operate the franchised business properly in our business judgment and in accordance with the System; the transferee must comply with our ownership requirements; the transferee and all of its owners and guarantors must comply with our restrictions on involvement in competitive businesses; the transferee and its business managers and other employees must successfully complete our then required training programs, you must not be in default of your Franchise Agreement or other agreements with us or our affiliates, transferee signs a new franchise agreement for the remainder of the term of your Franchise Agreement, except that transferee will not have to pay the Initial Franchise Fee, and transferee also signs all other agreements we require of new franchisees; you have paid all outstanding amounts due us, that transferee is able to acquire all permits and licenses required for operation of the franchised business; that the assignee's owners may be required to sign a personal guarantee; that the total sales price is not so excessive in our opinion, that it jeopardizes the economic viability of the franchised business; you, your owners, guarantors, and transferee and its owners and guarantors sign our then current form of general release; the transferee completes our required training program(s), the transferee assumes all your rights and obligations, you pay a transfer fee of $2,500. See Item 6. You may not grant a security interest in the Franchise Agreement, the franchised business, or an ownership interest in you or one of your owners, the lease of your office, or any other tangible asset without our consent. If you want to offer securities, you must give us at least 60 days' notice and must comply with our written policy at the time for such offering. This will include submitting all materials to be filed with a government agency at least 30 days before filing, and if the offer is exempt from government filings, all offering materials must be submitted to us at least 30 days before use. If the Franchise Agreement is being assigned or assumed in a bankruptcy proceeding, you must notify us within 5 days after you receive an offer from the proposed assignee. That notice must be given to us at least 10 days before the

Provision	Section in Franchise Agreement	Summary
		application is made to the bankruptcy court to approve the assignment or assumption.
n. Franchisor's right of first refusal to acquire franchisee's business	§22.5	If you want to sell your business or any part of it to a third party, you must notify us of your interest to do so, and we will have 60 days to decide to buy or authorize a third party to buy.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	§22.4	If you are an individual and die or have a long-term disability, or if you are an entity, an owner of 25% or more of your equity interest dies or has a long-term disability the estate may continue operating the franchised business if it provides a competent and qualified individual reasonably acceptable to us to operate the business and that individual completes our then current training programs, and that individual assumes operation of the franchised business within 3 months of the death or long-term disability occurring. If such a person does not assume the operation of the franchised business within 1 month, then we can terminate the Franchise Agreement upon 30 days' notice with an opportunity to cure.
q. Non-competition covenants during the term of the franchise	§§16.1, 23.2.5	You and your principals cannot enter into competition with the Engel & Völkers System. During the term of the Franchise Agreement, you cannot provide real estate agency services competing with the Engel & Völkers System, either directly or indirectly, except that you owning up to 5% of shares of a competitor that is publicly traded, and a Principal can acquire shares in a stock exchange listed company of up to 25% of its share capital. The same restrictions apply to any spouse, domestic partner or immediate family member of any of Franchisee's principals, but only within a 75 mile radius of any Approved Location of Franchisee. These provisions may be subject to state law. You may also not divert any business that should be handled by the franchised business away to any other person or entity.
r. Non-competition covenants after the franchise is terminated or expires	None	Not applicable.
s. Modification of the agreement	§26.17	No change, modification, amendment or waiver of the franchise is effective and binding unless in writing, identified as an amendment or waiver and signed by both parties.

Provision	Section in Franchise Agreement	Summary
t. Integration/merger clause	§26.16	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	None	Not Applicable
v. Choice of forum	§26.3	You must institute, litigate and appeal any litigation and any and all disputes between you and us in a state or federal district court of competent jurisdiction situated in the Southern District of New York.
w. Choice of law	§26.1 §8.3, Appendix 2	New York law applies. For sales of goods and services by us, New York law applies. For sales of goods and services by E&V Residential or its affiliates based in Germany, German law applies. This provision may be subject to state law.

State specific addenda are attached as **Exhibit L**.

Item 18
PUBLIC FIGURES

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

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Anthony Hitt or Ulrike Cohen, at 430 Park Avenue, 11th Floor, New York, New York 10022, 212-234-3100, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Our Franchised Yachting Brokerages
Outlet Summary for Years 2020 to 2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	1	2	+1
	2021	2	3	+1
	2022	3	4	+1
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	1	2	+1
	2021	2	3	+1
	2022	3	4	+1

Notes:
(1) All numbers are set forth as of December 31 of each year.

Table No. 2
Our Franchised Yachting Brokerages
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
for Years 2020 to 2022

State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
Totals	2020	0
	2021	0
	2022	0

Notes:
(1) All numbers are set forth as of December 31 of each year.

Table No. 3
Our Franchised Yachting Brokerages
Status of Franchised Outlets for Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations-Other Reasons	Column 9 Outlets at End of the Year
California	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Florida	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Maryland	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Totals	2020	1	1	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4

Notes:
All numbers are set forth as of December 31 of each year.

Table No. 4
Our Franchised Yachting Brokerages
Status of Company-Owned Outlets for Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Notes:
(1) By "company-owned", we mean Yachting Brokerages owned by us or our affiliates. All numbers are set forth as of December 31 of each year.

Table No. 5
Our Franchised Yachting Brokerages
Projected Openings as of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company – Owned Outlets in the Next Fiscal Year
Florida	1	1	0
Total	1	1	0

Note:

(1) By "company-owned", we mean Yachting Brokerages owned by us or our affiliates. All numbers are set forth as of December 31 of each year.

Attached as **Exhibit G** is a list of all franchised Yachting Brokerages as of December 31, 2022.

Attached as **Exhibit H** is a list of the name and last known home address and telephone number of every franchisee who, in our most recent full fiscal year end: (1) had a unit terminated; (2) had a unit not renewed; (3) otherwise voluntary or involuntarily ceased to do business under the Franchise Agreement; or (4) has not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Confidentiality Clauses

We have a confidentiality provision in our Franchise Agreements. During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our Yachting Brokerage franchise system.

Item 21
FINANCIAL STATEMENTS

Attached as **Exhibit I** are (1) our consolidated audited balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years ended December 31, 2022, 2021 and 2020, and the related notes to the consolidated financial statements. If required by state law, unaudited financial statements of a more recent date are also included in Exhibit I.

Item 22
CONTRACTS

The following agreements are attached to this Franchise Disclosure Document:

Exhibit C: Franchise Agreement, with Appendices:

App. 3 Confidentiality Agreement and Covenant Not to Compete

App. 4 Principal's Guarantee and Assumption of Obligations

Exhibit D: State specific amendment to the Franchise Agreement.

Exhibit F: Confidentiality Agreement

Exhibit K: Renewal Rider

Item 23
RECEIPTS

The last 2 pages of this Franchise Disclosure Document are receipt pages. Please insert the name of the franchise seller, and date and sign both copies. Detach the last page and return to us promptly upon execution. Retain the other copy of the receipt page for your records.

EXHIBIT A

LIST OF STATE ADMINISTRATORS

Listed below are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws:

California

Department of Financial Protection and Innovation
State of California
Suite 750
320 W.4th Street
Los Angeles, California 90013 - 2344
(213) 576-7500
(866) 275-2677

Maryland

Office of the Attorney General
Securities Division
State of Maryland
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

New York

Bureau of Investor Protection and Securities
New York State Department of Law
28 Liberty Street
21st Floor New York, New York 10005
(212) 416-8222

EXHIBIT B

AGENTS FOR SERVICE OF PROCESS

AGENTS AUTHORIZED TO
RECEIVE SERVICE OF PROCESS, BY STATE

California

Department of Financial Protection and Innovation
State of California
Suite 750
320 W.4th Street
Los Angeles, California 90013 - 2344

Florida

Corporation Service Company
1201 Hays Street
Tallahassee, FL 32301

Maryland

Maryland Securities Commissioner
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020

New York

Secretary of State
State of New York
One Commerce Plaza
99 Washington Ave.
Albany, NY 11231

EXHIBIT C

FRANCHISE AGREEMENT,
AND APPENDICES 1 TO 6

FRANCHISE AGREEMENT
for Operation of an
ENGEL & VÖLKERS® YACHTING BROKERAGE

Between

ENGEL & VÖLKERS AMERICAS, INC.

And

[Franchisee]

Dated: _____

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FRANCHISE AGREEMENT

This Franchise Agreement for Operation of an Engel & Völkers Yachting Brokerage (the "**Agreement**") is entered into and made effective this _____ (the "**Effective Date**"),

between

ENGEL & VÖLKERS AMERICAS, INC.

- the "**Franchisor**"

and

xxx

- the "**Franchisee**".

The parties agree as follows:

1. Nature and Scope of Agreement

1.1 ***The Franchisor:*** The Franchisor offers a franchise to operate a yachting brokerage under the ENGEL & VÖLKERS System.

1.2 ***The ENGEL & VÖLKERS Group:*** The distinctive characteristics of the ENGEL & VÖLKERS System and international network encompass the entire experience of the Engel & Völkers affiliated group of companies (the "**Engel & Völkers Group**") for the operation of a yachting brokerage. The ENGEL & VÖLKERS Group consists of Engel & Völkers U.S. Holding GmbH (the **"Parent"**) and other affiliated companies, such as Engel & Völkers Yachting GmbH, a company organized under German law located in Hamburg, Germany ("E&V Yachting").

1.3 The "**ENGEL & VÖLKERS System**" includes the following elements:

- Intellectual property rights, including the trademarks ENGEL & VÖLKERS®, E&V®, GG®, GG® GLOBAL GUIDE®, and related marks, designs and know-how, unregistered rights to designs, and licenses, marketing and selling rights (hereinafter called "**Trademarks**");
- Unpatented, practical knowledge and experience of operating local real estate brokerages and yachting brokerages by the Engel & Völkers Group through experience gathered over many years (hereinafter called "**Know-how**");
- System-compatible interior decorations and furnishings and external design elements giving the yachting brokerage an attractive appearance, installed in accordance with Franchisor's interior decoration plans and outfitting standards (hereinafter called "**Brokerage Design**");

- Manuals which may be in electronic form, and all other documents describing the ENGEL & VÖLKERS System, including any amendments, additions and/or deletions or substitutions made by Franchisor (hereinafter called "**System Documentation**").
- A proprietary technology platform used in connection with the recording of yachts, client relationship management and online marketing support and for brokerage services and for the integration of franchisees into the ENGEL & VÖLKERS technology network and such other purposes as may be determined by Franchisor from time to time (the "**Integrated Product Suite**");
- Provision of ongoing business administration and technical and marketing support;
- Initial and continuing training courses; and
- Organization of exchanges of information and experience among franchisees.

1.4 ***Rights to the System and Trademarks*:** E&V Yachting has the right to use and franchise the rights to the ENGEL & VÖLKERS System and Trademarks and has licensed the Parent to establish a franchise system utilizing the ENGEL & VÖLKERS System and Trademarks in the United States. The Parent in turn has licensed Franchisor correspondingly.

1.5 ***The Franchisee:*** Franchisee wishes to be franchised the right to use the ENGEL & VÖLKERS System to operate a yachting brokerage and franchised business under this Agreement (the franchised **"Business"**) at and only at the approved location specified in **Appendix 1** (hereinafter called the "**Approved Location**"). If, as of the date of this Agreement, the Approved Location has not yet been determined, then it shall thereafter be determined in accordance with Section 3.1 and, upon determination, inserted into **Appendix 1**. Franchisor is prepared to grant Franchisee, at its request, a franchise to use the ENGEL & VÖLKERS System to operate a yachting brokerage at the Approved Location and to use commercially reasonable efforts to support Franchisee.

1.6 ***Independent Investigation:*** Franchisee has independently investigated the business risks involved and such other matters as Franchisee deems important, including current and potential market conditions and competitive factors and risks, has read Franchisor's Franchise Disclosure Document, and has not relied on any representations not set forth in this Agreement. Aware of the relevant facts, Franchisee desires to enter into this Agreement to obtain a franchise to use the ENGEL & VÖLKERS System to operate a yachting brokerage at the Approved Location. Franchisee agrees that it will bear the financial risk involved in operation of the yachting brokerage.

2. Nature of Franchise

2.1 ***Grant of Franchise:*** Subject to the terms of this Agreement, Franchisor hereby grants to Franchisee the non-exclusive right to establish and operate an ENGEL &

VÖLKERS® Yachting Brokerage at the Approved Location for the provision of yachting brokerage, yachting charter, and yacht management services with respect to yachts and moorings of the type permitted under Section 2.2 using the ENGEL & VÖLKERS System and Trademarks (the "**Yachting Brokerage**").

2.2 ***Scope of Franchise***: Under this Agreement, Franchisee may provide yachting brokerage, yachting charter, and yacht management services regarding: motor and sailing yachts of all types and sizes, excluding commercial cruise vessels; and moorings (collectively, "**Yachts and Moorings**", and respectively "**Yacht**" or "**Mooring**").

For purposes of this Agreement, "Yacht Management Services" shall include, but not be limited to yacht operating support services, technical and safety management services, harbor care, maintenance services and similar services tailored to the respective Yachts. Yachts, Moorings and Yacht Management Services are hereinafter jointly referred to as "**Yacht Brokerage Services**")

2.3 ***Protected Area:*** Subject to the restrictions set forth in this Agreement, during the Term of this Agreement, if Franchisee is not in default under this Agreement, Franchisee will have exclusivity with regard to its Yachting Brokerage in an area defined by US postal zip codes (hereinafter called the "**Protected Area**"). The Protected Area and the geographic scope of the U.S. postal zip codes used to define it will be determined as of the Effective Date. Franchisee acknowledges that it will not be considered a violation of this Agreement if, after execution of this Agreement, the protection afforded is altered by acts beyond Franchisor's control (*e.g.,* changes in the U.S. postal zip codes). Should Franchisor grant Franchisee a franchise for multiple physical locations the size of the Protected Area will reflect the parties' intent that Franchisee operate multiple physical locations. If Franchisee should not find or operate such additional locations as agreed upon, Franchisor may reduce Franchisee's Protected Area to reflect the lower than intended number of physical locations that are operational and Franchisor also may reduce the Protected Area pursuant to Section 20.5 (Optional Remedy). "**Exclusivity**" means only that no other Yachting Brokerage will be placed in Franchisee's Protected Area by Franchisor so long as Franchisee is not in default under the terms of this Agreement. Franchisee may seek to sell, purchase or charter Yachts and provide Yacht Management Services, and/or sell, purchase or lease Moorings (as defined in this Franchise Agreement) and/or solicit customers only in parts of the U.S. for which Franchisee is a registered yachting broker (and/or, if applicable, licensed) under applicable state law. Before providing, advertising, or otherwise soliciting Yachting Brokerage services for any Yachts or Moorings (buyer or seller side) outside of the U.S., Franchisee must obtain Franchisor's written consent in each instance, which Franchisor may grant or withhold based on its business judgment. Failure to obtain Franchisor's express written consent before providing advertising or otherwise soliciting such Yachting Brokerage services outside of the U.S. for any such listings is a breach of this Agreement entitling Franchisor to terminate this Agreement pursuant to Section 20.3.16. Likewise, E&V Yachting, Franchisor and other franchisees are permitted to advertise inside Franchisee's Protected Area.

If Franchisee refers a customer or any Yacht or Mooring to another ENGEL & VÖLKERS System franchisee, or receives such a referral from another ENGEL & VÖLKERS System franchisee, Section 14.10 (Referral Fees) will apply.

2.4 ***Reservation of Rights:***

2.4.1 Franchisor reserves all rights not specifically granted to Franchisee herein. This Agreement shall not limit the right of Franchisor or its affiliates to use or franchise the ENGEL & VÖLKERS System or Trademarks, or to engage in or franchise any business activity, including, without limitation, (i) the operation or franchising of a real estate brokerage (irrespective if for residential or commercial real estate) under the Trademarks and using the ENGEL & VÖLKERS System at any location outside the Protected Area or at any location inside the Protected Area, and/or (ii) under any other trade name, trademark or service mark now or hereafter owned by or franchised to Franchisor or its affiliates, at any location outside the Protected Area, or at any location inside the Protected Area for commercial or residential property transactions. Franchisee acknowledges that the rights of Franchisor or its affiliates to use and/or franchise the ENGEL & VÖLKERS System and Trademarks pre-date this Agreement and are not limited or changed by the terms of this Agreement.

2.4.2 Franchisor also reserves the right, now or in the future, to purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or franchise those businesses under the Trademarks or any other marks following the purchase, merger, acquisition or affiliation, regardless of the location of these businesses (which Franchisee acknowledges may be within the Protected Area).

2.4.3 Franchisor further reserves the right to sell itself, its assets, the Trademarks and/or the ENGEL & VÖLKERS System to a third party; go public; engage in a private placement of some or all of its securities; merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. If Franchisor assigns its rights in this Agreement, Franchisor does not need to remain in this type of business or to offer or sell any products or services to Franchisee.

2.4.4 Nothing herein precludes Franchisor, and/or its affiliates from, in or outside the Protected Area (except as restricted by Section 2.3 of this Agreement), engaging in any business activity and deploying any business concept whatsoever and using the Trademarks in connection with such other concepts and business activities. This Agreement does not confer upon Franchisee any right to participate in or benefit from such other concepts or business activities, regardless of whether it is conducted under the Trademarks or not. Franchisor and its affiliates' rights to engage in other business activities are specifically reserved and may not be qualified or diminished in any way by implication.

2.4.5 Franchisor and Franchisee agree and acknowledge that each of them may exercise any right, claim or power under this Agreement separately and individually with respect to each Yachting Brokerage operated pursuant to this Agreement.

3. Yachting Brokerage

3.1 ***Approved Location:*** If Franchisee is a start-up business, Franchisee shall find a Yachting Brokerage location at its own expense at the latest within six (6) months of signing this Agreement. Each chosen location, and also Franchisee's current business location in case Franchisee is a conversion franchisee and wants to use its current location for the Yachting Brokerage, requires Franchisor's prior written approval, which may not be unreasonably withheld (such location, once determined and approved, shall be deemed the "**Approved Location**" as defined in Section 1.5). The Yachting Brokerage may not be relocated nor may further locations be set up without the prior written consent of Franchisor.

3.2 ***Use of Premises:*** Franchisee shall use its premises solely for the operation of the Yachting Brokerage, shall keep the Yachting Brokerage open during local normal business hours for yachting brokerage services. Franchisee shall not use the reyachting brokerage premises for any other purpose or activity at any time.

3.3 ***Yachting Brokerage Design:*** Franchisee shall bear the full cost of constructing, remodeling and equipping its own Yachting Brokerage, which shall be designed in accordance with the plans and standards set out in the System Documentation. All of the furnishings and fittings of the Brokerage Design must be maintained in a clean, well-cared-for condition at all times. Franchisee hereby agrees to arrange for any necessary repairs, redecorations and replacements for its own yachting brokerage without delay and at its own expense. Franchisee is not permitted to make any modifications to the Brokerage Design without the prior written consent of Franchisor.

3.4 ***Necessary Alterations:*** The parties mutually recognize that rapid changes in markets may compel them to make alterations to the appearance of Yachting Brokerage in the interests of all those involved. Franchisee hereby agrees to make any alterations and/or additions to the external and internal appearance of the Yachting Brokerage at its own expense in all cases where Franchisor regards these as necessary for the purpose of adjustment to market requirements, the needs of the market or the activity of competitors. However, this shall only apply in cases where the majority of similarly situated franchisees of Franchisor are also required to make these alterations uniformly in accordance with the ENGEL & VÖLKERS System.

3.5 ***Grand Opening Celebration:*** Within three (3) months of opening its Yachting Brokerage, Franchisee will hold a grand opening public relations event at its own expense in accordance with the guidelines set out in the System Documentation.

4. Intellectual Property Rights

4.1 ***International Registered Trademarks:*** Engel & Völkers Marken GmbH & Co. KG ("**E&V Marken**") is the owner of the following trademarks and service marks

which have been registered in the United States and in other countries: ENGEL & VÖLKERS® and E&V® (stylized lettering in red and black). Grund Genug Verlag und Werbe GmbH **(**"**Grund Genug Verlag**") is the owner of the following trademarks and service marks which have been registered in the United States and other countries: GG® (stylized lettering in red) and GG GLOBAL GUIDE® (stylized). Collectively these marks are called "**Trademarks**".

The above Trademarks have been licensed to Franchisor. Franchisor may also grant non-exclusive franchises to use additional or different trademarks, service marks and trade dress in the future, which will be included in the definition of "Trademarks".

If for any reason now or hereafter one or more of the Trademarks can no longer be used, or if Franchisor in its sole business judgment determines to modify or discontinue any of the Trademarks, or to adopt and use one or more additional or substitute Trademarks, then Franchisee agrees to promptly comply with any of Franchisor's directions or instructions to modify or discontinue use of any Trademark and/or adopt and use one or more additional substitute Trademarks in accordance with the prior sentence. Franchisor shall not have any obligation to reimburse Franchisee for any expenditures Franchisee makes to comply with such instructions or directions. Nor will Franchisor be liable to Franchisee for any other expenses, losses or damages sustained by Franchisee or its franchised Business as a result of any Trademark addition, modification, substitution or discontinuation. Franchisee waives any claim or any such expenses, losses or damages and covenants not to commence or join in any litigation or other proceeding against Franchisor or any of Franchisor's affiliates for any of these expenses, losses or damages. If any trademarks, service marks, tradenames, logos, or other marks that are currently or in the future may be encompassed in the definition of "Trademarks" are modified or discontinued Franchisee's rights to use such Trademarks, or any other rights to such Trademarks shall cease upon Franchisor's notice to Franchisee of the discontinuance or modification, and such trademarks, service marks, tradenames, logos, or other marks will no longer be encompassed in the definition of "Trademarks" under this Agreement with respect to Franchisee's rights thereto.

4.2 ***Extent of Franchisor's Rights:*** Franchisor has the non-exclusive right and license to use the Trademark ENGEL & VÖLKERS® and other Trademarks in the United States solely for the purpose of operating its own Yachting Brokerage and granting third parties the right to use the Trademarks to operate a Yachting Brokerage.

4.3 ***Franchisee's Rights:*** Franchisee is hereby granted a non-exclusive franchise for the Term to use the Trademarks listed in Section 4.1 solely for the purpose of operating its Yachting Brokerage under this Agreement. Franchisee may use the Trademarks in connection with the publication of its activity under this Agreement in its correspondence (including its business documents, letterheads, listing presentations, business cards, etc.) and also in advertisements, subject to compliance with the standards stipulated by Franchisor and in the System Documentation. Franchisee shall use the trademark ENGEL & VÖLKERS® and other Trademarks solely in accordance with the provisions of this Agreement and System Documentation and shall not use or apply for the registration of any mark or names confusingly similar to any Trademark, or use or apply for the registration

of any mark or name that incorporates in whole or in part any Trademark, or, use or cause such marks or names to be registered that would prejudice the rights attaching to any Trademark in any other way whatsoever.

4.4 ***Individual Personnel Are Not Independently Licensed to Use Trademarks:*** Franchisee acknowledges and agrees that no one employed or contracted by Franchisee's Yachting Brokerage in any capacity, including any licensed yachting agent ("**Sales Advisor**") or person otherwise affiliated with Franchisee's Yachting Brokerage has any direct or independent right or license to use the Trademarks, but rather that their use of the Trademarks comes under and is subject to and contingent upon Franchisee's license to use such marks as set forth in this Agreement.

4.5 ***Assumed Name Filings/Disclaimer:*** Franchisee may not use the names ENGEL & VÖLKERS®, ENGEL & VOLKERS, ENGEL & VOELKERS, E&V®, ENGEL AND VÖLKERS, ENGEL AND VOELKERS, EV, EV YACHTING, E&V YACHTING or any other confusingly similar name as part of its company's legal name without the prior express written permission of Franchisor. Franchisee's company will operate under the name set forth in the summary attached as **Appendix 1**. Franchisee shall place a conspicuous notice on or near the front entrance of its Yachting Brokerage that clearly states: "[NAME OF FRANCHISEE] IS AN INDEPENDENTLY OWNED AND OPERATED FRANCHISED BUSINESS" or any modification of this statement as Franchisor may require in the System Documentation ("the **Disclaimer**"). Franchisee must include the Disclaimer in all dealings with customers, contractors, suppliers, public officials, members of the public, and on all signage, business cards, stationery, promotional and advertising materials, online communications, documents and all other materials it uses. Franchisee shall obtain such fictitious or assumed name registrations as may be required under applicable law or as may be required by Franchisor to distinguish itself from Franchisor. Franchisee must obtain Franchisor's written approval before using, registering or changing any assumed name or trade name. Franchisee may not publicly announce any assumed name/trade name until such name has been approved in writing by Franchisor. Any assumed name/trade name listed in **Appendix 1** is deemed approved as of the Effective Date. If permission is granted to use the names ENGEL & VÖLKERS®, ENGEL & VOLKERS, ENGEL & VOELKERS, E&V®, EV, EV YACHTING, E&V YACHTING or any other similar name in Franchisee's legal name or any fictitious or assumed name, Franchisee must promptly remove that name from its legal name, or if applicable, promptly terminate the fictitious or assumed name registration, upon termination or expiration of this Agreement. While it is the parties' intention that Franchisee will operate under the same trade name and assumed name throughout the Term, Franchisor reserves the right to require Franchisee to change its trade name and assumed name, if in Franchisor's opinion the existing trade name or assumed name causes, or is likely to cause, confusion among consumers as to the relationship between Franchisor or another franchisee, about the area serviced by the Franchisee, or similar matters. The cost of changing trade name or assumed name will be borne by Franchisee, provided that Franchisor will endeavor to keep such expenses as low as reasonably possible.

4.6 ***Goodwill:*** Franchisee acknowledges and agrees that it shall not acquire any proprietary rights in the Trademarks by virtue of the franchise granted to

Franchisee in this Agreement or otherwise. All goodwill established by Franchisee's use of the Trademarks will inure to the sole and exclusive benefit of E&V Marken or Grund Genug Verlag. Franchisee agrees not to contest at any time either the validity or E&V Marken's ownership of any of the Trademarks, including ENGEL & VÖLKERS® or E&V®, or Grund Genug Verlag's ownership of GG® and GG GLOBAL GUIDE®. Any unauthorized use of the Trademarks by Franchisee will constitute an infringement of E&V Marken's or Grund Genug Verlag's rights in and to their respective Trademarks.

4.7 ***Defense of Rights:*** Franchisor will defend the Trademarks at its own expense unless those rights are defended by E&V Marken or Grund Genug Verlag. Franchisee must notify Franchisor of any infringements of or attacks on the Trademarks or Franchisor's associated intellectual property rights and give assistance to Franchisor as requested in any relevant legal proceedings. Assistance by Franchisee will be at the cost of Franchisor insofar as and to the extent Franchisor has given its explicit prior approval regarding such assistance by Franchisee. Franchisee will not institute legal proceedings for infringement of these Trademarks without the prior written consent of Franchisor.

4.8 ***Loss of Rights:*** If Franchisor's right to establish a franchising system utilizing the ENGEL & VÖLKERS System and Trademarks in the United States as set forth in Section 1.4 expires or is terminated, this Agreement shall automatically terminate upon written notice to Franchisee. Franchisee is not entitled to file any further claims for compensation, non-performance or reduction of royalties payable on the grounds of loss of these Trademarks.

5. General Services to be Provided by Franchisor

5.1 ***Services:*** Franchisor will provide the following services to Franchisee under this Agreement:

5.1.1 Access to the ENGEL & VÖLKERS international network;

5.1.2 Training courses for Franchisee in accordance with Section 9;

5.1.3 Administrative, technical and marketing support in connection with the use of the ENGEL & VÖLKERS System;

5.1.4 Access to the System Documentation, which contain Franchisor's recommended methods, specifications, procedures and products for operation of Franchisee's Yachting Brokerage under the ENGEL & VÖLKERS System. Franchisor reserves the right to make changes in the System Documentation from time to time;

5.1.5 Organizing exchanges of information and experience among franchisees;

5.1.6 Make Franchisor's proprietary Integrated Product Suite available and integrate Franchisee into the ENGEL & VÖLKERS information technology network; and

5.1.7 Optional programs, designations and services that Franchisor may develop from time to time and make available to qualifying franchisees.

5.2 ***Delegation of Services:*** Franchisor shall be entitled to delegate performance of services to be provided under this Agreement to qualified third parties. The ongoing Royalty payment stipulated in Section 14.2 will cover the services provided by Franchisor, except Franchisee will have to pay for services of third parties subject to such third parties' or Franchisor's then current price lists (for example, additional training and GG Magazine advertising, and for the cost of marketing materials). Failure on Franchisee's part to avail itself of any services shall not affect the amount of the Royalty payments. Each of these price lists (hereinafter called the "**Price Lists**") are subject to revision at any time by the third party or by Franchisor. Franchisee will pay the prices set forth in the respective Price List then current at the time the services are ordered. Franchisor will periodically provide Franchisee with a separate price list for training, the GG Magazine advertising, and marketing articles.

5.3 ***Cooperation:*** Should the provision of a given service require Franchisee's cooperation, in particular its attendance at conferences and/or training courses organized by Franchisor, Franchisee shall not be entitled to claim provision of the service unless it takes the necessary action to receive the service.

5.4 ***Approved Suppliers:*** Franchisor has the right to designate or approve, from time to time, one or more third parties (hereinafter called a "**Supplier**" or "**Suppliers**"), which Supplier may be Franchisor or one of its affiliates, to supply Franchisee with certain products and services, including supplies to be used in Franchisee's Yachting Brokerage. If Franchisor does so designate or approve a Supplier, Franchisee shall purchase the categories of products or services only from Suppliers so designated or approved by Franchisor. Franchisor, or one or more of its affiliates, may be the sole approved Supplier.

Franchisor may concentrate purchases with one or more Suppliers to obtain lower prices, better advertising support and/or better services for any group of franchisees. If Franchisee proposes to contract for or purchase products or services from any supplier that Franchisor has not previously designated or approved for such products or services, Franchisee must notify Franchisor in writing and submit to Franchisor all information, specifications and samples that Franchisor requests. Any products or services from Suppliers must be in accordance with the then - current ENGEL & VÖLKERS System standards. Such approval of any products or services will be made by Franchisor based on samples that have been provided to it. Franchisor reserves the right to require that samples from the proposed Supplier be delivered to Franchisor or its designated testing facility for evaluation and testing. Franchisor will have sole discretion as to whether or not to approve any supplier. Approval of a Supplier as to any products or services must be made by Franchisor in writing and may also be conditioned on requirements relating to the frequency of delivery, standards of service, including prompt attention to complaints, concentration of purchases and other criteria, and may be conditioned on the supplier providing Franchisor with adequate insurance protection, the Supplier's execution of reasonable indemnity and confidentiality agreements, and the Supplier's payment of reasonable license fees to Franchisor if the Trademarks

are to be used, and may be temporary or conditional, pending Franchisor's further evaluation of the Supplier.

Franchisor reserves the right to re-inspect, at any time, the products and/or services of any approved Supplier and to revoke the approval upon the Supplier's failure to continue to meet any of Franchisor's then current criteria.

Franchisor and/or its affiliates may realize a profit or receive payments, rebates, discounts or other allowances in connection with Franchisee's purchases of products or services from approved Suppliers, and Franchisor and/or its affiliates may retain those profits, payments, rebates, discounts or other allowances for its own account without having any obligation to provide any benefits to Franchisee.

FRANCHISOR MAKES NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES OR OTHER ITEMS FRANCHISOR APPROVES AND FRANCHISOR EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION AND ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, OR OTHER APPROVED ITEMS.

5.5 ***Systemwide Supply Contracts:*** Franchisee acknowledges that Franchisor may, in the exercise its business judgment, enter into exclusive and non-exclusive supply contracts for programs, products, supplies, equipment, materials, other items, or services to be used or sold either by all or a subset of Yachting Brokerages situated within one or more geographic regions (each, a "**Systemwide Supply Contract**"). Franchisee will cooperate with the process of Franchisor negotiating with a supplier or vendor for such purpose, such as situations where Franchisor is negotiating with a mortgage or title or insurance company, or other third party vendors that are considered for a system-wide or region-wide program offering. Franchisor may enter in such Systemwide Supply Contracts with one or more vendors for programs, products, supplies, equipment, materials and services that, if the Systemwide Supply Contract is exclusive, all company-owned and franchised brokerages in the United States, or in a designated geographic area, will be required to purchase, use and/or sell. If Franchisor does so, then immediately upon notification, Franchisee and all other Yachting Brokerages (or, as applicable, those in the designated geographic area) must purchase the specified program, product, supply, equipment, material, item or service only from the designated supplier. Franchisee may be required to contract directly with the vendor party to the Systemwide Supply Contract in order to make such purchases. However, if at the time of Franchisor's notification, Franchisee is already a party to a non-terminable supply contract with another vendor or supplier for the item in question, then Franchisee's obligation to purchase from Franchisor's designated supplier under the Systemwide Supply Contract will not begin until the scheduled expiration (or earlier termination) of Franchisee's pre-existing supply contract.

Franchisor makes no representation that Franchisor will enter into any Systemwide Supply Contracts or other exclusive supply arrangements or, if Franchisor does so, that Franchisee would not otherwise be able to purchase the same programs,

products and/or services at a lower price from another supplier. Franchisee agrees that, as between the parties hereto, Franchisor may add to, modify, substitute or discontinue Systemwide Supply Contracts or exclusive supply arrangements in the exercise of Franchisor's business judgment.

6. General Obligations of Franchisee

6.1 ***Independent Contractor:*** Franchisee is and shall be an independent contractor and nothing contained in this Agreement shall be construed to create a partnership, joint venture, agency, fiduciary, or employment relationship of any kind between the parties. Franchisee does not have the authority to bind or obligate Franchisor in any way by any promise or representation, except as specifically and expressly authorized by Franchisor in writing.

6.2 ***Personnel:*** Franchisee hereby agrees to employ only qualified personnel with background, experience and credentials customary under best practices and standards in the yachting brokerage industry. Franchisee and, if an entity, at least one of its officers, partners and/or managers, must be licensed as a yacht broker, and every employee or Sales Advisor who is involved in yachting brokerage activities for Franchisee shall have a yacht broker, salesperson or other appropriate license, if and as required by applicable law, rules or regulations. These employees and Sales Advisors must have attended an appropriate training course conducted by Franchisor and have passed related tests. Franchisee is responsible for ensuring that its Yachting Brokerage is open during local normal business hours for yachting brokerages. Franchisee shall be responsible for ensuring that its obligations under this Agreement are observed by its employees and Sales Advisors. Franchisee understands and agrees that Franchisor is not a party to Franchisee's employment contracts (neither as sole, nor as a joint employer) with its own staff and Sales Advisors, and Franchisee shall be solely liable for fulfillment of these contracts in every respect (*e.g.*, deduction and remittance of income taxes, social security contributions, etc.). None of Franchisee's employees, contractors or Sales Advisors will be considered to be Franchisor's employees and Franchisee acknowledges that Franchisor is not in a position to exercise control over Franchisee's employees, contractors or Sales Advisors. Neither Franchisee nor any of its employees, contractors or Sales Advisors whose compensation it pays may in any way, directly or indirectly, expressly or by implication, be construed to be Franchisor's employee for any purpose, including with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement to certify certain of Franchisee's employees, contractors or Sales Advisors for qualification to perform certain functions for Franchisee's franchised Business does not directly or indirectly vest in Franchisor the power to hire, fire or control any such employee, contractor or Sales Advisor.

6.3 Franchisee acknowledges and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities and elements of its franchised Business hereunder and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never contend otherwise, that the various requirements,

restrictions, prohibitions, specifications and procedures of the ENGEL & VÖLKERS System which Franchisee is required to comply with under this Agreement, whether set forth in the System Documentation or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of Franchisee's franchised Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising Franchisee's control of the day-to-day operations of its franchised Business.

6.4 Franchisee may not, without Franchisor's prior, express, written approval, obligate Franchisor for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. Except as expressly provided in this Agreement, Franchisor may not control or have access to Franchisee's funds or the expenditure of Franchisee's funds or in any other way exercise dominion or control over Franchisee's business. Except as otherwise expressly authorized by this Agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between Franchisor and Franchisee is other than that of franchisor and franchisee. Franchisor does not assume any liability, and each will not be considered liable, for any agreements, representations, or warranties made by Franchisee which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to Franchisee's operation of the franchised Business hereunder.

6.5 Franchisee covenants and promises that it will not avail itself of any rights or remedies at law or in equity that may arise from an assertion that: (i) Franchisee is Franchisor's agent, legal representative, subsidiary, joint venturer, partner, employee, or servant; or (ii) Franchisor is an employer or joint employer for Franchisee's employees. If such a claim is brought against Franchisor, Franchisor may use Franchisee's covenant in this Section as an absolute defense against such claim. Further, if any such claim is brought against Franchisor or its affiliates or subsidiaries, or its current and former officers, directors, shareholders, partners, employees, predecessors, successors, attorneys, agents, representatives, and assigns, Franchisee will indemnify, defend, reimburse and hold harmless any such party from and against any such claim.

Franchisee hereby irrevocably affirms, attests and covenants its understanding that in no fashion is Franchisee, or may Franchisee be deemed to be, Franchisor's employee (under any theory or definition of "employee" or "employment") and that Franchisee's employees are employed exclusively by Franchisee and in no fashion is Franchisee or any such employee either employed, jointly employed or co-employed by Franchisor. Franchisee further affirms and attests that each of its employees is under the exclusive dominion and control of Franchisee and never under the direct or indirect control of Franchisor in any fashion whatsoever. Franchisee alone hires each of its employees; sets their schedules; establishes their compensation rates; and, pays all salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/Affordable Care Act contributions/unemployment insurance premiums). Franchisee alone has the ability to discipline or terminate its employees to the exclusion of Franchisor, which has no such authority or ability.

Franchisee further attests and affirms that minimum staffing requirements established by Franchisor, if any, are solely for the purpose of ensuring that Franchisee's franchised Business is at all times staffed at those levels necessary to operate Franchisee's business in conformity with the ENGEL & VÖLKERS System and the services, standards of quality and efficiency, and other ENGEL & VÖLKERS brand attributes known to and desired by the consuming public and associated with the Trademarks. Franchisee affirms, warrants and understands that it may staff its franchised business with as many employees as it desires at any time so long as Franchisor's minimal staffing levels are achieved. Franchisee also affirms and attests that any recommendations it may receive from Franchisor regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist it to efficiently operate its franchised Business, and that Franchisee is entirely free to disregard Franchisor's recommendations regarding such employee compensation. Moreover, Franchisee affirms and attests that any training provided by Franchisor for Franchisee's employees is geared to impart to those employees, with ultimate authority, the various procedures, protocols, systems and operations of a franchised business and in no fashion reflects any employment relationship between Franchisor and such employees. Finally, should it ever be asserted that Franchisor is the employer, joint employer or co-employer of Franchisee or any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue requested by Franchisor to testify on Franchisor's behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of Franchisee or any of Franchisee's employees). To the extent Franchisor is the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of Franchisee, then should any such appearance by Franchisee be required or requested by Franchisor, Franchisor will recompense Franchisee the reasonable costs associated with Franchisee appearing at any such venue (including travel, lodging, meals and per diem salary if applicable).

6.6 ***Franchisee's Approved Location and Other Activities:*** Franchisee will use its best efforts to promote the ENGEL & VÖLKERS System. Furthermore, to maintain the integrity of the ENGEL & VÖLKERS System, Franchisee is required, in accordance with this Agreement, to submit its proposed Yachting Brokerage location and exterior brokerage designs (renderings) in advance to Franchisor for approval, which will not be unreasonably withheld. Franchisee agrees and acknowledges that it must only have a Yachting Brokerage location and exterior brokerage designs (renderings) that are compliant with the ENGEL & VÖLKERS' System and System Documentation and that failure to do so will be a material breach of this Agreement. Franchisee hereby agrees not to encourage or permit any activities in its Yachting Brokerage which are incompatible with this Agreement, the ENGEL & VÖLKERS System or with the type of Yachts and Moorings covered by this Agreement. Any exceptions to this rule shall require the prior written consent of Franchisor.

6.7 ***Laws and Regulations:*** Franchisee hereby agrees to observe and obey all federal, state and local laws, official regulations and decrees applicable in the state where its Approved Location is located, as well as anywhere else where Franchisee

conducts business pursuant to this Agreement. This obligation includes licensing as a yacht broker, and any licenses and permits which it may require for the performance of its business. During the Term, Franchisee must provide Franchisor annually (no later than January 31 of each year) with a current copy of its yachting broker license, if such license is required by law in the state in which Franchisee conducts its business. In particular, Franchisee agrees to abstain from any actions which Franchisor has expressly agreed not to perform in agreements with third parties or from which it is obliged to abstain under law. Franchisee understands and agrees that it shall be liable for any damage or loss incurred by Franchisor as a result of its failure to observe the foregoing undertakings.

6.8 ***Standard Contract Terms:*** Franchisor recommends that Franchisee use standard contract terms consistent with local law when providing yachting broker services to customers in connection with the types of property covered by this Agreement.

6.9 ***Operations Under the ENGEL & VÖLKERS Name:*** Franchisee hereby agrees to operate its Yachting Brokerage for the types of Yachts and Moorings covered by this Agreement solely under the ENGEL & VÖLKERS name and to agree on a commission for each transaction it provides services for.

6.10 ***Professional Standards and Code of Ethics:*** When providing Yachting Brokerage Services covered by this Agreement and otherwise in the operation of the Yachting Brokerage, Franchisee and its employees and Sales Advisors will protect the reputation and value of the ENGEL & VÖLKERS System and Trademarks and shall observe any best practices stipulated in the System Documentation, including any Code of Ethics Franchisor may develop, and conform to any Code of Ethics or similar standard of conduct promulgated by any yachting association to which Franchisee or its employees or Sales Advisors belong. Franchisee, its Sales Advisors, contractors and employees will provide yachting brokerage services and will interact with its customers, the general public, other franchisees and Franchisor and its affiliates in accordance with the highest professional standards. Should for any reason disputes or complaints arise between Franchisee and its Sales Advisors, its employees, its clients or other franchisees, Franchisee will respond to and resolve such disputes or complaints without delay, professionally and fairly. Franchisee will, at Franchisor's request and when necessary and appropriate, cooperate with Franchisor, should Franchisor become aware or otherwise be notified of any such disputes and complaints.

6.11 ***Information:*** To assist Franchisor to prepare its Franchise Disclosure Document, Franchisee agrees to promptly provide to Franchisor such information on the operation of its Yachting Brokerage as Franchisor may request from time to time.

6.12 ***Taxes and Other Obligations:*** Franchisee agrees to promptly pay when due all taxes, accounts, liabilities, indebtedness and other obligations of any kind incurred by Franchisee in the conduct of its Yachting Brokerage. "**Taxes**" shall include those incurred by Franchisee in the conduct of its Yachting Brokerage (including income taxes, or general business taxes, whether by gross receipts or otherwise), and taxes incurred by Franchisor or one of its affiliates, with respect to services or property provided to, or royalties or fees charged to, Franchisee, including sales, use, gross receipts or similar transaction taxes on Franchisee's revenues or receipts. Franchisee agrees to pay to Franchisor the amount of any state or local sales, use,

gross receipts or similar tax that Franchisor may be required to pay on payments which Franchisee makes to Franchisor under this Agreement, regardless of whether the state or local tax is imposed directly on Franchisor, is required to be withheld by Franchisee from amounts due to Franchisor under this Agreement, or is otherwise required to be collected by Franchisee from Franchisor. Franchisee's obligation under this Section shall not be reduced or offset by any type of claim, credit or deduction of any kind. This provision shall not apply to income taxes or comparable taxes measured by income to which Franchisor may be subject.

6.13 ***Sales Information:*** Upon request by Franchisor, Franchisee agrees to provide Franchisor with a copy of the documentation for each transaction which closes in order to allow Franchisor to confirm the amount of commissions or fees paid to Franchisee, which shall be submitted within ten (10) days of the request.

6.14 ***Optional Programs and Designations:*** Franchisor may from time to time develop optional programs and designations that Franchisee, and its Sales Advisors and employees may participate in, provided they satisfy the criteria for participation. Franchisor may make such programs and designation subject to Franchisee and its Sales Advisors and employees satisfying any and all criteria set by Franchisor, including, but not limited to: (i) Franchisee's or its participating Sales Advisors' and employees' previous expertise and experience in the field that is the subject of the program or designation; (ii) Franchisee applying to participate in the program or designation; (iii) Franchisee and its participating Sales Advisors and employees successfully completing designated training; (iv) Franchisee's and its participating Sales Advisors' and employees' compliance with any and all terms and conditions for the program or designations; and (v) Franchisee timely paying all applicable fees. The criteria for participation in a program or designation may change over time and the criteria may be different from joining a program or designation than for maintaining the same.

6.15 ***Adequate Reserves and Working Capital:*** Franchisee must at all times maintain adequate reserves and working capital sufficient for it to fulfill all of its obligations under this Agreement and to cover the risks and contingencies of its franchised Business hereunder for at least three (3) months. These reserves may be in the form of cash deposits or lines of credit. Franchisor reserves the right to require, in its sole business judgment, that Franchisee meet certain additional or different financial requirements, which may include the requirement to maintain (i) a minimum working capital reserve, (ii) a minimum debt service coverage ratio, (iii) a maximum amount of incurred debt, and (iv) any other reasonable financial health metrics required by Franchisor. Franchisor will provide such requirements to Franchisee in writing and they will become effective thirty (30) days after Franchisor provides written notice of such requirement(s) to Franchisee.

7. Information Technology

7.1 ***Franchisee's Rights:*** Franchisor hereby grants Franchisee a non-exclusive and non-transferable right to use the Integrated Product Suite during the Term. The Integrated Product Suite license granted hereunder includes the right to use the Integrated Product Suite and may, from time to time, include the right to use certain associated instructions and other documentation which may be made available to

Franchisee in written, electronic or other forms (collectively, the "**Licensed Materials**").

7.2 ***Integrated Product Suite:*** The Integrated Product Suite, will consist of web-based or other technology and other tools to be employed by Franchisee in the operation of its Yachting Brokerage and may consist of tools such as brokerage and Sales Advisor websites, customer relationship management tools, and email service through domain names such as evyachting.com and such other tools as may be directed, devised or determined by Franchisor from time to time and may be amended from time to time in Franchisor's discretion as further set forth in Section 7.7.

7.3 ***Authorized Users.*** The only authorized users of the Integrated Product Suite and Licensed Materials besides Franchisee shall be employees or Sales Advisors of Franchisee who have been trained in the ENGEL & VÖLKERS' training program or trained by a qualified employee of Franchisee (collectively, the "**Licensed Users**"). No other persons may have access to the Integrated Product Suite and the Licensed Materials without the prior written consent of Franchisor.

7.4 ***Ownership of Integrated Product Suite and Licensed Materials.*** Franchisee acknowledges that the Integrated Product Suite and Licensed Materials include valuable trade secrets and copyrighted materials of Franchisor or its licensors, which information is being disclosed to Franchisee and the Licensed Users solely pursuant to the confidential relationship established under this Agreement. Title to and all intellectual property rights in the Integrated Product Suite and its branding and the customization specification as well as the Licensed Materials are and shall remain vested in Franchisor or its licensors.

7.5 ***Franchisee's Obligations***.

7.5.1 Franchisee and the Licensed Users shall only use the Integrated Product Suite and the Licensed Materials for the exclusive business purpose of operating the Franchisee's Yachting Brokerage under the Franchise Agreement at Franchisee's Approved Location, or acting as a Sales Advisor for the Franchisee's Yachting Brokerage under the Franchise Agreement, in each case in accordance with this Agreement and the requirements of the ENGEL & VÖLKERS System, as may be amended from time to time. No other use of the Integrated Product Suite and the Licensed Materials is permitted.

7.6 ***Conditions of Use.*** Franchisee agrees that the conditions of use are as follows:

7.6.1 Franchisee shall be obliged to ensure by separate agreement with each Licensed User that any of Franchisee's obligations stipulated in this Agreement are also to be complied with by its Licensed Users;

7.6.2 Neither Franchisee nor any of its Licensed Users or employees or Sales Advisors shall, or shall allow any other person to: modify, copy, adapt, reverse engineer, decompile, disassemble or otherwise use the Integrated Product Suite or the Licensed Materials;

7.6.3 Franchisee may not sublicense, assign or transfer, directly or indirectly or by operation of law or otherwise, any rights in the Integrated Product Suite or in the Licensed Materials;

7.6.4 Franchisee shall comply with all specifications issued by Franchisor with respect to the Integrated Product Suite and required hardware, at Franchisee's expense;

7.6.5 It is Franchisee's and each of its Licensed User's responsibility to obtain and maintain at its sole cost the necessary equipment and hardware as prescribed by Franchisor to use the Integrated Product Suite and Licensed Materials. Upgrades to hardware will be required if the Integrated Product Suite requires an upgrade or if the hardware becomes unable to perform the required functions for electronic reporting, and Franchisee and its Licensed Users must bear the cost to upgrade;

7.6.6 Franchisee shall abide by all applicable laws pertaining to the privacy of Franchisor, consumers, employees, and transactional information. Franchisee shall comply with Franchisor's standards and policies pertaining to such privacy laws. If there is a conflict between Franchisor's standards and policies pertaining to such laws and actual applicable law, Franchisee shall: (a) comply with the requirements of applicable law; (b) immediately give Franchisor written notice of said conflict; and (c) promptly and fully cooperate with Franchisor and Franchisor's counsel in determining the most effective way, if any, to meet Franchisor's standards and policies pertaining to such laws within the bounds of applicable law. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

7.6.7 Franchisee shall abide by all applicable laws and rules set forth in the System Documentation pertaining to the posting, uploading, and contributing of any content (which may include pictures, photos, drawings, text, messages, videos, sound, information data and other types of content, (collectively "**Content**") to and other use of the Integrated Product Suite. Franchisee agrees that (a) Franchisee must have the right to post any such Content to the Integrated Product Suite, (b) where such Content is owned by and/or is the property of one or more third parties, that Franchisee must have obtained a license or consent to post such Content to the Integrated Product Suite, and (c) such Content or its use by Franchisee and/or Franchisor, must not otherwise violate (i) any agreement Franchisee may have with Franchisor, or its licensors, (ii) applicable law, or iii) any intellectual property (including, without limitation, copyright), publicity, personality or other rights of any other third party. Upon request, Franchisee will provide Franchisor with proof of ownership to the Content or of a license or other permission to post the Content to the Integrated Product Suite.

7.7 ***Modifications of Integrated Product Suite.*** Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the Term. In order to provide for inevitable but unpredictable changes to

technological needs and opportunities and changes to the ENGEL & VÖLKERS System, Franchisee agrees that Franchisor shall have the right to add or delete any or all tools, web-based and other technology and software that make up the Integrated Product Suite or any part thereof, and to amend and modify such tools, technology and software as well as the terms for their usage. Franchisor may further establish reasonable new standards for the implementation of technology in the ENGEL & VÖLKERS System, including changes and adaptation to the Integrated Product Suite. Franchisee agrees that it shall adopt any changes or modifications to the Integrated Product Suite and abide by those reasonable modified or new standards established by Franchisor at its sole cost.

7.8 ***Warranty and Disclaimer/Limitation of Liability***

7.8.1 ***Warranty and Disclaimer.*** Franchisor warrants to Franchisee that it has the right to grant the Integrated Product Suite license to Franchisee as stipulated in this Agreement. **Except for the foregoing, the Integrated Product Suite and Licensed Materials are provided "AS IS" and without warranty of any kind, either express or implied by operation of law or otherwise, including, but not limited to, any implied warranties of merchantability or fitness for a particular purpose and warranties against interference or infringement. Franchisor does not warrant or represent that the operation of the Integrated Product Suite or use of the Licensed Materials will be uninterrupted or error free or that any defects in the Integrated Product Suite or Licensed Materials will be or can be corrected.**

7.8.2 ***Limitation of Liability.*** **Franchisor shall in no event be liable to Franchisee or to any third party for any lost profits, revenues, business opportunities or business advantages whatsoever, nor for any special, consequential, indirect or incidental losses, damages or expenses directly or indirectly relating to Integrated Product Suite or Licensed Materials, caused through Franchisee's use or misuse of the Integrated Product Suite or Licensed Materials, any obligation under or subject matter of this Agreement, whether such claim is based upon breach of contract, breach of warranty, negligence, strict liability in tort or any other theory of relief.**

7.9 ***Confidentiality Obligations***. Franchisee and its Franchisor Users and employees and Sales Advisors shall keep secret and confidential and shall not disclose, provide or otherwise make available to any person the proprietary information regarding the Integrated Product Suite and the Licensed Materials, including, without limitation, codes, algorithms, methods of processing, any modifications or releases, any originals and copies thereof, in whole or in part, and all copyrights, trademarks, patents, trade secrets and other intellectual property rights therein (collectively, "**Proprietary Information**"). The Proprietary Information is and shall remain the valuable and exclusive property of Franchisor and/or its licensors.

7.10 ***Security Measures.*** Franchisee shall use its best efforts and shall employ reasonable security measures, including having the Licensed Users with access to the Integrated Product Suite, Licensed Materials and Proprietary Information sign appropriate non-disclosure agreements which are acceptable to Franchisor, to

prevent any unauthorized disclosure of or access to the Proprietary Information and shall immediately advise Franchisor of any information it has or receives of any unauthorized disclosure or access. Franchisee shall have no confidentiality obligations under this Section with respect to that Proprietary Information that becomes part of the public domain through no breach of any confidentiality obligation of any person.

7.11 ***Franchisor's Rights Upon Breach***. Franchisee acknowledges and agrees that the remedy at law for any breach by Franchisee of any provisions of this Agreement regarding the ownership, confidentiality or nondisclosure of the Integrated Product Suite, the Licensed Materials or other Proprietary Information will be inadequate and Franchisor would suffer continuing and irreparable injury to its business as a direct result of such violations or events. Therefore, if Franchisee breaches or fails to perform any such provisions hereof, then Franchisor shall be entitled, in addition to its other remedies, to institute and prosecute proceedings in any court of competent jurisdiction, either in law or in equity, to obtain the specific performance thereof by Franchisee or to enjoin Franchisee from violating such provisions without bond.

8. Business Supplies

8.1 ***Marketing Articles:*** Franchisee hereby agrees to order from Franchisor or one of its affiliates, or from Suppliers approved by Franchisor, stocks of marketing materials bearing the Trademarks (*e.g.*, pens, pencils, postcards, key rings, etc.) at the then current price for such marketing materials. Franchisor or its affiliates may amend the list of available marketing materials and the price list for such marketing materials, at their sole discretion, from time to time.

8.2 ***Business Stationery:*** Franchisee hereby undertakes to prominently display the ENGEL & VÖLKERS logo in the form stipulated in the most recent version of the System Documentation on all its correspondence and forms, including business documents, letterheads, invoices, business cards, etc. In cases where Franchisee has its own business documents printed, these items require the prior written consent of Franchisor. Franchisee will impose a corresponding requirement on its Sales Advisors.

8.3 ***Terms of Sale and Supply:*** The then current version of ENGEL & VÖLKERS Terms of Sale and Supply (the current version is attached as **Appendix 2** to this Agreement) shall apply to the sale of all goods and services supplied by Franchisor or its affiliates to Franchisee. Franchisor and its affiliates reserve the right to revise or modify the Terms of Sale and Supply and/or to have separate Terms of Sale and Supply for Franchisor or any of its affiliates.

9. Training Courses

9.1 ***General:*** In order to ensure that Franchisee is able to operate its Yachting Brokerage in compliance with the ENGEL & VÖLKERS System, Franchisee (or if it is an entity, its Principals) agrees to attend and agrees to send certain of its employees and Sales Advisors to attend training courses designated by Franchisor. This training will be provided by Franchisor at such locations, or in a virtual format and at times as Franchisor may determine at its sole discretion, and Franchisee

shall pay such training fees as may be charged by Franchisor. Any training fees that are charged must be paid by Franchisee prior to the time the trainee is trained. The training program is described below in Sections 9.2 to 9.6.

9.2 ***Sales Advisor System Training:*** Franchisee, or if Franchisee or its Principals (as hereinafter defined) will not be active in the operation of the Yachting Brokerage, Franchisee's brokerage manager and office managers must prior to the Payment Start Date (as defined in Section 14.2.1) complete the Sales Advisor System Training ("**Engel & Völkers Engage**") provided by Franchisor at a location or in virtual format, as determined by Franchisor. Any new brokerage manager appointed by Franchisee must attend the System Training within ninety (90) days of their appointment. All Sales Advisors of Franchisee and employees supporting Sales Advisors must successfully complete the Engel & Völkers Engage provided by Franchisor within ninety (90) days of affiliating with Franchisee.

9.3 ***Support Path Training***. Though not currently required, Franchisor has the right to require during the Term that at least one administrative employee of Franchisee must attend the Engel & Völkers Support Path Training ("**SPT**") provided by Franchisor, or such similar training programs that may replace SPT. If required, Franchisee must at all times have at least one employee in its employ who have attended SPT.

9.4 ***Further Training Courses and Changes to Training Programs:*** Franchisee and its employees and Sales Advisors must also attend additional training courses in accordance with the ENGEL & VÖLKERS training program applying at any given time. Franchisor may also develop training programs that only apply to certain Franchisees and such Franchisees' Sales Advisors or employees. Franchisor and Franchisee acknowledge that the ENGEL & VÖLKERS System will change over time and that both training requirements and mandatory and optional training offerings may change. Neither Franchisor, nor any affiliate of Franchisor, is required to maintain any of the training programs described in this Agreement and may develop new mandatory and optional programs.

9.5 ***Costs:*** All costs for all persons to attend the training courses, including travel, accommodation, food and out-of-pocket expenses, including salaries of employees or Sales Advisors, will be borne by Franchisee.

9.6 ***On-Site Training:*** If Franchisee requests that training be conducted at Franchisee's Approved Location, and Franchisor agrees to provide training at such location, Franchisee must pay the trainers' expenses for travel, accommodation, food and other out-of-pocket expenses.

10. Advertising and Marketing

10.1 ***Public Relations:*** Franchisee will be responsible for Franchisee's own local media public relations in compliance with the System Documentation. However, Franchisor may provide support from time to time in the form of regional public relations and assistance to Franchisee in general Public Relations activities.

10.2 ***GG Magazine:*** Franchisee is required to purchase at least 200 copies per issue of the GG Magazine for its Approved Location with the cost to be borne by

Franchisee. Franchisee must place at least one (1) full page advertisement per year for its Approved Location by advertising Yachts and/or Moorings in one (1) issue of GG Magazine (the issue to be selected by Franchisee). Should Franchisor grant Franchisee a franchise for multiple Approved Locations, Franchisee must place at least one (1) full page advertisement per year for the first and second Approved Location, at least one (1) additional full page advertisement per year for the third and fourth Approved Location and at least one (1) additional advertisement per year for the fifth or subsequent Approved Locations. Franchisee will be entitled to place additional advertisements subject to negotiations with the Grund Genug Verlag. The advertising fees are published in the then current Price Lists. Grund Genug Verlag reserves the right to make reasonable changes to the advertising prices from time to time.

10.3 ***Advertising by Franchisee:*** Franchisee shall be responsible for Franchisee's own local advertising and must comply with the specifications contained in the System Documentation, in particular in

the buyer and seller services,

the design of advertisements,

the design of all signage,

the design of online and printed communications, and

the design of window displays in the Yachting Brokerage.

Franchisee shall utilize only those advertising materials and displays which have been prescribed by Franchisor which are subject to ongoing improvement in the interests of Franchisee and the standardization of the ENGEL & VÖLKERS System. In the interests of standardizing the ENGEL & VÖLKERS System, Franchisee shall obtain the prior written consent of Franchisor to each and every advertising and/or sales promotion campaign unless the campaign does not essentially depart from those previously practiced or recommended by Franchisor and/or does not deviate from those outlined in the System Documentation. In order to ensure uniform application of the ENGEL & VÖLKERS System, Franchisee must obtain Franchisor's prior written consent to every planned advertising and promotional activity which differs significantly from the type of activity practiced or recommended by Franchisor and/or from the instructions contained in the System Documentation.

Additionally, Franchisee is not permitted to use any text, copy, photography, images, sound, and/or video to promote its services and/or listings unless Franchisee has proper authorization or a license to do so on any websites, mobile applications, other electronic media, public relations initiatives, social media, photography, any other advertising, marketing or any other business measures. Franchisee agrees to refrain from any business or advertising practice which might injure Franchisor's business or the goodwill associated with the ENGEL & VÖLKERS System or Trademarks.

Franchisor shall be entitled to set requirements and restrictions on advertising, promotion and other activities that it determines, in its sole discretion, negatively impacts the business of one or more other franchisees or that is specifically targeted or directed towards the protected areas of one or more other franchisees. Such requirements and restrictions are intended to balance the ability of franchisees to freely compete in the marketplace and the right of a franchisee to operate within its protected area without undue interference from other franchisees, and Franchisor shall have full discretion in its determination of such balance. Franchisee agrees to comply with all such requirements and restrictions.

10.4 ***National Marketing and Technology Fund:*** Franchisor may establish, maintain and administer an ENGEL & VÖLKERS National Marketing and Technology Fund **(**"**National Marketing and Technology Fund**"**)** for the benefit of all franchisees in its system. If established, Franchisee is required to make monthly contributions to the ENGEL & VÖLKERS National Marketing Fund by means of certain payments to Franchisor as specified in Section 14.3. Franchisor shall collect such monthly National Marketing and Technology Fund contribution from Franchisee throughout the Term as long as there is a National Marketing and Technology Fund.

Although the National Marketing and Technology Fund expenditures will be intended to maximize general recognition and customer support for all Yachting Brokerages in the United States, Franchisor cannot assure Franchisee that its Yachting Brokerage under this Agreement will benefit directly from the placement of advertising or in proportion to its pro rata share of contributions to the National Marketing and Technology Fund. Franchisee acknowledges that Franchisor and Franchisor's designees undertake no obligation in administering the National Marketing and Technology Fund to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contributions, to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising or to ensure that any advertising impacts or penetrates Franchisee's Protected Area.

The National Marketing and Technology Fund will not be held in trust and Franchisor will have no fiduciary obligation to Franchisor or Franchisee in connection with the collection or administration of the National Marketing and Technology Fund.

All National Marketing and Technology Fund contributions and interest, dividends and other amounts earned thereon shall be used exclusively on national, regional or local media or other marketing techniques, technologies or programs designated to communicate the services of all franchisees in the ENGEL & VÖLKERS System to the public in Franchisor's sole discretion, as well as for any creation and production costs incurred by Franchisor, including providing the Integrated Product Suite to franchisees, improving the Integrated Product Suite, improving and creating technology for productivity tools to assist users of the ENGEL & VÖLKERS System; copies of the GG Magazine as provided in Section 10.2, and for any reasonable accounting, collection, bookkeeping, reporting, administrative and legal expenses and out-of-pocket costs associated with the National Marketing and Technology Fund and for other purposes deemed appropriate by Franchisor to enhance and promote the general recognition of all franchisees, including but not limited to: meet any and all costs of administering, directing, preparing, placing

and paying for national, regional or local advertising, including (without limitation): television, radio, magazine, newspaper and worldwide web/internet/social media advertising campaigns; other advertising, marketing and public relations materials; point-of-purchase materials; consumer research, interviews and related activities; the creation, maintenance and periodic modification of the ENGEL & VÖLKERS website and mobile applications; applications used to advertise listing services; new payment systems; implementation of block chain and/or cryptocurrency tools to facilitate business; payments to vendors for providing services related to technology maintenance, upgrading and system changes; data analytics; technology pilot programs; data security devices, practices, procedures, designs and consultations regarding same; data storage, backup and support; research and focus groups pertaining to relevant technology; applications for intellectual property registration and/or protection of technology that is or becomes part of the System Documentation; any technological innovations, tools, consulting and processes to help facilitate, make more attractive and/or promote the business of ENGEL & VÖLKERS Yachting Brokerages; celebrity endorsements; reviewing any advertising material a franchisee proposes to use (as provided below); search engine optimization; establishing a third party facility for customizing local advertising materials; accounting for National Marketing and Technology Fund receipts and expenditures; attendance at industry related conventions, shows or seminars; other activities that Franchisor in its business judgment believes are appropriate to enhance, promote and/or protect the ENGEL & VÖLKERS System or any component thereof; and, engaging advertising agencies to assist in any or all of the foregoing activities, including fees to have print, broadcast and/or internet advertising placed by an agency, and all other advertising agency fees. The allocation of the National Marketing and Technology Fund between national, regional and local expenditures and administrative expenditures will be made by Franchisor in its sole business judgment.

Franchisor will determine the cost, media, content, format, timing, concentration and exposure, and all other matters relating to advertising campaigns and the technology programs and tools. Franchisor may use part of the National Marketing and Technology Fund for joint or collective advertising campaigns or technology initiatives and collaborations with related companies.

Franchisor or its affiliates may also provide certain products and/or services to the National Marketing and Technology Fund which have been provided previously by unaffiliated third parties. Any products and/or services provided by Franchisor or its affiliates will be provided at a cost comparable to those costs that the National Marketing and Technology Fund would otherwise incur if the products or services were obtained from unaffiliated third parties.

Franchisor will direct all advertising programs, with sole control over the creative concepts and materials used in such programs, and the placement and allocation of National Marketing and Technology Fund advertising. Franchisee acknowledges that the National Marketing and Technology Fund will be intended to further general public recognition and acceptance of the Trademarks for the benefit of the entire ENGEL & VÖLKERS System.

Franchisee acknowledges that all contributions to the National Marketing and

Technology Fund will be deposited into Franchisor's general operating account or a designated account. Franchisor need not maintain the sums paid by franchisees (directly or indirectly) to the National Marketing and Technology Fund, or income earned from the National Marketing and Technology Fund, in a separate account from Franchisor's other funds, but Franchisor may not use these amounts under any circumstance for any purposes other than those provided for in this Agreement. Franchisor may, however, expend monies from the National Marketing and Technology Fund for any reasonable administrative costs and overhead that Franchisor may incur in activities reasonably related to the administration or direction of the National Marketing and Technology Fund and advertising programs for franchisees including, without limitation, preparing marketing and advertising materials; working with advertising agencies, advertising placement services and creative talent; preparing an accounting of contributions to the National Marketing and Technology Fund and the annual statement of National Marketing and Technology Fund contributions and expenditures provided for below; and, otherwise devoting Franchisor's personnel, resources and/or funds for the benefit of the National Marketing and Technology Fund. Franchisor's right to expend monies from the National Marketing and Technology Fund to reimburse Franchisor for such activities is exclusive of any advertising agency fees which the National Marketing and Technology Fund must expend to secure the services of an advertising agency or to have print, broadcast or internet advertising placed by an agency.

Franchisor will prepare (but not audit) a statement detailing National Marketing and Technology Fund income and expenses for the fiscal year just ended, a copy of which statement will be sent to Franchisee upon request. Franchisor will endeavor to prepare such statement within one hundred twenty (120) days following the close of Franchisor's fiscal year. Franchisor expects to expend most contributions to the National Marketing and Technology Fund for advertising during the fiscal year when the contributions are made. If not all advertising funds are spent in the fiscal year in which they accrue, Franchisor will use the remaining amount in the future for the benefit of the franchisees and the ENGEL & VÖLKERS System, including advertising and technology.

Franchisor reserves the right to use any media, create any programs and allocate advertising funds to any regions or localities in any manner Franchisor considers appropriate in its business judgment. The allocation may include rebates to individual franchisees of some or all of their National Marketing and Technology Fund contributions for local advertising expenditures if, in Franchisor's judgment, Franchisor's national or regional advertising program or campaign cannot effectively advertise or promote in certain regions or communities. If Franchisor determines that the total National Marketing and Technology Fund Contributions collected from all ENGEL & VÖLKERS franchisees and company-owned ENGEL & VÖLKERS brokerages is insufficient to sustain a meaningful regional or national advertising campaign or meet technology funding needs, Franchisor may refund all or a portion of the National Marketing and Technology Fund contributions to franchisees and Franchisor's (or Franchisor's affiliates') company-owned Businesses on a pro rata basis. Franchisees must expend any refund on the types of local advertising and media that Franchisor determines. All refund advertising expenditures must be documented to Franchisor in a monthly refund advertising expenditure report form which Franchisor will furnish in the

ENGEL & VÖLKERS System manuals or otherwise.

The National Marketing and Technology Fund will not be used for any activity whose sole purpose is the sale of franchises. However, the design and maintenance of the ENGEL & VÖLKERS web site and mobile applications (for which National Marketing and Technology Fund monies may be used) may, without violating the provisions of this Agreement, include information and solicitations for prospective franchisees and public relations and community involvement activities which may result in greater awareness of the ENGEL & VÖLKERS brand and the franchise opportunities.

Although the National Marketing and Technology Fund will be intended to be a perpetual duration, Franchisor maintains the right to terminate the National Marketing and Technology Fund, but will not do so until all of the monies in the National Marketing and Technology Fund have been expended for such purposes as are permitted by this Agreement.

10.5 ***Electronic Commerce:*** Franchisee shall comply with the requirements set forth in the System Documentation regarding its use of the Trademarks in electronic commerce, which includes all forms of electronic or computer communication, including Franchisee's Website.

10.6 ***Online Promotions/Social Media:*** Franchisee agrees and acknowledges that it will comply with Franchisor's online and social media policies which are subject to change by Franchisor from time to time. Franchisee agrees and acknowledges that individual franchisee websites, mobile applications and other electronic media are prohibited, that Franchisee will not maintain any website or mobile application for its Yachting Brokerage or any of its Sales Advisors and that Franchisee's on-line promotional strategies must comply with Franchisor's online policy. Franchisee may establish and maintain its own social media accounts, subject to Franchisor's social media guidelines in effect from time to time and Franchisor's right to withdraw consent for such independent social media accounts at any time. Franchisee further agrees and acknowledges that Franchisor may review and monitor all online content on social media sites, blogs, electronic communication and other online sites and applications on which the Trademarks, service marks, trade names, copyrights or any similar marks are used. Franchisee agrees to remove any usage or content that Franchisor requires, including without limitation, content that Franchisor deems to be scandalous, immoral or detrimental to Franchisor's image. Franchisee further agrees and acknowledges that Franchisor may prohibit use of the Trademarks and any confusingly similar marks on any site or all sites and applications.

11. System Documentation

11.1 ***Compliance with System Documentation:*** Franchisor has summarized and documented details of the ENGEL & VÖLKERS System and its application in the System Documentation. In order to preserve the good reputation of the ENGEL & VÖLKERS System and ensure maintenance of uniform standards, Franchisee hereby agrees to operate its Yachting Brokerage in accordance with the mandatory instructions contained in the System Documentation, as it may be amended or modified from time to time. Notwithstanding the foregoing, nothing in the System

Documentation shall give Franchisor the right to use technology or tools that the Franchisee is required to use pursuant to the System Documentation to direct or assert control over Franchisee's employees' or Sales Advisors working conditions, except to the extent the control relates to Franchisor's legitimate interest in protecting the quality of the ENGEL & VÖLKERS System (brand) or the products or services offered at the Yachting Brokerage.

11.2 ***Validity of System Documentation:*** Franchisor will provide Franchisee with access to the System Documentation. The System Documentation may be available through a secure Internet link from time to time. Franchisor may communicate to Franchisee mandatory and suggested standards, methods, procedures and specifications applicable to the ENGEL & VÖLKERS System and information relative to other obligations of Franchisee under this Agreement and to the operation of the ENGEL & VÖLKERS System. Such communications may be made through the System Documentation or written or electronic media. Franchisee shall follow the instructions contained in the most recent versions of the System Documentation. In case of any doubt, the master version of the System Documentation kept at the Franchisor's head office shall take precedence, control and prevail. The System Documentation may be modified by Franchisor in its sole business judgment at any time.

11.3 ***Confidentiality, Copyright, etc.:*** Franchisee hereby agrees to treat the System Documentation as strictly confidential and not to allow any unauthorized persons to read or use them or to have access to them. The System Documentation and the copyright on them remain the sole and exclusive property of Franchisor. Franchisee may only use the System Documentation during the Term and may only use them for purposes of operating its business in compliance with the ENGEL & VÖLKERS System. The System Documentation at all times shall remain the exclusive property of Franchisor, and Franchisee shall return all copies of the System Documentation, in whatever format, which Franchisee may have made or obtained to Franchisor promptly upon request by Franchisor and, in any event, upon termination or expiration of this Agreement for any reason whatsoever. Franchisee shall not at any time copy, duplicate, record or otherwise reproduce or transcribe any of the System Documentation or any of the forms supplied by Franchisor hereunder without Franchisor's prior written consent. If the System Documentation is supplied electronically, Franchisee may print one copy for its personal use in the operation of the Yachting Brokerage.

12. Ongoing Development of the ENGEL & VÖLKERS System

12.1 ***Modifications:***

12.1.1 The parties hereby mutually agree that it may be necessary to adapt the ENGEL & VÖLKERS System, either on a temporary or a permanent basis, due to changing market conditions. In its sole business judgment, the Franchisor may take any steps it deems necessary to adapt and modify the ENGEL & VÖLKERS System, the Integrated Product Suite, the System Documentation and the Trademarks, and the required equipment, technology, signs, trade dress and other business characteristics Franchisee will be required to adhere to (subject to the limitations set forth in this Agreement), to such events or changes in market conditions and

other developments occurring at any given time; provided, however, that the cost to Franchisee for adaptations and modifications shall not be unreasonable. Franchisor will advise Franchisee in writing or by electronic transmission of any amendments, additions to and/or deletions from or substitutions for the System Documentation. Franchisee hereby undertakes to make corresponding amendments to its versions of the System Documentation at its own expense as soon as practicable on receipt of notification of these amendments, and to comply with the requirements of the System Documentation as it may be revised from time to time. Franchisee acknowledges that Franchisor has developed, and may from time to time develop, programs and designations that are only available to franchisees who meet certain criteria and that Franchisor may make adaptations and modifications to the ENGEL & VÖLKERS System related to such programs and designations. Franchisee further acknowledges and agrees that entering into this Agreement does not require Franchisor to make adaptations and modifications to the ENGEL & VÖLKERS System related to such programs and designations available to Franchisee, or entitle Franchisee to participate in such programs or obtain such designations. Franchisee will not have the right to require Franchisor to disclose any such program, designation, or variation or to grant the same or a similar variation to Franchisee. Furthermore, Franchisor may adapt the ENGEL & VÖLKERS System to the peculiarities of a particular market area or its circumstances, business potential, population, existing business practices, any other condition which Franchisor considers important to the successful operation of Franchisee's business, or due to other events or other non-arbitrary distinctions, and whether or not they arise to the level of a force majeure event and whether or not they are foreseeable may Franchisee understands and agrees that adaptations and modifications to the ENGEL & VÖLKERS System may obligate Franchisee to invest additional capital or incur higher operating costs.

12.1.2 Franchisor will inform Franchisee of any exclusive cooperation arrangements entered into by Franchisor with services companies, *e.g.*, providing for financial services, such as banks, insurance companies or other vendors offering services tailored for use by yachting brokerage professionals. In such cases, Franchisee shall then cooperate exclusively with these services companies in accordance with the terms and conditions of the cooperation agreement between Franchisor and those companies, except in cases where Franchisee has legitimate commercial or financial reasons for refusing such cooperation. Franchisee acknowledges that provisions of these kinds of services may require Franchisee to obtain additional licenses to comply with the laws regulating those industries. Franchisor will have the right to retain any commissions or event sponsorships earned due to any such cooperation required by Franchisee. Franchisee may propose service companies or sponsoring vendors to Franchisor for use by Franchisee, subject, however, to Franchisor's prior written approval. If Franchisee makes such a proposal, it shall be in writing with sufficient information for Franchisor to make a determination whether such service company or sponsoring vendor and its services are

acceptable. Such determination shall be in Franchisor's business judgment.

12.2 ***Exchange of Information:*** The parties hereby mutually agree to exchange ideas and suggestions for amendments and improvements to the ENGEL & VÖLKERS System. Franchisee hereby agrees to inform Franchisor of all experience gained during use of the ENGEL & VÖLKERS System and the rights under this Agreement, and to allow Franchisor and other ENGEL & VÖLKERS franchisees to use the know-how gained from its experience free of charge. Franchisee hereby assigns to Franchisor any such amendments or improvements to the ENGEL & VÖLKERS System. Franchisee shall not be entitled to any compensation for such assignment.

12.3 ***Conferences/Annual Conference Fee:*** Franchisor will organize conferences as a forum at which franchisees and their employees and Sales Advisors can exchange information on their experiences among themselves and with Franchisor. Such conferences and any such forum may be in physical in-person format and/or virtual format, as determined in Franchisor's sole business judgment. Any Principal owning twenty-five percent (25%) or more in Franchisee must attend all such conferences, at Franchisee's expense. If for any reason a Principal does not attend, Franchisee will make payment to Franchisor against invoice in the amount of the lowest registration fee applicable for on-site (or virtual, if no on-site registration is applicable) registration to the conference for such Principal.

13. Reporting, Rights of Control and Data

13.1 ***Reports:*** Franchisee shall transmit to Franchisor via Franchisor's online reporting systems not later than 2:00 p.m. (EST or EDT) on the Thursday of each week the prior week's data relating to the yachting services of its Approved Location as it may be further detailed in the System Documentation. Should Franchisor grant Franchisee the right to operate multiple Approved Locations, Franchisee shall transmit to Franchisor the data for each Approved Location separately. Franchisor may from time to time specify what reports and in what format they must be submitted. As of the Effective Date, the following reports must be submitted, starting as of the Payment Start Date:

13.1.1 For reporting Gross Revenues (as defined in Section14.2.2) Franchisee shall submit a "**Revenue Report**" including, but not limited to names and Yachts and Moorings involved, sales or charter price, commissions earned for the applicable period and other data as required by Franchisor.

13.1.2 Franchisee shall submit Franchisee's prior Gross Revenues for the preceding period of up to three (3) years ("Prior Production Report") and transactional data as required by Franchisor and in a format reasonably acceptable to Franchisor. Prior Production Reports are intended to be used for reporting and benchmarking purposes, but may also be used for other, similar purposes by Franchisor.

13.1.3 For reporting general transactional information, Franchisee shall submit the "**Transaction Report**" including but not limited to: new escrows (including name of Sales Advisors, address, sales price and estimated

closing date), new listings (including listing Sales Advisor's name, address and listing price) and change status and other data as may be required by Franchisor.

13.1.4 For reporting Franchisee's Yachting Brokerage status, Franchisee shall submit the "**Office Report**", including, but not limited to: names of Sales Advisors, change status, production history of Sales Advisors, and compensation models for Sales Advisors and other data as may be required by Franchisor.

All reports will be provided by Franchisor for completion and submitted electronically, and by its submission, Franchisee will represent that the data submitted are accurate and complete.

Franchisee agrees to submit to Franchisor a forecast of Gross Revenues and the number of personnel it expects to use for each of its successive financial years during the Term not later than December 31 of the preceding financial year.

Franchisee shall maintain, in an organized and complete fashion, all such reports, as well as written business, accounting, tax, sales, and financial records of its business in accordance with best practices in the industry.

13.2 ***Inspections and Certifications:*** Franchisor and Franchisee agree that it is essential to preserve the standards and uniformity of the ENGEL & VÖLKERS System. Consequently, Franchisee hereby grants Franchisor or its appointed agents the right to perform audits of its office organization, accounting procedures, and other aspects of the Yachting Brokerage at reasonable times during normal business hours, with or without prior notice to Franchisee, and at the same time to allow inspection of its business documents for the purpose of verifying compliance with the standards and quality required under this Agreement and adherence to those elements of the ENGEL & VÖLKERS System that relate to Franchisee providing services under this Agreement. Franchisor shall be entitled to appoint third parties, in particular accountants, to exercise these inspection rights. Franchisor has the right to have Franchisee's books and records will be audited by the auditors of Franchisor (or authorized third parties acting on their behalf) in accordance with customary standards. Franchisee hereby undertakes to give Franchisor or such authorized parties any necessary assistance. Franchisee will submit to Franchisor on completion of the audit of its annual accounts, a schedule certified by the auditor listing commission payments received against invoices ("**Certified Commission Statement**"). If Franchisee does not have an annual audit of its accounts prepared, Franchisee must provide Franchisor with a Certified Commission Statement consisting of a schedule in the form required by Franchisor which is signed by Franchisee and its auditor/tax consultant/bookkeeping company confirming the commissions reported and paid in the last calendar year. Franchisor may from time to time specify in which form and format, including, but not limited to electronic format, the Certified Commission Statement must be submitted. The Certified Commission Statement must be submitted to Franchisor by February 15 of each year. Franchisee further grants Franchisor the right to verify payments received by Franchisee by inspecting the relevant documents at quarterly intervals. Franchisee must give Franchisor any necessary assistance. If inspections or audits

are made necessary by Franchisee's failure to furnish reports, supporting records or other information as required by this Agreement or to furnish reports, supporting records or other information on a timely basis, or if an understatement of Royalty payments or other fees resulting from the failure to transmit or report for the period of any audit is determined by any such audit or inspection to be greater than two percent (2%), Franchisor may, at its option, require Franchisee to reimburse Franchisor for the cost of the inspection or audit, including the charges of Franchisor's employees or attorneys and any independent accountants, and the travel expenses, room and board and applicable per diem charges of such persons.

13.3 ***Notice of Special Occurrences:*** Franchisee hereby covenants and undertakes to promptly notify Franchisor immediately of any warnings or special notices received by Franchisee, any lawsuits or complaints filed against Franchisee, its Sales Advisors and/or any violations of laws, regulations or professional or ethical standards alleged against Franchisee or its Sales Advisors.

13.4 ***Data:*** Franchisee hereby agrees to allow Franchisor, E&V Yachting and/or their affiliates, on their own servers, proprietary systems/software/databases, or in other records or media they control, to process, store, amend and/or delete personal data relating to Franchisee, its Sales Advisors, employees and other personnel, its listings, its data on sellers and buyers, Yachts, and Moorings and to all circumstances relating to this Agreement.

13.5 ***Benchmarking:*** Franchisee hereby agrees to supply data in a system-compatible form for use in benchmarking exercises and to allow Franchisor to use such data for any reasonable purpose, including preparing a financial performance representation for Franchisor's Franchise Disclosure Document in accordance with Section 6.11. Such information may include providing information about the chart of accounts used by such Franchisee, as well as copies of Franchisee's financial statements.

14. Fees and Royalties

14.1 ***Initial Franchise Fee:*** Franchisee will pay Franchisor for Franchisee's Yachting Brokerage a non-refundable initial franchise fee of $50,000.00 by cashier's check, bank certified check, wire transfer or by such other means as required by Franchisor, at the time of execution of this Agreement (hereinafter called "**Initial Franchise Fee**"). Should during the Term of this Agreement Franchisor grant Franchisee a franchise for additional physical locations to be opened and operated by Franchisee within Franchisee's existing Protected Area as set forth in Section 2.3 and Appendix 1, Franchisee will pay Franchisor an additional non-refundable Initial Franchise Fee of $5,000 by cashier's check or bank certified check, or by such other means as required by Franchisor for each such additional physical location at the time of Franchisor grants Franchisee the right to open and operate such location.

14.2 ***Ongoing Royalties:*** Franchisee will pay the following ongoing royalties to Franchisor throughout the Term in return for use of the ENGEL & VÖLKERS System and the rights acquired under this Agreement:

14.2.1 Franchisee will pay Franchisor an ongoing royalty of the greater of $8,000.00 per month or ten percent (10%) of the Gross Revenues received by Franchisee (herein called the "**Royalty**"), payment to be made as provided in Section 14.6. Franchisee will pay Franchisor Royalties and, if the National Marketing and Technology Fund is established, contributions to the National Marketing and Technology Fund for all closings occurring on or after the earlier of (i) Franchisee's use of the Engel & Völkers System or Trademarks or (ii) the Opening Date as set forth in Section 14.4 (the "**Payment Start Date**") including within six (6) months after termination, expiration, or transfer of the Agreement. If the transfer is of ownership interest in Franchisee, the obligation to pay Royalty after the transfer shall be on the transferor(s), and Royalties shall be calculated on any income the transferor(s) earn(s) directly or indirectly from each listing that, before the transfer were listings of the Franchisee. Notwithstanding the foregoing, no Royalty will be due on closings that occurred before the Payment Start Date ("**Exempted Transactions**"), provided that Franchisee provides Franchisor documentation of any Exempted Transactions no later than two (2) business days before the Payment Start Date. Should Franchisee fail to provide or fail to provide in a timely fashion to Franchisor documentation for the Exempted Transactions, Franchisee will pay Franchisor Royalties on any Gross Revenues received from any such transactions.

14.2.2 "**Gross Revenues**" shall include all compensation, revenues and income from any source that Franchisee directly or indirectly earns, derives or is directly or indirectly receivable by, accrued by, or payable to Franchisee in connection with or on account of the operation of the franchised Yachting Brokerage as defined in Section 2.1, including but not limited to commissions, referral fees, marketing fees and payments and the fair market value of goods and services received by Franchisee, its affiliates, or its owners, or their family members, in exchange for services or goods provided by the Yachting Brokerage, whether received in or payable in cash, in services, in kin, from barter and/or exchange, on credit (whether or not payment is actually received on credit transactions), or otherwise. Gross Revenues shall also include all other compensation Franchisee directly or indirectly earns, irrespective of whether the services were rendered from the Approved Location, whether commissions, referral fees, marketing fees and payments relate to yachting brokerage, charter services or Yacht Management Services, and whether or not Franchisee is offering its services using the Trademarks. Gross Revenues shall further include the fair market value of any services rendered through the Yachting Brokerage by Franchisee without charge. Gross Revenues do not include Referral Fees Franchisee pays another third party outside of Franchisee's Yachting Brokerage or compensation from Exempted Transactions.

14.3 ***National Marketing and Technology Fund Contributions:***

14.3.1 If National Marketing and Technology Fund is established, Franchisor will collect from Franchisee, and Franchisee will pay to Franchisor, throughout the Term, a monthly National Marketing and Technology Fund

contribution of two percent (2%) of Gross Revenues received by Franchisee; provided, however, that Franchisee shall pay Franchisor a minimum of $1,250 per month as a National Marketing and Technology Fund contribution. Franchisor or its affiliate or designee will administer the National Marketing and Technology Fund.

14.3.2 Upon forty-five (45) days' notice to Franchisee, Franchisor is entitled to increase the above-stated minimum dollar amounts of the National Marketing and Technology Fund contributions, each calendar year in order to adjust for inflation based on relevant published indices, including the Consumer Price Index.

14.3.3 In addition, upon written notice, Franchisor is entitled, in its sole discretion, to impose an additional contribution toward the National Marketing and Technology Fund, upon all franchisees (including Franchisee) in the same locality or region, if eighty percent (80%) of the franchisees in that locality or region agree.

14.4 ***Opening Date:*** Franchisee will begin operating its Yachting Brokerage using the Engel & Völkers System and Trademarks on the "Opening Date" as set forth in **Appendix 1** hereto, which will (i) in case of a conversion franchisee not be later than three (3) months after the Effective Date and (ii) in case of a start-up franchisee not be later than six (6) months after Franchisor's approval of the Approved Location set forth in Section 3.1. Failure to timely begin operation of Franchisee's Yachting Brokerage on the Opening Date is deemed a material breach of this Agreement. If Payment Start Date occurs before the Opening Date without Franchisor's written consent, in addition to other remedies, Franchisee must pay all ongoing fees under this Agreement from the date Franchisee begins operating the Yachting Brokerage using the Trademarks and the Engel & Völkers System.

14.5 ***Fees for Optional or Additional Programs, Designations and Services:*** Franchisee will pay to Franchisor such fees for additional programs, technology and technology-related services, designations and services applicable to Franchisee that are set forth in other sections of this Agreement or otherwise imposed. Such fees shall be due as set forth in Section 14.6.

14.6 ***Due Dates:*** Unless otherwise stipulated, all ongoing fees due to Franchisor or its affiliates will be payable in U.S. Dollars within ten (10) days of date of receipt of Franchisor's or its affiliate's invoice. Unless otherwise stipulated, all Royalties and contributions to the National Marketing and Technology Fund (if established) due to Franchisor shall be payable in U.S. Dollars at the earlier of i) the time of the settlement or closing or ii) upon receipt of an invoice. Upon reasonable notice to Franchisee, Franchisor may amend the process of invoicing and payment into an automated electronic payment process to be performed by Franchisee.

14.7 ***Direct Debit Authorization and Other Payment Methods:*** Franchisee must set up and maintain at all times a separate bank account for direct debit for Royalties, contributions to the National Marketing and Technology Fund (if established) and other fees and any other amounts owed under this Agreement or related agreements. Franchisee agrees to maintain such an account with a cash balance sufficient to cover such direct debits. If required, the parties will enter into a

separate agreement to complete such direct debit authorization. The parties acknowledge that due to technology developments and changes different payment methods may become available during the Term. Franchisor may from time to time require that Franchisee, in lieu of direct debit withdrawals, set up another form of payment for Royalties, contributions to the National Marketing and Technology Fund (if established), and other fees and any other amounts owed under this Agreement. If so required, Franchisee will comply within a prompt and reasonable time.

14.8 ***Interest:*** Franchisor will normally obtain payment at the time of settlement or closing (or as otherwise may be permitted herein), and for all other amounts due under this Agreement by direct debit from Franchisee's account. In cases where payment at the time of settlement or closing or direct debit is not feasible and Franchisee falls more than ten (10) days into arrears with any payments due under the terms of this Agreement, Franchisee shall pay interest on the outstanding overdue balance at the maximum commercial contract interest rate permitted by law. If there is no applicable legal maximum rate, interest will be calculated at the rate of 4% above the prime rate of interest identified by Citibank, N.A. in New York City (or any successor to it) on the first day of each month that an amount is past due. This provision does not constitute consent to late payments or an agreement to extend credit. If Franchisee is delinquent in any required payment, Franchisor or its affiliates may apply any payment from Franchisee to any obligation due in whatever order and for whatever purposes as Franchisor determines, whether or not there is any contrary designation by Franchisee. In the event that Franchisee is eligible to receive any payments from Franchisor pursuant to an incentive program, Franchisor may apply such incentive payments to offset any of Franchisee's past due indebtedness to Franchisor. Franchisor may also set-off any amounts Franchisee or its owners owe Franchisor or its affiliates against any amounts Franchisor or its affiliates owe to Franchisee or its owners. Franchisor may also charge Franchisee interest at the above rate on any Royalty or National Marketing and Technology Fund balances for Gross Revenues that were not reported by Franchisee to Franchisor, or not reported at the time when due pursuant to Section 13.1.

14.9 ***Claims Set-off:*** Franchisee shall not be entitled to set off counterclaims against payments due to Franchisor nor to withhold any payment or claim rights of retention. Franchisee may not withhold, set-off or recoup payment of any amount due on the grounds of the alleged non-performance or breach of any of Franchisor's or its affiliates' obligations under this Agreement or any other agreement.

14.10 ***Referral Fees:*** When permissible by law, Franchisee shall pay a referral fee to any other ENGEL & VÖLKERS System franchisee from whom Franchisee received a referral which resulted in a successful closing ("**Referral Fee**"). The amount of the Referral Fee shall be negotiated by Franchisee and the referring franchisee, as permitted by applicable laws, rules and regulations.

15. Confidential Information

15.1 ***Confidentiality During Term of Agreement:*** Franchisee hereby agrees to treat all business and operational information received by Franchisee, either directly or

indirectly, from Franchisor and with respect to the ENGEL & VÖLKERS System, including that contained in the Integrated Product Suite to be provided pursuant to Section 7, and from the know-how conveyed to Franchisee in the System Documentation (hereinafter called the "**Confidential Information**"), in strict confidence and not to divulge it to any third party. However, Franchisee is permitted to use any information (a) which is, at the time of the disclosure to Franchisee, available to the general public; (b) which becomes available at a later date to the general public through no fault of Franchisee; or (c) which Franchisee can demonstrate was in its possession, through valid means, before receipt. Access to this Confidential Information by Franchisee's employees and independent Sales Advisors must be restricted to the necessary minimum (need-to-know) and may only be used for purposes of performing under this Agreement. During the Term or afterwards, Franchisee agrees not use any Confidential Information, directly or indirectly, in any other business or in any other manner or obtain any benefit therefrom or disclose to any person any Confidential Information, unless such disclosure is specifically approved in writing by Franchisor before the use or disclosure. Franchisee further agrees to impose the foregoing confidentiality undertaking on its shareholders, partners, members, officers, directors, managers, employees and Sales Advisors, by having such persons execute Franchisor's form of Confidentiality Agreement and Covenant Not to Compete.

For avoidance of doubt, "Confidential Information" includes (without limitation) all information, knowledge, trade secrets or know-how utilized or embraced by the ENGEL & VÖLKERS System and/or imparted to Franchisee by Franchisor or any of Franchisor's affiliates which concerns Franchisor's systems of operation, programs, services, products, customers, clients, prospective customers or client, practices, materials, books, records, manuals, computer files, databases or software; all elements of the ENGEL & VÖLKERS System; all programs, products, services, equipment, technologies, policies, standards, requirements, criteria and procedures that now or in the future are a part of the ENGEL & VÖLKERS System; the System Documentation; all specifications, procedures, systems, techniques and activities employed by Franchisor in the offer and sale of services, programs, and/or products at or from Franchisee's Yachting Brokerage; all pricing and commissions paradigms established by Franchisor; all Franchisor's sources (or prospective sources) of supply and all information pertaining to same; the specifications, and Franchisee's final plans, for the construction, build out, design, renovation, décor, equipment, signage, furniture, fixtures and trade dress elements of Franchisee's office; the identity of, and all information relating to, the computer systems and software utilized by Franchisor and Franchisee hereunder; all information pertaining to Franchisor's and Franchisee's advertising, marketing, promotion and merchandising campaigns, activities, materials, specifications and procedures; all customer lists, data and records generated and/or otherwise maintained by Franchisee's franchised Business; Franchisor's (and, if in the future Franchisor permits, Franchisee's) internet/web protocols, procedures and content (including electronic data, data files, user names and passwords); Franchisor's training and other instructional programs and materials; all elements of Franchisor's staff training and staff certification policies and procedures; all communications between Franchisor and Franchisee; additions or improvements to, deletions from and modifications and variations of the components of the ENGEL & VÖLKERS System and the other systems and methods of operations which Franchisor employs now or in the future; research, development and test

programs for services and operations; and, all other information, knowledge and know-how which either Franchisor or its affiliates, now or in the future, designate as confidential.

15.2 ***Confidentiality After Termination or Expiration of Agreement:*** The foregoing confidentiality obligations will continue after termination or expiration of this Agreement.

15.3 ***Injunctive Relief:*** Franchisee acknowledges and agrees that Franchisor will suffer irreparable injury not capable of precise measurement in monetary damages if Franchisee discloses or misuses any Confidential Information. Accordingly, in the event of a breach of Section 15 by Franchisee, Franchisee consents to entry of interim relief, including, without limitation, the entry of a temporary restraining order, preliminary injunction, permanent injunction, writ of attachment, appointment of a receiver, and any other equitable relief which the court deems necessary in order to prevent irreparable injury, all without the requirement that bond be posted. Franchisee agrees that the award of equitable remedies to Franchisor in the event of such breach is reasonable and necessary for the protection of the business and goodwill of Franchisor.

15.4 ***No Duplication.*** Except as authorized in this Agreement, Franchisee agrees never to copy, duplicate, record or otherwise reproduce any of the Confidential Information, in whole or in part; otherwise share it with any other third party individual or entity; or, otherwise make it available to any third party by any other means whatsoever. Upon the expiration or termination of this Agreement, Franchisee agrees to return to Franchisor such Confidential Information as Franchisor requests (including training materials and other instructional content; financial and non-financial books and records; the System Documentation; and, computer databases, software and manuals) which is then in Franchisee's possession or, upon Franchisor's request, destroy all or certain such Confidential Information and certify such destruction to Franchisor.

15.5 ***Execution of Separate Agreement.*** Each shareholder, partner, member, officer, director, brokerage manager and office manager of Franchisee shall execute Franchisor's form of Confidentiality Agreement and Covenant Not to Compete attached as **Appendix 4**.

16. Non-Competition

16.1 ***Competition During Term of Agreement:*** Franchisee hereby agrees not to provide residential or commercial real estate or yachting brokerage services, or any component thereof, competing with the ENGEL & VÖLKERS System during the Term (as defined hereinafter), either directly or indirectly, in an employed or a self-employed capacity, for its own account or for the account of a third party, as a proprietor, partner, investor, shareholder, member, director, manager, officer, employee, principal, agent, advisor, consultant, lessor, sublessor or any similar capacity, either from an Approved Location or any other geographic location whatsoever. Moreover, any spouse, domestic partner or immediate family member of any of Franchisee's Principal(s) may not provide residential or commercial real estate or yachting brokerage services, or any component thereof, competing with

the ENGEL & VÖLKERS System during the Term of this Agreement (as defined hereinafter), either directly or indirectly, in an employed or a self-employed capacity, for its own account or for the account of a third party, as a proprietor, partner, investor, shareholder, member, director, manager, officer, employee, principal, agent, advisor, consultant, lessor, sublessor or any similar capacity, unless such services are outside a seventy five (75) mile radius of any Approved Location of Franchisee. With the prior written approval of Franchisor, Franchisee may engage in other business activities that do not involve other competitive residential or commercial real estate or yachting brokerage services. However, all these activities must be conducted through a separate legal entity and another trade name and in a manner (including from a separate location if Franchisor, in its sole judgment, believes it is necessary) that eliminates the prospect that the public might believe the business is related to the ENGEL & VÖLKERS System in any way. Franchisor reserves the right to establish policies and procedures in the System Documentation about keeping these activities separate from the franchised Business.

In addition, during the time periods and in the territories described above, Franchisee agrees not to divert any business that should be handled by its franchised Yachting Brokerage to any other person or entity. It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for competitive businesses, service as an independent contractor for competitive businesses, or any assistance or transmission of information of any kind which would be of any assistance to a competitive business. Nothing in this Agreement will prevent Franchisee from owning for investment purposes only up to an aggregate of 5% of the capital stock of any competitive business that Franchisee does not control, so long as the competitive business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange. If Franchisee is a business entity, Franchisee agrees to cause its (as applicable) owners, members, shareholders, directors, officers, partners, general partner, proprietor and or any other beneficial owner to refrain from any of the competitive activities described above in any manner which Franchisor reasonably requests. In all instances, Franchisee shall also cause its business manager and all other key management employees of its franchised Yachting Brokerage to refrain of any of the competitive activities described above in any manner which Franchisor reasonably requests.

16.2 ***Severability of Restrictive Covenants:*** Franchisee acknowledges that the invalidity or unenforceability of any portion of Section 16.1 shall not affect the validity or enforceability of any other portion of Section 16.1 or any other section of this Agreement, and any invalid or unenforceable portion of Section 16.1 shall be deemed to be severable. If all or any portion of the covenants not to compete set forth in this Section 16 are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court or agency is hereby empowered to revise and/or construe the covenants to fall within permissible legal limits, and should not by necessity invalidate the entire covenants. Franchisee expressly agrees to be bound by any lesser covenants subsumed within the terms of this Section 16 as if the resulting covenants were separately stated in and made a part of this Agreement.

16.3 ***Amendment of Restrictive Covenants:*** Franchisee acknowledges that the provisions of this Section 16 have been inserted for the sole benefit of Franchisor and that Franchisor shall have the right, from time to time during the Term, in its sole discretion, to waive in whole or in part or otherwise reduce the scope of any covenant set forth in this Section 16 or any portion of this Agreement without Franchisee's consent effective upon Franchisor giving notice to Franchisee.

16.4 ***Enforcement of Covenants Not to Compete:*** Franchisee acknowledges that any violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee consents to the entry of an injunction prohibiting any conduct by Franchisee in violation of the terms of the covenants not to compete set forth in this Agreement. Franchisee expressly agrees that any violation of the covenants not to compete will conclusively be deemed to have been accomplished by and through Franchisee's unlawful use of Franchisor's Confidential Information, know-how, methods and procedures. Further, Franchisee expressly agrees that any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to Franchisor's enforcement of the covenants not to compete in this Agreement. Franchisee agrees to pay all costs and expenses, including reasonable attorneys' and experts' fees that Franchisor incurs in connection with the enforcement of the covenants not to compete set forth in this Agreement.

16.5 ***Execution of Separate Agreement.*** Each shareholder, partner, member, officer, director, brokerage manager and office manager of Franchisee shall execute Franchisor's form of Confidentiality Agreement and Covenant Not to Compete attached as **Appendix 4**.

17. Liability/Indemnity

17.1 ***Indemnity:***

Franchisee will, at its sole cost, at all times defend, reimburse and hold harmless Franchisor and its affiliates, subsidiaries, successors, assigns and designees; and, the officers, directors, managers, employees, agents, attorneys, shareholders, owners, members, designees and representatives of all of the foregoing (Franchisor and all others referenced above being the "**Indemnified Parties**"), and indemnify and hold harmless Franchisor and the other Indemnified Parties to the fullest extent permitted by law, against all claims, losses, liabilities and costs (as denominated in the following paragraph) incurred in connection with any judicial, administrative or arbitration action or proceeding (including bankruptcy, insolvency, debtor/creditor or similar proceedings), suit, claim, demand, investigation, or formal or informal inquiry (regardless of whether any of the foregoing is reduced to judgment) or any settlement of the foregoing, which actually or allegedly, directly or indirectly, arises out of, is based upon, is a result of or is related in any way to any element of Franchisee's entry into this Agreement; actions or omissions committed by Franchisee or its affiliates, employees, or Sales Advisors in connection with the operation of the ENGEL & VÖLKERS Yachting Brokerage hereunder; the establishment, construction, ownership, opening and operation of the office of Franchisee's franchised Business hereunder, including any other business operating within or in relation to the office

(which other business, if any, shall be subsumed within this paragraph's references to the office) and further including (without limitation) any personal, bodily or mental injury, death, property damage or loss, suffered by any customer, visitor, manager, operator, supplier, employee or guest of the franchised ENGEL & VÖLKERS office; crimes committed on or near any of the premises or facilities of Franchisee's franchised Business or vehicles used by Franchisee's franchised Business; all acts, errors, neglects or omissions engaged in by Franchisee, its contractors or subcontractors, as well as any third party, arising out of or related to the design, construction, conversion, build-out, outfitting, remodeling, renovation or upgrading of its franchised ENGEL & VÖLKERS office, whether or not any of the foregoing was approved by Franchisor; defects in any ENGEL & VÖLKERS franchised office that Franchisee constructs and/or operates, whether or not discoverable by Franchisee or by Franchisor; all acts, errors, neglects or omissions of Franchisee or the franchised ENGEL & VÖLKERS Yachting Brokerage and/or the owners, officers, directors, management, employees, agents, servants, contractors, partners, proprietors, affiliates or representatives of Franchisee and/or the franchised Business and/or the location thereof (or any third party acting on Franchisee's behalf or at Franchisee's direction), whether in connection with the franchised business, the office or otherwise, including (without limitation) any property damage, injury or death suffered or caused by any vehicle serving the franchised Business; any claim, however and wherever asserted, that Franchisor or its respective affiliates are the employer, joint employer or co-employer of Franchisee and/or Franchisee's employees; claims that Franchisee, its owners, employees, brokers or Franchisee's Sales Advisors are Franchisor's employees, agents or part of a common enterprise with Franchisor, including claims regarding violation or labor or employment law regulations; third party claims against Franchisor arising from or related to Franchisee's breach of the terms, restrictions and requirements of this Agreement (including, without limitation, Franchisee's unauthorized use of the Trademarks, violation of any applicable laws, codes, rules or regulations or failure to comply with Information Privacy Laws); Franchisee's violation of Information Privacy Laws; all liabilities arising from Franchisee's offer, sale and/or delivery of programs, services and/or products as contemplated by this Agreement; Franchisee's offer, sale and/or delivery of securities, equity interests or other ownership interests in Franchisee or the franchised ENGEL & VÖLKERS office or business of Franchisee; all activities, conduct and representations which Franchisee may engage in connected to any actual or attempted assignment or other transfer (by operation of law or otherwise) of any interest whatsoever in Franchisee or its franchised ENGEL & VÖLKERS office or business (or any entity which controls Franchisee or its franchised ENGEL & VÖLKERS office or business); and, any action by any customer or client of Franchisee or visitor to Franchisee's office or any other facility operated in conjunction with Franchisee's franchised business (collectively, an "**Indemnification Claim**").

As used above, the phrase "**claims, losses, liabilities and costs**" includes all claims; causes of action; fines; penalties; liabilities; losses; employment liabilities; compensatory, exemplary, statutory or punitive damages or liabilities; costs of investigation; lost profits; court costs and expenses; reasonable attorneys' and experts' fees and disbursements; settlement amounts; judgments; compensation for damage to Franchisor's reputation and goodwill; costs of or resulting from delays; travel, food, lodging and other living expenses necessitated by the need or desire

to appear before (or witness the proceedings of) courts or tribunals (including arbitration tribunals), or government or quasi-governmental entities (including those incurred by the Indemnified Parties' attorneys and/or experts); all expenses of refunds, compensation and any public notices; and, other such amounts incurred in connection with the matters described. All such losses and expenses incurred under this indemnification provision will be chargeable to and paid by Franchisee pursuant hereto, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of the actions, activity or defense.

Specifically excluded from the indemnity Franchisee gives hereby is any liability associated with Franchisor's or the other Indemnified Parties' gross negligence, willful misconduct or criminal acts (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to Franchisee).

Franchisee agrees to give Franchisor written notice of any suit, judicial or administrative investigation, proceeding, claim, demand, inquiry or any other event that could be the basis for an Indemnification Claim within three (3) days of Franchisee's actual or constructive knowledge of it. At Franchisor's election, Franchisee will also defend Franchisor and the other Indemnified Parties against the Indemnification Claim. If Franchisee or any of its affiliates and the Indemnitees (or any one of them) are named as co-defendants, and there is a conflict of interest between them such that they cannot be represented by common counsel, then the Indemnitees may retain separate counsel at Franchisee's expense and Franchisee will promptly reimburse the Indemnitees for all costs and attorneys' fees incurred upon request and as they are incurred. Franchisor will have the right, at Franchisee's cost, to control the defense of any Indemnification Claim (including the right to select its counsel or defend or settle any Indemnification Claim at Franchisee's sole expense) if Franchisor determines that such Indemnification Claim may directly or indirectly affect the interests of any of the Indemnified Parties (including Franchisor). Franchisor's undertaking of defense and/or settlement will in no way diminish Franchisee's obligation to indemnify the Indemnified Parties and hold them harmless.

Franchisor will have the right, at any time Franchisor considers appropriate, to offer, order, consent or agree to settlements or take any other remedial or corrective actions that Franchisor considers expedient with respect to any Indemnification Claim if, in Franchisor's sole judgment, there are reasonable grounds to do so. Franchisee will not settle or compromise any legal action in which any Indemnitee is a defendant without Franchisor's prior written consent, which Franchisor may grant or withhold in Franchisor's sole discretion. None of the Indemnified Parties (including Franchisor) shall be required to seek recovery from third parties or otherwise mitigate their losses to claim indemnification from Franchisee. Franchisee agrees that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable from Franchisee by any of the Indemnified Parties (including Franchisor). The indemnification obligations of this Section 17.1 will survive the expiration or sooner termination of this Agreement.

17.2 ***Liability to Other Franchisees:*** Should Franchisee commit a breach of contract by acting contrary to the foregoing provisions, Franchisee shall be liable for payment

of compensation to other ENGEL & VÖLKERS System franchisees who may thereby have suffered loss in individual cases.

17.3 ***Liquidated Damages:*** In order to preserve the ENGEL & VÖLKERS System in the interest of all franchisees it is necessary to protect the relevant trade secrets and know-how and prevent its disclosure to the competition. The parties recognize the difficulty of ascertaining damages to Franchisor resulting from premature termination of this Agreement and have provided for liquidated damages, which liquidated damages represent the parties' best estimate as to the damages arising from the circumstances in which they are provided and which are the only damages for the premature termination of this Agreement and not as a penalty or as damages for breaching this Agreement or in lieu of any other payment. Accordingly, if this Agreement is terminated for Franchisee's breach before the Term expires, in addition to any other remedies available to Franchisor, Franchisee must pay Franchisor an amount equal to the combined monthly average of Royalty fees, National Marketing and Technology Fund contributions (if established), and any other fees due and payable under this Agreement commencing with the Opening Date through the date of termination, multiplied by the lesser of (i) twenty-four (24) months; or (ii) the number of full calendar months remaining in the Term. Furthermore, if this Agreement is terminated before the Opening Date or such date that Franchisee actually started operating the Yachting Brokerage, or at any time before a monthly average of Royalty fees, National Marketing and Technology Fund contributions (if established), and any other fees due and payable under this Agreement can be determined, then Franchisee must pay Franchisor an amount equal to what the combined monthly average of Royalty fees, National Marketing and Technology Fund contributions (if established), and any other fees due and payable under this Agreement would have been, had the Agreement not been terminated, multiplied by twenty-four (24) months, such fees being calculated on the monthly average of the gross revenue Franchisee and its owners directly or indirectly earned during the twelve (12) month period immediately before the Effective Date from providing yachting brokerage services, including commissions, referral fees, marketing fees and payments, as such earnings information was provided or verified by Franchisee or itsowners; provided that if Franchisee and its owners did not operate a yachting brokerage or did not offer yachting brokerage services before the Effective Date, the liquidated damages will be the minimum monthly Royalties, National Marketing and Technology Fund contributions (if established), and any other fees due and payable under this Agreement, multiplied by twenty-four (24) months.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from ongoing payments due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the ongoing payments would have grown over what would have been this Agreement's remaining Term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages and shall not be deemed to constitute a penalty.

For the avoidance of doubt, the parties acknowledge that this liquidated damages provision only covers Franchisor's damages from the loss of cash flow from the ongoing payments as a result of termination. It does not cover any other damages,

including, without limitation, damages to Franchisor's reputation with the public, Sales Advisors, property managers and landlords and damages arising from a violation of any provision of this Agreement other than the ongoing payments provisions. Franchisee and each of its owners agree that this liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the ongoing payments provisions. In addition, the parties agree that nothing herein shall affect a party's ability to seek an injunction or other extraordinary or equitable relief, or possession or disposition of, or other relief relating to, the franchised Yachting Brokerage hereunder, as otherwise provided in this Agreement.

18. Insurance Coverage

18.1 To safeguard its Yachting Brokerage and to protect itself and the entire ENGEL & VÖLKERS System against loss, Franchisee will purchase, and at all times during the Term maintain in full force and effect, at Franchisee's expense, customary insurance coverage (*e.g.*, fire, burglary, theft, damage from piped water, storm, financial liability, business interruption arising from any one of the foregoing causes, employee honesty and liability, professional liability/errors and omissions, cyber liability/data breach and general commercial liability insurance) and such other forms of insurance as required by law or by Franchisor, in such minimum amounts as required by law or Franchisor from time to time, but not less than US $2 million for professional liability insurance per each occurrence or accident and not less than US $2 million per each occurrence or accident for any other insurance, and with such approved insurance companies as shall be required by Franchisor prior to commencing business operations and maintain this coverage until the expiration or termination of this Agreement. Franchisee agrees that Franchisor may periodically add to, modify or delete the types and amounts of insurance coverage which Franchisee is required to maintain under this Agreement, and all features and elements thereof, by written notice to Franchisee (through a supplement to the System Documentation or otherwise). Upon delivery of such written notice, Franchisee agrees to immediately purchase insurance conforming to any such newly established standards and limits.

18.2 Franchisor shall be named as an additional insured on all such policy or policies described in Section 18.1 above. Franchisee must provide proof of the foregoing insurance coverage within thirty (30) days of the Effective Date and continue to prove its maintenance to Franchisor by furnishing to Franchisor annually upon Franchisor's request, the then current certificates of insurance coverage. Franchisee shall provide Franchisor with certificates of insurance issued by each of the insurers indicating that all required insurance is in full force and effect and that it will not be terminated, permitted to lapse, expire or change without at least thirty (30) days' prior written notice to Franchisor. Franchisor will offer Franchisee the opportunity to benefit from the favorable insurance terms granted to ENGEL & VÖLKERS System franchisees under its pool insurance arrangements, if any.

18.3 Franchisor does not represent or warrant that any insurance that Franchisee is required to purchase, or which Franchisor procures on Franchisee's behalf, will provide adequate coverage for Franchisee. Franchisee should consult with its own insurance agents, brokers, attorneys or other insurance advisors to determine the

level of insurance protection it needs and desires, in addition to the coverage and limits required by Franchisor. Franchisor's review and verification of certain elements of Franchisee's insurance does not in any way reduce or eliminate Franchisee's obligations to fully comply with all insurance requirements. It is Franchisee's sole obligation to fully comply with these insurance requirements and it is Franchisee's sole obligation to confirm with its insurance providers that its policies are in compliance.

19. Duration of Agreement

19.1 ***Initial Term:*** This Agreement shall commence as of the Effective Date and shall run for a period extending for ten (10) years, unless sooner terminated in accordance with the provisions of this Agreement (the "**Initial Term**"); provided, that any duties or obligations that, by their nature, would survive termination or expiration (such as indemnification obligations) shall survive termination or expiration.

19.2 ***Renewal Term:*** On the terms and conditions listed below, and so long as Franchisee is not in default under this Agreement at the end of the Initial Term, Franchisee will have the right, but not the obligation, to enter into one (1) successor franchise agreement with Franchisor, to supersede this Agreement and commence immediately after the Initial Term of this Agreement, for one term of ten (10) years (the "**Renewal Term**"); provided, that any duties or obligations that, by their nature, would survive termination or expiration shall survive:

19.2.1 Franchisee must serve written notice of its intention to renew on Franchisor not less than six (6) months prior to the scheduled date of expiration of the Initial Term;

19.2.2 Franchisee shall have substantially complied with all the provisions of this Agreement (including, without limitation, making all payments in full when due) and all other agreements between Franchisee and Franchisor or its respective affiliates during the Initial Term prior to renewal, and shall be in full compliance with this Agreement and such other agreements at the end of the Initial Term prior to renewal;

19.2.3 Prior to commencement of the Renewal Term, Franchisee shall have executed Franchisor's then -current form of Franchise Agreement, which shall replace this Agreement, provided that the Franchisee will pay the renewal fee set forth in Section 19.2.5 in lieu of the Initial Franchise Fee and that Franchisee will not be entitled to any renewal term set forth in such new Franchise Agreement; and all other agreements then customarily used by Franchisor in granting franchises, which Franchise Agreement and other agreements may contain materially different terms and conditions (including, without limitation, different or increased financial terms, Royalties, fees and/or National Marketing and Technology Fund contributions) and a requirement that Franchisee during the Renewal Term remodel, refurbish, renovate or re-equip its Residential Real Estate Brokerage to bring it into full compliance with all system standards for new franchise agreements within the time period specified by Franchisor;

19.2.4 Prior to commencement of the Renewal Term, Franchisee shall have executed a general release, in Franchisor's then-current form, of all claims Franchisee may have against Franchisor and their respective affiliates, and their respective officers, directors, owners, employees, affiliates, successors and assigns; and

19.2.5 Franchisee shall have paid to Franchisor a renewal fee in an amount equal to fifty percent (50%) of the Initial Franchise Fee described in Section 14.1 hereof.

19.3 Any continuance of business relations between Franchisor and Franchisee after the termination or expiration of this Agreement will not constitute, and may not be construed as, a reinstatement, renewal, extension or continuation of this Agreement unless Franchisee and Franchisor expressly agree in writing to any such renewal, extension or continuation.If Franchisee continues to operate the franchised Business after the termination or expiration of the Term, without any further agreement in writing signed by Franchisor, such continuation will be a violation of Franchisor's rights to the ENGEL & VÖLKERS System and the Trademarks, provided that the Franchisee's obligations as set forth in this Agreement and Franchisor's rights will continue to apply until such time that the Franchisee ceases operations under the ENGEL & VÖLKERS System and the Trademarks.

19.4 ***Term:*** Collectively, the Initial Term and the Renewal Term (if there is one) are called the "**Term**".

20. Termination of Agreement

20.1 ***Termination by Franchisee:*** Franchisee agrees that it may not terminate or cancel this Agreement.

20.2 ***Automatic Termination Without Notice***. Franchisee will be in default under this Agreement, and all rights granted in this Agreement will immediately and automatically terminate and revert to Franchisor without notice to Franchisee, if: Franchisee, the franchised Business or any affiliate or Guarantor thereof is adjudicated as bankrupt or insolvent; all or a substantial portion of the assets of the franchised Business are assigned to or for the benefit of any creditor; a petition in bankruptcy is filed by or against Franchisee, the franchised Business and/or any affiliate or Guarantor thereof and is not immediately contested and thereafter dismissed or vacated within sixty (60) days from filing; Franchisee, the franchised Business and any affiliate or Guarantor thereof cause, permit or acquiesce in an order for relief under the U.S. Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency, reorganization, receivership or other similar law now or hereafter in effect, or consent to the entry for an order for relief in an involuntary proceeding or to the conversion of an involuntary proceeding to a voluntary proceeding, under any such law; a bill in equity or other proceeding for the appointment of a receiver or other custodian of Franchisee, the franchised Business, or any affiliate or Guarantor of the franchised Business, or the assets of any of them, is filed and consented to by Franchisee; a receiver or other custodian (permanent or temporary) of all or part of the assets or property of Franchisee, the franchised Business and any affiliate or Guarantor of the franchised Business is appointed by any court of competent jurisdiction; proceedings for a composition

with creditors under any federal or state law are instituted by or against Franchisee, the franchised Business or any affiliate or Guarantor thereof; Franchisee, any affiliate of Franchisee or any Guarantor are dissolved; execution is levied against Franchisee, the franchised Business, any affiliate or Guarantor thereof and/or the property of any of the foregoing; the property of the franchised Business is sold after levy thereon by any governmental body or agency, sheriff, marshal or other person authorized under federal, state and/or local law; or, if Franchisee is a business entity, its governing body adopts any resolution or otherwise authorizes action to approve any of the foregoing activities.

20.3 ***Termination by Franchisor Without Opportunity to Cure:*** Franchisee shall be deemed to be in default under this Agreement, and Franchisor may, at its option, terminate this Agreement and all rights granted herein effective immediately or reduce or eliminate the Protected Area by written notice to Franchisee, without giving Franchisee an opportunity to cure the default, if Franchisee either:

20.3.1 fails to timely find and secure Franchisor approval of its Approved Location in accordance with the provisions of Section 3.1;

20.3.2 fails to start operating its Yachting Brokerage by the Opening Date;

20.3.3 fails to operate its Yachting Brokerage for seven (7) consecutive days or otherwise abandons its Yachting Brokerage, or uses the Yachting Brokerage for any purpose prohibited by Section 3.2;

20.3.4 falls more than thirty (30) days into arrears with payments due to Franchisor or one of its affiliates;

20.3.5 commits a breach of the confidentiality undertakings set forth in Section 15;

20.3.6 commits a breach of the non-competition provisions set forth in Section 16 or one of the Principals commits a breach of the Confidentiality Agreement and Covenant Not To Compete;

20.3.7 is, or one of its Principals, business managers, owners, members, shareholders, or directors, is commits an act of moral turpitude or engages in other acts that are likely to have a materially adverse effect on the ENGEL & VÖLKERS System, the Trademarks, the goodwill associated with the Trademarks or Franchisor's interest in the ENGEL & VÖLKERS System or Trademarks, or convicted of a felony, fraud, crime involving moral turpitude, or any other crime or offense which Franchisor reasonably believes is related to Franchisee's duties under this Agreement and/or Franchisee's operation of the franchised Business or is likely to have an adverse effect on the ENGEL & VÖLKERS System, the Trademarks, the goodwill associated with the Trademarks or Franchisor's interest in the ENGEL & VÖLKERS System or Trademarks;

20.3.8 is liquidated;

20.3.9 fails to obtain or maintain the licenses required for its business operation, including not having at any time a broker of record who holds the broker license required at the Approved Location;

20.3.10 violates Section 26.11 (Compliance with Laws) of this Agreement;

20.3.11 makes a willful misrepresentation or does not make a material disclosure required by any governmental authority regarding any matter involving or affecting Franchisee's obligations under this Agreement or the operations of the franchised Business;

20.3.12 is, or any of Franchisee's affiliates is, in default under any franchise agreement or other agreement with Franchisor or its affiliates, which default is: (i) not curable; or (ii) is curable and a notice to cure has been provided to Franchisee or Franchisee's affiliate, as the case may be, and the default has not cured such default within the applicable cure period. Furthermore, any default under this Agreement by Franchisee will be deemed a default under any and all agreements between Franchisor or its affiliates on one hand, and Franchisee or its affiliates on the other hand, permitting Franchisor or its affiliate that is party to any such agreement to terminate it in the same manner provided for in this Agreement for termination hereof;

20.3.13 omitted or misrepresented any material fact in the information Franchise furnished to Franchisor in connection with Franchisor's decision to enter into this Agreement;

20.3.14 agrees with Franchisor in a mutually signed writing to terminate this Agreement;

20.3.15 purports or, if Franchisee is a business entity, any owner or principal of Franchisee purports, to transfer any rights or obligations under this Agreement, any interest in Franchisee or in the franchised Business to any third party in violation of the terms of this Agreement;

20.3.16 uses or duplicates any aspects of the ENGEL & VÖLKERS System, services, programs or products in an unauthorized fashion;

20.3.17 engages in any business or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to the Trademarks;

20.3.18 abandons or ceases to operate the franchised Business and/or any ENGEL & VÖLKERS Yachting Brokerage operated by Franchisee or its affiliates;

20.3.19 knowingly conceals revenues, maintains false books or records, falsifies information or otherwise defrauds or makes false representation to Franchisor or submits any substantially false report to Franchisor;

20.3.20 does not maintain the financial records required by Section 13 of this Agreement;

20.3.21 is found by Franchisor or its designees, after conducting an audit of the franchised Business, that any periodic report or statement which Franchisee submitted to Franchisor understated Franchisee's Gross Revenues by 2% or more, at least three times within any 36-month period, or by 5% or more for the applicable reporting period;

20.3.22 refuses Franchisor permission to inspect, or to conduct an operational and/or financial audit of, the franchised Business or any other Franchisee-operated ENGEL & VÖLKERS Yachting Brokerages.

20.3.23 takes, withholds, misdirects or appropriates for its own use any funds withheld from Franchisee's employees' wages which by law should have been set aside for the franchised Business' employee taxes, FICA, insurance or benefits or wrongfully takes or appropriates for its own use ENGEL & VÖLKERS' or Franchisor's property or funds, or systematically fails to deal fairly and honestly with its employees, customers, Sales Advisors or suppliers, or knowingly permits or, having discovered the facts, fails to take any action against, or to discharge, an agent, servant or employee who has embezzled ENGEL & VÖLKERS' or Franchisor's funds or property or that of any customers/clients or others;

20.3.24 after curing a default which is subject to cure under Section 20.4 below, Franchisee commits the same act of default again within six (6) months;

20.3.25 interferes or attempts to interfere in any manner with Franchisor's or ENGEL & VÖLKERS' contractual relations and/or Franchisor's or ENGEL & VÖLKERS' relationships with other ENGEL & VÖLKERS System franchisees, any supplier of Franchisee, Franchisor, ENGEL & VÖLKERS or other franchisees, any governmental or quasi-governmental authority, Franchisor's or ENGEL & VÖLKERS' customers/clients, employees or advertising agencies, or any third parties;

20.3.26 engages in any act or practice, which subjects Franchisee and/or Franchisor to widespread publicity, ridicule or derision;

20.3.27 breaches the provisions of this Agreement relating to advertising standards (including but not limited to corporate or brand identity) and does not cure this breach within three (3) days following written notice from Franchisor;

20.3.28 any license or governmental authorization necessary for the operation of the franchised Business is revoked or terminated; or

20.3.29 engages in any act or conduct, or fails to engage in any act or conduct, which under this Agreement specifically authorizes Franchisor to terminate this Agreement immediately upon notice to Franchisee.

20.4 ***Termination by Franchisor After Opportunity to Cure:*** Except as specifically provided elsewhere in this Agreement, Franchisee will have thirty (30) calendar days following Franchisor's delivery of written notice to Franchisee to cure any default under this Agreement and provide Franchisor with evidence that Franchisee has done so. If Franchisee has not cured any default within that time,

this Agreement will terminate immediately upon expiration of the thirty (30) day period, unless Franchisor otherwise expressly agrees in writing. Franchisee will be in default of this Agreement for any failure to comply with any of its obligations under this Agreement, as supplemented by the System Documentation, including, without limitation, the obligation to make any required payments to Franchisor or its affiliates when due. Examples (without limitation) of defaults curable within thirty (30) days after notice include if Franchisee:

20.4.1 is unable to properly manage its franchised Business operation for a prolonged period;

20.4.2 intentionally fails to make use of material features of the ENGEL & VÖLKERS System;

20.4.3 terminates the lease for its Yachting Brokerage or such lease expires or is otherwise terminated;

20.4.4 commits a breach of Section 23.2 (Ownership in Franchisee's Company);

20.4.5 or the Estate fails to comply with Section 22.4 (Assignment Upon Death or Disability);

20.4.6 or any of its affiliates is in default under any other franchise agreement or other agreement with Franchisor or one of its affiliates, which is not curable, or, if such default is curable and a notice to cure has been provided to Franchisee or its applicable affiliate, Franchisee or its applicable affiliate has not cured such default within the applicable cure period.

20.5 ***Optional Remedy*:** If Franchisee fails to timely pay any amounts due to Franchisor or one of its affiliates, or if Franchisee is in material breach of any obligation under this Agreement, Franchisor may, in addition to or in lieu of its remedy under Section 20.4 or otherwise provided in this Agreement: (i) withhold Franchisee's access to the Integrated Product Suite described in Section 7 and any other services or goods, such as the GG Magazine, that Franchisor or its affiliates are obligated to provide hereunder until such time as Franchisee's payments are current; and/or (ii) rescind any terms to this Agreement that were negotiated between the parties, including reducing Franchisee's Protected Area. Examples of material breaches of Franchisee's obligations under this Agreement include failure to timely pay any amounts due when payable and failure to timely submit reports required hereunder.

20.6 ***Franchisee's Failure to Pay:*** Franchisee's failure to make payments of any ongoing Royalties or other money due and owing to Franchisor, after Franchisee receives notice of the default from Franchisor granting an opportunity to cure, will be considered Franchisee's willful and wrongful breach under this Agreement and Franchisee's decision to reject and terminate this Agreement.

20.7 ***Notice Required By Law***: If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits Franchisor's rights of termination under this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be considered modified to conform to the minimum notice, cure

periods or restrictions upon termination required by the laws and regulations. Franchisor will not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

21. Consequences of Expiration or Termination of Agreement

21.1 ***Cessation of Business Operation:*** On expiration or termination of this Agreement for any reason, Franchisee will do the following in regard to the franchised Business:

21.1.1 immediately pay any amounts due and outstanding under this Agreement, plus any interest owed. If such sums are not paid within ten (10) days of the effective date of expiration or termination, interest will accrue, calculated as provided herein. Notwithstanding the foregoing sentence, Royalty payments on Gross Revenue from yachting brokerage services with the Yachting Brokerage during the Term, that is received, directly or indirectly, by Franchisee or its owners within six (6) months of the date of termination will be due within thirty (30) days of receipt;

21.1.2 immediately cease using the ENGEL & VÖLKERS System, including the Trademarks, and Confidential Information;

21.1.3 immediately remove the name ENGEL & VÖLKERS®, ENGEL & VOELKERS, E&V® or EV from its business name, if one of those names appears in its business name, and take all necessary action to cancel any assumed name or equivalent registration and any registered user agreement which pertains to the franchised Business and contains or pertains to the name "ENGEL & VÖLKERS" or any other Trademark of Franchisor, or any variant, within fifteen (15) days following termination or expiration of this Agreement. Franchisee must furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement. If Franchisee fails to do so within thirty (30) days following the date of termination or expiration, Franchisor may, in Franchisee's name, on Franchisee's behalf and at Franchisee's expense, sign all documents necessary to cause discontinuance of Franchisee's use of the name "ENGEL & VÖLKERS" or any other Trademark or any variant with respect to the franchised Business. Franchisee irrevocably appoints Franchisor as Franchisee's attorney-in-fact to do so;

21.1.4 immediately cease using any documents referring to the ENGEL & VÖLKERS System, *e.g.,* advertising texts, advertising materials, printed matter and letterheads;

21.1.5 immediately remove all the typical visual features used by the ENGEL & VÖLKERS System for ENGEL & VÖLKERS offices and Yachting Brokerages;

21.1.6 immediately transfer all telephone and fax numbers belonging to the franchised Business and all e-mail accounts, Internet domain names, and

social media accounts pertaining to the franchised Business (including, for example, YouTube, Facebook, LinkedIn, Twitter, etc.) including the words "engelvoelkers" and/or "volkers" and/or "voelkers" and/or "engel", "ev" and/or "evyachting" or any confusingly similar e-mail accounts, Internet domain names, and social media accounts, to Franchisor or to a third party nominated by Franchisor;

21.1.7 immediately remove or arrange to have removed all descriptions or other entries referring to the ENGEL & VÖLKERS System or the ENGEL & VÖLKERS office or its Yachting Brokerage from telephone and online directories and other directories and registers;

21.1.8 immediately cease to use any and all products or supplies displaying the Trademarks;

21.1.9 in a situation where this Agreement has been terminated due to Franchisee's breach, and Franchisor chooses to terminate one or more of Franchisee's Yachting Brokerages pursuant to the cross-default provisions in Franchisee's (or its applicable affiliate's) applicable Franchise Agreement(s) and herein, then, upon Franchisor's request, Franchisee shall cease operating those of its other Yachting Brokerage(s) as Franchisor specifies in writing;

21.1.10 assure that the general appearance of its Yachting Brokerage and its marketing and advertising materials as prescribed by the ENGEL & VÖLKERS System, whether in print or online, after de-branding / de-identifying it in accordance with Sections 21.1.2 through 21.1.8, do not appear to the general public as significantly similar in design elements to the design elements used in the ENGEL & VÖLKERS System and its Trademarks;

21.1.11 Franchisee may not identify itself to third parties as a former franchisee of Franchisor or a former ENGEL & VÖLKERS System franchisee;

21.1.12 immediately execute all agreements necessary to effectuate the termination (if applicable) in a prompt and timely manner; and

21.1.13 in the event of termination for any default by Franchisee or of termination through failure to make payment following notice to cure, pay to Franchisor all losses and expenses incurred as a result of the default or termination, including all damages, costs, and expenses, and reasonable legal and experts' fees directly related thereto.

Should Franchisee fail to comply with these obligations, Franchisor or Franchisor's agents shall be entitled, after giving due notice, to enter Franchisee's business premises during normal business hours and to carry out any necessary modifications, either wholly or partly at the Franchisee's risk and expense, without incurring any liability whatsoever for Franchisor.

21.2 ***Repurchase of Products Covered by this Agreement:*** Upon termination or expiration of this Agreement, Franchisor may, at its sole discretion, agree to take

back all or part of Franchisee's inventory of materials at the original purchase price, subject to the proviso that these are undamaged and suitable for transportation and sale. Franchisor may also agree to repurchase at actual market value any damaged goods not fit for sale.

21.3 ***Return of Property:*** Upon termination or expiration of this Agreement, Franchisee must return all copies of the System Documentation (including any printed copies of electronic transmissions) and all documents relating to the ENGEL & VÖLKERS System and the Yachting Brokerage Services covered by this Agreement and all other articles owned by Franchisor without delay, except that Franchisee may keep a copy of this Agreement, any correspondence between the parties, and any other documents required by Franchisee for fulfillment of its legal obligations, except for any System Documentation.

22. Transfer of Rights and Obligations under this Agreement

22.1 ***Assignment by Franchisor:***

Franchisor has the right to assign all of its rights and privileges under this Agreement to any person or business entity. If Franchisor assigns this Agreement, Franchisee expressly agrees that immediately upon and following such assignment, Franchisor will no longer have any obligation - - directly, indirectly or contingently - - to perform or fulfill the duties or obligations imposed upon the "Franchisor" as defined hereunder. Instead, all such duties and obligations will be performed solely by Franchisor's designated assignee, and Franchisee will never assert, contend or complain otherwise.

Franchisee agrees and affirms that Franchisor may undertake a refinancing, recapitalization, securitization, leveraged buyout or other economic or financial restructuring. Franchisee expressly waives any and all claims, demands or damages arising from or related to such activities. Franchisee also agrees that Franchisor may purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and that following such activity Franchisor may operate, franchise or license those other businesses and/or facilities under any names or marks, including the Trademarks, regardless of the location of these businesses and/or facilities, which may be in the Protected Area.

22.2 ***Assignment by Franchisee:***

Franchisee's rights and obligations under this Agreement are personal because Franchisor has entered into this Agreement in reliance on and in consideration of Franchisee's singular personal trust, confidentiality, skill and qualifications (or, if Franchisee is an entity, the personal trust, confidentiality, skill and qualifications of its Principals and key employees). Therefore, except as provided below, neither Franchisee's interest in this Agreement, its rights, privileges or obligations under this Agreement, the franchised Business, nor any interest in the franchised Business, or a business entity franchisee (including any capital stock, membership, partnership or proprietary interest of Franchisee or anyone who controls Franchisee), may be assigned, sold, transferred, shared, reconsidered, sublicensed or divided, voluntarily or involuntarily, directly or indirectly, in one or a series of related transactions, by operation of law or otherwise (each, an "**assignment**"), without first obtaining Franchisor's written consent and, where applicable, complying with Franchisor's

right of first refusal, each as provided in this Section 22. Any assignment in violation of this Section 22 will be null, void and of no effect. In addition, Franchisee must not sub-franchise, sub-license, subcontract, share or divide or partition rights under this Agreement without Franchisor's prior written consent. Franchisor may in its absolute discretion withhold such consent.

22.3 ***Assignment By Franchisee – Sale To Third Party:***

If Franchisee or any of its owners wish to solicit, offer, or discuss the assignment of any equity or economic interest in Franchisee or assets of its business to a third party (whether by stock sale, asset sale, merger, operation of law or otherwise), Franchisee shall use its best efforts and shall employ reasonable security measures, including having any third parties who are to be presented with Confidential Information sign appropriate non-disclosure agreements which are acceptable to Franchisor, to prevent any unauthorized disclosure of or access to the Proprietary Information and shall immediately advise Franchisor of any information it has or receives of any unauthorized disclosure or access. Franchisee shall provide copies of all such non-disclosure agreements to Franchisor upon request.

If Franchisor does not elect to exercise its right of first refusal (as provided in Section 22.5 below), then Franchisor will not unreasonably withhold consent to Franchisee's sale, transfer or assignment of any interest in Franchisee (if Franchisee is a business entity), the franchise conveyed by this Agreement and Franchisee's right to use the ENGEL & VÖLKERS System, or any interest in any of these, to a third party. Franchisee agrees that it will not be unreasonable for Franchisor to impose, among other requirements, the following conditions to granting consent to Franchisee's proposed sale, assignment or transfer of any of the foregoing:

22.3.1 That the proposed assignee (meaning individual or business entity which, after the proposed assignment, will be the franchisee under this Agreement or under any successor/renewal agreement) applies to Franchisor for acceptance as a franchisee and demonstrates to Franchisor's satisfaction that the proposed assignee (and, if it is a business entity, each and every Principal owner and guarantor of the proposed assignee) possesses the skills, qualifications, financial condition, background and history, reputation, economic resources, education, managerial and business experience, moral character, credit rating and ability to assume the duties and obligations under this Agreement or any successor agreement. Franchisee must pay the costs of any investigation required to be conducted by Franchisor.

22.3.2 That, upon Franchisor's request, the proposed assignee (or, if the proposed assignee is a business entity, each and every Principal owner or guarantor of the proposed assignee) presents himself, herself or itself for a personal interview at Franchisor's corporate office, or any other location (or by virtual / video-conference call) that Franchisor designates, at a date and time Franchisor reasonably requests, without expense to Franchisor. Franchisor may determine to meet with the proposed assignee at his, her or its principal place of business or residence and, if Franchisor does so, Franchisee will reimburse Franchisor for all travel, lodging, meal and personal expenses related to such meeting.

22.3.3 That the proposed assignee has the organizational, managerial and financial structure, resources, and capital required to conduct and operate the franchised

Business: (i) in accordance with the System Documentation and brand standards as ENGEL & VÖLKERS and Franchisor indicate from time to time; and (ii) otherwise properly, in Franchisor's business judgment.

22.3.4 That the proposed assignee complies with Franchisor's ownership requirements relative to the control of the proposed assignee and the franchised Business.

22.3.5 That the proposed assignee (and, if the proposed assignee is a business entity, each and every owner or guarantor of the proposed assignee) complies with Franchisor' restrictions relative to involvement in a competitive business.

22.3.6 That the proposed assignee; his, her or its proposed business managers; and, such other post-transaction employees of the franchised Business attend and successfully complete Franchisor's then-required training programs before the assignment, and any other training that Franchisor reasonably requires, at the assignee's expense (which will include Franchisor's then-current training fee and the cost of the trainees' transportation, lodging, food and other living expenses). Each individual undergoing such training must first execute the Confidentiality/Non-Competition Agreement attached hereto. Franchisor may waive these requirements if the proposed assignee is one of Franchisor's existing franchisees in good standing.

22.3.7 That, as of the date of the assignment, Franchisee has cured any existing defaults under this Agreement or any other agreement or arrangement with Franchisor or its affiliates, and has fully satisfied in all respects all of its accrued and/or then-current monetary and other obligations to Franchisor and its affiliates related to the franchised Business (under this Agreement or otherwise), all sources of financing of the franchised Business and all material sources of supply of the franchised Business.

22.3.8 That the assignee execute a new franchise agreement with Franchisor, and all other agreements then required of a new franchisee, in the form and on the terms and conditions Franchisor then offers to new unit franchisees, which terms and conditions may vary significantly from those in this Agreement. The assignee will not be obligated to pay an Initial Franchise Fee under the new franchise agreement but will be required to pay Franchisor's then-current fees for furnishing any initial training program(s) and any other services furnished under the new Franchise Agreement. The term of the new Franchise Agreement will be the balance of the Term of this Agreement. The execution of the new Franchise Agreement will terminate this Agreement, except for Franchisee's Guarantees; any of Franchisee's obligations to Franchisor or its affiliates which remain outstanding and/or unsatisfied; and, the post-termination and post-expiration provisions of this Agreement which, by their nature, will survive.

22.3.9 That the assignee has acquired, or will be able to immediately acquire following the execution of the new Franchise Agreement, all permits, licenses and other authorizations required by any federal, state or local, rule or regulation to operate the franchised Business. If applicable law enables Franchisee to assign any of the aforementioned permits, licenses and/or authorizations which Franchisee

possesses to the assignee, then Franchisee agrees to do so immediately following Franchisor's execution of the assignee's new franchise agreement.

22.3.10 Notwithstanding the foregoing, Franchisee understands and agrees that it will remain fully liable and responsible for all of its obligations to Franchisor and its affiliates under this Agreement which arose in connection with the operation of the franchised Business prior to the effective date of the assignee's new franchise agreement (specifically including Franchisee's obligation to indemnify Franchisor and the other indemnitees identified in Section 17) and Franchisee agrees to execute any and all documents Franchisor reasonably requests to further evidence such liability.

22.3.11 That if the proposed assignee is a business entity, Franchisor has the absolute right to require any owners or other parties having an interest in the proposed assignee or the franchised Business to execute Franchisor's then-current form of Guarantee attached as **Appendix 4**.

22.3.12 That the Total Sales Price of Franchisee's assignment is not so excessive, in Franchisor's sole determination, that it jeopardizes the continued economic viability and future operations of the franchised Business and/or the assignee. "**Total Sales Price**" means all consideration of every kind paid or payable to Franchisee or any other person in connection with, arising out of or relating to the assignment, whether money, property or other thing or service of value including consideration received for all or part of the franchised Business; Franchisee's rights under this Agreement; contracts; goodwill; restrictive covenants; consulting arrangements; Franchisee's furniture, fixtures, equipment and trade dress elements; accounts receivable; any consulting salary; or, any other fees or arrangements or other form of consideration, whether the consideration is received in the present or promised to be given to the assignor or any other person in the future (including the highest possible value of any contingent future consideration).

22.3.13 That Franchisee and, if Franchisee is a business entity, each of its owners and guarantors, and the assignee (and if the assignee is a business entity, each of its owners and guarantors) execute Franchisor's then-standard form of General Release.

22.3.14 That if the assignee is a business entity, all of the requirements of its new Franchise Agreement concerning business entities must be complied with before Franchisor will execute the new Franchise Agreement and, as applicable, will continue to be complied with thereafter.

22.3.15 That Franchisee furnish Franchisor with a copy of any proposed contract of assignment (and any related agreements) and, promptly following execution, furnish to Franchisor a copy of the executed contract of assignment (and any related agreements).

22.3.16 That Franchisee pay Franchisor a transfer fee of $2,500 to compensate Franchisor for its legal, accounting and other expenses incurred in connection with

Franchisee's assignment; provided, however, that a transfer fee will not be charged for mortgages or other usual encumbrances associated with financing.

22.3.17 That neither the proposed assignee nor any of its owners or affiliates directly or indirectly owns, operates or has any interest in, or has a material business relationship with, a competitive business to ENGEL & VÖLKERS.

Franchisee expressly agrees that its obligation to indemnify and hold harmless Franchisor and the other indemnitees under Section 17 of this Agreement extends to and embraces liabilities arising from or relating to, directly or indirectly, any statements, representations or warranties that Franchisee may give to or receive from any proposed assignee and/or any claim that Franchisee (and, if Franchisee is a business entity, its owners, management or employees) or its assignee engaged in fraud, deceit, violation of franchise laws or other illegality in connection with the negotiation or consummation of the assignment. As with all other indemnification obligations set forth in this Agreement, this specific indemnification obligation will survive the termination or expiration of this Agreement.

Franchisee further understands and agrees that Franchisor's consent to any assignment transaction will not constitute Franchisor's waiver of any claims against Franchisee by Franchisor or its affiliates, under this Agreement or otherwise.

The provisions of Sections 22.2 and 22.3 pertain to any management agreement or other agreement which would have the effect of transferring any material asset or control of all or any part of the operations of the franchised Business to any third party. Any such agreement must first be approved by Franchisor in writing. Franchisor will not unreasonably withhold its approval, but its approval may be denied if such agreement is on terms materially different from those which would result from arms-length negotiations or if Franchisor determines that the fees payable under such agreement are excessive. Any such agreement and any party thereto who, as a result of the agreement, may directly or indirectly be involved in the ownership of the assets or operations of the franchised Business must meet such standards and conditions as Franchisor has put in place at the time Franchisee requests Franchisor's consent.

22.4 ***Assignment Upon Death or Disability:***

Upon Franchisee's death or long-term disability (if an individual) or the death, disability, judicial determination of incompetence, or the appointment of a legal conservator or guardian of any "Key Equityholder" as defined below (if a business entity), that person's rights will pass to his or her estate, heirs, legatees, guardians or representatives, as appropriate (collectively, the "**Estate**"). "**Key Equityholder**" means a 25% shareholder, member, partner or proprietor of Franchisee as of the Effective Date.

The Estate may continue the operation of the franchised Business if: (a) the Estate provides a competent and qualified individual reasonably acceptable to Franchisor to serve as business manager and operate the franchised Business on a full-time basis (provided, that all other required roles, as stated in this Agreement, are also filled by qualified individuals at all times); (b) that individual attends and successfully completes Franchisor's then-

standard, required training program(s) (if he or she has not previously done so) at the Estate's expense; and, (c) that individual assumes full-time operation of the franchised Business as business manager within three months of the date the person dies or becomes disabled. In the alternative, the Estate may sell the franchised Business within one (1) month of the death or disability. If the Estate does not designate a Business Manager or the Estate's designated Business Manager does not assume the full-time operation of the franchised Business within one (1) month, such failure will be a material breach of this Agreement which, unless cured by the Estate as provided in Section 20.4, will result in this Agreement being terminated immediately.

If at any time following Franchisee's death or disability (if an individual), or the death or disability of Franchisee's last surviving Principal (if Franchisee is a business entity), the Estate fails to have one or more approved business manager supervising the operation of the franchised Business on a full time basis, then until the Estate retains one, Franchisor may assume full control of and operate the franchised Business, but will have no obligation to do so. If Franchisor does so, then during this period, Franchisor will deduct its expenses for travel, lodging, meals and all other expenses and fees from the franchised Business' Gross Revenues and also pay itself a management fee equal to the greater of: (i) two times the salary paid to the individual(s) assigned by Franchisor to operate the franchised Business, or (ii) 10% of the franchised Business' monthly Gross Revenues. This management fee will be in addition to the ongoing Royalties due to Franchisor under this Agreement. Franchisor will then remit any remaining funds to the Estate. The Estate and any Guarantor of this Agreement must pay Franchisor any deficiency in sums due to Franchisor under this Agreement within ten (10) days of Franchisor notifying the Estate and such Guarantor of the deficiency. Franchisor will not be obligated to operate the franchised Business. If Franchisor does so, it will not be responsible for any operational losses of the franchised Business, nor will it be obligated to continue operating the franchised Business.

22.5 ***Right of First Refusal:***

Franchisee's rights to assign any interest in this Agreement or the franchised Business, voluntarily or by operation of law (as provided above), will be subject to Franchisor's right of first refusal (except in those instances specified above where there is no such right of first refusal), which right of first refusal Franchisor may freely assign to any individual or business entity. Franchisor will exercise its right of first refusal in the following manner:

22.5.1 Franchisee must deliver to Franchisor a true and complete copy of the proposed assignee's offer (the "**Offer**") including all its material terms and furnish to Franchisor any additional information concerning the proposed transaction and the proposed assignee that Franchisor reasonably requests. Franchisee's submission of such information must be accompanied by the seller's representation and warranty that all of the information submitted to Franchisor is true, accurate, complete and correct in all respects and, if the seller is a business entity, Franchisee must also furnish Franchisor with an appropriate resolution of the business entity's governing body authorizing the proposed sale.

22.5.2 Franchisor shall have sixty (60) days following its receipt of the Offer (or, if Franchisor requests additional information, sixty (60) days following receipt of the additional information) to conduct due diligence into the transaction. Franchisor's due diligence will be of the type, nature and scope customary for transactions

similar to the proposed transaction at issue and, in connection with the due diligence, Franchisee agrees to make available to Franchisor immediately upon demand all information, data, books, or written or electronic records which Franchisor may reasonably request and, as well, shall make available to Franchisor for inquiry each Principal and Guarantor of the franchised Business, the Business Manager and any other personnel Franchisor specifies. As well, all of the requirements of Franchisee's proposed assignee specified above in Section 22.3 (Assignment by Franchisee – Sale to Third Party) of this Agreement must be complied with.

22.5.3 Within sixty (60) days after Franchisor's receipt of the Offer (or, if Franchisor requests additional information, within sixty (60) days after receipt of the additional information), Franchisor may either consent or withhold consent to the assignment, in accordance with this Section, or at Franchisor's option accept the assignment to itself or to its designee, on the terms and conditions specified in the Offer. If Franchisor or its designee accepts the assignment, Franchisor will be entitled to all of the customary representations and warranties given by the seller of assets of a business, including (without limitation) representations and warranties as to ownership, condition of and title to assets, liens and encumbrances on the assets, validity of contracts and agreements, and as to contingent and other liabilities affecting the assets. Any dispute regarding the value of all or any part of the assets or rights proposed to be assigned and/or the consideration proposed to be paid or payable to Franchisee or any third party in connection with the proposed assignment shall be determined by a reputable independent appraiser Franchisor selects, and Franchisee and Franchisor equally share the expense of, whose determination will be final and binding on all parties. Franchisee expressly understands and agrees that nothing in the offer which is the subject of the Offer to Franchisor may contain any provision or condition the effect of which would be to increase the cost to Franchisor, or otherwise change the economic or other material terms imposed on Franchisor, as a result of Franchisor's substitution for the proposed assignee, or as a consequence of compliance with the procedures set forth herein regarding Franchisor's right of first refusal.

22.5.4 If Franchisee is a business entity and a partial transfer is proposed through the assignment or redemption of more than 25% of such entity's ownership interests other than to any of such entity's co-owners, then Franchisor or its designee will have the option to purchase not only the interests being transferred but also all remaining interests, so that Franchisor's resulting ownership will be 100% of such business entity. The price of these remaining interests will be proportionate to the price of the interests initially being offered.

22.5.5 Franchisor's credit will be considered at least equal to the credit of any proposed assignee. Franchisor may substitute cash for the fair market value of any other form of payment proposed in the Offer.

22.5.6 If Franchisor gives notice of its exercise of the right of first refusal, closing on Franchisor's purchase must occur within the later of: (i) sixty (60) days following Franchisee's receipt of such notice to Franchisee; (ii) the closing period (if any) specified in the subject offer; or, (iii) such longer period as may be necessary to conduct the due diligence provided for above.

22.5.7 If Franchisor elects not to exercise its right of first refusal and Franchisor consents to the proposed assignment, then Franchisee will, subject to the provisions of this Section, be free to make the assignment on the terms and conditions specified in the notice if Franchisee satisfies the conditions set forth herein for Franchisor's approval of the assignment and if Franchisee closes the transaction within sixty (60) days (or such further time as may be stipulated by law, rule or regulation). If, however, the terms specified in the Offer are changed, the changed terms will be considered a new offer, and Franchisor will have an identical right of first refusal with respect to the new offer. Further, if Franchisee fails to close the assignment transaction within sixty (60) days (or such longer period of time as may be stipulated by applicable law, rule or regulation), then Franchisor's right of first refusal hereunder shall be restored and Franchisor may elect to exercise same within thirty (30) days thereafter.

22.5.8 Franchisor's election not to exercise its right of first refusal with respect to any Offer will not affect Franchisor's right of first refusal with respect to any later or modified offer. If Franchisor does not exercise its right of first refusal, this will not constitute approval of the proposed assignee or of the transaction itself. Franchisee and the proposed assignee must comply with all the criteria and procedures for assignment specified in this Section 22.

22.6 ***Security Interest:***

Without Franchisor's prior written consent (which may be granted or withheld for any or no reason), Franchisee may not in any manner pledge, encumber, mortgage, hypothecate or otherwise grant any third party a security interest in this Agreement, the franchised Business, any of its facilities, any ownership interests in Franchisee (if a business entity), any ownership interests in any business entity which directly or indirectly controls Franchisor, the lease for Franchisee's office, or any of the tangible assets material to the operation of the franchised Business. Franchisor may require Franchisee's compliance with any policy statement which Franchisor adopts and announces regarding security interests. Franchisor reserves the right to review and approve the terms of any security agreement or other document granting a security interest in any of the assets or interests described in this Section, which approval shall be in writing.

22.7 ***Franchisee's Offer and Sale of Securities:***

If Franchisee is a business entity and intends to offer and sell securities of any type or nature or other ownership interests in Franchisee, the franchised Business, any Principal and/or any Guarantor, then Franchisee must give Franchisor written notice at least sixty (60) days prior to the date of commencement of any such offering. Any such offering shall be subject to Franchisor's right of first refusal, as set forth above in Section 22.5, and shall comply with any written policies adopted and announced by Franchisor from time to time. The requirements regarding executed non-disclosure agreements from prospective purchasers as stated in Section 22.3 shall apply in such circumstances.

Franchisee must submit to Franchisor for Franchisor's review and consent, at least thirty (30) days prior to Franchisee filing them with any government agency, any and all materials required by federal and/or state law for any direct or indirect offer

or sale of securities or other ownership interests. If such offering of securities or other ownership interests will be exempt from federal and/or state filing requirements, then any materials Franchisee will use in any such exempt offering shall be submitted to Franchisor for review and consent at least thirty (30) days prior to their use. Franchisor's review of such offering materials and information included therein will be conducted solely for Franchisor's benefit and not for the benefit or protection of any other person. All of Franchisee's offering materials and documents must include legends and statements as Franchisor may specify, including legends and statements which disclaim Franchisor's liability for, or involvement in, Franchisee's offer and sale of securities or other ownership interests, and must advise all offerees that Franchisor's review of Franchisee's offering materials must not be deemed in any fashion Franchisor's approval, endorsement, acceptance or adoption of any representation, warranty, covenant or projection contained in those materials.

Franchisee's offer and sale of securities and other ownership interests is specifically embraced by Franchisee's indemnification of Franchisor and the other indemnitees identified in Section 17 of this Agreement. Any other participant in Franchisee's offer of securities or other ownership interests must agree to fully indemnify Franchisor in a parallel fashion in that form which Franchisor prescribes.

Franchisee must pay Franchisor a non-refundable fee of $10,000 or such greater amount as may be necessary to reimburse Franchisor for its reasonable costs and expenses in reviewing Franchisee's proposed offering, including, without limitation, legal and accounting fees. In addition, Franchisee will be responsible for annually reimbursing Franchisor with all costs associated with providing reporting information requested in connection with the security.

22.8 ***Bankruptcy:***

If Franchisee, the franchised Business, or any Principal of Franchisee is the subject of any voluntary or involuntary proceeding under the U.S. Bankruptcy Code, as amended, and if this Agreement does not terminate as provided in Section 20.2 (Automatic Termination Without Notice) herein, but, instead, is to be assumed by, or assigned to, a third party individual or entity which has made a bona fide offer to accept an assignment of this Agreement as contemplated by the U.S. Bankruptcy Code, then Franchisee must notify Franchisor of any such proposed assignment or assumption within five (5) days after Franchisee's receipt of such proposed assignee's offer to accept assignment or to assume Franchisee's rights and obligations under this Agreement. Such notice must be given to Franchisor, in any event, no later than ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption.

The notice required above must contain the following: (i) the name and address of the proposed assignee; (ii) all of the terms and conditions of the proposed assignment and assumption; and, (iii) adequate assurance to be provided to Franchisor to assure the proposed assignee's future performance under this Agreement, including (without limitation) the assurance referred to in Section 365

of the U.S. Bankruptcy Code and the satisfaction of the preconditions to assignment set forth in Section 22 of this Agreement.

Franchisor will then have the prior right and option, to be exercised by notice given at any time prior to the effective date of the proposed assignment and assumption, to accept an assignment of this Agreement to itself, upon the same terms and conditions, and for the same consideration (if any), as in the bona fide offer made by the proposed assignee, less any brokerage commissions or other expenses which may be saved by Franchisee as a result of Franchisor's exercise of the rights and options granted to Franchisor herein. Under no circumstance shall Franchisor be liable for the payment of any brokerage commissions or other expenses as a result of Franchisor's exercise of its rights and options hereunder unless Franchisor otherwise agrees in writing.

"**Adequate assurance of future performance**", as used above, shall mean that Franchisor shall have been furnished with specific evidence that any proposed assignee of this Agreement can and will comply with all operational and other performance requirements, and with all conditions, obligations, duties, covenants and requirements of a franchisee under: (i) this Agreement; (ii) the standard form Franchise Agreement then being offered to Franchisor's franchisees; (iii) such other ancillary agreements as Franchisor may require; and (iv) any of Franchisor's policies describing Franchisor's franchisees' duties, obligations, conditions, covenants or performance requirements. Franchisee understands and agrees that adequate assurance of future performance shall mean that any proposed assignee must satisfy the conditions forth in Section 22.3 above.

22.9 ***No Waiver of Franchisor's Rights:***

Franchisor's consent to any assignment shall not constitute a waiver of any claims Franchisor may have against Franchisee, the franchised Business, Residential Real Estate Brokerages operated by Franchisee or its affiliates, any of Franchisee's owners and/or any Guarantor. Nor shall such consent be deemed a waiver of Franchisor's right to require exact compliance with any of the terms of this Agreement by any assignee.

23. Multiple Owner and Business Entity Franchisee

23.1 ***Guarantee:*** If Franchisee is a business entity, *e.g.*, corporation, partnership or limited liability company, the Franchisee's principal owners must be named in **Appendix 1** (hereinafter called the "**Principals**"). A Principal is an "owner" that owns ten percent (10%) or more of Franchisee. The Principals will each sign the Principal's Guarantee and Assumption of Obligations attached as **Appendix 4** to this Agreement. If the Principal is in a community property state or for other reasons determined by Franchisor, the Principal's spouse may also be required to sign the Guarantee form. If any Principals change, Franchisee must notify and provide an updated list of all Principals to Franchisor immediately.

23.2 ***Ownership in Franchisee's Company:*** Franchisee shall ensure that the named Principals hereby undertake for the duration of this Agreement:

23.2.1 to retain, collectively, an ownership interest of not less than fifty-one percent (51%) of Franchisee's voting capital or, in cases where Franchisee is a subsidiary company, not less than the equivalent percentage of the holding company's voting capital;

23.2.2 not to make any disposition of the ownership interests in the aforementioned companies without the prior written consent of Franchisor, which consent shall not be unreasonably withheld;

23.2.3 not to make any amendments to the organizational documents of Franchisee without first informing Franchisor in writing, which consent shall not be unreasonably withheld;

23.2.4 to retain its position of control over the management and operation of Franchisee; and

23.2.5 not to enter into competition during the Term with the ENGEL & VÖLKERS System, either directly or indirectly, in an employed or a self-employed capacity, for its own account or for the account of a third party for the duration of this Agreement, provided always that the Principal is entitled to acquire shares in stock exchange-listed companies during the course of normal investment activity up to an amount of not more than twenty-five percent (25%) of the share capital of such companies.

The Principals are allowed, with the prior written consent of Franchisor, to sell their ownership interests to potential investors provided that the investor possesses the necessary creditworthiness, sound business standing, specialist knowledge and experience. The investors are not allowed to be in conflict with Franchisor concerning covenants against competition or the restraints of being an owner of a competitor of Franchisor. Any such sale of the ownership interest shall be subject to a fee in the amount of $2,500.00 to cover Franchisor's administrative expenses in connection with the proposed sale.

23.3 ***Information Form:*** Franchisees that have multiple owners and Franchisees that are business entities must provide Franchisor with an executed copy of Franchisor's form entitled Information on Multiple Owners or Entity Franchisee attached as **Appendix 6**.

23.4 ***Execution of Separate Agreement:*** Each Principal shall evidence his or her obligations with respect to Confidential Information as described in Section 15 and non-competition obligation as described in Section 16 by executing Franchisor's form of Confidentiality Agreement and Covenant Not to Compete attached as **Appendix 3**.

24. Representations and Warranties

Franchisee hereby represents and warrants to Franchisor as follows:

24.1 Franchisee is acquiring this franchise for Franchisee's own account to operate a Yachting Brokerage, and not for the purpose of resale or redistribution or other speculative matter;

24.2 All information provided to Franchisor in Franchisee's application and other documents to induce Franchisor to grant this franchise was true, correct, complete and accurate as of the date made, and, as of the Effective Date, no material change has occurred in such information;

24.3 Franchisee's execution, delivery and performance of this Agreement does not violate or constitute a breach under any agreement or commitment of Franchisee;

24.4 If Franchisee is an entity, Franchisee is duly organized and validly existing, is qualified to do business in each state where Franchisee is or will conduct business, and is duly authorized to execute and deliver this Agreement and perform Franchisee's obligations pursuant to this Agreement; Franchisee does not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of Franchisee's current financial statements, which financial statements Franchisee will have furnished to Franchisor prior to the execution of this Agreement;

24.5 As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to the knowledge of Franchisee or any of its officers, directors, or principal shareholders (after due inquiry), threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of the knowledge of Franchisee or any such officers, directors and principal shareholders (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of the assets, properties, rights or business of Franchisee; the right of Franchisee to operate and use its assets, properties or rights to carry on its business; and/or which affects or could affect Franchisee's right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement; and

24.6 This Agreement represents a valid, binding obligation of Franchisee and each Principal. Each Principal has fully read this Agreement and Franchisor's Franchise Disclosure Document, and each Principal represents that he/she is capable of complying with all of the terms of this Agreement and the Principal's Guarantee and Assumption of Obligations.

All representations and warranties of Franchisee contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

25. ENGEL & VÖLKERS Group and Parent Not a Party

25.1 ***No Relationship with ENGEL & VÖLKERS GROUP and Parent:*** Franchisee acknowledges and agrees that neither the Engel & Völkers Group nor the Parent are a party to this Agreement or bound to Franchisee in any way by this Agreement. Although as a franchisee of the ENGEL & VÖLKERS System, Franchisee may

obtain services from the Engel & Völkers Group or Parent or their affiliates, Franchisee understands and agrees that:

25.1.1 this Agreement is solely between Franchisee and Franchisor;

25.1.2 Franchisee will look only to Franchisor for performance of any of Franchisor's obligations under this Agreement;

25.1.3 The Engel & Völkers Group, the Parent, E&V Yachting, E&V Marken and Grund Genug Verlag are each an intended third party beneficiary of this Agreement as provided in Section 25.2;

25.1.4 Franchisor is not an agent of the Engel & Völkers Group or the Parent and has no authority to bind it to any commitments or obligations;

25.1.5 Franchisee has dealt only with Franchisor in the award of the ENGEL & VÖLKERS franchise (and not with the Engel & Völkers Group or the Parent or any of their affiliates);

25.1.6 Neither the ENGEL & VÖLKERS Group nor the Parent or their affiliates have no obligations to Franchisee under this Agreement or otherwise in connection with Franchisee's acquisition of the franchise;

25.1.7 Franchisee will make no claims against the Engel & Völkers Group or the Parent or any of their affiliates arising out of Franchisee's acquisition of this Agreement or Franchisor's performance of its obligations under this Agreement; and

25.1.8 any business dealings by Franchisee with the Engel & Völkers Group or the Parent or their affiliates will be governed by any agreements Franchisee enters into with them, and that the Engel & Völkers Group or the Parent have no obligation to Franchisee under this Agreement.

25.2 ***Third Party Beneficiary:*** Franchisee and the Principals acknowledge that the Engel & Völkers Group, its Parent, E&V Yachting, E&V Marken, Grund Genug Verlag and their affiliates are each intended to be a third party beneficiary of this Agreement. Except as otherwise expressly provided herein, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. Franchisee hereby understands, acknowledges and agrees that the Engel & Völkers Group, its Parent, E&V Yachting, E&V Marken, Grund Genug Verlag and their affiliates, as third party beneficiaries under this Agreement, have the absolute right to enforce all of the terms and provisions of this Agreement should Franchisor fail or otherwise refuse to do so.

26. Miscellaneous Provisions

26.1 ***Governing Law:*** This Agreement; all relations between the parties hereto (and all relations with any third party beneficiary hereto); and, any and all disputes between Franchisee and its affiliates, owners, management, or employees, on the one hand, and Franchisor and/or any other Indemnified Parties, on the other hand, whether

such dispute sounds in law, equity or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement is not enforceable under the laws of New York, and if the franchised Business is located outside of New York and the provision would be enforceable under the laws of the state in which the franchised Business is located, then that provision (and only that provision) will be interpreted and construed under the laws of that state. This Section 26.1 is not intended to invoke, and shall not be deemed to invoke, the application of any franchise, business opportunity, antitrust, unfair competition, fiduciary or any other doctrine of law of the State of New York which would not otherwise apply by its terms jurisdictionally or otherwise but for the within designation of governing law. If applicable law provides Franchisee with additional rights as to notices, opportunities to cure or otherwise than as are provided by this Agreement as to termination, transfers or otherwise, Franchisor shall comply with the requirements of such laws to the extent they exceed Franchisor's obligations under this Agreement.

26.2 ***No Consolidated or Class Actions:*** Any disagreement between Franchisee and Franchisor (and Franchisor's affiliates) will be considered unique as to its facts and must not be brought as a class action, and Franchisee waives any right to proceed against Franchisor (and Franchisor's affiliates, owners, officers, directors, employees, agents, successors and assigns) by way of class action, or by way of a multi-plaintiff, consolidated or collective action.

26.3 ***Venue***: Any litigation arising out of or related to this Agreement or any related agreement; any breach of this Agreement or any related agreement; the relations between the parties (as defined below); and, any and all disputes between the parties, whether sounding in law or equity, will be instituted, litigated through conclusion and, if necessary, appealed through final, irrevocable judgment in a state or federal district court of competent jurisdiction situated in the Southern District of New York. Franchisee hereby irrevocably submits itself to the jurisdiction of any such court and waives all questions of personal jurisdiction for the purpose of carrying out this provision. Franchisee agrees that any dispute as to the venue for litigation will be submitted to and resolved exclusively by such aforementioned court. Notwithstanding the foregoing, however, with respect to any action for monies owed, injunctive or other extraordinary or equitable relief, or involving possession or disposition of, or other relief relating to, the franchised Business, Franchisor (and any third-party beneficiary seeking to enforce Franchisor's rights hereunder) may bring such an action in any county, state or federal district court which has jurisdiction. Franchisee hereby waives and covenants never to assert or claim that the venue designated for litigation by this Agreement is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including any claim under the judicial doctrine of "forum non conveniens"). As used in this Section of the Agreement, the term "parties" includes all of the Indemnified Parties and all of the analogous parties pertaining to Franchisee and to any third party beneficiary of this Agreement, and, as to each of them, whether acting in their corporate or individual capacity, along with any other individual or business entity acting or purporting to act by, through, under or under authority granted by Franchisor or Franchisee, as applicable.

26.4 ***Limitations Period.*** Any and all legal actions or proceedings brought by Franchisee against Franchisor or the other Indemnified Parties arising out of or related to this Agreement or any related agreement; any breach of this Agreement or any related agreement; the relations between such parties; and, any and all disputes between such parties, whether sounding in law or equity, must be commenced within two (2) years from the occurrence of the acts, errors and/or omissions giving rise to such legal action or proceeding. If not, then Franchisee irrevocably covenants and agrees that such action or proceeding shall be barred. In addition, except in the case of Franchisor's gross negligence or gross fault, Franchisee accepts, acknowledges and agrees that in no case will Franchisor be responsible for any fact, act, obligation (contractual or extra-contractual), claim and/or damage (material, physical and/or moral), of any nature whatsoever, arising directly or indirectly (a) from any delay in delivery of any program, product, service, merchandise or property, (b) any fact, act or omission whatsoever of which the cause does not arise directly from Franchisor's gross negligence or gross fault or (c) for any malfunction, failure, defect, quality defect and/or security breach of any material, product, merchandise, good or software occurring for any reason whatsoever.

26.5 ***No Punitive, Exemplary or Consequential Damages:*** FRANCHISEE AND FRANCHISEE'S RESPECTIVE OWNERS AND GUARANTORS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, INCIDENTAL, INDIRECT, SPECIAL, EXEMPLARY, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING LOST PROFITS DAMAGES) AGAINST FRANCHISOR AND THE OTHER INDEMNIFIED PARTIES IN ANY ACTION OR PROCEEDING WHATSOEVER BETWEEN SUCH PARTIES, AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE PARTIES, FRANCHISEE'S OR ANY OF ITS OWNERS' OR GUARANTORS' CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND/OR TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS, AND COVENANT NEVER TO ADVANCE OR PURSUE ANY SUCH CLAIM FOR PUNITIVE DAMAGES. SUCH WAIVING PARTIES COVENANT TO SECURE FROM ANY OF THEIR AFFILIATE WHICH DO NOT EXECUTE THIS AGREEMENT HIS/HER/ITS EXECUTION OF A WRITING ADDUCED BY FRANCHISOR CONFIRMING THE FOREGOING, IN SUCH MANNER AND BY SUCH TIME FRANCHISOR REASONABLY SPECIFIES.

26.6 ***No Jury Trial:*** FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.

26.7 ***Enforcement:*** If Franchisor secures any declaration, injunction or order of specific performance pursuant to this Agreement, or if any provision of this Agreement is enforced at any time by Franchisor or if any amounts due from Franchisee to Franchisor are, at any time, collected by or through an attorney at law or collection agency, Franchisee shall be liable to Franchisor for all costs and expenses of enforcement and collection including, but not limited to, court costs and reasonable attorneys' fees, at all trial and appellate levels. In addition, if Franchisor becomes a party to any action or proceeding commenced or instituted against Franchisor by a third party arising out of or relating to any claimed or actual

act, error or omission of Franchisee and/or any of Franchisee's officers, directors, shareholders, management, employees, contractors and/or representatives (the "**Franchisee Party(ies)**"), the franchised Business and/or Franchisee's affiliates' Residential Real Estate Brokerages, by virtue of statutory, "vicarious", "principal/agent" or other liabilities asserted against or imposed on Franchisor as a result of its status as Franchisor; or if Franchisor becomes a party to any litigation or any insolvency proceeding involving Franchisee pursuant to any bankruptcy or insolvency code (including any adversary proceedings in conjunction with bankruptcy or insolvency proceedings), Franchisee will be liable to, and must promptly reimburse Franchisor, respectively, for the reasonable attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses Franchisor, respectively, incur in such action or proceeding regardless of whether such action or proceeding proceeds to judgment. In addition, Franchisor will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to its proof of claim in any insolvency or bankruptcy proceeding Franchisee files.

26.8 ***Severability:*** Should any provision contained in this Agreement prove wholly or partly invalid or impracticable, either now or at any future time, this shall not affect the validity of the remainder of this Agreement. In such event, the parties to this Agreement hereby undertake to replace the invalid or impracticable provision by a legally valid provision fulfilling the intended purpose of this Agreement. The same procedure shall apply in case of any omissions that may be discovered.

26.9 ***Force Majeure:*** Except as otherwise provided below in this Section, any delay in Franchisor's or Franchisee's performance of any duties under this Agreement, or any non-performance of such duties, that is not Franchisee's or Franchisor's fault (as applicable) or within Franchisee's or Franchisor's reasonable control (each, a circumstance of "**force majeure**") – including, but not limited to, fire; floods, natural disasters; Acts of God; war; terrorism; civil commotion; any governmental act or regulation; any delays or defaults in deliveries by common carriers and/or postal services and/or overnight couriers; computer network outages; late deliveries or non-deliveries of goods or non-furnishing of services by third party vendors; strikes; and any other similar event beyond such party's control - will not constitute a breach or cause a default under this Agreement, provided, however, that Franchisee or Franchisor (as applicable) will take all steps reasonably possible to mitigate damages caused by such failure or delay.

Notwithstanding the foregoing, if such failure or delay by one party continues for more than one (1) year, Franchisor or Franchisee (the other party, as applicable) will have the right at any time thereafter during the continuance of such failure or delay to terminate this Agreement upon thirty (30) days' advance written notice to Franchisee or to Franchisor (as the case may be) and, following such termination, the post-termination provisions of this Agreement will apply in all respects.

If either of the parties is unable to perform its obligations under this Agreement in full or partially and in time due to the endurance of a circumstance of force majeure, it must notify the other party of this fact in writing as soon as reasonably possible. If the party in question fails to fulfill its obligation of notifying the other party of the circumstances of force majeure, it is not entitled to rely on such circumstance and the failure to perform its obligations will constitute a breach or

cause a default under this Agreement, as applicable. The duty of proving the existence and nature of any circumstances of force majeure lies with the party that notifies the other party of the circumstances.

Nothing in this provision requires Franchisor to waive Franchisee's performance obligations, or not honor Franchisee's rights, because such obligations or rights of other franchisees in the ENGEL & VÖLKERS System are being waived or not honored, or not to do so to the same degree as is done with respect to other franchisees.

26.10 ***Notices:*** All notices, consents and approvals permitted or required to be given under this Agreement shall be in writing and shall be deemed to be sufficiently and duly given if set forth in writing and delivered personally or in the case of Franchisee, if left with an adult person working at the Franchisee's business, or, in the case of either party, if sent by a prepaid registered or certified letter or by overnight courier service or transmitted by e-mail or other form or recorded communication (with a confirming copy mailed if sent only by e-mail or other form of recorded communication), addressed as follows:

If to Franchisor:	If to Franchisee:
Engel & Völkers Americas Inc.	_____
430 Park Avenue	_____
11th Floor	_____
New York, NY 10022	_____
Attn: Legal Department	
e-mail:legal@evrealestate.com	e-mail: _____

Any notice so given or made shall be deemed to have been given or made and received on the earlier of (i) the day of actual receipt or (ii) one (1) business day after transmission by facsimile or other form of recorded communication or by overnight courier service, as the case may be, or (iii) on the third (3rd) business day following the day of mailing of the same by registered certified mail. Any party from time to time by notice in writing given pursuant to the terms of this Agreement may change its address or facsimile number (if any) or e-mail for the purpose of this Agreement.

Franchisor reserves the right to designate at any time a now or hereafter developed mode of electronic communication to facilitate the parties giving notices to each other, but only if the mode of communication Franchisor specifies is capable of affording evidence of delivery or attempted delivery, and only if Franchisor incorporates such new mode into the System Documentation.

26.11 ***Compliance with Laws***:

26.11.1 Franchisee will, at its expense, at all times comply with all applicable federal, state, city, local, and municipal laws, ordinances, rules and regulations and the like which apply to the operation of the Yachting

Brokerage. As between the parties hereto, it will be Franchisee's responsibility to promptly investigate the need for, seek and obtain all government and quasi-governmental approvals, consents and licenses required to commence operations of the Residential Real Estate Brokerage. Franchisor makes no representation or warranty that Franchisee will be able to do so.

26.11.2 Without limiting the generality of the requirements of this Section, Franchisee agrees to strictly comply with all applicable laws, rules or regulations of any nation, state, or other political/governmental subdivision governing the franchised Business.

26.11.3 Franchisee undertakes to operate its franchised Business in strict compliance with all applicable laws, rules and regulations of all governmental authorities; comply with all applicable wage, hour and other laws and regulations; prepare and file all necessary tax returns; pay all taxes imposed on Franchisee related to the Residential Real Estate Brokerage; obtain and keep in good standing all necessary licenses, permits and other required forms of governmental approval required for Franchisee to offer and sell the services and products which now or in the future are part of the ENGEL & VÖLKERS System; pay or cause to be paid prior to delinquency all taxes, fines, fees and/or assessments arising out of or in connection with the operation of its franchised Business; and, otherwise be responsible for compliance, at Franchisee's sole expense, with all governmental or quasi-governmental requirements, restrictions, duties and responsibilities.

26.11.4 Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of Franchisee.

26.11.5 Franchisee and its Principals understand the requirements of, and will abide by, all United States government economic sanctions requirements throughout the Term. Franchisee and its Principals represent and warrant that neither Franchisee nor any of its direct or indirect Principals, shareholders, owners, directors, managers, affiliates, employees or agents, nor any funding source Franchisee utilizes, is or will be identified on the list of the U.S. Treasury's Office of Foreign Assets Control (OFAC) or is or will be a person subject to trade restrictions under United States law, including (without limitation) the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., the Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., or any Executive Orders or regulations promulgated thereunder (including Executive Order 13224 of September 24, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, and the Specially Designated Nationals and Blocked Persons List), the Patriot Act, or any other law, rule or regulation pertaining to immigration or terrorism ("**Anti-Terrorism Laws**"); is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed

by the United States government or by any individual that is subject to an embargo imposed by the United States government; is acting on behalf of any country or individual that is subject to such an embargo; or, is involved in business arrangements or other transactions with any country or individual that is subject to an embargo. Franchisee agrees to immediately notify Franchisor in writing upon the occurrence of any event which would render the foregoing representations and warranties incorrect. Notwithstanding anything to the contrary in this Agreement, Franchisee may not allow, effect or sustain any transfer, assignment or other disposition of this Agreement to a "Specially Designated National or Blocked Person" (as defined below) or to an entity in which a Specially Designated National or Blocked Person has an interest. For the purposes of this Agreement, "**Specially Designated National or Blocked Person**" means: (i) a person or entity designated by OFAC (or any successor officer agency of the U.S. government) from time to time as a "specially designated national or blocked person" or similar status; (ii) a person or entity described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001; or, (iii) a person or entity otherwise identified by any government or legal authority as a person with whom Franchisee (or any of its owners or affiliates) or Franchisor' (or any of their respective owners or affiliates) are prohibited from transacting business. Franchisee further agrees that Franchisee will not hire, retain, employ or otherwise engage the services of any individual or entity in contravention of Anti-Terrorism Laws or any other legally prohibited individual or entity. Neither Franchisee nor its Principals shall engage in any activity that would expose Franchisor to a risk of criminal or civil penalties under applicable United States law. Any violation of the Anti-Terrorism Laws by Franchisee or its Principals, or any blocking of Franchisee's or its Principals' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or any of its affiliates.

26.11.6 Franchisee must, if required by law to do so, comply with all federal and state information data privacy and data security laws and regulations that may be applicable to the franchised Business and the information that the franchised Business collects from its customers and prospective customers, Sales Advisors, employees and other third parties (all such laws and regulations, hereinafter called "**Information Privacy Laws**"). Without limiting the generality of the foregoing, this may include:

i. adopting and implementing adequate measures (hereinafter called "**Security Measures**") to secure the confidentiality of all financial, personal and other sensitive information Franchisee collects from its customers and prospective customers, Sales Advisors, employees and other third parties (hereinafter called "**Financial Information**");

ii. providing customers and prospective customers, Sales Advisors, employees and other third parties with written notice of the ENGEL & VÖLKERS System's privacy policies and the uses to be made of Financial Information by the Franchisee, and by Franchisor and its affiliates and the

other businesses and companies to whom they respectively may disclose Financial Information (hereinafter called the "**Privacy Policy Notice**");

iii. providing customers and prospective customers, Sales Advisors, employees and other third parties with prior written notice of disclosure of any Financial Information collected from them (hereinafter called "**Disclosure Notice**"); and

iv. providing customers and prospective customers, Sales Advisors, employees and other third parties with notice of any "opt-out" rights regarding such disclosures and uses of their Financial Information and an adequate opportunity to exercise such rights (hereinafter called "**Opt-Out Notice**").

From time to time, Franchisor may formulate policies and practices concerning Security Measures, the form, content, and manner of delivering Privacy Policy Notices, Disclosure Notices, and Opt-Out notices, as well as matters relating or incidental thereto. Franchisee must adopt and implement all such policies and practices in accordance with written instructions in a timely manner.

Franchisee agrees to immediately (but not later than seventy-two (72) hours, unless sooner required under applicable laws) notify in writing Franchisor if Franchisee becomes aware of any actual compromise of system security or data integrity that has led to, or is likely to lead to, the actual destruction, loss, alteration, unauthorized disclosure of, or access to any financial, personal, and other sensitive information protected by applicable Information Privacy Laws ("Security Incident"). Franchisee further agrees to cooperate with Franchisor and any governmental authorities in taking all reasonable actions necessary to investigate and respond to the Security Incident. Franchisor agrees to notify Franchisee without undue delay and, as may be appropriate, will provide information relating to the Security Incident if and as it becomes known to Franchisor. Franchisor and Franchisee will also take reasonable steps to mitigate and, where possible, to remedy the effects of, any Security Incident, and shall coordinate regarding any notifications to regulators, law enforcement, affected individuals and the press related to any Security Incident.

26.12 ***Co-Branding:***

Franchisee acknowledges and agrees that, in addition to modifications of the ENGEL & VÖLKERS System, Franchisor may incorporate into the ENGEL & VÖLKERS System products, services or programs which Franchisor either develops or otherwise obtains rights to, which are offered and sold under names, trademarks and/or service marks other than the Trademarks and which the franchised Yachting Brokerage operated hereunder, along with other Yachting Brokerages, will be required to offer and sell (collectively, "**Co-Branding**"). This Co-Branding may involve changes to the Trademarks, and may require Franchisee to modify the building and premises of its Yachting Brokerage and the furnishing, fixtures, equipment, signs and trade dress at such brokerage. If Franchisee receives written notice of Franchisor's institution of Co-Branding, Franchisee must implement the Co-Branding in its Yachting Brokerage. There is no limit on Franchisor's rights to require Franchisee to make changes for Co-Branding in such circumstances.

26.13 ***Acknowledgements of Franchisee***:

Franchisee represents, warrants and acknowledges to Franchisor, with the intention that Franchisor will be relying thereon in entering into this Agreement, that:

26.13.1 Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operator.

26.13.2 Franchisee has no knowledge of any representations by Franchisor or its officers, directors, managers, owners, employees, Sales Advisors or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein, and there are no such representations upon which Franchisee has relied. Franchisee represents that, as an inducement to Franchisor's entry into this Agreement, it has made no misrepresentations in obtaining this agreement.

26.13.3 Franchisee acknowledges that it has had ample opportunity to consult with Franchisee's own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to this agreement or the relationship thereby created. Franchisee has either consulted with its own advisors or has deliberately declined the opportunity to do so.

26.13.4 Franchisee, together with Franchisee's advisors, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the franchise.

26.13.5 Franchisee is aware of the fact that other present or future franchisees may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

26.13.6 No representation has been made by Franchisor or its affiliates (or any of its or their officers, directors, managers, employees, agents or salespersons) and relied on by Franchisee as to the future or past income, expenses, sales volume or potential profitability, earnings or income of the franchised Business, other than any information Franchisor may have provided in Item 19 of its franchise disclosure document, nor have Franchisor or any of its affiliates made any representations, statements or promises to Franchisee which conflict with, contravene or vary from the contents of such franchise disclosure document.

26.13.7 No representation or statement has been made by Franchisor or its affiliates (or any of its or their officers, directors, managers, employees, agents or salespersons) and relied on by Franchisee regarding Franchisor's anticipated income, earnings and growth or that of the ENGEL & VÖLKERS System, or the viability of the business opportunity being offered under this Agreement.

26.13.8 Before executing this Agreement, Franchisee has had the opportunity to contact all of Franchisor's existing franchisees.

26.13.9 Franchisee has received from Franchisor a copy of Franchisor's franchise disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise, at least fourteen (14) calendar days before the execution of this Agreement or at least fourteen (14) calendar days before the payment by Franchisee to Franchisor any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement.

No representation or statement has been made by Franchisor or its affiliates (or any of Franchisor's or their officers, directors, managers, employees, agents or salespersons) regarding Franchisee's ability to procure any required license, permit, certificate or other governmental authorization that may be necessary or required for Franchisee to carry out the activities contemplated by this Agreement.

To the extent the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements, adopted by the North American Securities Administrators' Association on September 18, 2022 constitutes part of governing law under this Agreement (as set forth in Section 26.1) the following statement is made part of this Agreement:

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

26.14 ***Waiver and Delay***. No waiver or delay in Franchisor's or Franchisee's enforcement of any term, covenant or condition of this Agreement will be construed as a waiver by that party of such covenant or condition of this Agreement, or any claim of breach thereof. Without limiting any of the foregoing, the acceptance of any payment required under this Agreement will not constitute a waiver of any breach of any term, covenant or condition of this Agreement. No waiver or amendment of any other Franchise Agreement will be deemed to be a waiver or amendment of this Agreement. Franchisee also acknowledges that Franchisor may elect, in its sole discretion, not to enforce or to enforce selectively any provision of this Agreement against Franchisee or any other Franchisee. Franchisor may also make a different determination on enforcing provisions or apply different policies to different franchisees. Franchisor's exercise of these rights shall not result in liability or other obligation to Franchisee, nor will it limit or otherwise affect Franchisor's right to strictly enforce this Agreement.

26.15 ***Entire Agreement:*** Franchisor and Franchisee each acknowledge and warrant to each other that they wish to have all terms of the business relationship defined in this Agreement. Neither Franchisor nor Franchisee wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Franchisee agree that this Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as representations, inducements,

promises, agreements or any other term) between Franchisor or anyone acting on its behalf and Franchisee or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and Franchisor and Franchisee each agree that they have placed, and will place, no reliance on any such discussion; provided that nothing in this Agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee. This Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto or incorporated herein by reference, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights and obligations of the parties with respect to any aspect of the relationship between the parties.

26.16 ***Amendments:*** No change, modification, amendment or waiver of any of the provisions hereof, including by custom, usage of trade, or course of dealing or performance, shall be effective and binding upon either party unless it is in writing, specifically identified as an amendment hereto or waiver, and signed by both parties.

26.17 ***Joint and Several Liability***: If Franchisee consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor and the other Indemnified Parties under this Agreement are joint and several.

26.18 ***Electronic Form***: This Agreement may be executed in counterparts, which together shall constitute one agreement of the parties. If any signature is delivered by facsimile or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligations of the party executing this Agreement with the same force and effect as if such facsimile or ".pdf" signature were an original thereof.

26.19 ***In Writing/Written****:* With the exception of Section 26.10 (Notices) and Section 26.16 (Amendments), the terms "in writing" and "written" as used herein include any e-mail communication.

26.20 ***Reasonable Business Judgment:*** Except where Franchisor has reserved to make a determination in its discretion, references to reasonableness mean that Franchisor's action or inaction has a business basis that is intended to benefit the ENGEL & VÖLKERS System or the profitability of the ENGEL & VÖLKERS System, including Franchisor, regardless of whether some franchisee may be unfavorably affected; or to increase the value of the Trademarks; or to increase or enhance customer satisfaction or to minimize an adverse effect on customers, franchisees, the Trademarks or the ENGEL & VÖLKERS System. If the decision to act or not to act is unrelated to the factors described above, Franchisor shall have a business basis and shall not act in bad faith. Franchisee shall have the burden of establishing that Franchisor failed to be reasonable and neither the fact that Franchisor benefited economically from the decision nor the existence of alternatives will, by themselves, establish such failure. To the extent that any implied covenant, such as the implied covenant of good faith and fair dealing, is applied to this Agreement, Franchisor and Franchisee intend that Franchisor shall

not have violated such implied covenant if Franchisor has acted for the reasons described in this section.

Franchisee and Franchisor recognize, and any arbitrator, mediator or judge is affirmatively advised, that certain provisions of this Agreement describe Franchisor's right to take (or refrain from taking) certain actions in the exercise of its business judgment, which will be based on its assessment of the overall best interests of the ENGEL & VÖLKERS System. Where such a right has been exercised, and is supported by Franchisor's business judgment, neither an arbitrator, mediator nor a judge may substitute his or her judgment for the judgment Franchisor has so exercised. "**Business judgment**" is a defined term for the purposes of this Agreement and is not intended to incorporate principles related to the application of any business judgment rule in a corporate law context.

Franchisee hereby confirms that Franchisee has had adequate opportunity prior to signing this Agreement to study and become acquainted with all details of the ENGEL & VÖLKERS System and to verify the statements made by Franchisor in relation to the ENGEL & VÖLKERS System and this Agreement. Franchisee further confirms that Franchisee has actually taken note of and verified these statements and the contents of the Appendices hereto and recognizes that the Appendices hereto are integral parts of this Agreement. Franchisee has received no promises whatsoever relating to the profitability or anticipated yields obtainable.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement as of the day, month and year first above written above.

Franchisor:	Franchisee:
ENGEL & VÖLKERS AMERICAS, INC.	_____
By: _____	By: _____
Its: _____	Its: _____
Date of signature: _____	Date of signature: _____

By:

Its:

Date of signature: _____

Principal's Acknowledgment

The following party is mentioned in this Agreement as having certain rights and/or duties as a Principal of Franchisee. The following party is signing this Acknowledgment, not as a party, but only to the extent necessary to indicate its or her acceptance of, and agreement to be bound by, the specific rights and duties mentioned in this Agreement.

Principal:

_____

By: _____

Its: _____

Date of signature: _____

Principal:

_____

By: _____

Its: _____

Date of signature: _____

Appendix 1

SUMMARY

1. **Name and Address of Franchisee:**

2. **Franchisee's Trading Name:**

3. **Approved Location:**

4. **Opening Date:**

Appendix 2

TERMS OF SALE AND SUPPLY

Terms of Sale and Supply

These Terms of Sale and Supply shall apply to the sale of all goods and services supplied by Franchisor or its affiliates. Franchisor (sometimes referred to as "we" or "us") and its affiliates reserve the right to revise or modify the Terms of Sale and Supply and/or to have separate Terms of Sale and Supply for Franchisor or any of its affiliates.

1. General

(1) Our Terms of Sale and Supply shall apply exclusively; any conditions of the "Purchaser" (meaning the Franchisee), which contradict or supplement our Terms of Sale and Supply, shall not be applicable to us. This shall also apply if we have not expressly contradicted them or carry out the delivery to the Purchaser unconditionally in the knowledge of such conditions of the Purchaser.

(2) Any agreements between the Purchaser and us shall be recorded in the document, of which these Terms of Sale and Supply form part.

(3) Our Terms of Sale and Supply shall also apply to any future transactions with the Purchaser.

2. Quotation and prices

(1) Our quotations are not binding.

(2) Prices include packaging, insofar as the delivery of loose goods has not been agreed or is not usual in trade. Statutory value added tax or sales tax (if any) is not included in our prices; it will be indicated separately on the invoice at the statutory level on the day the invoice is issued.

(3) If, more than six weeks after the conclusion of the contract, fiscal charges of any kind are increased or introduced, raw material and production costs rise or other factors for which we are not responsible affect our cost calculations, then we shall be able to increase the purchase price accordingly.

(4) Test specimens or samples shall be considered as approximate visual demonstration items in terms of quality, measurements and color.

3. Delivery

(1) With regard to our deliveries, the place of performance is the place of shipment. Any associated additional costs, which are incurred in the event of any subsequent alterations to the destination at the request of the Purchaser, shall be borne by the Purchaser. The shipment risk shall in all cases be transferred to the Purchaser when the goods are made available at the place of shipment, even insofar as we bear the costs of shipment as a result of a special agreement. Transport insurance, in particular for the shipment of dangerous goods, shall be taken out only at the request and for the account of the Purchaser.

(2) Circumstances which are beyond our control, *e.g.* events of force majeure, industrial action, traffic disturbances and delays, lack of transport, raw or auxiliary materials or supplies and breakdowns of any kind in our own company or enterprises connected with performance, as well as obstacles created by administrative orders, which hinder delivery, shall lead to an extension to the agreed delivery date by the duration of the disturbance concerned.

(3) Claims for compensation shall be restricted to delivery delays caused by intentional or gross negligence; unless the punctuality of the delivery has been exceptionally agreed as a major contractual obligation.

4. Acceptance

(1) The Purchaser shall be obliged to accept the goods purchased within the agreed delivery period. Should the Purchaser not fulfill its obligation to accept the goods within the agreed delivery period, then we shall be entitled to store the quantity of goods affected at the expense and at the risk of the Purchaser, without a future deadline being required.

(2) Costs and damage, in particular additional transport costs, which arise as a result of unauthorized non-acceptance of our delivery, shall be borne by the Purchaser who refused acceptance, insofar as we are not responsible for the latter as a result of gross negligence or intent.

5. Guarantee

The guarantee claims of the Purchaser as a result of material defects shall be subject to the latter having duly followed its obligations regarding investigation and complaint. We shall be notified of any deficiencies in writing. The costs of any examination, *e.g.* for analysis, shall be borne by the party for whom the outcome is disadvantageous. In the event of justified and orderly notice of defects, we shall be obliged to exchange the goods, or if this is not possible, to take the goods back and reimburse the purchase price. The notice of defects shall contain only the goods about which the complaint is being made, without affecting the acceptance obligation of the Purchaser regarding the remaining quantity in the contract. The goods, which have been complained about, may be sent back only with the express agreement of the Vendor and only to the address given by such Vendor.

FOR SALES BY FRANCHISOR OR ITS AFFILIATES, THE FOREGOING WARRANTY IS IN LIEU OF AND EXCLUDES ALL OTHER WARRANTIES NOT EXPRESSLY SET FORTH HEREIN, WHETHER EXPRESS OR IMPLIED BY OPERATION OF LAW OR OTHERWISE, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS.

6. Liability

(1) Insofar as nothing else has been determined below, any claims by the Purchaser, which are more extensive than those provided for in the above-mentioned sections, shall be excluded – regardless of the legal argument. We shall therefore not be liable for losses, which did not affect the items being delivered themselves and in particular we shall not be liable for any lost profits or other economic losses of the Purchaser. This restriction of liability shall not apply, insofar as the cause of loss is the result of gross negligence. It shall moreover not apply if the Purchaser can put forward a claim for damages owing to non-performance as a result of the failure of a warranted quality. Lastly, it shall not apply if we culpably infringe an important contractual obligation. In any event, our liability shall be restricted to the foreseeable loss.

(2) Insofar as our liability to damages is excluded or restricted in accordance with the above-mentioned paragraph 1, this shall also apply to all claims as a result of fault in the event of conclusion of a contract, infringement of secondary obligations, claims from manufacturer's liability and other subject-matters of a claim. This provision shall not apply to non-modifiable statutory claims. Insofar as our liability is excluded or restricted, this shall also apply to the personal liability of our employees, staff, representatives and advisors.

7. Payment

(1) Invoices shall be paid by the Purchaser within ten (10) days of delivery without any deductions. The day on which the Vendor has access to the invoice total free of expense shall count as the day of receipt of payment. Checks and bills of exchange shall not be considered as a cash payment and shall always be taken on deposit only on account of payment. We reserve the right to require that certain items be paid for by the Purchaser with a credit card.

(2) If the Purchaser exceeds the payment date provided for above in paragraph (1), then the Purchaser shall be in arrears at this time at the latest. We are entitled to charge interest at a rate of five percent (5%) points above the prevailing base lending rate in Germany as of the delay in performance. The Purchaser is entitled to prove to us that no loss or an extremely small loss is incurred by us as a result of the delay in payment. Liability in accordance with this provision shall be ruled out insofar as the Purchaser can prove to us that he was not responsible for the delay. Should we be in a position to prove a higher loss as a result of the delay, then we shall be entitled to claim for this.

(3) In the event of culpable delay, any purchase price installments, which are still outstanding, shall fall due immediately. Insofar as the Purchaser has suffered a deterioration in assets, in particular in the event of a suspension of payments or an application being made to open court composition or bankruptcy proceedings, we shall have the option of retention or withdraw from the contract with immediate effect. In the last instance, we shall have the right to demand the immediate release of the goods, which have been delivered, from the Purchaser and to collect these from the latter or arrange for these to be collected by an agent.

(4) The Purchaser shall bear the rights of offsetting and retention only if its counter-claims have been determined by law, are undisputed or recognized by us. The Purchaser shall be entitled to exercise a right of retention only if its counter-claim is based on the same contractual relationship.

8. Security

We reserve the right to require payment for any shipment hereunder in advance, or satisfactory security, if the financial performance or credit worthiness of Purchaser is unsatisfactory to us. Such security includes, but is not limited to, execution by Purchaser of a promissory note, security agreement, financing statement and/or personal guarantee. If Purchaser fails to make payment in accordance with the terms of this agreement or otherwise fails to comply with any provision hereof, we may, at our option (and in addition to other remedies), cancel any unshipped portion of this order; in such event, Purchaser will remain liable for all unpaid accounts.

9. Place of performance and jurisdiction

For sales by any of the ENGEL & VÖLKERS Group of companies, the place of performance for delivery is the seller's registered head office in Hamburg, Germany. As far as these Terms of Sale and Supply do not contain specific regulations which provide for the contrary, the United Nations Convention on Contracts for the International Sales of Goods (1980) – CISG shall apply in addition. The place of performance for payment (also for bills of exchange and checks) and the place of jurisdiction for any disputes is Hamburg, Germany alone. The contractual relationship shall be subject to the laws of the Federal Republic of Germany.

For sales by Franchisor, this agreement and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the internal laws of the State of New York, U.S.A., including the Uniform Commercial Code as enacted in that jurisdiction, without giving effect to the principles of conflicts of law thereof. Purchaser agrees that Franchisor or its affiliates may institute any action arising out of this agreement in the Supreme Court of the State

of New York, New York County, or the United States District Court for the Southern District of New York, and Purchaser submits to the jurisdiction of such courts and waives any objection it may have to either the jurisdiction or venue of any such court.

10. Partial effectiveness

Should individual provisions of these Terms of Sale and Supply be or become invalid, then this shall not affect the validity of the remaining provisions.

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Appendix 3

CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE

CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE

THIS CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE (this "**Agreement**"), dated _____, _____, is made in favor of ENGEL & VÖLKERS AMERICAS, Inc., a Delaware corporation, with its principal office at 430 Park Avenue, 11th Floor, New York, NY 10022 (**"Franchisor"**), by _____, located at _____ (**"Recipient"**).

Recitals

Franchisor has the right in the United States to grant franchise agreements to third parties to provide Yacht Brokerage Services in connection with the brokerage of high-quality yachts and moorings and charter brokerage of high-quality yachts using the ENGEL & VÖLKERS System and the trademark "Engel & Völkers" (**"Engel & Völkers Yachting Brokerage"**).

On _____, _____, Franchisor and _____ _____(**"Franchisee**") entered into a Franchise Agreement to operate an Engel & Völkers Yachting Brokerage at an Approved Location ("**Franchise Agreement**"). Recipient is either a Principal of Franchisee, or one of Franchisee's shareholders, partners, members, officers, directors or managers.

Pursuant to the Franchise Agreement, Franchisor has agreed to provide Engel & Völkers Confidential Information, as that term is defined in the Franchise Agreement and below, to Franchisee solely on the condition that Franchisee and the Principals of Franchisee agree that Franchisee (if an individual), and each of its shareholders, partners, members, officers, directors and managers who have access to such Confidential Information sign a Confidentiality Agreement. Recipient agrees that the Confidential Information is being disclosed to him or her pursuant to the terms and conditions of this Agreement.

The Franchise Agreement also requires each of Franchisee's shareholders, partners, members, officers, directors and managers to sign a covenant not to compete.

Terms and Conditions

NOW, THEREFORE, in consideration of the covenants and the promises herein contained, the parties agree as follows:

1. Recipient acknowledges and agrees that all Confidential Information he or she receives from Franchisor is confidential and proprietary information and trade secrets in which E&V Yachting, the Parent or Franchisor has a proprietary interest. "**Confidential Information**" includes, by way of example, but not limitation, all business and operational secrets and all information received by Franchisee, either directly or indirectly, with respect to the ENGEL & VÖLKERS System, including that contained in the Integrated Product Suite provided pursuant to Section 7 of the Franchise Agreement, and from the know-how conveyed to Franchisee in the System Documentation. Recipient will not acquire any interest in the Confidential Information learned by Recipient other than the right for Recipient to utilize the same in connection with ownership and/or

operation of the Yachting Brokerage during the Term of the Franchise Agreement and the use or duplication of the Confidential Information in any other business or capacity will constitute an unfair method of competition with Franchisor or its affiliates and Franchisor's other franchisees.

For avoidance of doubt, "Confidential Information" includes (without limitation) all information, knowledge, trade secrets or know-how utilized or embraced by the ENGEL & VÖLKERS System and/or imparted to Recipient by Franchisor or any of its affiliates which concerns Franchisor's systems of operation, programs, services, products, customers, clients, prospective customers or client, practices, materials, books, records, manuals, computer files, databases or software; all elements of the ENGEL & VÖLKERS System; all programs, products, services, equipment, technologies, policies, standards, requirements, criteria and procedures that now or in the future are a part of the ENGEL & VÖLKERS System; the System Documentation; all specifications, procedures, systems, techniques and activities employed by Franchisor in the offer and sale of services, programs, and/or products at or from a franchised ENGEL & VÖLKERS Yachting Brokerage; all pricing and commissions paradigms established by Franchisor; all of Franchisor's sources (or prospective sources) of supply and all information pertaining to same; Franchisor's specifications, and Franchisee's final plans, for the construction, build out, design, renovation, décor, equipment, signage, furniture, fixtures and trade dress elements of Franchisee's office; the identity of, and all information relating to, the computer systems and software utilized under the Franchise Agreement; all information pertaining to Franchisor's and Franchisee's advertising, marketing, promotion and merchandising campaigns, activities, materials, specifications and procedures; all customer lists, data and records generated and/or otherwise maintained by Franchisee's franchised ENGEL & VÖLKERS business; Franchisor's (and, if in the future Franchisor permits, Franchisee's) internet/web protocols, procedures and content (including electronic data, data files, user names and passwords); Franchisor's training and other instructional programs and materials; all elements of Franchisor's recommended staffing, staff training and staff certification policies and procedures; all communications between Franchisor and Franchisee; additions or improvements to, deletions from and modifications and variations of the components of the ENGEL & VÖLKERS System and the other systems and methods of operations which Franchisor employs now or in the future; research, development and test programs for services and operations; and, all other information, knowledge and know-how which either Franchisor or their respective affiliates, now or in the future, designate as confidential.

2. Franchisor is disclosing the Confidential Information to Recipient solely on the condition that Recipient agree, and Recipient does hereby agree, that any Confidential Information received from E&V Yachting, the Parent or Franchisor (a) shall only be used for purposes of performing the Franchise Agreement, (b) will not be used in any other business, manner or capacity, (c) will have its absolute confidentiality maintained both during and after the Term of the Franchise Agreement, (d) will not be copied without authorization, and (e) will not be disclosed to any third party without the prior written consent of Franchisor. Recipient agrees to use reasonable care to prevent the disclosure of the Confidential Information to any third party, and further agrees to limit the dissemination of the Confidential Information within its own organization to individuals whose duties justify the need to know such information, and then

only provided that there is a clear understanding by such individuals of their obligation to maintain the confidential status of the Confidential Information and to restrict its use solely to the purposes specified herein. Each other person receiving the Confidential Information must also sign a copy of this Agreement.

3. Recipient acknowledges that no other right or license to use the Confidential Information is granted by this Agreement, and agrees that the amount of the Confidential Information to be disclosed to Recipient is completely within the discretion of Franchisor.

4. Recipient hereby agrees to inform Franchisor of all experience gained during use of the ENGEL & VÖLKERS System and the rights under the Franchise Agreement, and to allow Franchisor, its affiliates and other Engel & Völkers franchisees to use the know-how gained from his/her/its experience free of charge. Recipient hereby assigns to Franchisor any such amendments or improvements to the ENGEL & VÖLKERS System.

5. Upon termination or expiration of the Franchise Agreement, or earlier if requested by Franchisor, Recipient will return all Confidential Information (including any copies thereof that Franchisor may have permitted Recipient to make) to Franchisor.

6. Recipient shall be under no obligation under this Agreement with respect to any information (a) which is, at the time of the disclosure, available to the general public; (b) which becomes at a later date available to the general public through no fault of the Recipient and then only after said date; or (c) which Recipient can demonstrate was in its possession through valid means before receipt.

7. Recipient hereby undertakes not to provide Yacht Brokerage Services competing with the ENGEL & VÖLKERS System during the Term of this Agreement (which means the term of Recipient's employment by, ownership participation in, association with or service to Franchisee), either directly or indirectly, in an employed or a self-employed capacity, for its own account or for the account of a third party. Recipient may engage in other business activities that do not involve other competitive Yacht Brokerage Services. However, all these activities must be conducted under another trade name and in a manner (including from a separate location if Franchisor, in its sole judgment, believes it is necessary) that eliminates the prospect that the public might believe the business is related to the ENGEL & VÖLKERS System in any way.

It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for competitive businesses, service as an independent contractor for competitive businesses, or any assistance or transmission of information of any kind which would be of any assistance to a competitor. Nothing herein will prevent Recipient from owning for investment purposes up to an aggregate of 5% of the capital stock of any competitive business, so long as the competitive business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and so long as Recipient or Franchisee do not control the company in question.

It is the intention of these provisions that any person or entity having any legal or beneficial interest in or traceable to, down or through Recipient be bound by the provisions of this covenant, including

(without limitation) Recipient's spouse, brother, brother-in-law, sister, sister-in-law, parent, parent-in-law, child, son-in-law or daughter-in-law; any direct or indirect beneficiary; any partner (general or limited) or proprietor of Recipient; and, any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and Recipient.

8. Recipient acknowledges that the invalidity or unenforceability of any portion of Section 7 shall not affect the validity or enforceability of any other portion of Section 7 or any other section of this Agreement and any invalid or unenforceable portion of this Agreement shall be deemed to be severable.

9. Recipient acknowledges and agrees that Franchisor will suffer irreparable injury not capable of precise measurement in monetary damages if Recipient discloses or misuses any Confidential Information. Accordingly, in the event of a breach of this Agreement by Recipient, Recipient consents to entry of interim relief, including, without limitation, the entry of a temporary restraining order, preliminary injunction, permanent injunction, writ of attachment, appointment of a receiver, and any other equitable relief which the court deems necessary in order to prevent irreparable injury, all without the requirement that bond be posted. Recipient agrees that the award of equitable remedies to Franchisor in the event of such breach is reasonable and necessary for the protection of the business and goodwill of Franchisor.

10. Recipient hereby agrees to indemnify, hold harmless and, upon request, defend Franchisor, its affiliates, and their respective members, owners, shareholders, directors, officers, employees and (the "Indemnified Parties"), from and against all suits, proceedings, assessments, losses, claims, demands or actions of any nature or kind whatsoever ("Claims"), directly or indirectly arising out of, or in any manner whatsoever associated or connected with the failure of Recipient to observe and perform his or her duties and obligations under this Agreement, and against any and all damages, costs, expenses and fees (including, without limitation, reasonable legal expenses and fees), losses, fines or penalties incurred by or on behalf of any of the Indemnified Parties in the investigation or defense of any and all Claims. Recipient further agrees to pay for Franchisor's court costs and reasonable attorney's fees in enforcing this Agreement.

11. All terms not otherwise defined in this Agreement shall have the same meanings as the defined terms in the Franchise Agreement.

12. Recipient expressly agrees that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through Recipient's unlawful utilization of Franchisor's Confidential Information. Further, Recipient expressly agrees that any claims Recipient may have against Franchisor will not constitute a defense to Franchisor's enforcement of the covenants not to compete set forth in this Agreement.

13. Recipient agrees that this Agreement and all relations and disputes between Recipient on the one hand, and Franchisor on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of New York, and if the franchised ENGEL & VÖLKERS Business is located outside of New York and the provision would be enforceable under the laws of the state in which the franchised ENGEL & VÖLKERS Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust,

"implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state, which would not otherwise apply. Recipient further agrees that any litigation arising out of or related to this Agreement; any breach of this Agreement; and, all relations and any and all disputes between Recipient on the one hand, and Franchisor on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a state or federal court of competent jurisdiction located in New York, NY. Recipient agrees that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a state or federal court of competent jurisdiction situated in New York, NY. Recipient hereby waives and covenants never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

14. This Agreement together with the Franchise Agreement constitutes the entire agreement and understanding among the parties hereto with respect to the disclosure of Confidential Information to Recipient and Recipient's non-competition obligations, and shall not be amended except pursuant to a written agreement executed by each of the parties hereto. This Agreement shall be binding upon the parties hereto and their respective heirs, administrators, successors and assigns. Recipient understands that the rights and remedies of Franchisor under this Agreement are fully assignable and transferable and will inure to the benefit of its respective affiliates, successors and assigns. Recipient further understands and agrees that Recipient's obligations hereunder may not be assigned by Recipient without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day, month, and year first above written.

Recipient:

_____

Signature: _____

Print Name: _____

Position with Franchisee: _____

Date of signature: _____

Home address: _____

_____

ACKNOWLEDGED BY FRANCHISOR:

ENGEL & VÖLKERS AMERICAS, INC.

By: _____

Title: _____

Date of signature: _____

By: _____

Title: _____

Date of signature: _____

Appendix 4

PRINCIPAL'S GUARANTEE AND ASSUMPTION OF OBLIGATIONS

PRINCIPAL'S GUARANTEE AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the grant of a franchise and the execution of the Franchise Agreement dated _____ (the "**Franchise Agreement**") by and between ENGEL & VÖLKERS AMERICAS, Inc. ("**Franchisor**") and _____ ("**Franchisee**"), and for other good and valuable consideration, each of the undersigned hereby, for themselves, their heirs, successors and assigns, jointly, individually and severally, personally, absolutely and unconditionally: (1) guarantees to Franchisor and its parent and affiliates and their successors and assigns, for the term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement and any documents, agreements, instruments and promissory notes executed pursuant to or in connection with the Franchise Agreement (collectively, the "**Franchise Documents**"); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to Principals of Franchisee. If more than one person has executed this Guarantee, the term "**the undersigned**", as used herein, shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties. The undersigned waives:

(i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings;

(ii) notice of demand for payment of any indebtedness or nonperformance of any obligations herebyguaranteed;

(iii) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed;

(iv) any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and

(v) any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

(i) the undersigned's direct and immediate liability under this Guarantee shall be joint and several with all signatories to this and similar guaranties of Franchisee's obligations;

(ii) the undersigned shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so;

(iii) this Guarantee shall apply to any claims Franchisor may have due to return of any payments or property Franchisor or its Affiliates may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;

(iv) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person;

(v) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other 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 Guarantee, which shall be continuing and irrevocable during and after the terms of the Franchise Documents until Franchisee's duties and obligations to Franchisor and all of its parent and affiliates are fully discharged and satisfied; and

(vi) the undersigned shall pay Franchisor's court costs and reasonable attorney's fees in enforcing or collecting on this Guarantee.

The undersigned hereby agree, furthermore, that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (a) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Franchise Agreement as so amended, compromised, released or altered; (b) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (c) any right or remedy under the Franchise Agreement, this Guarantee or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (d) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, shall in no way modify or amend this Guarantee, which shall be continuing, absolute, unconditional and irrevocable. It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee shall inure to the benefit of Franchisor, its successors and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

This Guarantee is to be exclusively construed in accordance with and/or governed by the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Guarantee would not be enforceable under the laws of New York, and if the business franchised under the Franchise Agreement is located outside of New York and the provision would be enforceable under the laws of the state in which the franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Guarantee is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state, which would not otherwise apply by its terms jurisdictionally or otherwise but for the within designation of governing law or which, by virtue of its denominated geographic or subject matter scope, would not by its terms otherwise apply.

Any litigation arising out of or related to this Guarantee will be instituted exclusively in a federal or state court of competent jurisdiction located New York, NY. The undersigned agree that any dispute as

to the venue for this litigation will be submitted to and resolved exclusively by a federal or state court of competent jurisdiction situated in New York, NY. The undersigned hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

Should any one or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

All capitalized terms when used herein shall have the meaning ascribed to them in the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee to be deemed effective as of the date of the Franchise Agreement.

Guarantors:

Print Name: _____	Print Name: _____
Signature: _____	Signature: _____
Date of Signature: _____	Date of Signature: _____
Address: _____	Address: _____

Appendix 5

INFORMATION ON MULTIPLE OWNERS OR ENTITY FRANCHISEES

INFORMATION ON MULTIPLE OWNERS OR ENTITY FRANCHISEES

This form must be completed if Franchisee has multiple owners or if Franchisee or Franchisee's business is owned by a business organization (a corporation, partnership, limited liability company or similar entity). Franchisor is relying on the truth and accuracy of the information set forth in awarding the franchise to Franchisee:

1. **Franchisee's Name:**_____

2. **Form of Owner.** Franchisee is a (check one):

(a)	Corporation	☐
(b)	General Partnership	☐
(c)	Limited Partnership	☐
(d)	Limited Liability Company	☐
(e)	Other	☐
	Specify: _____	

3. **Business Entity.** Franchisee was incorporated or formed on _____, 20___, under the laws of the State of _____. Franchisee has not conducted business under any name other than Franchisee's business entity name and _____. The following is a list of all persons who have management rights and powers (*e.g.*, officers, managers, partners, etc.) and their positions are listed below:

Name of Person	Position(s) Held
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

4. **Principals.** The following list includes the full name and mailing address of each person who is one of Franchisee's owners and fully describes the nature of each owner's interest. (Attach additional sheets if necessary.)

Owner's Name and Address	Description of Interest
_____	_____
_____	_____
_____	_____
_____	_____

5. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization such as, articles of incorporation or organization, partnership or shareholder agreements.

This form is current and complete as of _____, 20___.

OWNER

INDIVIDUALS:

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP OR OTHER BUSINESS ENTITY:

_____
[Print Name]

By: _____
Title: _____

Appendix 6

STATE SPECIFIC ADDENDA
FRANCHISE AGREEMENT

[Insert State Specific Addenda if applicable]

EXHIBIT D

STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENT

MULTI-STATE AMENDMENT
TO ENGEL & VÖLKERS FRANCHISE AGREEMENT
(FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)

This Amendment pertains to franchises sold in the states that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. Signing this Amendment where the SOP, because applicable jurisdictional requirements are not met, does not subject the parties to the provisions of the SOP. Subject to the foregoing, notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated _____ _____, 20__, will be amended as follows:

1. The following language is added immediately before the signature block of the Franchise Agreement:

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

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:	Franchisee:
ENGEL & VÖLKERS AMERICAS, INC.	_____
By: _____	By: _____
Its: _____	Its: _____
By: _____	
Its: _____	

CALIFORNIA AMENDMENT
TO ENGEL & VÖLKERS FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of California that are subject to the California Franchise Investment Law (the "Act") and is for the purpose of complying with California statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____, hereby agree that the Franchise Agreement will be amended as follows:

1. To the extent any part of Article 16 of the Franchise Agreement is contrary to California law, such part of Article 16 is not enforceable against Franchisee.

2. Section 14.1 of the Franchise Agreement is amended by adding the following:

   "Payment of the Initial Franchise Fee and all other initial fees is postponed until after all of Franchisor's initial obligations are complete and Franchisee is open for business."

3. The following language is added as new Section 26.21 of the Franchise Agreement:

   "Notwithstanding anything to the contrary in this Agreement, to the extent required by California Corporations Code Section 31512.1, any provision in this Agreement, the franchise disclosure document, and any other acknowledgement, questionnaire, or other writing, disclaiming or denying: (a) representations made by Franchisor or its personnel or agents to Franchisee before entering into the Franchise Agreement; (b) reliance by Franchisee on any representations made by Franchisor, or its personnel or agents; (c) reliance by Franchisee on the franchise disclosure document; or (d) violations of any other provision of the California Franchise Investment Law; is void and will not be enforced by Franchisor."

Dated: _____

Franchisor:	Franchisee:
ENGEL & VÖLKERS AMERICAS, INC.	_____
By: _____	By: _____
Its: _____	Its: _____
By: _____	
Its: _____	

MARYLAND AMENDMENT
TO ENGEL & VÖLKERS FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Maryland that are subject to the Maryland Franchise Registration and Disclosure law (the "Act") and is for the purpose of complying with Maryland statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated _____, will be amended as follows:

1. The following language is added to Section 19.2.4 of the Franchise Agreement:

   ", except that the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. The following language is added to Section 26.3 of the Franchise Agreement:

   "Franchisee may bring a lawsuit in Maryland for claims arising out of the Maryland Franchise Registration and Disclosure Law."

3. Section 26.4 of the Franchise Agreement is further amended to provide:

   The 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.

4. New Section 26.14.6 of the Franchise Agreement is added and shall read:

   Any acknowledgments or representations of the franchisee made in the franchise agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, ENGEL & VÖLKERS and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:	Franchisee:
ENGEL & VÖLKERS AMERICAS, INC.	_____
By: _____	By: _____
Its: _____	Its: _____
By: _____	
Its: _____	

NEW YORK AMENDMENT
TO ENGEL & VÖLKERS FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of New York that are subject to the New York franchise registration and disclosure law (New York General Business Law, Art. 33, Sec. 680 et seq., the "Act") and is for the purpose of complying with New York statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated _____, will be amended as follows:

Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, that has been signed concurrently with the signing of this Amendment. This Amendment is annexed to and forms part of the Franchise Agreement. This Amendment is being signed because: (a) Franchisee is a resident of the State of New York and its franchise will operate in New York; and/or (b) the offer or sale of the franchise occurred in New York.

The following is added to Section 20.1 of the Franchise Agreement:

> "Franchisee may terminate this Agreement upon any grounds available at law."

The following is added to Section 26.1 of the Franchise Agreement:

> "This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder."

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:	Franchisee:
ENGEL & VÖLKERS AMERICAS, INC.	_____
By: _____	By: _____
Its: _____	Its: _____
By: _____	
Its: _____	

EXHIBIT E
TABLE OF CONTENTS OF SYSTEM DOCUMENTATION

System Documentation Table of Contents

1) General Engel & Völkers Information	5 pages
2) Policies and Procedures Manual	50 pages
3) Shop Fitting Manual	157 pages
4) Corporate Identity Manual	164 pages

EXHIBIT F

CONFIDENTIALITY AGREEMENT

ENGEL & VÖLKERS AMERICAS, INC.
CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT, dated _____, _____, is made by and between ENGEL & VÖLKERS AMERICAS, INC., a Delaware corporation ("**Franchisor**" or "**Engel & Völkers**") with an office located at 430 Park Avenue, 11th Floor, New York, New York 10022, and_____ _____("**Recipient**"), located at _____, _____, _____ _____.

Recitals

Recipient desires to review Confidential Information (hereinafter defined) for the purpose of evaluating whether to directly or indirectly enter into a franchise relationship with Franchisor to operate a Yachting Brokerage (the "**Franchised Business**"); and

Franchisor is willing to disclose certain Confidential Information to Recipient, but only pursuant to the terms and conditions of this Agreement.

Terms and Conditions

NOW, THEREFORE, in consideration of the covenants and the promises herein contained, the parties agree as follows:

1. Recipient acknowledges and agrees that all Confidential Information it receives from Franchisor or other Engel & Völkers' master franchisees or franchises is confidential and proprietary information in which Engel & Völkers has a proprietary interest. For purposes of this Agreement, "Confidential Information" means certain information regarding Engel & Völkers and/or its master franchisees or franchises that relates to the operation of the Franchised Business including, without limitation, the standards, methods, procedures and specifications of the System, including the contents of the System Documentation, as those terms are defined in the Franchise Agreement. Recipient agrees that any Confidential Information received from Engel & Völkers or Engel & Völkers' master franchisees or franchises (a) shall only be used by Recipient for purposes of evaluating whether Recipient desires to directly or indirectly enter into a franchise relationship with Franchisor, (b) shall not be disclosed by Recipient to any third party without the prior written consent of Engel & Völkers, and (c) shall not be copied, duplicated, recorded or otherwise reproduced. Recipient agrees to use reasonable care to prevent the disclosure of the Confidential Information to any third party, and further agrees to limit the dissemination of the Confidential Information within its own organization to individuals whose duties justify the need to know such information, and then only provided that there is a clear understanding by such individuals of their obligation to maintain the confidential status of the Confidential Information and to restrict its use solely to the purposes specified herein.

2. Recipient acknowledges that no other right or franchise to use the Confidential Information is granted by this Agreement, and agrees that the amount of the Confidential Information to be disclosed to Recipient is completely within the discretion of Engel & Völkers. Upon completion of its review of the Confidential Information (or sooner upon request), Recipient agrees to return to Franchisor all written materials (including all copies thereof, if any) received from Engel & Völkers or any Engel & Völkers' master franchisees or franchises.

3. Recipient shall be under no obligation under this Agreement with respect to any information (a) which is, at the time of the disclosure, available to the general public; (b) which becomes

at a later date available to the general public through no fault of Recipient and then only after said date; or (c) which Recipient can demonstrate was in its possession before receipt.

4. Recipient acknowledges and agrees that Engel & Völkers will suffer irreparable injury not capable of precise measurement in monetary damages if Recipient discloses or misuses any Confidential Information. Accordingly, in the event of a breach of this Agreement by Recipient, Recipient consents to entry of interim relief, including, without limitation, the entry of a temporary restraining order, preliminary injunction, permanent injunction, writ of attachment, appointment of a receiver, and any other equitable relief which the court deems necessary in order to prevent irreparable injury, all without the requirement that bond be posted. Recipient agrees that the award of equitable remedies to Engel & Völkers in the event of such breach is reasonable and necessary for the protection of the business and goodwill of Engel & Völkers.

5. Recipient hereby agrees to indemnify, hold harmless and, upon request, defend Engel & Völkers, its affiliates, and their respective shareholders, directors, officers, employees and agents (the "Indemnified Parties"), from and against all suits, proceedings, assessments, losses, claims, demands or actions of any nature or kind whatsoever ("Claims"), directly or indirectly arising out of, or in any manner whatsoever associated or connected with the failure of Recipient to observe and perform its duties and obligations under this Agreement, and against any and all damages, costs, expenses and fees (including, without limitation, reasonable legal expenses and fees), losses, fines or penalties incurred by or on behalf of any of the Indemnified Parties in the investigation or defense of any and all Claims.

6. This Agreement (a) shall be governed, construed and interpreted in accordance with the substantive laws of the State of New York, without giving effect to its conflicts of law principles, (b) shall not be amended except pursuant to a written agreement executed by each of the parties hereto, (c) shall be binding upon the parties hereto and their respective heirs, administrators, successors and assigns and (d) constitutes the entire agreement and understanding between Franchisor and Recipient with respect to the disclosure of Confidential Information for purposes of Recipient evaluating whether to enter a franchise relationship with Franchisor.

7. Recipient's obligation to maintain the confidentiality of the Confidential Information, as provided in this Agreement, shall survive any decision by Recipient not to enter a franchise relationship with Franchisor.

8. Capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to them in the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day, month and year first above written.

Recipient:

_____
Signature

_____
Print Name

Franchisor:

ENGEL & VÖLKERS AMERICAS, INC.

By: _____
Title: _____

By: _____
Title: _____

EXHIBIT G

LIST OF FRANCHISED OUTLETS

LIST OF ALL FRANCHISED
OUTLETS AS OF
DECEMBER 31, 2022

The following outlets were operating as of December 31, 2022.

CALIFORNIA

GG Yachts
3636 East Coast Highway
Newport Beach, CA 92625
(949) 421-8006
(Yachting Newport Beach)

GG Yachts
539 Bridgeway
Sausalito, CA 94965
(415) 793-3040
(Yachting Sausalito)

GG Yachts
875 5th Avenue, Suite 200
Naples, FL 34102
(Yachting Olde Naples)

GG Yachts
138 West Street
Annapolis, MD 21401
(239) 404-9329
(Yachting Annapolis)

LIST OF FRANCHISEES
WHO SIGNED FRANCHISE AGREEMENTS
BUT WERE NOT OPEN AND/OR OPERATING AS OF DECEMBER 31, 2022

GG Yachts
837 5th Avenue, suite 200
Naples, FL 34102
(949) 421-8006
(Yachting Marco Island)

GG Yachts
837 5th Avenue, suite 200
Naples, FL 34102
(949) 421-8006
(Yachting Sarasota)

EXHIBIT H

FRANCHISEES WHO HAVE LEFT THE SYSTEM
OR HAVE NOT COMMUNICATED

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

Franchisees in the U.S. who have left the system in our last fiscal year:

NONE

Franchisees in the U.S. who have not communicated with franchisor within 10 weeks of the issuance date of this Franchise Disclosure Document:

NONE

EXHIBIT I

FINANCIAL STATEMENTS

Audited Financial Statements

ENGEL & VÖLKERS AMERICAS, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED
DECEMBER 31, 2022, 2021 AND 2020

ENGEL & VÖLKERS AMERICAS, INC. AND SUBSIDIARY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

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Citrin Cooperman & Company, LLP
Certified Public Accountants

225 Broadhollow Road, Suite 401
Melville, NY 11747
T 631.930.5000 **F** 516.349.2190
citrincooperman.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Engel & Völkers Americas, Inc. and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Engel & Völkers Americas, Inc. and Subsidiary (collectively, the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years ended December 31, 2022, 2021 and 2020, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Engel & Völkers Americas, Inc. and Subsidiary as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years ended December 31, 2022, 2021 and 2020, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the consolidated financial statements, the Company adopted Accounting Standards Codification Topic 842, *Leases*, as of January 1, 2022, using the modified retrospective method. Our opinion is not modified with respect to this matter.

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. Citrin Cooperman is an independent member of Moore North America, which is itself a regional member of Moore Global Network Limited (MGNL).

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Engel & Völkers Americas, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Engel & Völkers Americas, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Engel & Völkers Americas, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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.

Melville, New York
March 30, 2023

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. Citrin Cooperman is an independent member of Moore North America, which is itself a regional member of Moore Global Network Limited (MGNL).

ENGEL & VÖLKERS AMERICAS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Current assets:		
Cash	$ 5,040,801	$ 5,171,429
Accounts receivable, net	1,620,733	1,838,526
Prepaid commissions - current	134,787	124,599
Other prepaid expenses	838,948	730,366
Prepaid income taxes	1,658,630	-
Total current assets	9,293,899	7,864,920
Property and equipment, net	732,066	320,161
Operating lease right-of-use assets, net	1,645,607	-
Other assets:		
Prepaid commissions, net of current	700,418	689,802
Contract assets	440,000	280,000
Other receivables, net	3,000	5,000
Deposits	323,934	323,901
Intangible assets, net	9,539,170	10,148,054
Capitalized software, net	1,671,091	269,929
Deferred income taxes, net	1,023,423	1,154,689
Total other assets	13,701,036	12,871,375
TOTAL ASSETS	$ 25,372,608	$ 21,056,456

See accompanying notes to consolidated financial statements.

ENGEL & VÖLKERS AMERICAS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2022 AND 2021

	2022	2021
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 406,664	$ 772,867
Accrued expenses and other current liabilities	1,895,467	3,475,933
Operating lease liability - current	392,145	-
Income taxes payable	1,111,599	-
Contract liabilities - current	158,055	134,697
Due to affiliates, net	206,142	93,176
Total current liabilities	4,170,072	4,476,673
Long-term liabilities:		
Long-term debt, net of current	-	324,129
Lease liability, net of current	1,307,645	-
Contract liabilities, net of current	852,411	719,203
Total long-term liabilities	2,160,056	1,043,332
Total liabilities	6,330,128	5,520,005
Commitments and contingencies (Notes 9, 12 and 14)		
Shareholders' equity:		
Common stock - $10 par value; 100,000 shares authorized, 17,143 shares issued and outstanding	171,430	171,430
Additional paid-in capital	34,285,342	34,285,342
Accumulated deficit	(15,351,630)	(18,911,739)
Accumulated other comprehensive loss	(62,662)	(8,582)
Total shareholders' equity	19,042,480	15,536,451
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 25,372,608	$ 21,056,456

See accompanying notes to consolidated financial statements.

ENGEL & VÖLKERS AMERICAS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
Franchise revenues:			
Franchise royalties	$ 19,192,223	$ 21,682,809	$ 14,551,443
Marketing and brand advisor fees	6,257,898	6,866,350	4,691,423
Admission fees	377,715	305,432	350,899
Total franchise revenues	25,827,836	28,854,591	19,593,765
Fees from other services	2,816,790	1,504,188	1,948,856
Total revenues	28,644,626	30,358,779	21,542,621
Operating expenses:			
Cost of revenues	1,380,832	1,513,268	1,090,638
Selling, general and administrative expenses	23,023,016	20,805,413	17,664,048
Total operating expenses	24,403,848	22,318,681	18,754,686
Income from operations	4,240,778	8,040,098	2,787,935
Other income (expense):			
Interest income	37	122	1,058
Interest expense	(7,075)	(173,881)	(361,862)
Foreign currency gain (loss)	75,221	248,766	(841,697)
Other income	557,888	444,129	267,122
Other income (expense), net	626,071	519,136	(935,379)
Income before provision for (benefit from) income taxes	4,866,849	8,559,234	1,852,556
Provision for (benefit from) income taxes	1,306,740	(551,450)	68,929
Net income	3,560,109	9,110,684	1,783,627
Other comprehensive loss:			
Foreign currency translation adjustment	(54,080)	(18,876)	(2,049)
COMPREHENSIVE INCOME	$ 3,506,029	$ 9,091,808	$ 1,781,578

See accompanying notes to consolidated financial statements.

ENGEL & VÖLKERS AMERICAS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Common Stock		Additional Paid-In	Accumulated	Accumulated Other Comprehensive	
	Shares	Amount	Capital	Deficit	Income (Loss)	Total
Balance - January 1, 2020	17,143	$ 171,430	$ 30,143,067	$ (29,806,050)	$ 12,343	$ 520,790
Capital contributions	-	-	4,142,275	-	-	4,142,275
Net income	-	-	-	1,783,627	-	1,783,627
Other comprehensive loss: Foreign currency translation adjustment	-	-	-	-	(2,049)	(2,049)
Balance - December 31, 2020	17,143	171,430	34,285,342	(28,022,423)	10,294	6,444,643
Net income	-	-	-	9,110,684	-	9,110,684
Other comprehensive loss: Foreign currency translation adjustment	-	-	-	-	(18,876)	(18,876)
Balance - December 31, 2021	17,143	171,430	34,285,342	(18,911,739)	(8,582)	15,536,451
Net income	-	-	-	3,560,109	-	3,560,109
Other comprehensive loss: Foreign currency translation adjustment	-	-	-	-	(54,080)	(54,080)
BALANCE - DECEMBER 31, 2022	17,143	$ 171,430	$ 34,285,342	$ (15,351,630)	$ (62,662)	$ 19,042,480

See accompanying notes to consolidated financial statements.

ENGEL & VÖLKERS AMERICAS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
Cash flows from operating activities:			
Net income	$ 3,560,109	$ 9,110,684	$ 1,783,627
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,002,565	790,979	759,137
Gain on disposal of fixed assets	-	(109)	(531)
Non-cash lease expense	467,177	-	-
Bad debt expense	14,444	52,329	176,408
Foreign exchange loss (gain) on long-term debt	(15,369)	(264,751)	937,486
Deferred income taxes	131,267	(1,154,689)	-
Changes in operating assets and liabilities:			
Accounts receivable	203,349	44,057	(481,996)
Prepaid commissions - current	(20,804)	80,954	(96,670)
Other prepaid expenses	(108,581)	(329,834)	796,742
Due to affiliates, net	112,966	85,975	(435,311)
Prepaid income taxes	(1,658,630)	-	-
Operating lease liability	(412,994)	-	-
Contract assets	(160,000)	40,000	164,979
Other receivables	2,000	-	30,817
Deposits	(33)	(117)	(161)
Accounts payable	(366,207)	419,040	(401,620)
Accrued expenses and other current liabilities	(1,580,465)	1,556,636	(746,078)
Contract liabilities - current	156,569	21,727	64,723
Income taxes payable	1,111,599	-	-
Net cash provided by operating activities	2,438,962	10,452,881	2,551,552
Cash flows from investing activities:			
Additions to property and equipment	(556,206)	(392,693)	(282,918)
Capitalized software costs	(1,650,544)	-	-
Net cash used in investing activities	(2,206,750)	(392,693)	(282,918)
Cash flows from financing activities:			
Repayment of long-term debt	(308,760)	(9,621,121)	(2,373,772)
Capital contributions	-	-	4,142,275
Net cash provided by (used in) financing activities	(308,760)	(9,621,121)	1,768,503
Foreign exchange loss on foreign currency transactions	(54,080)	(18,876)	(2,049)
Net increase (decrease) in cash	(130,628)	420,191	4,035,088
Cash - beginning	5,171,429	4,751,238	716,150
CASH - ENDING	$ 5,040,801	$ 5,171,429	$ 4,751,238
Supplemental cash flow disclosures:			
Interest paid	$ 30,016	$ 153,044	$ 504,370
Income taxes paid	$ 1,947,056	$ 418,702	$ 68,929
Supplemental schedule for noncash investing and financing activities:			
Operating lease liability and right-of-use asset recognized in connection with implementation of ASC 842 on January 1, 2022	$ 2,065,798	$ -	$ -

See accompanying notes to consolidated financial statements.

NOTE 1. NATURE OF BUSINESS

The accompanying consolidated financial statements include the following entities: Engel & Völkers Americas, Inc. ("EVA") and Engel & Völkers Canada Inc. ("E&V Canada") (collectively, the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

EVA was organized on November 17, 2005, in the state of Delaware. EVA grants master and direct franchises in the United States, Mexico, the Caribbean and Central America that provide (i) the opportunity to open and operate Engel & Völkers Residential Real Estate Brokerages for the marketing of residential property under the Engel & Völkers trade name, and (ii) the right to grant subfranchises to third parties to own and operate Residential Real Estate Brokerages using the Engel & Völkers system. Since 2019, EVA also grants direct franchises in certain states of the United States that provide the opportunity to open and operate Engel & Völkers Yachting Brokerages for the marketing of exclusive yachts, moorings and providing yacht management services under the Engel & Völkers Yachting trade name, trademarks and system. EVA also provides various support services to its franchises. The types of property that are compatible with the Engel & Völkers system consist of residential properties consisting of a house or building (including an apartment within a multi-family building) or undeveloped land, including leaseholds, vacation and resort residential units, cooperatives, condominiums, and any other form of real estate for which a residential real estate brokerage license is required under applicable law. The Company is majority owned by Engel & Völkers U.S. Holding GmbH ("E&V US GmbH"), a German company. EVA and E&V US GmbH are ultimately owned by Engel & Völkers GmbH ("E&V GmbH", f/k/a Engel & Volkers AG), a German company. On October 7, 2021, Engel & Volkers AG converted its corporate form to Engel & Volkers GmbH.

E&V Canada was organized on January 17, 2014, in the province of Ontario, Canada. E&V Canada is a master franchisee and a wholly-owned subsidiary of EVA and grants franchises in Canada that provide the opportunity to open and operate Engel & Völkers Residential Real Estate Brokerages for the marketing of residential property under the Engel & Völkers trade name.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company prepares its consolidated financial statements using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of consolidated financial statements in conformity with 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 dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. These estimates may be adjusted due to a change in future economic, industry or customer financial conditions. Estimates are used in accounting for, amongst other items, accounts receivable allowances, useful lives and recoverability of long-lived assets, revenue recognition, realizability of deferred tax assets, uncertain tax positions and contingencies. Actual results could differ from those estimates.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are recorded at their invoiced amount, less an allowance for doubtful accounts. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectibility of specific accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in payment terms with the customer. If the financial condition of the Company's customers was to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2022, 2021 and 2020, accounts receivable were $1,620,733, $1,838,526, and $1,934,912, respectively. Allowance for doubtful accounts as of December 31, 2022, 2021 and 2020, was $62,843, $138,646 and $95,481.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. Depreciation and amortization are computed based on the straight-line method over the estimated useful lives of the assets, which are as follows:

Office equipment	5 - 7 years
Furniture and fixtures	5 - 7 years
Leasehold improvements	Lesser of the lease term or estimated useful life

Maintenance and repair costs are charged to expense as incurred. The net values of any assets retired or sold are removed from the respective accounts, and any resulting gains and losses are included in the results of operations.

Internally Developed Software

The Company accounts for costs incurred in connection with internally developed software in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, *Intangibles - Goodwill and Other - Internal-Use Software*. In accordance with FASB ASC 350, capitalization of internal-use software development costs begins at the point when the preliminary project stage is completed and it is probable that the project will be completed and the software will be used to perform the intended function. These costs mainly consist of external direct costs of materials and services consumed in developing or obtaining internal-use computer software, salaries and benefits of the employees who are directly associated with, and who devote time to, the internal-use computer software project (to the extent their time is directly spent on the project) incurred when developing computer software for internal use. Once the project is complete, costs to maintain the software are expensed as incurred. The cost of any enhancements to the software that extend its useful life are capitalized.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Internally Developed Software (Continued)
Internally developed software is amortized on a straight-line basis over its estimated useful economic life, which is three years.

Intangible Assets
The Company's intangible assets principally consist of a master franchise license acquired in an asset acquisition using the cost accumulation model. In a cost accumulation model, the cost of the acquisition is allocated to the asset acquired on the basis of relative fair value of such asset. The intangible assets are amortized on a straight-line basis over their estimated economic useful lives, which for the master franchise license represents the remaining contractual period of the contract in which the right was initially granted, determined to be 19 years.

Impairment of Long-Lived Assets
The Company reviews long-lived assets, which consists of property and equipment, right of use assets, internally developed software and intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If this review reveals an indicator of impairment, as determined based on estimated undiscounted cash flows, the carrying amounts of the related long-lived assets are adjusted to fair value. Management has determined that there has been no impairment to the carrying value of its long-lived assets during the years ended December 31, 2022, 2021 and 2020.

Recently Adopted Accounting Standards
In February 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842) ("ASC 842"), as amended, which requires the recording of operating lease right-of-use assets and lease liabilities and the expanded disclosure for operating and finance lease arrangements. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the consolidated statements of comprehensive income. The Company adopted ASC 842 under the modified retrospective method as of January 1, 2022.

The Company adopted the package of practical expedients available at transition that retained the lease classification under ASC 840 and initial direct costs for any leases that existed prior to adoption of the standard. Contracts entered into prior to adoption were not reassessed for leases or embedded leases. In addition, the Company used hindsight in determining lease term and considerations for impairment. The Company made the accounting policy elections to not recognize short-term leases on the consolidated balance sheets. As the discount rate implicit in the lease was not readily determinable and the Company did not have any outstanding indebtedness, the Company utilized various sources of data, giving consideration to remaining term of the lease, to estimate its incremental borrowing rate at 2.5% per annum for purposes of calculating the right of use asset and lease liability.

In addition, at the date of initial application, the Company recorded an operating lease right of use asset and aggregate operating lease liability in the amount of $2,065,798.

Leases
The Company has an operating lease agreement for an office space for a remaining term of six years. The Company determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)
whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the consolidated balance sheets.

Lease terms include the noncancelable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Company has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. The Company uses its incremental borrowing rate based on the information available when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

The lease contains fixed and determinable escalation clauses for which the Company recognizes rental expense under the lease on the straight-line basis over the lease term, which include the period of time from when the Company takes possession of the leased space and the cumulative expense recognized on the straight-line basis in excess of the cumulative payments is included in other non-current liabilities through 2021 prior to the adoption of Topic 842. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Revenue Recognition
The Company derives its revenues from admission fees, franchise royalties, marketing and brand advisor fees and other services from locations throughout the United States and Canada.

Franchise revenues
Contract consideration from franchise operations primarily consists of initial admission (franchise) fees, sales-based royalties and sales-based marketing or brand advisor fees. The Company also enters into master franchise agreements which grant the master franchises the right to be the sub-franchisee in a given territory. The Company collects an upfront fee for the grant of a master franchise. Both the initial admission fee and an upfront franchise fee from a master franchisee are nonrefundable and payable when the underlying agreement is signed by the franchisee or master franchisee. Sales-based royalties and marketing fees are payable monthly for master franchisees. For all other franchisees, sales-based royalties and marketing fees are generally payable weekly.

The Company's primary performance obligations under the franchise agreement include granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including site selection, training and other such activities commonly referred to collectively as "pre-opening activities." The Company has determined that certain of the training provided to the franchisee is not brand specific and provides the franchisee with relevant general business information that is separate from the operation of a Company-branded franchise unit. The portion of training services provided that is not brand specific is deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated or interdependent to the access of the Company's intellectual property and, therefore, is accounted for as a separate distinct performance obligation. The Company has also determined that certain architectural shop-fitting services for the franchisees are not brand specific and include

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Franchise revenues (continued)
design-related work to "fit-out" the shop. This fit-out allows the space to be converted to any other real estate brokerage and is separate from the operation of a Company-branded franchise unit. The portion of shop fit-out provided that is not brand specific is deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated or interdependent to the access of the Company's intellectual property and, therefore, is accounted for as a separate distinct performance obligation. All other pre-opening activities have been determined to be highly interrelated and interdependent to the access of the Company's intellectual property and, therefore, are accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of training and fit-out services that are not brand specific using a cost plus mark-up approach. The Company first allocates the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the training and fit-out services that are not brand specific and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to training and fit-out services that are not brand specific is recognized ratably as the services are rendered.

Admission fees and upfront fees paid by master franchisees are recognized as revenue on a straight-line basis over the term of the respective franchise agreement or master franchise. For certain franchisees, the Company may agree to provide conversion assistance to the franchisee in building out its place of business in the form of cash paid to the franchisee. Admission fees are reflected net of any cash consideration paid or payable by the Company to the franchisee and are recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Royalties and marketing fees are calculated as a percentage of franchisee gross revenues over the term of the franchise agreement. These fees represent sales-based royalties that are related entirely to the access of the Company's intellectual property under the franchise agreement and are recognized as franchise sales occur and the royalty and/or marketing fee is deemed collectible.

Fees for other services
The Company earns other revenues for certain services, including use of certain technology, additional training and support, special events, and other marketing initiatives, that are not a component of its franchise agreements. Revenues for these services are recognized at a point in time when the Company satisfies its performance obligation(s) by transferring the benefit of a service provided to a customer.

Contract assets and liabilities
The Company records a contract asset when it has a right to payment from a customer that is conditional on events other than the passage of time. The Company records a contract liability when a customer prepays but the Company has not yet fulfilled its performance obligation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Incremental costs of obtaining a contract

The Company capitalizes direct and incremental costs, principally consisting of broker commissions associated with the sale of franchises, which are amortized over the term of the related franchise agreement. These commissions are reflected in the accompanying consolidated balance sheets as "Prepaid commissions."

Foreign Currency Translation and Transactions

The financial statements of E&V Canada were prepared in its local currency and translated to U.S. dollars based on the current exchange rates at the end of the period or historical exchange rates, as appropriate, for the balance sheet, and average exchange rates during the year for the results of operations and cash flows. Gains and losses resulting from translation are recognized in accumulated other comprehensive income. Realized exchange gains (losses) from foreign currency transactions are reported as other income (expense) in the consolidated statements of comprehensive income.

Advertising and Marketing

Advertising and marketing costs are expensed as incurred and aggregated $7,806,867, $6,168,136 and $5,476,066 for the years ended December 31, 2022, 2021 and 2020, respectively.

Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax laws or rates is recognized in results of operations in the period that includes the enactment date. Valuation allowances are established against deferred tax assets when it is more likely than not that such deferred tax assets will not be realized.

In accordance with the provisions of FASB ASC 740, *Income Taxes*, tax positions initially need to be recognized in the consolidated financial statements when it is more likely than not that the positions will be sustained upon examination by taxing authorities. It also provides guidance for recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

As of December 31, 2022 and 2021, the Company had no uncertain tax positions that qualified for either recognition or disclosure in the consolidated financial statements. Additionally, the Company had no interest or penalties related to income taxes.

Reclassifications

Certain prior years' amounts have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the Company's previously reported net income.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Variable Interest Entities

In accordance with the provisions of the FASB ASU No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities* ("ASU 2018-17"), FASB no longer requires nonpublic companies to apply variable interest entity guidance to certain common control arrangements, including leasing arrangements under common control. The Company has applied these provisions to the accompanying financial statements and has determined that the entities disclosed in Note 11, meet the conditions under ASU 2018-17, and accordingly, it is not required to include the accounts of the related parties in the Company's consolidated financial statements.

Recently Issued but not yet Effective Accounting Pronouncements

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). Under current U.S. GAAP, entities generally recognize credit losses when it is probable that the loss has been incurred. The guidance under ASU 2016-13 will remove all current recognition thresholds and will require entities under the new current expected credit loss ("CECL") model to recognize an allowance for credit losses for the difference between the amortized cost basis of a financial instrument and the amount of amortized cost that an entity expects to collect over the instrument's contractual life. The new CECL model is based upon expected losses rather than incurred losses. Additionally, the credit loss recognition guidance for available-for-sale securities is amended and will require that credit losses on such debt securities should be recognized as an allowance for credit losses rather than a direct write-down of amortized cost balance. The ASU is effective for fiscal years beginning after December 15, 2022. The Company is evaluating the effect that ASU 2016-13 will have on its consolidated financial statements and related disclosures.

Subsequent Events

The Company has evaluated subsequent events through March 30, 2023, the date on which these consolidated financial statements were available to be issued. Except as disclosed in Note 14, there were no other material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

NOTE 3. REVENUES AND RELATED CONTRACT BALANCES

Franchised Outlets

The following data is presented representing the status of the Company's franchised outlets as of December 31, 2022 and 2021:

	2022	2021
Direct Franchises		
Franchises sold	21	16
Franchised outlets in operation	239	224
Master Franchises		
Franchises sold	2	5
Franchised outlets in operation	40	37

NOTE 3. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Disaggregation of Revenues

The economic risks to the Company's revenues are dependent on the strength of the economies in the United States and Canada, the strength of the real estate market in locations where its franchisees operate, and the Company's ability to collect on its contracts. The Company disaggregates revenues from contracts with customers by the timing of revenue recognition by type of revenue, as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revenues by timing of recognition were as follows during the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
Point in time:			
Franchise royalties	$19,192,223	$ 21,682,809	$14,551,443
Marketing and brand advisor fees	6,257,898	6,866,350	4,691,423
Fees from other services	2,816,790	1,504,188	1,948,856
Total point in time	28,266,911	30,053,347	21,191,722
Over time:			
Admission fees	377,715	305,432	350,899
Total revenues	$28,644,626	$ 30,358,779	$21,542,621

Contract Balances

The timing of revenue recognition of admission fees and upfront fees from master franchisees result in "Contract liabilities" in the accompanying consolidated balance sheets.

Deferred admission and upfront fees from master franchisees fees and upfront fees consisted of the following as of December 31, 2022 and 2021:

	2022	2021
Franchise units not yet opened	$ 392,839	$ 134,227
Opened franchise units	617,627	719,673
Total	$ 1,010,466	$ 853,900

Significant changes in deferred admission fees and upfront fees from master franchisees for the years ended December 31, 2022 and 2021, are as follows:

	2022	2021
Contract liabilities at beginning of year	$ 853,900	$ 832,173
Less: admission fees recognized during the year	377,715	305,432
Less: conversion assistance provided to franchisees	177,340	142,320
Plus: initial and renewal fees received	711,621	469,479
Contract liabilities at end of year	$ 1,010,466	$ 853,900

NOTE 3. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Contract Balances (Continued)

Estimated deferred admission fees expected to be recognized in the next five years and thereafter are as follows:

Year ending December 31:	Amount
2023	$ 158,055
2024	152,375
2025	144,684
2026	134,221
2027	113,566
Thereafter	307,565
Total	$ 1,010,466

NOTE 4. CONCENTRATIONS OF CREDIT RISK

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation ("FDIC") and Canada Deposit Insurance Corporation ("CDIC") insurance limits, with major financial institutions and attempts to limit the amount of credit exposure with any one institution. The Company has not experienced any losses in these accounts. Substantially all of the Company's cash balances are in excess of FDIC and CDIC limits at December 31, 2022 and 2021.

As of December 31, 2022 and 2021 one, franchisee represented approximately 11% and 13% of total accounts receivable, respectively. For the years ended December 31, 2022, 2021 and 2020, one franchisee accounted for approximately 12%, 14% and 12% of the Company's total revenues, respectively.

NOTE 5. CONTRACT ASSETS

On December 18, 2018, the Company entered into a note agreement with a direct franchisee in the amount of $400,000 to expand the territory under the direct franchisee. The agreement expires after 10 calendar years starting on January 1, 2019. At the end of each calendar year, the note will be evaluated based on a revenue metric. If the metric is satisfied, one-tenth of the principal balance will be forgiven by the Company. The evaluations performed on December 31, 2022 and 2021, resulted in a partial forgiveness of debt. The loan receivable does not bear interest if the direct franchisee remains within the terms of the agreement and stated revenue metric.

On October 21, 2022, the Company entered into a note agreement with a direct franchisee in the amount of $200,000 to expand the territory under the direct franchisee. The agreement expires after three calendar years starting on January 1, 2023. At the end of each calendar year, the note will be evaluated based on a revenue metric. If the metric is satisfied, one-third of the principal balance will be forgiven by the Company. The loan receivable does not bear interest if the direct franchisee remains within the terms of the agreement and stated revenue metric.

As shown in the accompanying consolidated financial statements, the loan receivable balances, which are reflected as contract assets, totaled $440,000 and $280,000 as of December 31, 2022 and 2021, respectively.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2022 and 2021:

	2022	2021
Office equipment	$ 359,073	$ 340,252
Furniture and fixtures	560,192	558,035
Leasehold improvements	906,212	370,985
	1,825,477	1,269,272
Less: accumulated depreciation and amortization	1,093,411	949,111
Property and equipment, net	$ 732,066	$ 320,161

Depreciation and amortization expense was $144,300, $68,459 and $76,556 for the years ended December 31, 2022, 2021 and 2020, respectively.

NOTE 7. CAPITALIZED SOFTWARE

As of December 31, 2022 and 2021 capitalized software consisted of the following:

	2022	2021
Capitalized software	$ 2,465,803	$ 815,260
Less: accumulated amortization	794,712	545,331
Capitalized software, net	$ 1,671,091	$ 269,929

Amortization expense on capitalized software amounted to $249,382, $113,637 and $73,698 for the years ended December 31, 2022, 2021 and 2020, respectively.

NOTE 8. INTANGIBLE ASSETS

Intangible assets consisted of the following at December 31, 2022 and 2021:

	2022	2021
Acquired master franchise license	$ 11,771,742	$ 11,771,742
Franchise license	70,000	70,000
	11,841,742	11,841,742
Less: accumulated amortization	2,302,572	1,693,688
Intangible assets, net	$ 9,539,170	$ 10,148,054

Amortization expense on intangible assets was $608,883 for each of the years ended December 31, 2022, 2021 and 2020, respectively.

NOTE 8. INTANGIBLE ASSETS (CONTINUED)

As of December 31, 2022, estimated amortization expense for the next five years and thereafter is summarized as follows:

Year ending December 31:	Amount
2023	$ 608,883
2024	608,883
2025	608,883
2026	608,883
2027	608,883
Thereafter	6,494,755
	$ 9,539,170

NOTE 9. LONG-TERM DEBT

On April 23, 2019, EVA entered into a loan agreement with E&V GmbH, with a maximum borrowing capacity of 12,000,000 euros ("E&V GmbH Loan"). The E&V GmbH Loan has an annual interest rate of 4% and would have expired on December 30, 2024, and did not require any principal payments until maturity. During 2022, the remainder of the loan was repaid. The balance as of December 31, 2021 was $324,129.

NOTE 10. INCOME TAXES

The provision for (benefit from) income taxes for the years ended December 31, 2022, 2021 and 2020, consisted of the following:

	2022	2021	2020
Current income taxes:			
Federal	$ 596,772	$ 219,136	$ 50,558
State and local	280,631	70,942	18,371
Foreign	298,070	313,161	70
	1,175,473	603,239	68,999
Deferred income tax provision (benefit):			
Federal	448,717	(929,060)	-
State and local	(317,450)	(225,629)	-
	131,267	(1,154,689)	-
Total provision for (benefit from) income taxes	$ 1,306,740	$ (551,450)	$ 68,999

Deferred tax assets were as follows as of December 31, 2022 and 2021:

	2022	2021
Deferred tax assets	$ 3,971,738	$ 3,927,601
Less: valuation allowance	2,948,315	2,772,912
Deferred income taxes	$ 1,023,423	$ 1,154,689

NOTE 10. INCOME TAXES (CONTINUED)

The Company's effective tax rate differs from the federal statutory rate primarily due to state income taxes and non-deductible expenses at rates different from the statutory rate in the United States. The Company's deferred tax assets consist primarily of net operating loss carryforwards which, at December 31, 2022, were approximately $15,195,000 and begin to expire starting in 2034. Such amount is net of an estimated limitation of approximately $1,475,000 pursuant to the provisions of Internal Revenue Code Section 382 ("Sec. 382"). The Sec. 382 limitation is a result of the ownership change relating to a 2021 transaction. Such provisions may impose an additional annual limitation on the amount of net operating loss carryforwards which can be utilized in future years. Accordingly, it is not possible that not all of the NOLs will be available in future years. The Company has not performed a formal Sec. 382 study in such regard to provide a definitive determination.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. In prior years, a significant piece of objective negative evidence evaluated was the cumulative loss incurred over a running three-year period which resulted in a 100% valuation allowance on the deferred tax assets. During 2021, the Company reduced its valuation allowance based on an assessment of the positive and negative evidence available. Management projected a three-year cumulative taxable income to utilize the deferred tax asset subject to certain limitations.

NOTE 11. RELATED-PARTY TRANSACTIONS

Support Agreements

The Company has entered into information technology ("IT") support agreements with Engel & Völkers Technology GmbH ("Engel & Völkers Technology"), a related party affiliated through common ownership, which allows for the partial reimbursement of certain IT costs. The costs related to the agreement are included in "Selling, general and administrative expenses" in the accompanying consolidated statements of comprehensive income. The income and expenses related to the IT support agreements for the year ended December 31, 2022, were $17,400 and $929,244, respectively; for the year ended December 31, 2021, were $17,400 and $914,952, respectively; and for the year ended December 31, 2020, were $18,400 and $658,708, respectively. At December 31, 2022 and 2021, the amounts outstanding to Engel & Völkers Technology were $82,200 and $77,668, respectively, and are included in "Due to affiliates, net" in the accompanying consolidated balance sheets.

The Company has entered into marketing and support agreements with Grund Genug, a company affiliated through common ownership, which allows for the reimbursement of certain marketing and support costs. The costs related to the agreements are included in "Selling, general and administrative expenses" in the accompanying consolidated statements of comprehensive income. The income and expense related to the marketing and support agreements for the year ended December 31, 2022, were $3,000 and $773,810, respectively; for the year ended December 31, 2021, were $9,178 and $777,936, respectively; and for the year ended December 31, 2020, were $3,000 and $468,949, respectively. In addition to the previously mentioned agreements, the Company pays for certain administrative expenses on behalf of its affiliates which are then reimbursed and also reimburses its affiliates for certain administrative expenses paid for on its behalf. Expenses that the Company is to reimburse its affiliates for and

NOTE 11. RELATED-PARTY TRANSACTIONS (CONTINUED)

Support Agreements (Continued)

that the Company pays for on behalf of its affiliates are included in "Due to affiliates, net" in the accompanying consolidated balance sheets and in "Selling, general and administrative expenses" in the accompanying consolidated statements of comprehensive income. At December 31, 2022 and 2021, the amounts associated with these support agreements are $28,433 due to affiliates and $155,222 due from affiliates, respectively.

Royalty Fee

The Company must pay certain fees as described in a License Agreement with E&V US GmbH for the use of its trade name, including a 7.5% royalty related to fees collected. For the years ended December 31, 2022, 2021 and 2020, the Company recorded $1,380,832, $1,513,268 and $1,090,638, respectively, related to these costs in "Cost of revenues" in the accompanying consolidated statements of comprehensive income, of which $95,509 and $170,730 remains payable and is included in "Due to affiliates, net" in the accompanying consolidated balance sheets at December 31, 2022 and 2021, respectively.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company has an operating lease agreement to rent office space in New York City that is set to expire in February 2027. Total operating lease expense for the years ended December 31, 2022, 2021 and 2020, was $406,638, $407,911 and $391,555, respectively. Maturities of lease liability as of December 31, 2022, are as follows:

Year ending December 31:	Amount
2023	$ 429,737
2024	429,737
2025	429,737
2026	429,737
2027	71,623
Net minimum lease payments	1,790,571
Less: interest	90,781
Present value of lease liability	1,699,790
Less: current portion	392,145
Total liability, net of current portion	$ 1,307,645

NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

Supplemental cash flow information related to the lease was as follows:

	2022
Cash paid for amounts included in the measurement of lease liability:	
Operating cash flows from operating lease	$ 412,994
Average lease term and discount rate were as follows:	
Weighted-average remaining lease term (in years) - operating lease	4.16
Weighted-average discount rate (%) - operating lease	2.5%

Employment Agreements

The Company has entered into various employment agreements, some of which include bonuses if certain milestones are met. These amounts were accrued where applicable and are reflected in "Accrued expenses and other current liabilities" in the accompanying consolidated balance sheets.

Guarantee

On September 22, 2020, the Company entered into an agreement whereby it became an additional guarantor on certain existing bank indebtedness, which has a maximum borrowing capacity of 113,000,000 euros, of E&V GmbH. On October 4, 2021, the Company was released as a guarantor under the agreement.

Litigation

The Company is, from time to time, involved in ordinary and routine litigation. Management presently believes that the ultimate outcome of these proceedings, individually or in the aggregate, will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows. Nevertheless, litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include money damages and, in such event, could result in a material adverse impact on the Company's consolidated financial position, results of operations or cash flows for the period in which the ruling occurs.

NOTE 13. RETIREMENT PLAN

The Company has a participant-directed, defined contribution plan covering all employees. The plan provides for employee salary reduction elections, and the Company may also make discretionary non-elective contributions to all eligible participants based on eligible compensation. The Company has made elective contributions for the year ended December 31, 2022 of $159,410. The Company has not made elective contributions for the years ended December 31, 2021 and 2020.

NOTE 14. RISKS AND UNCERTAINTIES

Foreign Operations

Operations outside the United States include a subsidiary in Canada. Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange. As of December 31, 2022 and 2021, the net assets of foreign operations are less than 10% of the Company's total net assets.

Recent Events Relating to the Disruption in the U.S. Banking System

In March 2023, the shut-down of certain financial institutions raised economic concerns over disruption in the U.S. banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system. However, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy which may limit access to short-term liquidity in the near term or other adverse effects. As disclosed in Note 4, the Company maintains cash amounts in excess of federally and Canada insured limits in the aggregate amount of approximately $3,507,461 and $1,143,433, respectively as of December 31, 2022, and has certain concentrations in credit risk that expose the Company to risk of loss if the counterparty is unable to perform as a result of future disruptions in the U.S. banking system or economy. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.

EXHIBIT J

RENEWAL RIDER

RENEWAL RIDER
(For Franchisees Renewing Their Agreements)

If Franchisee is renewing its Franchise Agreement, the parties agree that Section 19.2 shall be amended to provide that Franchisee shall be deleted and that Franchisee shall have no right to renew the Franchise Agreement.

Dated: _____

Franchisor:	**Franchisee:**
ENGEL & VÖLKERS AMERICAS, INC.	_____
A Delaware corporation	a _____
By: _____	By: _____
Its: _____	Its: _____

EXHIBIT K

GENERAL RELEASE

[If only the Franchisee is signing the Release, the language in bold and brackets referring to the Owner(s) should be deleted. If both Franchisee and its Owner(s) are signing the Release, the above referenced language should be left in the release, but should be taken out of the brackets and the bold type should be replaced by normal type.]

GENERAL RELEASE

This GENERAL RELEASE ("**Release**") is made this _____ day of _____, ____, by _____ **[Name of Franchisee]** _____ ("**Releasor**"), **[and _____ [Name of owner(s)**, **("Owner(s)")]**, with reference to the following facts:

The undersigned Franchisee is a signatory to, that certain Franchise Agreement dated _____, ____ ("**Franchise Agreement**") by and between ENGEL & VÖLKERS AMERICAS, INC. ("**Engel & Völkers**") and Franchisor granting Franchisee the right to use the Engel & Völkers Yachting System to operate a Yachting Brokerage.

[The undersigned Owner is an owner of the Franchisee.]

Franchisee **[and Owner each]** agrees that all capitalized terms in this Release shall have the meaning that is ascribed to them in the Franchise Agreement. This Release is being executed by the Franchisee **[and Owner]** pursuant to the requirements of the Franchise Agreement. Franchisee **[and Owner each]** understands and agrees that execution of this Release is a condition of Franchisee's rights under the Franchise Agreement **[to renew the Franchise Agreement] [to transfer the Franchise Agreement]** and that Franchisee's **[or Owner's]** failure or refusal to execute this Release would result in Franchisee's breach of the Franchise Agreement. In consideration of the rights granted by the Franchise Agreement, Franchisee **[and Owner each]** executes this Release for the benefit of Engel & Völkers.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, FRANCHISEE **[AND OWNER EACH]** AGREES AS FOLLOWS:

1. General Release. Franchisee **[and Owner each]** hereby releases and forever discharges Engel & Völkers and its affiliates and their respective officers, directors, owners, principals, managers, employees, successors and assigns (collectively the "**Released Parties**"), from any and all claims, demands, obligations, liabilities, actions, causes of action, suits, proceedings, controversies, disputes, agreements, promises, allegations, costs and expenses, at law or in equity, of every nature, character or description whatsoever, whether known or unknown, suspected or unsuspected or anticipated or unanticipated, which Franchisee **[or Owner]** ever had, now has, or may, shall or can hereafter have or acquire (collectively referred to as "**Claims**"). This Release includes, but is not limited to, all Claims arising out of, concerning, pertaining to or connected with the Franchise Agreement, any other agreement, tort, statutory violation, representation, nondisclosure, act, omission to act, fact, matter or thing whatsoever, occurring as of or prior to the date of this Release, so that after the date of this Release, **[neither]** Franchisee **[nor Owner]** shall have any Claim of any kind or nature whatsoever against the Released Parties, directly or indirectly, or by reason of any matter, cause, action, transaction or thing whatsoever done, said or omitted to have been done or said at any time prior to the date of this Release. **[In Maryland, the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.]**

2. **Waiver of Rights. This Release is intended by Franchisee** [and Owner] **to be a full and unconditional general release, as that phrase is used and commonly interpreted, and to constitute a full, unconditional and final accord and satisfaction, extending to all Claims of any nature, whether or not known, expected or anticipated to exist in favor of Franchisee** [or Owner] **against the Released Parties regardless of whether any unknown, unsuspected or unanticipated Claim would materially affect settlement and compromise of any matter mentioned herein.**

Franchisee [and Owner each], **for itself, himself or herself, hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which Franchisee** [or Owner, as the case may be] **would be entitled, now or at any time hereafter under the statutory or common law of the state where the franchised business and the yachting brokerage is located, whether now or hereinafter existing under the laws of the state where the franchised business and the yachting brokerage is located, or any other applicable federal and state law with jurisdiction over the parties relationship.**

[ALTERNATE PROVISION FOR CALIFORNIA FRANCHISEES ONLY]

2. Waiver of Civil Code Section 1542. This Release is intended by Franchisee **[and Owner]** to be a full and unconditional general release and to constitute a full, unconditional and final accord and satisfaction, extending to all Claims of any nature, whether or not known, expected or anticipated to exist in favor of Franchisee **[and Owner]** against the Released Parties regardless of whether any unknown, unsuspected or unanticipated Claim would materially affect settlement and compromise of any matter mentioned herein. Franchisee **[and Owner each]** hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which Franchisee **[or Owner, as the case may be]** would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to Section 1542, whether now or hereinafter existing under the laws of California, or any other applicable federal and state law with jurisdiction over the parties' relationship. Franchisee **[and Owner each]** acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

> **"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."**

In making this voluntary express waiver, Franchisee **[and Owner each]** acknowledges that Claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is the intention of Franchisee **[and Owner, respectively]** to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered Claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. Franchisee **[and Owner each]** acknowledges and agrees that the foregoing waiver of Section 1542 is an essential, integral and material term of this Release.

3. Release Not Admission. Franchisee **[and Owner each]** understands and agrees that the giving or acceptance of this Release and the agreements contained herein shall not constitute or be construed as an admission of any liability by Engel & Völkers or an admission of the validity of any claims made by or against Engel & Völkers.

4. **[Renewal. If Franchisee is signing this Release to renew its franchise, nothing in this Release is intended to disclaim representations Engel & Völkers made in the Franchise Disclosure Document furnished to Franchisee.]**

5. Authority of Parties. Each person executing this Release on behalf of a party hereto warrants and represents that he or she is duly authorized to execute this Release on behalf of such party.

6. No Prior Assignments. Franchisee **[and Owner each]** represents and warrants that Franchisee **[and Owner]** has not previously assigned or transferred, or attempted to assign or transfer, to any third party any of the Claims which are the subject of this Release, all of such Claims being released.

7. Incorporation by Reference. The parties hereby incorporate the recitals of this Release as part of the substantive provisions of this Agreement.

8. Controlling Law. This Release shall be governed, construed and interpreted in accordance with the substantive laws of the state where the franchised business and Yachting Brokerage are located.

IN WITNESS WHEREOF, Franchisee **[and Owner each]** has executed this Release on the date first shown above.

Franchisee (if an entity):	**[Owner]**:
_____	_____
	(Signature)
By: _____	_____
Name: _____	(Print Name)
Its: _____	

EXHIBIT L
STATE SPECIFIC ADDENDA

MULTI-STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF ENGEL & VÖLKERS FRANCHISE AGREEMENT (FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)

This Addendum pertains to franchises sold in the state that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. For franchises sold in such states, this franchise disclosure document is amended by adding the following section at the end of Item 9:

> "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."

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE CALIFORNIA FRANCHISE INVESTMENT LAW

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.

Neither the franchisor nor any person in Item 2 of the Franchise 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 these persons from membership in this association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. lf the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (1 1 U.S.C.A. Sec. 101 et seq.).

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

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

You must sign a general release of claims if you transfer your franchise. California corporations code §31512 voids a waiver of your rights under the franchise investment law (California corporations code §§31000 through 31516). Business and professions code §20010 voids a waiver of your rights under the franchise relations act (business and professions code §§20000 through 20043).

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

The highest interest rate in California is 10%.

Item 5 is amended by adding the following: “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.”

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

1. Item 17.c ("Requirements for You to Renew or Extend") and Item 17.m ("Conditions for our approval of transfer") of the Franchise Disclosure Document are amended to provide that "The requirement that you provide a general release of all claims against us in order to renew or transfer your license shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. Item 17.g ("'Cause' defined - defaults which can be cured") of the Franchise Disclosure Document is amended to provide that "Termination upon filing of a bankruptcy petition against you or any shareholder may not be enforceable under federal bankruptcy law."

3. Item 17.v ("Choice of Forum") is amended to provide that "You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

4. Nothing in the Franchise Disclosure Document or in the Franchise Agreement or the Receipt of Franchise Related Documents is intended to nor shall act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Act.

5. Any claim arising under the Maryland Franchise Registration and Disclosure Law may be brought within 3 years after the grant of the franchise.

6. Item 5 of the Franchise Disclosure Documents, entitled "Initial Franchise Fee", is amended to disclose that the Initial Franchise Fee is due and payable on the date your franchised business opens for business.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE NEW YORK FRANCHISE LAW

1. The State Cover Page of the Franchise Disclosure Document is amended to add the following statements:

> INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY A STATE DOES NOT MEAN THAT A STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY.

2. Item 3 of the Franchise Disclosure Document is amended by deleting the last paragraph and substituting the following:

> "Neither we, our predecessor, a person identified in Item 2, nor an affiliate offering franchises under our principal trademark:
>
> A. Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion; misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. Moreover, there are no pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
>
> B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.
>
> C. Is subject to a currently effective injunction or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction 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 yachting broker or sales advisor."

3. Item 4 of the Franchise Disclosure Document is amended by deleting the last paragraph and substituting the following:

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

4. Item 5 of the Franchise Disclosure Document is amended by adding the following to the subsection entitled "Initial Franchise Fee":

> "We will use the Initial Franchise Fee to cover our costs associated with fulfilling our obligations under the Franchising Agreement and to cover other overhead costs and expenses."

5. Item 17 of the Franchise Disclosure Document is amended by deleting the first paragraph and substituting the following:

> "THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE MASTER FRANCHISING AGREEMENT AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THESE AGREEMENTS ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT."

6. Item 17 of the Franchise Disclosure Document is further amended by adding the following statement to the summary column (d) entitled "Termination by You":

> "You can terminate upon any grounds available by law."

7. Item 17 of the Franchise Disclosure Document is further amended by adding the following statement to the summary column (w) indicating the choice of law:

> "The foregoing choice of law should not be considered a waiver of any right conferred upon either the franchisor or upon the franchisee by the General Business Law of the State of New York."

FRANCHISOR REPRESENTATION

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT.

STATE EFFECTIVE DATES

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

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

California	Pending
Hawaii	Not registered
Illinois	Not registered
Indiana	Not registered
Maryland	Pending
Michigan	Not registered
Minnesota	Not registered
New York	October 15, 2020, as amended [Pending]
North Dakota	Not registered
Rhode Island	Not registered
South Dakota	Not registered
Virginia	Not registered
Washington	Not registered
Wisconsin	Not registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

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

If Engel & Völkers Americas, Inc. ("Engel & Völkers") offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that 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.

If Engel & Völkers does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal 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 A.

The franchisor is Engel & Völkers, located at 430 Park Avenue, 11th Floor, New York, NY 10022. Its telephone number is 212-234-3100.

The issuance date is March 31, 2023. The state effective dates are on an exhibit following the State Cover Page.

Engel & Völkers authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I have received a disclosure document dated March 31, 2023, that included the following Exhibits:

A.	**List of State Administrators**	**G.**	**List of Franchised Outlets**
B.	**Agents for Service of Process**	**H.**	**Franchisees Who Have Left the System or Who Have Not Communicated**
C.	**Franchise Agreement, and Appendices 1 to 6**	**I.**	**Financial Statements**
D.	**State Specific Amendments to the Franchise Agreement**	**J.**	**Renewal Rider**
E.	**Table of Contents of System Documentation**	**K.**	**General Release**
F.	**Confidentiality Agreement**	**L.**	**State Specific Addenda**

Date: _____

_____
Prospective Franchisee Signature
Print Name: _____
Address: _____

_____
Individually and as _____
of _____

(Your Copy. Sign, date and retain)

Franchise Sellers:

Please check the box by each franchise seller listed below with whom you have had significant contacts in connection with the offer or sale of an Engel & Völkers franchise to you:

□ Anthony Hitt, 430 Park Ave., 11th Floor, New York NY, 212.234.3100
□ Ulrike Cohen, 430 Park Ave., 11th Floor, New York NY, 212.234.3100

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Date: _____

_____
Prospective Franchisee Signature
Print Name: _____
Address: _____

_____
Individually and as _____
of _____

(Our copy. Sign, date and return to us)

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