# FRANCHISE DISCLOSURE DOCUMENT

LA CABRA

La Cabra Franchising LLC,
Delaware limited liability company
1329 Willoughby Ave,
Brooklyn, NY 11237
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wholesale@lacabra.dk
www.lacabra.com/

We offer franchises to operate a LA CABRA® business offering authentic Danish style roasted coffee sourced from Africa and Latin America, baked goods and beverages. The total investment necessary to begin operation of a Franchised Business single primary outlet ranges from $479,000 to $792,000. This includes $50,000 for an initial franchise fee and $32,000 to $60,000 for initial inventory, equipment and supplies that must be paid to the franchisor and its Affiliates. If you enter into a Development Agreement with us, the total investment necessary to begin operation of at least three franchised businesses ranges from $2,886,000 to $4,305,000, including at least $135,000 for initial development and franchise fees and $150,000 to $350,000 for inventory, equipment and supplies paid to the franchisor and its affiliates.

This "Disclosure Document" summarizes certain provisions of your Franchise Partner 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, us 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 us via email at wholesale@lacabra.dk or by phone at (+45) 29 83 04 11.

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, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency 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.

The Issuance Date of this Disclosure Document is November 21, 2025.

## How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **How much can I earn?** | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit K. |
| **How much will I need to invest?** | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| **Does the franchisor have the financial ability to provide support to my business?** | Item 21 or Exhibit H includes financial statements. Review these statements carefully. |
| **Is the franchise system stable, growing, or shrinking?** | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| **Will my business be the only LA CABRA business in my area?** | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| **Does the franchisor have a troubled legal history?** | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| **What's it like to be LA CABRA franchisee?** | Item 20 or Exhibit K lists current and former franchisees. You can contact them to ask about their experiences. |
| **What else should I know?** | Those questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

**What You Need To Know About Franchising Generally**

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

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

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

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

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

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

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

**Some States Require Registration**

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

Your state may also 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 arbitration and/or litigation only in the state where our headquarters is located, which is currently New York. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in New York or our headquarters state than in your own state.

2. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

3. **Short Operating History**. The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

4. **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 the franchise fails.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" to see whether your state requires other risks to be highlighted.

**FOR THE STATE OF MICHIGAN**
**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:**

(A) A prohibition on the right of a franchisee to join an association of franchisees.

(B) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives franchisee of rights and protection provided in this Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(C) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(D) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising of other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(E) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(F) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(G) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(H) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in Subdivision (C).

(I) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual service.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 670 LAW BLDG., LANSING, MICHIGAN 48913, (517) 373-7117.

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**Exhibits**

## ITEM 1

## THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, we will use the words "we," "us" and "our" when referring to LA CABRA Franchising LLC (the Franchisor) and the words "you" and "your" when referring to the individual or legal entity which buys a LA CABRA franchise (the Franchisee). The words "you" and "your" do not include any individual or business entity which owns an interest in you. We will require all individuals and business entities that own an interest in you to guarantee your obligations to us. The term "Affiliate" means any person or entity who controls, is controlled by or is under common control with another person or entity.

**Franchisor, Parent, and Affiliates**

We are a Delaware limited liability company formed on September 21, 2022. We are a wholly owned subsidiary of La Cabra Inc., a Delaware corporation formed on September 1, 2022. La Cabra Inc. is a wholly owned subsidiary of LA CABRA Holding ApS, a Denmark corporation ("Parent") formed on June 12, 2019. The Parent also owns La Cabra Coffee ApS, a Denmark corporation. Our principal business address is 1329 Willoughby Avenue, Brooklyn, New York 11237. Our previous business address was Marguerite Vibys Plads 1, 2000 Frederiksberg, Denmark. Parent's principal address is Graven 20, 8000 Aarhus, Denmark. Parent is the successor in interest to the original owner of the brand, LA CABRA ApS, a Denmark corporation ("Predecessor"), which had its principal business address at Graven 20, Aarhus C, Denmark 8000. Parent acquired the assets of Predecessor on June 26, 2019. You will operate your Franchised Business under the name and mark "LA CABRA" (a "Franchised Business," "Primary Outlet" or "Unit").

We will import and sell to franchisees coffee sourced and roasted by Parent in Denmark using a wholesale on-line ordering system to which each franchisee has access. Parent will procure and process coffee into roasted whole beans in commercial quantities for shipment in a minimum order quantity. We will also sell to franchisees certain equipment sourced from or through Parent.

We have not offered any franchises in any other line of business, and do not have any Affiliates, including the Operating Affiliates, that have offered franchises in any other line of business. We do not have Affiliates, including the Operating Affiliates, offering franchises in this same line of business. We have not conducted business in any other line of business.

**Agent for Service of Process**

The names and addresses of our agents for service of process appear on Exhibit I to this Disclosure Document.

**Prior Business Experience**

Predecessor opened the first LA CABRA location in Aarhus, Denmark in 2013. Parent acquired the assets of Predecessor in June 2019. Parent licensed the LA CABRA mark and branding to an unrelated third party for the operation of a LA CABRA outlet in Soho, New York, New York in January 2021. The license was converted to a franchise agreement, and the franchisee in New York opened a second outlet in the East Village. On October 11, 2022, Parent formed La Cabra Roastery, LLC, a Delaware limited liability company. In August 2024, this entity opened the Bushwick Outlet in Brooklyn, New York and became an Operating Affiliate. On May 1, 2025, our affiliate La Cabra SoHo LLC, a New York limited liability company, acquired the SoHo location from the franchisee and continues to operate it as an Operating

Affiliate-owned Outlet. On June 23, 2025, our affiliate La Cabra East Village LLC, a New York limited liability company, acquired the East Village location from the franchisee and continues to operate it as an Operating Affiliate-owned Outlet. As of the Issuance Date, all locations in the United States are owned and operated by these two Affiliates (the "Operating Affiliates"). Parent operates five outlets in Denmark. There are two franchised outlets in Bangkok, Thailand and two franchised outlets in Oman as of the Issuance Date of this Disclosure Document.

**The Business and Franchise We Offer**

We offer the opportunity to establish and operate a LA CABRA Brand franchised outlet (the "Franchised Business") operated from a specified location (the "Franchised Location") using our trademarks, service marks, trade names, logos and commercial symbols (the "Marks"), certain specified tangible materials (the "Materials"), Proprietary Products and methods of operation (the "System") under a Franchise Partner Agreement you sign with us and our System Manual that sets forth our System Standards (the "System Standards").

A LA CABRA Franchised Business operates a "Primary Outlet" at a single location such as a fixed inline or corner storefront. The Primary Outlet should be located in an area where there is high density pedestrian traffic. You and we will mutually determine whether you will operate the Primary Outlet as either a "Bakery" or a "Café," which will be noted in the signage and graphics for the Primary Outlet. A Bakery will prepare and offer a broad menu of bakery items baked on premises using our proprietary recipes, in addition to our brand coffee and other hot and cold beverages. The bakery concept is central to the retail experience of the brand. A Café will offer a limited range of fresh baked goods either prepared and baked on premises or sourced from approved suppliers. Some products are displayed on or in countertop glass cases. Our Outlets offer "Ready to Eat Products" that can be immediately consumed on-premises or on a take-out basis, and "Packaged Products" such as baked goods, whole bean and ground coffee that are packaged for take-home use. We provide standard designs and elevations of the Primary Outlet that you must customize for your market and location. Our Outlets must provide off-premises catering for indoor and outdoor events in a defined trade area where the Ready to Eat Products are prepared and served and Packaged Products may be sold with the event host's consent.

The LA CABRA franchise System includes System Standards, policies and procedures for trade dress, product preparation, equipment, signage, sales and marketing, pricing guidelines, staff and employee training, customer service, loyalty and retention programs, information technology (IT) and our assistance with advertising, promotion, public relations, and social media programs, all of which we may change, improve and further develop over time.

Specifications for Outlet build-out, equipment and décor will be included in the System's System Manual library. A standard Bakery with a small retail counter and modest seating area will be approximately 1600-2000 square feet. A large Bakery with a larger seating area will be larger than 2000 square feet. A Bakery requires approximately 1000 to 1200 square feet for the back of the house production space. During the development of a franchisee's Primary Outlet, we, or our designee, will provide on-site visits to review potential sites identified by you. A Café will in most cases have a smaller size than a standard Bakery and will be sized to fit an available location that we approve if it will support our service concept.

We generally offer qualified candidates a Development Agreement ("Multiple Unit Operators"). Multiple Unit Operators will be provided a development territory in which they will be required to open a number of LA CABRA Franchised Business locations during a period of time based upon a precise Performance Schedule for opening Outlets. We anticipate six-month opening cycles for Multiple Unit Operators and will base the Performance Schedule on that cycle (the "Development Term"). The

Development Term of the Performance Schedule will usually be two years for a commitment of three Franchised Businesses. We may extend the Development Term for a longer period for a commitment to develop more Franchised Businesses. A separate Franchise Partner Agreement will be signed for each Franchised Business franchise that the Developer opens. During the Development Term, you will be required to sign the original form of Franchise Partner Agreement attached to the Agreement or at our option, the form of franchise agreement we then offer, which may be different than the form of Franchise Partner Agreement described in this Disclosure Document. If a Multiple Unit Operator fails to open and operate the Franchised Businesses required under the Development Agreement, we may terminate the Development Agreement. If we terminate the Development Agreement, the Multiple Unit Operator may continue to operate the Franchised Business then open subject to compliance with the respective Franchise Partner Agreements for the Franchised Businesses. We reserve the right to require prospective franchisees to sign and perform Development Agreements in any market that we believe that a single owner for multiple Franchised Businesses is more appropriate than single Franchised Businesses owned by different owners.

**Market and Competition**

The consumer market for baked goods and beverages eaten away from home offered by a Franchised Business is highly competitive, generally mature and well developed. You will compete with national, regional and local retailers including company-owned and franchised chains as well as independently owned general and specialty bakeries and other types coffee shop-oriented businesses. You may also compete with other Franchised Businesses owned by us, Affiliate-owned or franchisee-owned locations. Some competitors may be larger and have more financial resources than us. Some competitors may have stronger name recognition than us. Competitors may be privately held or publicly held entities.

The success of any Franchisee may be impacted by many factors including, but not limited to, local economic and market conditions, experience and location knowledge, geographic location, market competition, and ability to attract and retain repeat customers for our coffee and baked goods.

**Regulations**

You will have to comply with all federal, state and local laws and regulations which apply generally to all businesses, and health and sanitation codes that apply to restaurants generally. These may include laws governing display of nutritional information and limiting the use of trans-fats in preparation of food prepared or served on-premises. Under the Affordable Care Act of 2010, restaurant chains with 20 or more locations, of which we expect the LA CABRA chain to reach, are required to list calorie content information for standard menu items on restaurant menus and menu boards. Other nutrient information—total calories, fat, saturated fat, cholesterol, sodium, total carbohydrates, sugars, fiber and total protein—must be made available in writing upon request. We encourage you to make additional inquiries into those laws and regulations and obtain the assistance of legal counsel in that regard.

We require, at your expense, that the persons you designate as managers successfully complete, and receive certification under, the ServSafe Food Manager training program (or similar food safety training program we determine is acceptable in our sole discretion) and that all employees handling food in your Outlets successfully complete, and receive certification under, the ServSafe Food Handler training program (or its equivalent that is acceptable to us, in our sole discretion). The ServSafe training programs are food safety training programs supported by the National Restaurant Association. Many states and localities require these or similar certifications. See www.servsafe.com for additional information on these requirements.

A franchisee will be required to comply with all federal, state and local laws and regulations that generally apply to private businesses. As a public accommodation, your Unit must be accessible to persons with disabilities. See www.ada.gov/smbusgd.pdf for more information.

Your Franchised Business must accept credit cards and other forms of electronic payments and will be obligated to comply with the Payment Card Industry Data Security Standard. The Standard includes 12 requirements for any business that stores, processes or transmits payment cardholder data. For more information see https://www.pcicomplianceguide.org/.

We encourage you to make additional inquiries into those laws and regulations and obtain the assistance of your own legal counsel in that regard. It is your responsibility, on an on-going basis, to investigate and satisfy all local, state, and federal laws and regulations since these can vary from place to place and can change over time. Also, please note that with respect to multi-unit operators, you may be required to sign franchise agreements that are different from the form franchise agreement in this offering.

## ITEM 2

## BUSINESS EXPERIENCE

Franchisor is a manager-managed limited liability company.

**Esben Piper - Founder and Chief Executive Officer**

Mr. Piper became the Chief Executive Officer in September 2022. He has been in the same role with Parent and Predecessor since January 2013. He is based in Brooklyn, New York, and was previously based in Aarhaus, Denmark.

**Benjamin Evar - Partner and Chief Financial Officer**

Mr. Evar became our Chief Financial Officer in September 2022. He also served as our Chief Operating Officer from September 2022 through December 2024. He has also been the Chief Financial Officer of Parent since June 2019 and with Predecessor from April 2015 to June 2019. He is based in Aarhus, Denmark.

**Mikkel Grønlykke - Chief Operating Officer**

Mr. Grønlykke became our Chief Operating Officer in October 2024. He has been in the same role with Parent during this time. He served as the Head of Roastery for Parent from January 2024 until October 2024. From June 2022 until January 2024 he was a self-employed food consultant. From December 2020 through May 2022, he was the Director, Category & Innovation at Legismose AS, a food and beverage retailer. From February 2020 until December 2020, he was the head of Sales Operations at Legismose AS. He is based in, and all positions he has held are in, Copenhagen, Denmark.

**Dane Oliver - Wholesale & Client Relations Director**

Mr. Oliver became our Director of Wholesale and Client Relations in September 2022. He has been in the same role with Parent since June 2019 and with Predecessor from May 2017 until June 2019. He is based in Copenhagen, Denmark.

**Mikkel Selmer - Partner & Head of Coffee**

Mr. Selmer became our Head of Coffee in September 2022. He has been in the same role with Parent since June 2019 and with Predecessor from June 2017 until June 2019. He is based in Copenhagen, Denmark.

**Christian Forman - Partner & Head of Marketing**

Mr. Forman became our Head of Marketing in September 2022. He has been in the same role with Parent since June 2019 and with Predecessor from June 2017 until June 2019. He is based in Aarhus, Denmark.

## ITEM 3

## LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4

## BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

## ITEM 5

## INITIAL FEES

Single Franchise. When you sign a Franchise Partner Agreement for a Franchised Business, you must pay a non-refundable Initial Franchise Fee of $50,000 to us. The Initial Franchise Fee is not refundable. We provide no financing for the Initial Franchise Fee. We will provide limited support of the architectural design of the Primary Outlet at no additional charge to you after you pay the Initial Franchise Fee.

In addition to the Initial Franchise Fee, you must purchase $32,000 to $60,000 for the initial inventory, equipment and supplies, which includes up to $10,000 of inventory of Proprietary Products from us. The inventory price is payable in a lump sum when we invoice you before opening.

The Initial Franchise Fee, subject to the terms set forth for a Multiple Unit Franchise (below), must be paid as a lump sum.

Site Development Costs & Reimbursements. We inspect the proposed site of your Primary Outlet without an additional charge, provided you reimburse us for our travel, lodging and meals to perform the inspection. If you request that we perform an additional inspection of a proposed site for your Primary Outlet after we have performed the first site inspection, then we charge a site inspection fee of $5,000 plus reimbursement for our inspector's travel, lodging, meals and incidental expenses. The fee is payable as a lump sum when we schedule the trip and will be reimbursed only if we cancel or waive the inspection. You must also reimburse us for our travel, lodging and meals for pre-opening planning, on-site training, marketing activities, and construction/renovation period inspections, up to an additional $25,000.

Multiple Unit Franchise. When you sign a Development Agreement, you must commit to develop at least three Franchised Businesses, including three Primary Outlets. You must pay us a non-refundable Development Fee of at least $135,000 when you sign the Development Agreement. The Development Fee includes the Initial Franchise Fee of $50,000 for the first Franchised Business and a "Reservation Fee" of $45,000 for the second Franchised Business and $40,000 for the third and each additional Franchised

Business you commit to develop. The Development Fee compensates us for reserving the Development Territory for you and is not refundable. The Reservation Fee is credited toward the Initial Franchise Fee and the balance of the Initial Franchise Fee, if any, is payable when you sign the Franchise Partner Agreement.

Subject to our approval, the Initial Franchise Fee for a Franchised Business developed in excess of the number of Franchised Businesses you commit to develop under the Development Agreement during its term is $30,000. The minimum reservation fee payable to us when you sign a Development Agreement is $30,000 per Franchised Business you commit to develop. You must sign the Franchise Partner Agreement, pay the balance of the Initial Franchise Fee, and obtain our approval for your proposed Franchised Businesses location by the dates specified in the Development Agreement to obtain the reduced Initial Franchise Fee for each Franchised Business.

You may request an extension of any Unit opening deadline specified in the Development Agreement. If we approve the extension and send you an amendment to reflect the extended deadline, you must sign the amendment promptly upon receipt but there is no fee to extend the deadline.

The Development Fee is a non-refundable fee and not a deposit.

## ITEM 6

## OTHER FEES

| Type of fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty Fee (See Note 1) | 7.00% of Net Sales | Monthly in arrears on the 10th day of each Month for Net Sales accrued during the prior month | Net Sales include Gross Sales from each Outlet less (i) refunds, (ii) discounts taken at the time of sale and (iii) certain additional deductions and exclusions described below; payment must be made via electronic funds transfer. |
| Brand Fund Contribution (See Note 2) | Up to 3.00% of Net Sales; currently 1% of Net Sales charged; may be increased in the future upon 60 days notice, no more than once annually. | Monthly with each Royalty Fee payment | Payment must be made via electronic funds transfer. |
| Annual Marketing Fee | $10,000 annually | Once your Franchised Business opens | The Annual Marketing Fee covers brand support, campaign execution, and promotional material. |

| Type of fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Advertising Cooperative Contribution | Not currently charged; may be imposed in the future | Monthly with the Royalty Fee payment each month | Up to 2% of Net Sales |
| Loyalty Program Fees (See Note 2) | Not currently charged; may be imposed in the future | Monthly with the Royalty Fee payment each month | We may activate at any time on 90 days' notice to all franchisees. When activated, payment must be made via electronic funds transfer |
| Purchasing Program Fee | Not currently charged; may be imposed in the future | Monthly with the Royalty Fee payment each month | If we create a buying cooperative for non-proprietary ingredients, we may activate at any time on 90 days' notice to all franchisees. When activated, payment must be made via electronic funds transfer. The program fee will allow administrative cost recovery for the program. |
| Supplier Evaluation and Approval Fee | Greater of $2,500 or actual costs of supplier/product evaluation process | As incurred | Payable when you request our approval for a supplier not then on our approved supplier list |
| Supplemental Initial Training Fee | $500.00 per Trainer per day | Two weeks prior to beginning of training | We may change this rate at any time in the System Manual. Payable for additional training days added at your request to Initial Training. |
| Onsite-Training Fee | Up to $500.00 per day and per person plus trainer's travel, lodging, meal, and incidental expenses | Four weeks prior to beginning of training | We may change this rate at any time in the System Manual. Payable for on-site training you request for your Outlets at least 30 days after opening of the Primary Outlet. We may discount this fee in our sole discretion |

| Type of fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Additional Consulting Fee (See Note 4) | $600.00 per day plus representative's travel, lodging, meal, and incidental expenses | As Incurred | We may provide additional support other than training at your Franchised Business.<br><br>We may change this rate at any time in the System Manual. |
| In-Term Training Program Tuition | $5,000.00 per attendee; we may modify this tuition amount once annually but the tuition we charge you will not exceed $10,000.00 per attendee during the term of your Franchise Partner Agreement | As Incurred | If you hire a manager to replace the initial managers trained, or after a transfer and the new manager and new Owner-Operator have to complete the Training Program, you must pay us tuition when you request. You also pay the replacement manager's compensation, benefits, travel, lodging, meals, and incidental costs during training. |
| Training Cancellation Fee | Our out-of-pocket costs | As Incurred | Payable if your representative fails to attend scheduled training and a substitute trainee is not found to replace the person who fails to attend. |
| Annual Inspection Fee | Our out-of-pocket costs | When invoiced | You reimburse us for our travel, lodging and meal costs to visit your Outlet from Denmark for an annual inspection and site visit |

| Type of fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Technology Fees (See Note 5) | None currently but we may introduce a fee to cover the costs of providing technology and support plus related overhead charges | Monthly with the first Royalty Fee payment each month | We charge this fee to cover the cost plus overhead of technology we may provide to you. We may modify the point of sale technology, change this fee and specify the method of payment on at least 60 days' prior written notice. We may estimate costs of providing technology and reconcile costs against the estimates, with a resulting adjustment to fees to recover costs in excess of fees or collect fees sufficient to pay costs We will not earn a profit on technology fees. |
| Gift Card Program Purchases and Fee | Cost of gift card plus third party administrator fee, currently up to 10% of gift card face amounts | When you purchase gift cards at your discretion | Participation in the gift card program is required; the administrative fee charged by the third party administration is passed through to you. |
| Site Selection Fee | $5,000 together with travel, lodging, transportation, food, and personnel | As incurred | We will provide you with one site approval visit. A Site Selection Fee shall apply to any and all additional site review visits. |
| Transfer Fees (See Note 6) | 50% of then current Initial Franchise Fee for each Franchised Business transferred; if to your Affiliate, 10% of then current Initial Franchise Fee | Upon transfer | Payable in lieu of an initial franchise fee if you transfer the Franchise Partner Agreement or Franchised Business or upon ownership change involving control of 50% or more of your equity interests. |
| Relocation Fee | 10% of then current Initial Franchise Fee | As incurred | Payable if you request our approval to relocate a Franchised Business's Primary Outlet. |

| Type of fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Franchised Business Successor/Renewal Fee (See Note 8) | 50% of then current Initial Franchise Fee for a full term renewal term; $2,000 for a one year renewal term | As incurred | Paid if and when you renew and we confirm that you are eligible to renew and sign a successor franchise agreement. |
| Bank Fees | Actual Bank Fees charged for insufficient funds or denied access for EFT/ACH transfer plus an administrative fee of $25 per event | As incurred | Payable if a bank charges us fees for a returned check or denied electronic funds transfer payment to us. |
| Repeated Inspection Fee | Cost of Inspection, travel, lodging, meals | As incurred | Payable if we return to inspect your Unit after a standards failure. |
| Audit Fee (See Note 7) | Underpaid Royalty Fees; Brand Fund Contributions and other fees; cost of audit and accounting fees | Within 15 days after invoice date | Payable if you understate annual Net Sales by more than 2%; paid in addition to the late charge. |
| Late Charge | Greater of 1.5% per month and highest rate allowed by law (10% in California) | Within 15 days after invoice date | Accrues from due date until full amount paid. |
| Securities Offering Fees | $10,000.00 for each offering, plus expenses that exceed the fee; reimbursement for counsel and accounting fees for review of periodic reports | Upon request for approval of offering documents | Payable if you request our review of a placement memorandum or registration statement for any public or private offering your equity or debt securities; reimbursement for costs incurred to review of periodic reports. |

| Type of fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Indemnification, Insurance and Enforcement Costs (See Note 9) | As incurred, includes 25% of premium advance paid as an administrative fee for insurance compliance | Within 15 days after invoice date | Payable to us for damages, costs and expenses incurred by us from third party claims arising from your operation of the Franchised Business; includes our cost of defense and resolution; our costs for enforcing the Franchise Partner Agreement and Development Agreement against you, including attorneys' fees, court costs, collection costs, expert fees and costs, discovery costs, and other costs we incur to obtain required insurance on your behalf or complete your post-termination obligations |
| Convention Fee | Estimated to be $700.00 per attendee, excluding travel, lodging and meals | Within 15 days after invoice date | Payable in advance of our annual convention if we hold one. We may change this fee at any time in the System Manual. Fee charged for all mandated attendees. |
| Liquidated Damages (See Note 10) | The average monthly Royalty Fee and Brand Fund Contribution for the 12 months preceding termination, or the number of months the Unit has been open if less, multiplied by the lesser of 36 or the number of months remaining in the term | At termination of the Franchise Partner Agreement | Payable if the Franchise Partner Agreement terminates prior to expiration unless we breach and fail to cure or certain other events occur. |

| Type of fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Reinstatement Fee | 10% of the then Initial Franchise Fee, plus Royalty Fees that would have been payable in the period between termination and reinstatement | At reinstatement of the Franchise Partner Agreement | Royalty Fees that would have been payable will be determined based on your average monthly Royalty Fee and Brand Fund Contribution payable during the 36 months preceding termination times the period between termination and reinstatement. |
| De-Identification Fee | Our actual costs, plus interest and an administrative fee of 15% of our actual costs | As incurred | Payable if you fail to remove Brand signage and trade dress from all Outlets after termination or expiration of the Franchise Partner Agreement. |
| Architectural Services (Optional) | $100.00 per hour | When invoiced | Payable to us only if you request additional services from us as described in the Architectural Services Addendum to the Franchise Partner Agreement. |

All fees are imposed by and are paid to us. All fees are non-refundable. Except as noted below, all fees are uniformly imposed and collected. There are currently no franchisee cooperatives in existence, so there are no fees imposed by cooperatives and no voting power requirements for Affiliate-owned outlets.

**Notes**

**1.** *Royalty Fee.* You must pay us a monthly non-refundable Royalty Fee of 7.00% of the Net Sales of your Franchised Business during the preceding month. Weekly Gross Sales are reported to us each Tuesday and monthly payments are made by electronic funds transfer on the tenth day of each month for Net Sales reported for the previous month. "Gross Sales" means the aggregate of all revenue from operating your Franchised Business, including all Outlets, whether payment is received in cash or by credit card or other generally accepted form of payment, from the sale of Ready to Eat and Packaged Products, catering, other services, merchandise (apparel and promotional items bearing any Marks) or other merchandise. Without limiting the scope of the term, Gross Sales shall include without limitation: (a) revenue received from employees for products or services furnished to employees at a discount; (b) the value of goods and services bought by customers by redeeming any authorized gift cards; and (c) the proceeds from any business interruption insurance. "Net Sales" means Gross Sales less the following: (i) sales taxes and other taxes separately stated, if any, collected from customers and paid to taxing authorities; (ii) gratuities received from Outlet customers and paid over to Outlet employees; (iii) refunds and credits made in good faith to arms 'length customers; (iv) proceeds from the redemption of any authorized gift cards by customers; (vi proceeds from insurance with respect to your insured losses from property damage or liability; (vi) proceeds from any sale of tangible assets of the Franchised Business (other than Ready to Eat Products or Packaged Products) outside the ordinary course of business, civil forfeiture, condemnation, or seizure by a government entity; and (vii) uncollectible amounts, subject to the limitation that uncollectible amounts cannot exceed 0.5% of Gross Sales for any fiscal year of you. Subsequent collections of charged off amounts must be included in Gross Sales when they are collected. Gift card face amounts are subject to Royalty Fees and the Gift Card administrative fee then in effect when sold but not when redeemed.

**2.** *Brand Fund Contribution*. We have established a Brand Fund into which all Operating Affiliates that operate LA CABRA Outlets ("Retail Affiliates") and franchisees will contribute a monthly non-refundable Brand Fund Contribution of up to 3.00% of the Net Sales of your Franchised Business during the preceding month. We currently require Retail Affiliates and franchisees to contribute 1.00% of the Net Sales of your Franchised Business during the preceding month. You pay your Brand Fund Contribution by ACH Payment when you pay your Royalty Fee each month. We will increase the amount of the Brand Fund Contribution on 60 days' written notice to all franchisees and Retail Affiliates and may change the rate of contribution once annually on 60 days' written notice.

**3.** *Loyalty Program.* We may also undertake a Loyalty Program for frequent customers, consistent with retail industry practices and costs. The cost of the Loyalty Program will be passed along to franchisees and the Retail Affiliates. We intend to offer franchisees to opt in or opt out of any Loyalty Program we undertake, unless we determine such a program is necessary to meet competition. See Item 11.

**4.** *Additional Consulting Fee*. The Additional Consulting Fee covers training and operational support provided at your request beyond the standard training and opening assistance that we provide as described in Item 11. We currently charge up to $500 per day plus the trainer's travel, lodging, and meal expenses for additional training and support. The Standards Manual specifies the basis on which we will determine the daily charge. We reserve the right to change this fee at any time or to charge a reasonable amount for any optional additional training we make available after you open the Franchised Business.

**5.** *Technology Fee*. We may in the future activate a Technology Fee to support the cost and overhead of providing technology and related assistance to our LA CABRA chain Outlets, including enterprise level engagement with third party vendors for technology required in all System Outlets. We will give at least 60 days' prior written notice before we implement or change the Technology Fee. We may require that you enter into a separate technology service or license agreement covering these services and to obtain the necessary software licenses.

**6.** *Transfer Fee.* You or the transferee must pay a non-refundable Transfer Fee equal to 50% of our then current Initial Franchise Fee for each transferred Outlet. We will not charge a fee for any transfer of your equity interests among any of your existing owners, any member of your immediate family or an initial transfer from an individual to an entity controlled by that individual as long as there is no change in the Owner-Operator. We will also not charge a Transfer Fee if the transferee acquires the interest because of the transferee's death or disability, provided that the transferee's new Owner-Operator must attend our initial Training Program and must pay tuition of $5,000 before starting training, if no Transfer Fee is paid. Transfers include sales, gifts, donations, and exchanges for value or without value. See Item 17.

7. *Audit Fee*. We may audit your accounts, books, and records at our expense. You must pay any underpaid fees plus interest when we invoice you. If you understate Net Sales by more than 2% but less than 5%, then you must reimburse us for the cost of conducting the audit including, without limitation travel, lodging, meals, wages, expenses and reasonable accounting and legal fees we incur. We may also, in our sole discretion, require that you engage an independent certified public accounting firm reasonably acceptable to us to audit your financial statements for the next two years and possibly longer. If the understatement for any one year, is more than 5%, or the understatement for three consecutive years is more than 2%, then we may terminate the Franchise Partner Agreement without any right of you to cure, except as required by applicable law, or we may give you notice that you will not be eligible to renew the franchise term for cause.

8. *Successor Fee.* The Franchise Partner Agreement has an initial term of 20 years and provides for one renewal term of 10 years (the "Successive Term"), subject to certain conditions. To renew the affiliation and continue under a successor Franchise Partner Agreement, if you meet the conditions for succession, you must pay us a non-refundable "Successor Fee" equal to 50% of our then current Initial Franchise Fee for each renewed Franchised Business. You may renew for a renewal term of one year only one time if you pay a Successor Fee of $2,000. See Item 17.

9. *Indemnification, Insurance, and Enforcement Costs*. You must defend, indemnify, and hold us and our Affiliates harmless from and against any claims asserted against us or our Affiliates resulting from the operation of your Franchised Business. You must also indemnify us against costs we incur to enforce the Franchise Partner Agreement or the Development Agreement against you, such as attorneys' fees, court costs, expenses for experts and advisors, and other expenses we incur to cause your compliance with the agreements or compensate us for costs we incur directly and indirectly as a result of your breach. These costs may include the costs we incur to perform your post termination obligations to package and return inventory, remove our signage and trade dress from the Unit, including Satellite Outlets, restore the space of the Primary Outlet as your lease requires, and cause your Unit advertising and marketing activity to end. If we purchase required insurance for you when you fail to provide proof of insurance, we may charge you the cost of the premium we paid on your behalf plus an administrative fee of 25% of the premium amount.

10. *Liquidated Damages*. If the Franchise Partner Agreement terminates prior to its expiration date for any reason other than our default and failure to cure, you must pay us liquidated damages in an amount equal to the average combined Royalty Fees and Brand Fund Contribution for the 12 months preceding termination, or the number of months elapsed in the term, if less than 12, multiplied by the lesser of 36 or the number of months remaining in the term.

## ITEM 7

## ESTIMATED INITIAL INVESTMENT

| **YOUR ESTIMATED INITIAL INVESTMENT<br>PRIMARY OUTLET** | | | | | |
|---|---|---|---|---|---|
| **Type of Expenditure** | **Low Amount** | **High Amount** | **Payment Method** | **When Due** | **To Whom Payment is to be Made** |
| Initial Franchise Fee (See Notes 1 & 2) | $50,000 | $50,000 | Lump sum | At signing of Franchise | Franchisor |

| YOUR ESTIMATED INITIAL INVESTMENT<br>PRIMARY OUTLET | | | | | |
|---|---|---|---|---|---|
| **Type of Expenditure** | **Low Amount** | **High Amount** | **Payment Method** | **When Due** | **To Whom Payment is to be Made** |
| | | | | Partner Agreement | |
| Construction and Leasehold Improvements (See Notes 3-6) | $230,000 | $370,000 | As incurred | Before opening | Franchisor and Suppliers |
| Equipment, Furniture, Fixtures, Menu Boards, Graphics (see Notes 7-9) | $140,000 | $230,000 | As incurred | Before opening | Franchisor and Approved Suppliers |
| Architect and Business Licenses | $9,000 | $20,000 | As incurred | Before opening | Suppliers |
| Smallwares | $5,000 | $12,000 | As incurred | Before opening | Approved Suppliers |
| POS System (See Note 10) | $4,000 | $10,000 | As incurred | Before opening | Approved Suppliers |
| Opening Supplies | $5,000 | $10,000 | As incurred | Before opening | Approved Suppliers |
| Initial Training and Pre-Opening Expenses (See Notes 11-21) | $8,000 | $18,000 | As incurred | Before opening | Suppliers |
| Insurance | $4,000 | $10,000 | As incurred | Before opening | Suppliers |
| Utility Deposits | $1,000 | $4,000 | As incurred | Before opening | Suppliers |
| Legal and Accounting Fees | $8,000 | $18,000 | As incurred | Before opening | Attorneys and Accountants |
| Additional Funds for 3 Months (See Notes 22-27) | $15,000 | $40,000 | As incurred | Before opening | Suppliers |
| **Total** | **$479,000** | **$792,000** | | | |

| YOUR ESTIMATED INITIAL INVESTMENT<br>3 PRIMARY OUTLET DEVELOPMENT AGREEMENT | | | | | |
|---|---|---|---|---|---|
| **Type of Expenditure** | **Low Amount** | **High Amount** | **Payment Method** | **When Due** | **Payment To Whom Payment is to be Made** |
| Initial Franchise Fees | $135,000 | $135,000 | Lump sum | At signing of Franchise Partner Agreement | Franchisor |
| Construction and Leasehold Improvements | $1,750,000 | $2,500,000 | As incurred | Before opening | Suppliers |
| Equipment, Furniture, Fixtures, Menu Boards, Graphics | $750,000 | $1,150,000 | As incurred | Before opening | Approved Suppliers |
| Architects and Business Licenses | $50,000 | $80,000 | As incurred | Before opening | Suppliers |
| Smallwares | $20,000 | $40,000 | As incurred | Before opening | Approved Suppliers |
| POS System | $12,000 | $25,000 | As incurred | Before opening | Approved Suppliers |
| Opening Supplies | $20,000 | $35,000 | As incurred | Before opening | Approved Suppliers |
| Initial Training and Pre-Opening Expenses | $20,000 | $50,000 | As incurred | Before opening | Approved Suppliers |
| Insurance | $15,000 | $40,000 | As incurred | Before opening | Suppliers |
| Utility Deposits | $4,000 | $10,000 | As incurred | Before opening | Suppliers |
| Legal and Accounting Fees | $30,000 | $80,000 | As incurred | Before opening | Attorneys and Accountants |
| Additional Funds for 3 Months | $80,000 | $160,000 | As incurred | Before opening | Suppliers |

| YOUR ESTIMATED INITIAL INVESTMENT<br>3 PRIMARY OUTLET DEVELOPMENT AGREEMENT | | | | | |
|---|---|---|---|---|---|
| **Type of Expenditure** | **Low Amount** | **High Amount** | **Payment Method** | **When Due** | **Payment To Whom Payment is to be Made** |
| **Total** | **$2,886,000** | **$4,305,000** | | | |

**Notes to Item 7**

In general, the range of costs presented above reflects a variety of circumstances relevant to developing La Cabra outlets in major U.S. metropolitan markets. A smaller café outlet in a less populous area may be developed at the lower end of the range. At the upper end, costs may be significantly higher in markets such as New York City and Los Angeles, and for larger format outlets. Your actual investment costs may vary significantly depending on real estate conditions, square footage, build-out requirements, local regulations, and supplier pricing in your market.

**Initial Fees**

1. As discussed in Item 5, the Initial Franchise Fee paid by you and other similarly situated Franchisees will be the same. If you enter into a Development Agreement your subsequent initial franchise fee will be as discussed in Item 5.

2. If you are entering into a Development Agreement with us, you will pay a Development Fee of $50,000 for the first Franchised Business, $45,000 for the second Franchised Business and $40,000 per additional Franchised Business, or $20,000 per additional Satellite Outlet, as discussed in Item 5, for granting you the right and the obligation to open the number of Franchised Businesses we will agree upon before you sign the Development Agreement, and the time you will be granted to open each location. The Development Fee is non-refundable under all and any circumstances.

**Leasehold Improvement and Site Development**

3. We anticipate that you will lease existing space rather than build your Outlet. We have not included any costs for land, entitlements, building construction, or related costs in our estimates. Our Primary Outlet locations are usually between 1600 and 2000 square feet. Annual rent generally ranges from $40 to $80 per square foot, but may be higher in high demand, high traffic locations. Some locations require payment of common area maintenance, local advertising and other charges Lower rents may be found in strip centers and smaller retail centers. We do not recommend that you construct or lease a standalone retail Outlet, so we do not estimate the cost to acquire or lease raw land and construct a Primary Outlet. Higher rents are associated with prime downtown locations, shopping malls and lifestyle centers, and in markets where real estate is more expensive to own and occupy. Your rent will likely include base rent, additional rent related to the Net Sales of the Primary Outlet, common area maintenance and marketing charges, and proportionate shares of property taxes, insurance, utilities and other costs. Your lease covenants must allow for our operations, design, architecture, touchpoints, and other Outlet standards to be implemented. The lease terms must also allow for on-premises mixing, preparation, and baking of our products in the Outlet.

4. We will provide you with assistance in identifying and approving the site that you will select for your first Franchised Business's Primary Outlet. We contemplate one visit to your market, for your first Primary Outlet location only, to review sites that you have identified. You will reimburse us for our reasonable expenses for providing you any additional site selection or approval support including a fee of $500 plus payment or reimbursement for the travel, lodging, transportation, food, and personnel costs we incur for any for subsequent visits.

5. Your net leasehold improvement costs will depend on the condition of your Outlet location as delivered by your landlord and any tenant improvement allowance you may receive from your landlord in your lease. You may need to demolish existing finishes and reroute or upgrade utility lines in space that was used for another purpose. Our estimated range of costs for leasehold improvements is based upon our expectations that you will receive your Outlet location from your landlord in good condition and ready for finishing with our décor package. Your landlord may provide funding for leasehold improvements, which would reduce your investment in the Unit.

6. You may incur architect and engineering fees in the development of your Outlets. We deliver an architectural design that you must pay to conform to the selected site requirements and local codes. You will be required to obtain business licenses from the localities where you do business.

**Equipment, Furniture, Fixtures, Signage, Inventory and Supplies**

7. You will purchase your equipment from suppliers we have approved, which may include us or our Affiliates. We will provide specifications for the models of equipment you will be required to purchase for your Franchised Business location. Our Affiliates or we may be the sole supplier for certain equipment. You must purchase from us opening inventory of certain products for the branded paper goods, roasted coffee, proprietary drink recipe(s), and certain décor elements (*e.g.*, uniforms). The cost of this purchase is estimated to be $32,000 to $60,000.

8. We may negotiate with vendors for the price, warrantees, guarantees, delivery costs, maintenance contracts, etc. We do not represent that we will be able to obtain for you the lowest costs or best terms available.

9. You will need to purchase signs for your location. All signage must be in compliance with our standards and your local building and other codes.

**Computers and Telecommunications**

10. You will be required to purchase or lease the point-of-sale and computer system we specify. The type and number of computers and other hardware, software, cameras, and telecommunications equipment may vary depending on your location. As of October 2022, we require that you subscribe to and use the Shopify Point of Sale application software, a tablet-based point of sale system, which is our only approved POS system. As of the date of this Disclosure Document, there is no set up fee to subscribe and the monthly subscription fee is $299. We may, in our discretion, include your Franchised Business in our Shopify POS system agreement, which has different costs and enhanced features. We estimate the cost of an iPad Air, printer, scanner, chip reader, cash drawer, stand and receipt paper to be $2,500 per station. Your Outlet must have at least one station and will likely need two or more stations. We may approve other point of sale systems in our sole discretion upon request. We currently contemplate that enhancements or upgrades will be made on an annual basis. We will specify the computer hardware, software, and telecommunications equipment in the System Manual. We expect that technology will evolve during the term of your franchise and you will need to update the Unit technology at your expense when we determine such updating is

necessary for the System to remain competitive in the highly competitive desserts and bakery retail product market. We cannot determine the cost of any additional investment you may be required to make.

**Training**

11. We will provide initial training for up to three people without any additional fee. Your Owner-Operator and your general manager, if any, must attend training and complete training to our satisfaction. In addition, we recommend that you bring to training your general manager and your in-store trainer. You may bring additional persons to initial training, without any additional fee, provided there is room in your scheduled training class.

12. Initial training will be a combination of classroom, on the job training, and may also include training provided electronically and remotely. Training will be provided for your initial location only in Aarhus, Denmark, or New York, New York, or in another location designated by us and will be approximately three to five weeks in duration.

13. In addition to incurring the costs of compensation and benefits for your staff, you will incur the cost for travel and other expenses during training. We have estimated a cost for travel, hotel, meals and local transportation for you and your staff during training. The costs of travel vary greatly based on the time of year and the choices you make for hotels, locations, etc.

**Other Expenses and Prepayments**

14. We strongly recommend that you engage the services of professionals to assist you in evaluating our franchise opportunity and to help you establish your business. This will include your lawyer, accountant, etc. The cost of their engagements will vary.

15. We will specify the minimum insurance coverage we require you to have for your Franchised Business in this disclosure document and as modified in the System Manual.

16. You are responsible to identify and to acquire the permits, bonds, utilities, merchant accounts, and licenses necessary to develop, open, and operate the Franchised Business.

17. You will develop your Grand Opening Plan with our input and approval, and then you will execute the agreed Grand Opening Plan.

18. You may need to make deposits or pre-payments for rent, utilities, etc. Depending on the costs in your market, your credit, and the rental terms offered in various areas of your market, you can expect significant differences in rent rates, terms, and conditions. Our estimate is based on two months' rent as deposit and deposits for commercial lease parking.

19. You may incur additional expenses to develop your Unit.

20. The initial investment presented is our estimate of your investment. We expect and strongly recommend that you review our projected initial investment for the development of your Franchised Business, including but not limited to working capital, with legal and business advisors before you make a decision to invest in our franchise opportunity. We recommend that you consider your market. This consideration should include the availability and costs of leases and loans, including terms for payment, interest, and inflation.

21. You may incur additional costs if you request optional services from us under the Architectural Services Addendum to the Franchise Partner Agreement, which are billed at a rate of $100 per hour. Because these services are optional and variable, they are not included in the estimated initial investment.

**Additional Funds and General**

22. We have estimated the additional funds needed for your working capital requirements for the first three months. Our estimated working capital for the first three months is net of any revenue you receive during that period. We based the estimate of additional funds for working capital on our experience in opening the Retail Affiliate locations in New York and Denmark. In areas of lower unemployment, the prevailing wage rate for Unit employees may be higher and more funds will be needed for labor costs. If your rent exceeds the range in Note 4, you may also need additional funds to cover occupancy costs of the Unit. Our inventory is perishable over normal inventory cycles and may not be used after the freshness period expires. If your location has seasonal foot traffic fluctuations, and you open at a time when foot traffic is lower, then you may need additional working capital until seasonal foot traffic returns.

23. We have based our estimates on the experience of our Retail Affiliates in opening their Outlets. Your actual cost of opening your Unit's Outlets will vary from our estimates based on many factors. These include but are not limited to your management capabilities, skills and experience: construction costs, prevailing labor costs, materials and other economic and local conditions in your market; the size of your location; real estate conditions; your ability to negotiate landlord financing of tenant improvements and other rent and lease financial concessions; the prevailing rents in your area; local zoning and permitting costs; utility and other costs and depositions; how well you follow the our System Standards; and, other factors outside of our control and influence. We do not guarantee that your costs will be the same as those included in Item 7 and you may have additional costs we have not identified. Regardless of any deviation or variance, you are responsible for the costs of developing your Franchised Business.

24. Please take your time in reviewing this offering and work with knowledgeable advisors including lawyers, accountants, location advisors, local contractors, engineers, architects, etc. before making any decision to invest in our franchise opportunity.

25. It is your responsibility and not ours to ensure that your Unit meets our standards and requirements and that your Unit's improvements and equipment are maintained and replaced as needed throughout the term of your franchise. You are responsible for compliance with all federal, state and local laws and regulations, including but not limited to the ADA, zoning and building codes. As a public accommodation, each of your Outlets must be accessible to persons with disabilities.

26. Payments to us are not refundable. Payments made to third party vendors or suppliers and the opportunity to obtain a refund of any such payment are subject to the terms and conditions of those vendors.

27. If you meet the credit requirements determined by third party vendors, you may be able to obtain financing. We do not determine the terms and conditions of any financing. We do not provide any direct or indirect financing for initial franchise fees or development fees, other fees or other costs paid to us or to third parties. We do not provide any guarantees for any financing provided to you by third parties.

## ITEM 8

## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

**Required Purchases and Approved and Designated Suppliers**

As of the Issuance Date, you must purchase all equipment, furnishings, fixtures, supplies, packaging, computer hardware and software, and signage for the Franchised Business from vendors we have approved and who meet our specifications. You must provide us with prior written notice before using any vendor or supplier other than an approved supplier. We will publish and circulate to you a list of "Approved Suppliers" and designated suppliers for Proprietary Products and Non-Proprietary Products. We may indicate to you in writing which Approved Suppliers are preferred suppliers for certain items. All purchases and leases must meet our standards and specifications except as we specify in the System Manual, or otherwise in writing. We are the exclusive supplier of certain food inventory, operating supplies and equipment you will need to open and operate your Franchised Business, including the coffee and certain décor materials. We and our Affiliates are currently the only approved suppliers. Mr. Piper, Mr. Evar, Mr. Selmer and Mr. Forman each have an ownership interest in Parent and in us.

*Proprietary Products*

We will disclose in the System Manual or other writings the specifications, detailed descriptions, and LA CABRA recipes to you and provide you with the list of any ingredients, supplies, apparel, equipment, and any other merchandise or property that you must use or sell to operate the Franchised Business under the System which either (i) display the Marks (ii) are specially configured, manufactured or produced by, or for, us in accordance with our specifications, or (iii) we or an Affiliate own and we designate as proprietary (collectively "Proprietary Products") that you must purchase, use, offer, sell and promote, and maintain in stock at the Franchised Business in quantities needed to meet reasonably anticipated consumer demand. We may designate certain disclosures related to the Proprietary Products as confidential. You must purchase all Proprietary Products and ingredients for Proprietary Products from designated suppliers selected in our sole discretion of which we give you written notice. We or Parent may be the only approved or designated supplier of certain Proprietary Products and equipment you must purchase for the Unit. We may, in our discretion, as frequently as we deem necessary, change the identity, specifications, formulas, recipes, inventory requirements, or designations of the items that we designate as Proprietary Products. Further, we may, in our discretion, as frequently as we deem necessary, add new products or delete existing products from the items that we designate as Proprietary Products. You must conform to all such changes upon written notice from us unless our written notice specifies a later implementation date.

*Non-Proprietary Products*

We will identify all other products that are not Proprietary Products ("Non-Proprietary Products") which you may, or must, use, offer, sell, or promote in operating the Franchised Business. We group these into the categories of Specified Products, Sensitive Products and Generic Products. Specified Products are third party branded products, or industry standard products of certain specifications that may be sold under different brand names, that are integral to the System and presentation of the Brand in the Outlets that may be obtained from Approved Suppliers, or if no Approved Supplier can provide the items, from other suppliers after notice to us, as long as the Outlet receives the same Brand, grade, quality and quantities specified in the System Manual. Generic Products are products generally available under standard industry specifications from any supplier authorized to sell the same. Sensitive Products are products that are critical to the presentation of the Brand menu that must be obtained at specified grade, quality and freshness, maintained at appropriate temperature and humidity for freshness, and properly discarded before use if and when past freshness or the expiration date marked on the packaging, or when wholesomeness cannot be assured with reasonable certainty. You must obtain Sensitive Products from Approved Suppliers. You have the right to purchase Non-Proprietary Products for which we have no approved or designated supplier from suppliers you select in your reasonable discretion of which you give us notice. All changes in the specifications for Non-Proprietary Products shall be communicated to you by supplements to the System Manual or otherwise in writing. You shall not place a new order for any Non-Proprietary Products with a supplier after receiving written notice of changes in the Non-Proprietary Products' specifications or that our approval of the supplier has been withdrawn or revoked.

You must obtain certain computer hardware and applications software and subscribe for certain point of sale technology and cloud-based management and reporting software applications and services obtained from certain Approved Suppliers. See Item 11.

*Insurance*

Before you open your Franchised Business, you must obtain the type and amount of insurance coverage for the Franchised Business we specify in the Franchise Partner Agreement, in the System Manual or otherwise in writing. You must obtain and maintain the specified insurance coverage during the term of the Franchise Partner Agreement from a responsible carrier or carriers authorized to write coverage in your state having an A.M. Best rating of at least A-VI that we find acceptable. The type of coverage includes:

(1) *Commercial General Liability* coverage ($1 million single limit per occurrence; $2 million general aggregate limit, for both general liability and products /completed operations liability) for personal injury and property damage, including premises, independent contractors, products and completed operations, contractual, personal and advertising liability, on an occurrence basis, with coverage on a 1986 or later ISO commercial general liability form policy;

(2) *"All Risk*" property coverage including a property damage limit for the full cost of replacement of the BCS Unit and business interruption coverage for up to twelve months of projected earnings;

*(3)* *Business Automobile Liability* covering liability arising out of any auto (including owned, hired and non-owned autos), with a minimum of $1 million combined single limit each accident;

(4) *Workers' Compensation* or legally appropriate alternative covering all employees and contractors working at the Franchised Business for statutory limits and employers liability with minimum limits of $500,000 bodily injury for each accident, $500,000 bodily injury by disease for each employee and $500,000 bodily injury disease aggregate;

(5) *Umbrella Policy* having a limit of $3 million on an occurrence basis excess of covering excess of the underlying insurance described in (1), (3) and (4) above which is at least as broad as each and every underlying policy, provided that you may purchase more underlying coverage and less umbrella coverage under such policies as long as you maintain the total amount of the limits specified for each coverage area

Other insurance as may be required by the state or locality of the Franchised Business;

Employment practices liability insurance with a limit of $1 million; and

Employee Dishonesty/Fidelity insurance with a limit of One Hundred Thousand Dollars ($100,000).

All of the liability insurance policies, other than Workers' Compensation, must name us, Parent, and our respective officers, directors, members, shareholders, partners and employees as additional insureds on a primary basis for operations of Franchised Business. The form of additional insured endorsement will be ISO CG 2010 11 85 Form B or its equivalent. If the additional insured has other insurance applicable to a loss, it will be on an excess or contingent basis. The additional insured's insurance coverage will not be reduced by the existence of such other insurance.

**Approval of Alternative Suppliers; Product Specifications**

If you want to use a good or service, or obtain a good or service, from a supplier we have not yet approved, you first must submit sufficient information, specifications and/or samples for our determination whether the product or service complies with our System Standards, or the supplier meets our approved supplier criteria. We may establish and revise our approved supplier criteria from time to time as we deem appropriate and will make them available to our franchisees upon written request. We may condition our approval of a supplier on the supplier's agreement to comply with product quality standards, frequency of delivery, standards of service, and concentration of purchase requirements. We also may impose limits on the number of approved suppliers, products and services. Our approval should not take more than sixty (60) days in most instances. We reserve the right to test supplies and inspect the premises of suppliers before granting our approval. We will invoice you for the supplier approval fee then in effect, plus out-of-pocket costs and expenses we incur for any inspection or testing. We will not issue our approval of the supplier until you pay that invoice. We may terminate our approval of a supplier or any products or services at any time, with or without cause, upon reasonable written notice. Because the use of the highest quality ingredients is an important part of our business model, we will monitor your chosen suppliers and may require that you select a different supplier if the supplier does not consistently meet our System Standards for food freshness and quality.

We will formulate and modify our technology, product, and ingredient specifications and standards by reviewing each product on an individual basis, taking into consideration the supplier's ability to provide consistently high-quality products to you or our approved suppliers on a timely basis. We generally will formulate specifications and standards based on the quality of the products and other relevant factors. We periodically may review each product and respective supplier to make sure that the supplier is following the specifications and standards.

We may issue some of our technology, product, and ingredient specifications and standards to our approved suppliers under appropriate confidentiality restrictions, but not to our franchisees. We may undertake other steps to maintain trade secrets and confidentiality of proprietary recipes and formulations, software, and other items.

**Revenue From Franchisee Purchases**

As of the date of this Disclosure Document, we derive no revenue or other material consideration from franchisee purchases. We or our Affiliates will derive revenue from direct sales to franchisees and may derive revenue from suppliers for franchisee purchases in the future in our sole discretion, which we anticipate will be primarily from sales of roasted coffee, and a de minimis amount from sales of cups, uniforms, and other smaller items. Parent derives revenue from sales to franchisees outside the United States and from the franchisee in New York, New York. In 2024, Parent derived $252,000 in revenue from sales to the franchisee before the purchase of the franchised Outlets in New York.

**Percentage of Total Purchases Represented by Required Purchases**

Required purchases consist of items you must purchase from approved suppliers or under our established specifications. Your required purchases will represent approximately ninety to one hundred percent (90–100%) of your total opening expenses (excluding the cost of real estate and improvements) and approximately ninety-five percent (95%) of your required purchases and leases.

**Payments to Franchisor from Designated Suppliers**

We intend to negotiate preferred vendor agreements with approved suppliers that we expect will provide favorable pricing and delivery terms to franchisees, as described below. These agreements may pay revenues to us or an Affiliate based on the volume of franchisee purchases, which may be measured in sales dollars or units sold. These arrangements are not in effect as of the date of this Disclosure Document, but we expect them to be in place in the future. We expect Affiliate-owned LA CABRA Outlets in the United States to purchase from these suppliers at the same prices and terms as Franchised Businesses.

**Cooperatives**

We will have the right to require you to participate in a national or regional approved purchasing cooperative for the area in which your Franchised Business operates. We do not have any purchasing or distribution cooperatives in place as of the date of this Disclosure Document.

**Negotiated Purchases**

We may negotiate purchase arrangements or discounts for your Franchised Business. Certain of our suppliers may allow you to participate in the volume discounts we receive. However, these volume discounts will likely extend only to pricing terms and will not include any of the credit terms we have negotiated. We do not otherwise negotiate purchase agreements on behalf of our franchisees or any distribution cooperative, and do not guarantee pricing, credit, or other terms for vendors by our franchisees. A particular supplier arrangement may not be available to you as the availability of these arrangements depends on whether the supplier services the area in which your Franchised Business will be located.

**Material Benefits**

We do not provide any material benefits to you if you obtain goods or services from approved suppliers. We reserve the right not to grant franchises or confer other benefits to any franchisee, for any reason or no reason, which may include the failure of a Franchised Business franchisee to follow and support the System, including its recommended advertising programs and approved supplier programs.

## ITEM 9

## FRANCHISEE'S OBLIGATIONS

**Franchise Partner Agreement**

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

| Obligation | Section in Agreement | Disclosure Document Item |
|---|---|---|
| a. Site selection and acquisition/lease | 6(b) | 11 |
| b. Pre-opening purchases/leases | 6(c), 6(f), 6(h), and 8(c) | 8 |
| c. Site development and other pre-opening requirements | 6 | 6, 7 and 11 |
| d. Initial and ongoing training | 7(a), 8(a) | 11 |
| e. Opening | 6(h) | 11 |
| f. Fees | 5, 6(g), 8(a), 9(e), 15, 19, 22(b), and 27 | 5 and 6 |
| g. Compliance with standards and policies/operating manual | 8 | 11 |
| h. Trademarks and proprietary information | 13 | 13 and 14 |
| i. Restrictions on products/services offered | 8(c) | 16 |
| j. Warranty and customer service requirements | Not applicable | Not applicable |
| k. Territorial development and sales quotas | None | None |
| l. Ongoing product/service purchases | 8(c) | 8 |
| m. Maintenance, appearance, and remodeling requirements | 8(e) and 8(f) | 11 |
| n. Insurance | 21 | 6 and 8 |
| o. Advertising | 5, 16, and 19 | 6 and 11 |
| p. Indemnification | 35 | 6 |
| q. Owner’s participation/management/staffing | 8(a) and 8(g) | 11 and 15 |
| r. Records and reports | 14 | 6 |
| s. Inspections and audits | 15 | 6 |
| t. Transfers | 22 | 6 and 17 |
| u. Renewals | 4 | 17 |

| Obligation | Section in Agreement | Disclosure Document Item |
|---|---|---|
| v. Post-termination obligations | 11, 12, and 33 | 17 |
| w. Non-competition covenants | 11 | 17 |
| x. Dispute resolution | 32, 46,47, and 48 | 17 |
| y. Other - Guaranty | 24 and Attachment C | 1, 15 |

**Development Agreement**

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

| Obligation | Section | Item |
|---|---|---|
| a. Site selection and acquisition/lease | 8, 9, and 10 | 11 |
| b. Pre-opening purchases/leases | Not applicable | Not applicable |
| c. Site development and other pre-opening requirements | Not applicable | Not applicable |
| d. Initial and ongoing training | Not applicable | Not applicable |
| e. Opening | Not applicable | Not applicable |
| f. Fees | 5 | 5 and 6 |
| g. Compliance with standards and policies/operating manual | Not applicable | Not applicable |
| h. Trademarks and proprietary information | Not applicable | Not applicable |
| i. Restrictions on products/services offered | Not applicable | Not applicable |
| j. Warranty and customer service requirements | Not applicable | Not applicable |
| k. Territorial development and sales quotas | 3 | 12 |
| l. Ongoing product/service purchases | Not applicable | Not applicable |
| m. Maintenance, appearance, and remodeling requirements | Not applicable | Not applicable |

| Obligation | Section | Item |
|---|---|---|
| n. Insurance | Not applicable | Not applicable |
| o. Advertising | Not applicable | Not applicable |
| p. Indemnification | 20 | 6 |
| q. Owner's participation/management/staffing | Not applicable | Not applicable |
| r. Records and reports | Not applicable | Not applicable |
| s. Inspections and audits | Not applicable | Not applicable |
| t. Transfers | 19 | 6 and 17 |
| u. Renewals | None | None |
| v. Post-termination obligations | None | None |
| w. Non-competition covenants | 14 | None |
| x. Dispute resolution | 16, 25, and 26 | 17 |
| y. Other - None | Not applicable | Not applicable |

## ITEM 10

## FINANCING

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

## ITEM 11

## FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

**Pre-Opening Assistance**

Before you open your Franchised Business:

(1) We will provide you with advice and consultation in the selection of sites for Franchised Location(s) through the use of the site selection and evaluation forms, criteria and supporting materials that we make available to franchisees. (Franchise Partner Agreement Section 6(b); Development Agreement Section 12(a))

(2) We will provide you with architectural plans and specifications for your Primary Outlet that you must hire a licensed architect to conform to local codes and other local factors (Franchise Partner Agreement Section 6(b) and (d)).

(3) We will review the information you submit for each proposed site for a Franchised Location, conduct any investigation of the proposed site we deem appropriate to evaluate the site, and accept or reject the site. (Franchise Partner Agreement Section 6(b); Development Agreement Sections 6, 7 and 12(a))

(4) We will accept or reject each site within thirty (30) days after your submission of all initial and supplemental information we request regarding a proposed site. If we accept the site, we will give you notice of any remaining conditions to that acceptance. Under the Development Agreement, we will tender the Franchise Partner Agreement for the accepted site. If we reject the site, we will give you the reasons for the rejection. (Franchise Partner Agreement Section 6(b); Development Agreement Sections 8, 9 and 10)

(5) We must approve the terms of your lease or purchase agreement for the approved site and any modifications or amendments, if applicable, before you sign the lease or purchase agreement. We will review the lease or purchase agreement and any modifications or amendments to the lease or purchase agreement and accept or reject your lease or purchase agreement for the Location within thirty (30) days after your submission of all initial and supplemental information we request regarding the proposed lease or purchase agreement. Each leased Franchised Location must be under lease to you and not to an Affiliate. We do not review, provide advice on or approve any financing you obtain for your development costs. The “Commitment Date” is the date you sign the approved lease or purchase agreement, and you must provide us with a copy of the signed document within five business days after the Commitment Date (Franchise Partner Agreement Section 6(c)).

(6) We will have the right to terminate the Franchise Partner Agreement if you fail to either (i) gain our acceptance of your proposed Location, and (ii) sign a lease or a purchase agreement we approve as to form for the accepted Franchised Location so that the Commitment Date occurs within 60 days after the date of your Franchise Partner Agreement, or (iii) open your completed LA CABRA Primary Outlet with our authorization under Section 6(h) of the Franchise Partner Agreement within 180 days after the Commitment Date. (Franchise Partner Agreement Section 29(k)).

(7) We will provide you with advice and consultation in the construction of Outlets for Franchised Location(s) through the use of the construction selection and evaluation forms, criteria, and supporting materials that we make available to franchisees. (Franchise Partner Agreement Section 6(b); Development Agreement Section 12(a)).

(8) We will designate the territory for your Franchised Location. (Franchise Partner Agreement Sections 2 and 3)

(9) We will provide you with other resources and assistance that we may develop and make available to new franchisees and developers from time to time. (Franchise Partner Agreement Section 7(h); Development Agreement Section 12(c)).

(10) If you are operating under a Development Agreement, we will forward the Franchise Partner Agreement for your proposed Franchised Location after the Commitment Date. (Development Agreement Section 9).

(11) We will review your site plan and final plans and specifications for conformity to System Standards. (Franchise Partner Agreement Section 6(d)).

(12) We will loan you one copy of the System Manual or may grant access rights on our secure website or database for franchisees. (Franchise Partner Agreement Sections 7(b) and 13(i))

(13) We will provide you with three to five weeks of training in one or more of our Outlets in New York, New York, Aarhus, Denmark or another location, and at your Franchised Businesses to assist you with the new Outlet opening activities for your Franchised Business. (Franchise Partner Agreement Section 7(a)).

(14) We will provide you with the services of an on-site training team for a period of time to assist you with the pre-opening activities for your Franchised Business. (Franchise Partner Agreement Sections 7(a), 7(d), and 8(a)).

(15) We will furnish you with any specifications for Proprietary and Specified Products for your Franchised Business. (Franchise Partner Agreement Sections 7(c) and 8(c)).

(16) We will identify Approved Suppliers for all Proprietary and Non-Proprietary Products, and any other goods or products that we may require or suggest for your Franchised Business. (Franchise Partner Agreement Section 7(c) and 8(c)).

(17) We will approve the grand opening plan of your Franchised Business. (Franchise Partner Agreement 6(h)).

**Site Selection**

We will not select the site for your Franchised Business. You will have responsibility for selecting the site for your location and submitting information to us. We have the right to accept or reject the site you select. In determining whether to accept or reject a site, we will consider demographic evaluations, traffic patterns, population density, proximity to activity centers, and employers, physical site profiles, competition in the market area, and other factors. The site or lease we accept may not be successful for your Franchised Business. We have no obligation to provide any assistance in locating a site, negotiating the lease, conforming the premises to local codes and ordinances, obtaining permits, constructing, remodeling or decorating, hiring and training employees (except for the training we provide described in training below), or providing for necessary equipment, signs, fixtures, opening inventory and supplies. You must propose a location, obtain our acceptance of your proposed location, and enter into a signed lease or a purchase contract we approve as to form for the approved site within sixty (60) days after the date of the Franchise Partner Agreement, described as the Commitment Date above. You have the option to secure a single thirty (30) day extension of the sixty (60) day period by written notice to us that you are exercising your extension option. The grant of any further extension of time to complete this phase of pre-opening is at our sole discretion. We will have the right to terminate the Franchise Partner Agreement if you fail to either (i) gain our acceptance of your proposed Location, and (ii) sign a lease or a purchase agreement we approve as to form for the accepted Franchised Location so that the Commitment Date occurs within 60 days after the date of your Franchise Partner Agreement, or (iii) open your completed LA CABRA Primary Outlet with our authorization within 180 days after the Commitment Date.

**Typical Length of Time to Open**

Based on the experience of our Affiliate-owned Outlets, we estimate that it will take approximately sixty (60) days to select a location and execute a lease and an additional sixty (60) days to build out the location as a Primary Outlet. Except as extended by us, your Franchised Business must be open and operating within one hundred eighty (180) days following the execution of the Franchise Partner Agreement. A site that requires renovation instead of a new build may take less time to design and build. Factors that may affect that time period include obtaining site acceptance from us, making any necessary financial arrangements, obtaining required permits, designing the space, ordering the equipment and inventory, and obtaining necessary labor and materials. Under the Franchise Partner Agreement, you have up to one hundred eighty (180) days after signing the Franchise Partner Agreement in which to open your Franchised Business. (Franchise Partner Agreement Sections 6 and 29)

Under our form of Development Agreement, you must agree to open at least three (3) Primary Outlets under a specified performance schedule (the "Performance Schedule"). Two (2) of your Franchised Business's Primary Outlet locations generally must open within twelve (12) months after you sign the Development Agreement. You must open the additional Franchised Business six (6) months after that to satisfy the Performance Schedule. We may negotiate a Performance Schedule with shorter or longer opening time requirements when business circumstances warrant. When you sign a Franchise Partner Agreement for each Franchised Business to be developed under the Development Agreement, the deadlines for developing the Franchised Business and obtaining our approvals for the site and the lease described above become applicable. (Development Agreement Sections 3 and 11)

**Post-Opening Assistance**

(1) We will publish a list of approved suppliers and their respective approved products and services in the System Manual and/or in other written or electronic communications to you. As new suppliers, products, and services become available, we will amend that list. (Franchise Partner Agreement Section 7(c))

(2) We will review any suppliers and goods outside of our approved suppliers or goods list. You must first propose the alternative supplier or good to us.

(3) We will provide you with the merchandising, marketing, and other data and advice that we develop from time to time and deem helpful in the operation of a Franchised Business using the System. (Franchise Partner Agreement Section 7(e))

(4) We will approve all sales promotion and marketing materials that you use after you submit a description of the promotions and materials to us in writing. You must use your best efforts to promote the use of the LA CABRA Marks in your market area.

(5) We will provide you with promotional programs as we deem necessary. You must participate in all mandatory in-store promotional programs.

(6) We will maintain the LA CABRA Brand and Marketing Fund, which is comprised of your marketing fees.

(7) We will maintain and update the LA CABRA website. You are not authorized to maintain a website for your Franchised Business unless we otherwise agree in writing.

(8) We will conduct periodic field evaluations and quality assurance inspections of Franchised Business to test and promote its compliance with System Standards and quality controls. These evaluations and inspections may offer suggestions and recommendations about your staffing but you have no obligation to follow the suggestions or recommendations. (Franchise Partner Agreement Section 7(f))

(9) We will provide you with periodic individual or group advice, consultation and assistance by personal visit, by telephone, electronic communication, or by newsletters or bulletins that we make available to our franchisees from time to time. (Franchise Partner Agreement Section 7(g); Development Agreement Section 12(b))

(10) We will provide you with any other materials in any medium that we may develop to communicate new developments, techniques, and improvements in the System and our plans, policies, research, developments, and activities to franchisees. (Franchise Partner Agreement Section 7(g))

(11) We will provide you with other resources and assistance that we may develop and make generally available to all of our other franchisees. Under no circumstances will we act directly or indirectly to control, nor do we reserve the right to control, the terms and conditions of employment for your employees or contractors, or advise you on your hiring, scheduling, supervision, discipline and termination decisions (Franchise Partner Agreement Section 7(h); Development Agreement Section 12(c))

(12) We will provide directives about local advertising, in-store merchandising and messaging, promotions, suggestions about pricing and limited time offers, and review and comment on or approve your annual marketing plan. (Franchise Partner Agreement Sections 6(h), 16)

(13) We will provide specifications regarding computer systems and network connections, including hardware, software, POS, and inventory control systems that shall be used in your Franchised Business. These requirements and specifications will be detailed in the applicable System Manual.

(14) We will offer you a successor Franchise Partner Agreement upon your satisfaction of the conditions described in the Franchise Partner Agreement. (Franchise Partner Agreement Section 4(b))

(15) We will review any proposed transfer of your Franchise Partner Agreement and either approve or disapprove that proposed transfer. (Franchise Partner Agreement Section 22)

(16) We will provide you with the services of an on-site training team for a period of time to assist you with the post-opening activities for your Franchised Business. (Franchise Partner Agreement Sections 7(a), 7(d), and 8(a))

(17) We may set minimum and maximum prices of products and services and establish unilateral policies on minimum and maximum advertised prices of Franchised Business products and services. (Franchise Partner Agreement Section 7(e)).

Except as listed above, we do not have any obligation to provide you with assistance regarding (1) developing services or products your Franchised Business will offer to your customers; (2) the hiring or training of your employees; (3) the improving or developing your Franchised Business; (4) establishing prices at which you must sell products and services, or setting minimum or maximum prices; (5) establishing and using administrative, bookkeeping, accounting for inventory control procedures; or (6) resolving operating problems you may encounter.

**Advertising**

We will review your Grand Opening Plan to introduce the Franchised Business to the local market and will review and approve your local annual marketing plan. The goal of the Franchised Business Grand Opening Plan is to assist the franchisee in building strong sales and in developing a loyal clientele but there is no guarantee that it will do so. Your local advertising must align with our directives about local advertising, messaging, and other factors. We may offer suggestions about pricing, promotions, and limited time offers.

Franchisees will have the right and the obligation when they see fit, to suggest changes to the standard Grand Opening Plan and annual marketing plans. We will review and if appropriate, in our sole discretion, approve all changes to the standard plans after discussion and review with each franchisee before its plans are implemented by the franchisee. We intend to control the social media and website promotion related to the LA CABRA Brand to the greatest extent possible under the law.

We will conduct advertising in regional and national media using the funds available in the Brand Fund described below. We may use print, broadcast and on-line or electronic media, social media, direct mail, and other promotional materials as funds permit. We will utilize a combination of in-house and advertising agency resources to produce advertising. The Franchise Partner Agreement does not require us to spend any amount on advertising or other promotions in your Designated Marketing Area ("DMA"). We have no obligation to spend any additional amounts on advertising or promotion. (Franchise Partner Agreement Section 19)

You may use your own advertising and promotional materials if you submit them to us for approval at least thirty (30) days before making any financial commitment to use the materials. You may not use any advertising or promotional materials that we disapprove or have not approved. In addition, you must pay an Annual Marketing Fee to cover brand support, campaign execution, and promotional material. You are not authorized to maintain a website for your Franchised Business or social media presence on platforms such as Facebook, Instagram, Twitter or any other digital or social media unless otherwise agreed in writing. (Franchise Partner Agreement Section 16).

All obligatory advertising funds are detailed herein. Franchisees are not required to participate in/contribute to any advertising fund not detailed herein, at this time. We may require participation and/or contribution to other advertising funds in the future. There are no details concerning advertising spend the prior year, including spend breakdowns, as this program was not yet in place.

**Advertising Council**

We currently have no advertising council composed of franchisees. We have no obligation to create an advertising council. We may develop such in the future.

**Local Marketing**

We require you to spend two percent (2.00%) of Net Sales (in addition to the Brand Fund Contribution if and when activated) on local marketing on a quarterly basis on the annual marketing plan we have approved. We may, but are not obligated to, assist you with the review of local media campaigns. We may, but are not obligated to, provide you with standard print media advertising templates to use locally. You must hire a local professional photographer to produce brand-aligned promotional images for marketing.

**Local Advertising Cooperatives**

We may establish one or more advertising cooperatives from time to time and, further, may change, dissolve, or merge any existing advertising cooperative at any time in our sole discretion. A cooperative will be formed for one DMA or multiple DMA's. All participants will contribute at the same rate or under the same formula. If the Franchised Business operates within a DMA for which an approved advertising cooperative exists, you are obligated to contribute to the advertising cooperative the amounts required by the cooperative up to two percent (2.00%) of the Net Sales of the Franchised Business during each Reporting Period. All Franchised Business that we or our Affiliates operate will participate in any advertising cooperative that we establish for the DMA in which they are located on the same basis as the Franchised Business in the DMA. We will administer the cooperative unless we designate another party to perform the administrative functions. The cooperative may have written governing documents that we must provide or approve, which will be available for all participants in the cooperative to review. Each cooperative will maintain accounting records and compile financial statements that will be available for review by all participants. We retain the power to require any cooperative to be formed, changed, dissolved or merged with another cooperative. Matters before the cooperative members must be approved by concurrent majority vote of the franchisee members and the Affiliate-owned Unit members. (Franchise Partner Agreement Section 17).

**Brand Fund**

We reserve the right to establish a Brand Fund (the "Brand Fund"). When we give you 60 days' notice that we are activating contributions to the Brand Fund, you will commence paying a Brand Fund Contribution weekly to us of up to 3.00% of the Net Sales of the Franchised Business for the preceding week. We will account for all Brand Fund Contributions we collect in a separate account. All other franchisees and all Franchised Businesses operated by Parent or another Affiliate will contribute at the same rate to the Brand Fund. We also may deposit the marketing, promotional, and other payments we receive from suppliers into the Brand Fund.

We will administer the Brand Fund and will disburse the Brand Fund to pay for marketing, advertising, promotional, public relations, and other similar activities intended to benefit the System and all franchised and Affiliate-owned locations. Those activities may include (without limitation) (a) market research, (b) technology development and implementation, (c) customer service, loyalty and reward programs, (d) media purchases, (e) advertising production, (f) advertising and public relations agency fees and expenses, (g) product research and development, (h) developing and implement marketing strategies, annual Unit marketing plan templates and supporting the evolution of the Grand Opening Plan, and (i) developing and protecting our intellectual property. We also may use the Brand Fund to pay or reimburse us for our administrative overhead incurred for activities supported by the Brand Fund. Any money in the Brand Fund not spent at the end of each fiscal year will remain in the Brand Fund, provided that amounts contributed to the Brand Fund may be used to pay taxes associated with unspent amounts on deposit in the Brand Fund. We will have the sole and exclusive discretion to direct all activities and programs funded by the Brand Fund. The Brand Fund will not be separately audited, and we have no obligation to make its financial statements available to franchisees. We have no obligation to expend Brand Fund amounts for your benefit equivalent or proportionate to your Brand Fund Contributions, and we do not warrant or guarantee that you will receive or derive any benefit from Brand Fund activities. We will make all studies and reports produced by the Brand Fund available to you at no cost as Confidential Information. We will make copies of all materials produced by the Brand Fund for franchisee use available to you at your expense. We may suspend, terminate, and reinstate the Brand Fund at any time. The Brand Fund will not terminate, however, until we have spent all money in the Brand Fund for the purposes set forth above. (Franchise Partner Agreement Section 19). Upon your written request, we will provide you a copy of our annual report of expenditures of the Brand Fund during the most recently ended fiscal year on a confidential basis.

We may initiate and administer, or outsource the administration of, a loyalty program that provides benefits to frequent customers. The funding of the loyalty program may be provided through the Brand Fund Contribution or separately. Loyalty program fees are usually charged per transaction or per dollar of Net Sales basis for program members. Redemptions of program value usually take the form of certificates for free or reduced-price products or collateral logo merchandise. We may reimburse for redemptions at standard rates or count redemption values toward program contributions, Brand Fund Contributions or other funding requirements. We may modify, end, suspend, restart, and set rules and regulations for a loyalty program at our discretion.

You are not obligated to participate in any other advertising fund in addition to the Brand Fund, the advertising cooperatives to which your franchise may be assigned, and any loyalty program we establish as of the Issuance Date. The Brand Fund has had no contributions as of the Issuance Date, and no Brand Fund disbursements were made in 2024. We will not use the Brand Fund to solicit new franchise sales. Consumer advertising copy for which the Brand Fund pays may include solicitations of interest for prospective franchisees.

**Computer Systems**

You must purchase and install before opening your Franchised Business the hardware and software to run a computer-based point-of-sale ("POS") system and Franchised Business management system, including the appropriate recipe system equipment and/or printers. We will advise and work with you to select these systems from our approved solutions. We estimate the cost to purchase the required POS and Franchised Business management systems, including a file server, touch-screen display, customer display, printer, software and all related peripherals, from an approved vendor between $1,000 and $3,000. We assume that you already own a laptop or desk top computer capable of running standard business applications for word processing, email, internet browsing and spreadsheets and a printer to use in the Franchised Business.

We have designated Shopify as the only approved supplier of the POS system at the time of this FDD. We reserve the right to require that you subscribe to the tablet-based Shopify POS system. Support for this POS system is provided directly by Shopify. Annual costs for maintenance through Shopify should total approximately $3,600 per Outlet.

Franchisee shall not purchase, acquire, lease or subscribe to any POS hardware of software components unless expressly authorized by us. The Shopify POS system is the only approved POS system as of the Issuance Date. Shopify's general terms of service may be found on its website: https://www.shopify.com/pos.

We may require all or only high-volume Franchised Businesses, and you may decide at your option, if we do not implement a requirement for your Franchised Business, to acquire customer self-ordering terminals from Shopify. These terminals and related installation, programming and software cost from $3,000 to $4,500 as of the Issuance Date. The cost of these terminals, which are intended to reduce counter labor costs and improve customer service, may vary in the future.

We require that each Franchised Business subscribe to and use in the operation of the Franchised Business the Notion productivity software application. We estimate the annual cost of this subscription to be $1,000.

At our request, you shall participate in any intranet or extranet system developed for use as part of the System. Such intranet or extranet systems may be combined with that of our Affiliates. You shall also sign such terms of use agreements concerning the use of such intranet or extranet system as we may prescribe, which agreements may contain, among other things: (a) confidentiality requirements for materials available and transmitted on such system; (b) password protocols and other security precautions; (c) grounds and procedures for our suspension or revocation of access to the system by you and others; and (d) a privacy policy governing the parties' access to and use of electronic communications posted on electronic bulletin boards or transmitted via the system, and (e) subscription or usage fees. You shall pay any fee imposed from time to time by us, or a third-party service provider in connection with hosting such a system. (Franchise Partner Agreement Section 9(e))

We may mandate that you offer free wireless internet access or other accepted means of communication for customers in your Franchised Business. We may require customers to submit their email and other elements of personal information to access the free WiFi. Your POS system will store and allow you and us to access data on each transaction entered, including time of day, products purchased, method of payment, and other information that may be useful in managing the Franchised Business and LA CABRA Brand. We may modify System Standards to require new technology at all Franchised Businesses, which may require you to upgrade and update the systems you use in the Franchised Business and for customer engagement. There is no contractual limitation on our right to mandate upgrades and updates. The approved vendor of the hardware systems may charge you a fee for maintenance, repairs, updates and upgrades to hardware. The annual cost of such maintenance, repairs, updates or upgrades will depend upon your agreement with the relevant hardware vendor. We estimate the total annual cost to you of optional or required maintenance, updating or upgrading hardware is $500 annually for hardware and $1,000 every other year for software.

You will maintain your point-of-sale and management systems on-line so that we may independently access them remotely at our discretion, copy your POS and management data, update software, and view all records, files and reports available on or from those systems. You will not purge data unless so permitted under the System Manual. There are no contractual limitations on our right to access this information independently. (Franchise Partner Agreement Section 9(b)). You should expect to update your Franchised Business customer service and entertainment systems, computer, product manufacture, business management, training, and communications technology periodically during the term of your Franchise Partner Agreement to keep pace with the evolution of such technology and its applications in retailers. We may designate an affiliate or ourselves as the sole source of technology you are required to obtain, operate, and maintain for the Franchised Business.

All personally identifiable information (names, addresses, email addresses, telephone numbers, corporate information, transaction data, demographic data, behavioral data, customer service data, correspondence, and other documents and information) obtained from consumers, suppliers or others in connection with any LA CABRA product or service is considered "Consumer Data." Subject to applicable law, we are the sole owner of all Consumer Data obtained by the Franchised Businesses in the franchise system. You will only have transactional use of the Consumer Data during the term of your franchise and solely for the purpose of managing your location. You disclaim any ownership interest in Consumer Data in the Franchise Partner Agreement.

You will not transfer any of the Consumer Data to any third-party other than to us, our Affiliates or third-party agents that are providing operational or marketing services to you. Third parties cannot gain any ownership rights or interest in the Consumer Data; may have access to the Consumer Data only for the purpose of providing services to you; are prohibited from copying or distributing the Consumer Data; and must return any Consumer Data to you after it has provided its services. You will not use any Consumer Data for activities not related to the Franchise location without our prior written approval.

You will transfer all Consumer Data, not automatically collected by our required software on at least a monthly basis to us and no longer than twenty days following the end of each month. You will make a final transfer of Consumer Data to us at the termination or expiration of the Franchise Partner Agreement and are prohibited from retaining any of our Consumer Data after termination or expiration. You will pay the costs associated with such transfers.

You are required to meet all federal, state, and local laws concerning the handling, distribution, and use of Consumer Data, as well as follow our instructions regarding compliance with the European Union General Data Protection Regulation. We may establish data security procedures and privacy policies for Consumer Data to which you must adhere and comply, which we intend to conform with these laws and regulations.

**System Manual**

The Table of Contents for the System Manual, showing the topics and number of pages dedicated to those topics, appears as Exhibit J to this Disclosure Document. The System Manual has a total of approximately 70 pages. We implement and enforce the System Manual and System Standards to promote our Brand, enhance consistency among all LA CABRA Outlets, and protect the goodwill of the Marks. Any aspect of the System Manual that relates to any aspect of the terms and conditions of employment for your employees is not mandatory and is merely suggestive or provides only recommendations.

**Training**

**TRAINING PROGRAM**

| Subject | Pre-Training Hours | Hours Of Classroom Training | Hours Of On-The-Job Training | Location |
|---|---|---|---|---|
| Pre-Opening Marketing | 2 | 2 | 16 | Online / Onsite |
| General Manager Training | 16 | 16 | 16 | Online / Onsite |
| Head Baker Training | 10 | - | 140 | Production |
| Barista Training | 8 | 8 | 24 | Online / Onsite |
| Trainer Certification | 8 | 8 | 16 | Online / Onsite |
| Products, “Recipes” and Ingredients Review | 8 | 8 | 24 | Production Office |
| Concept Introduction & History | 2 | 2 | - | Online / Onsite |
| Position Training, Customer Service and Quality Control | 2 | 2 | 16 | Online / Onsite |
| POS Training | 2 | - | 2 | Online / Onsite |

| Subject | Pre-Training Hours | Hours Of Classroom Training | Hours Of On-The-Job Training | Location |
|---|---|---|---|---|
| Administration | 8 | 2 | - | Online / Onsite |
| Personnel Management | 8 | - | 8 | Online / Onsite |
| Marketing, Advertising and Promotion | 2 | 2 | 8 | Online / Onsite |
| Financial Management | 2 | 2 | - | Online |
| **Total Hours** | 78 | 52 | 270 | |

*Training Program*

We will provide an initial training program for one general manager, one head baker and one marketing coordinator, which must be completed to our satisfaction, without any additional fee. Where space is available in a regularly scheduled initial training program, you may bring additional personnel to training at no additional cost other than their personnel's travel and staff costs incurred. The LA CABRA training program will be between three and five weeks (15-25 days) in duration and will be held in our Denmark headquarters, the New York City area and/or another location selected by us as well as in your location.

We recognize that training and certification is a critical element to maintaining brand standards. We strive to equip you with the ability to conduct training and certification of your own staff in order to avoid joint-employment, vicarious liability and other concerns including System Standards, control and cost. Following the training and certification of completion by you, we, during periodic field visits, will evaluate the ability of your staff to perform their individual jobs to System Standards and will consult with you about retraining their staff if any deficiencies are noted. Management and staff training will be the responsibility of you and will be conducted by you and your management.

LA CABRA initial training program may include on-line training, classroom sessions, actual work experience and a train-the-trainer program. In addition, we may develop pre-training materials (print and electronic) that you and other attendees will be required to complete prior to attending initial training. You may be required to show competency in the pre-training material prior to attending training. Failure to show competency in the pre-training material may result in you not being able to attend initial training and may result in an additional training fee of $5,000.

There is no tuition or materials charge for initial or pre-training, but you will be responsible for all travel and living expenses for themselves, their staff, etc. Subject to the limitation of space being available, you may bring to initial training additional personnel, at no additional fee. You should consult with us in advance of training to determine if additional space is available.

You may also, during the term, send members of their management and staff to any regularly scheduled initial training program provided by Franchisor, without fee, subject to space availability. We reserve the right to establish additional training fees, other than those specified, during the term of the Franchise. Certain course material may not be available to all of your staff, and we reserve the right to determine which of your staff may attend certain modules of training.

Once we approve Franchised Business for opening, we will provide up to five days of additional training and opening support locally including product production and on-site sales support. Such additional training will be provided only for your first and second Franchised Businesses developed under a Development Agreement. There is no additional fee paid to us for this initial on-site support and training. Additional opening support after the second location developed by you will be charged at the then existing fee charged by us. You will also receive periodic field support and consultation in person, electronically, etc. during the term without any additional fee.

We proctor the intensive, initial training program at the designated location for a period of three to five weeks. We will schedule your training program to occur after a Franchise Partner Agreement has been signed and based on an established opening date. After the head baker and general manager have successfully completed initial training and are operating a Franchised Business, we offer additional training programs on an "as needed" basis. Training is coordinated by Mr. Piper, who has 10 years of experience in the food service industry and nine years of experience with us. Our other trainer is Mr. Oliver, who has 9 years of experience in the food service industry and 7 years of experience with us.

The initial training program is mandatory for your general manager, head baker and marketing coordinator and is to be completed at a minimum of 60 days prior to the scheduled Franchised Business opening date. Upon the final week of the training program, we will conduct a thorough evaluation outlined in the training manual. We may modify an opening date you propose based upon the projected date of successful completion of the training program by the general manager. We require that you must always have a certified manager in the Franchised Business and/or be in the process of having a manager trained and certified.

The resources used during and after the completion of the required training are "LA CABRA Training Manual." We currently do not charge for training material, but we may do so in the future. On-site training, if requested, carries a fee of Five hundred Dollars ($500) per trainer, per day. Additional Training, if provided, carries a charge currently of up to Six Hundred Dollars ($600) per day, plus the trainer's travel, lodging, and meal expenses for additional training and support. If you request supplemental initial training, or we deem that supplemental initial training is necessary, you shall pay us Five Hundred Dollars ($500.00) per trainer per day, as an on-needed basis. If your representative fails to attend any scheduled training and a substitute trainee is not found to replace the representative, you shall reimburse our out-of-pocket costs.

There is a no tuition charge for the initial training program for a new Franchised Business. You are responsible to pay all compensation, benefits, travel expenses, living expenses, and any other personal expenses for your nominees enrolled in the training and support training programs. If a trained manager leaves your employment for any reason, you must hire a replacement manager within thirty (30) days who must attend the next training program class slot we make available at a tuition charge of up to $2,500.

We may conduct training at an annual convention or regional meeting. We may require that your Owner-Operator, general manager, assistant manager, and shift leaders attend this training. We may include the training tuition in a convention or meeting fee or may charge separately for training tuition.

## ITEM 12

## TERRITORY

**Franchise Partner Agreement**

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. Likewise, you may face competition from channels that our Parent or our Affiliates own. We may negotiate an exclusive territory arrangement with you when business circumstances warrant, in which we will not operate or franchise another LA CABRA outlet during the period of exclusivity, which may be the entire franchise term or a certain time period that expires before the franchise term expiry date. The size of the exclusive territory will depend on our assessment of the relevant market for the Outlet, local traffic and demographics and other factors we consider relevant.

The Franchise Partner Agreement grants you the right to operate a single Franchised Business at the Franchised Location of the Primary Outlet. You must operate the Franchised Business only at the Franchised Location and you may not relocate the Franchised Location without first obtaining our written consent. You may not establish or operate another Franchised Business unless you enter into a separate Franchise Partner Agreement for that Franchised Business. You have no option, right of first refusal or similar right to acquire additional franchises unless you enter into a Development Agreement.

When you sign the Franchise Partner Agreement, unless you have selected and we have accepted the precise location of the Franchised Business, we will designate an area defined by zip codes, a map, or other means (the "Trade Area"). You must find a location for the Primary Outlet acceptable to us within the Trade Area during the 60-day period after you sign the Franchise Partner Agreement. During this period, we will not grant a Franchised Business franchise to any other party and our Affiliates will not open or develop another Franchised Business within the Trade Area.

We may locate another Franchised Business within your Trade Area, Parent or an Affiliate may locate another Outlet within your Trade Area.

The continuation of territorial protection under the Franchise Partner Agreement does not depend on the achievement of any specific sales volume, market penetration, or other contingency. We retain no rights to modify your Trade Area or your exclusive territory if one is granted to you. We generally will consider the relocation of a Franchised Business under the same criteria as we would consider for an application to approve any new location, such demographics, traffic patterns, physical site profiles, access, parking, competition in the market area, and other factors.

We retain the right to market and sell, and to franchise others to market and sell the same services and products as those offered as part of the System under the Marks in your Trade Area under the Marks other channels of distribution, including, without limitation, internet sales, mass gathering locations, sports arenas and facilities, transportation centers, hotels and resorts other than through a Franchised Business. You are not entitled to any compensation for any sales that result from such efforts. We retain the right to market and sell within or outside the Trade Area without compensation to you at any location under trademarks, service marks, and commercial symbols different from the Marks. You do not have the right to establish any additional or alternative channels of distribution without the express written permission of us that may be withheld at our sole discretion.

There are no restrictions on your soliciting or accepting customers from any area, so long as you conform to the rules governing advertising, which apply to the use of other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing. There are no restrictions on your soliciting or accepting custom orders and scheduling on-site parties and classes from customers located inside your Trade Area, and with our consent, which we may withhold in our sole discretion, outside your Trade Area. You may use any channel of distribution to make sales outside your Trade Area, provided that all such activity is conducted from your Primary Outlet within your Trade Area.

LA CABRA is a new brand and has limited experience with determining how many LA CABRA Outlets can operate within a Direct Marketing Area (a single television market). Although not a contractual obligation, we intend to use good faith and good business judgment to avoid placing a new Outlet location near another Outlet if we reasonably believe that the second Outlet will result in a significant adverse effect on sales of the existing Outlet.

Our Affiliates and we may conduct marketing anywhere without limitation. We may elect to establish minimum and maximum pricing and pricing guidelines for all Franchisee locations. Our Affiliates and we may develop alternative distribution channels for our Proprietary Products and those alternative distribution channels may compete with you. We provide no assurances that those alternative distribution channels will be offered as franchises or, if offered as franchises, that they will be offered to Franchised Business franchisees in those market areas.

Our Affiliates and we retain all rights that are not expressly granted to franchisee to establish and operate a franchised or Affiliate-owned LA CABRA business. While it is not our intent, at this time, to distribute the LA CABRA products other than through Parent, Affiliate and franchisee owned Outlets and Parent-owned websites and portals, we and our Affiliates reserve the right to distribute the LA CABRA products in ready to eat and ready to heat and eat presentations to retail stores and other locations. Our affiliates and we also reserve the right to merge with, acquire, be acquired by, or become associated with any business or stores of any kind under other system and/or other marks, which businesses may convert to or operate under the LA CABRA Marks and offer or sell products and services that are the same as, similar to, or different than the products and services offered at or from a franchisee's Outlet.

Our Affiliates and we operate, license and may in the future franchise restaurant, dessert, bakery or confectionery retailers under a different trademark (an "Affiliate Concept") that sells or will sell goods or services similar to those a System franchisee will offer, or goods and services that are not similar to those a System franchisee will offer. Such a business could be located or have an outlet in the Trade Area. Affiliate Concept outlets may compete with your Franchised Business. Such Affiliate Concept outlets could be located or have an outlet in or near the Trade Area. The Franchise Partner Agreement and Development Agreements we sign do not restrict or limit the ability of us or our Affiliates to create, open, operate, and franchise Affiliate Concepts within or outside the Trade Area. You have no right or option to participate in any franchise or license program, or to own an Affiliate Concept outlet, or to be paid any compensation relating to an Affiliate Concept outlet. We may join with our Affiliates to leverage the buying power of all Affiliate Concept outlets and the System to obtain better quality service, pricing, and availability from common approved suppliers, purveyors, and vendors of goods and services used by the Franchised Business chains.

**Development Agreement**

The Development Agreement identifies the Development Territory within which you must develop multiple Primary Outlets as Franchised Businesses under the Performance Schedule. The Development Territory will be a geographic area described in Attachment A of the Development Agreement and chosen by a method of delineation that we determine is appropriate under the circumstances. During the term of the Development Agreement, the Development Territory will not be an exclusive area unless we decide to grant exclusivity to you for developing Outlets in the Development Territory. You will not receive an exclusive territory. You may face competition from outlets that we own, or from other channels of distribution or competitive brands that we control. We will not enter into a Franchise Partner Agreement with a Trade Area or enter into a Development Agreement with another party, in which the Trade Area or Development Territory overlaps or is the same as your Development Territory. However, Parent and our Affiliates may develop and operate an Outlet within your Development Territory. We will determine the Development Territory and the Performance Schedule before you sign the Development Agreement, based on various market and economic factors such as an evaluation of the market demographics, the market penetration of the System and similar businesses, the availability of appropriate sites and the growth trends in the market. The continuation of your Development Agreement depends on your compliance with its Performance Schedule. In the event that the Operator fails to comply with the Performance Schedule, an incurable event of default shall occur under the Development Agreement, and we may terminate the agreement. Termination of the Development Agreement does not affect the Franchise Partner Agreements for Outlets that are open or under development.

## ITEM 13

## TRADEMARKS

The Franchise Partner Agreement grants you the right to operate a Franchise Business under the Marks. Parent has registered with the United States Patent & Trademark Office ("USPTO") on the Principal Register the following Marks identified in the "Registration No." column. Parent has applied for registration with the USPTO on the Principal Register the following Marks identified in the "Application No." column. The "Filing Date" column reflects the date on which the mark applications were submitted, not when they were approved.

| Mark | Registration Date | Registration No. | Goods and Services |
|---|---|---|---|
|  | Pending<br>Application Filing Date:<br>June 16, 2025 | Serial:<br>99235845 | Packaging materials of paper; Paper boxes; Paper bags; Wrapping paper; Plastic bags for wrapping; Plastic bags for packaging; All-purpose carrying bags; Tote bags; Ruck sacks; Handbags; Non-electric coffee pots; Coffee cups; Dishes;<br>Shirts; Hats; Bottoms as clothing; Tops as clothing; Bakery goods; Coffee; Chocolate and chocolates; Flavorings for beverages, other than essential oils; Chocolate-based beverages; Coffee-based beverages;<br>On-line retail store services featuring food products, beverage products, apparel, and branded merchandise;<br>Retail store services featuring food products, beverage products, apparel, and branded merchandise;<br>Cafe services; Restaurant services; Coffee shop services |
| **LA CABRA** | October 17, 2023 | 7,191,872 | Coffee pots; Cups; Dishes; Coffee, namely, coffee-based beverages; Café services; Restaurant services |
| **LA CABRA** | September 17, 2024 | 7,508,709 | Bakery goods; Bakery products; Coffee beans; Retail bakery shops |

All required affidavits have been filed. Any affidavits, renewals, or declarations required to maintain these registrations in the future will be filed when due. As of the Issuance Date, none have been required or filed.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition or cancellation proceedings affecting the Marks. There is no pending material federal or state court litigation involving the use or ownership rights in a Mark. We know of no superior rights or infringing uses that could materially affect your use of our Marks.

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

Effective October 1, 2022, as renewed and updated on October 24, 2025, Parent licensed the Marks and the System to us under a trademark license agreement. We are granted a worldwide license of the Marks and System with the exclusive right to franchise the Marks and the System for 50 years. We are obligated to assure that all franchisees comply with quality standards set by Parent. The trademark license agreement can be terminated by Parent only if we breach the agreement and fail to cure the breach within 30 days after receiving written notice of the breach, or if we become insolvent or are unable to pay our debts as they become due, or we commence a case for relief or reorganization, or are the subject of an involuntary case for relief or reorganization under the Federal Bankruptcy Code or under any other state or federal bankruptcy or insolvency laws, and such involuntary case continues for more than 90 days after its initial filing without dismissal. At termination of the trademark license agreement, we are obligated to assign to Parent all license, franchise, and sublicensing agreements which we have entered into for the use of the Marks and the System, which shall continue in full force and effect until the expiration of the terms then in effect. If such an assignment occurs, Parent will not assume any liabilities that pre-date the assignment, for which we will remain liable.

We have no affirmative duty to protect your right to use the Marks but intend to take appropriate actions if the need arises. We have the right to control any administrative proceedings or litigation involving a Mark we license to you. If anyone institutes or threatens litigation involving any component of the System, including the Marks, against you, you must notify us promptly and cooperate fully with us in defending or settling the litigation. We will have control over the defense and settlement of any administrative proceeding or litigation regarding the System. You also should notify us immediately when you learn about any infringing use of the Marks, any challenge to your use of the Marks, and any use or claim of the right to use any trademark or service mark confusingly similar to the Marks, by any third party.

Except as stated above, we do not have any obligation to take any affirmative action, participate in your defense, or indemnify you for expenses or damages if you become a party to an administrative or judicial proceeding involving a Mark we license to you or if the proceeding is resolved unfavorably to you. If we must, or we decide to, change the System and discontinue the use of any of the Marks, we reserve the right to substitute different proprietary marks for use in your identifying the Franchised Business. We have no obligation to compensate you for the discontinuance or modification of any Mark, or the cost of changing "LA CABRA" as the primary mark of the System.

You may not use the Marks to offer or sell any services or products not a part of the System that we do not first otherwise approve. You must comply with the rules and guidelines we issue for using the Marks. You cannot use a Mark as part of a corporate name or with modifying words, designs, or symbols, except for those which we license to you. You also cannot display or erect any other mark on your office, stationery, advertising, sales/promotional materials, or other objects, except for those Marks licensed to you. You may not use any Mark to promote or identify the sale of an unauthorized product or service, or in a manner we do not authorize in writing.

## ITEM 14

## PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Other than our copyright in our System Manual and the copyrights listed below, we do not own any patents or copyrights and have no pending patent applications material to the Franchised Business.

We own certain proprietary information that constitutes trade secrets that you may use in the operation of a Franchised Business. You will have the right to use the proprietary information contained in the System Manual. Although we have not registered our copyright in the System Manual, we do claim a copyright in it and the information contained in it does constitute proprietary information. The Franchise Partner Agreement will obligate you to protect our proprietary information from unauthorized use and disclosure, and to have your equity owners, managers, employees we designate in the System Manual sign a confidentiality agreement in the form we prescribe (Franchise Partner Agreement, Attachment D). You must tell us promptly when you learn about any unauthorized use of the System Manual or the information contained in it. We have no obligation to take any action in that event; however, we will respond as we deem appropriate.

There are no currently effective material determinations of the United States Copyright Office or any court, or any pending material proceeding that would affect our copyrights. We have no agreements which would limit our right to license the use of any existing or future patents, copyrights or proprietary information. Although not obligated under any express provision of the Franchise Partner Agreement, we intend to protect our rights in our existing and future patents, copyrights and proprietary information.

If anyone institutes or threatens litigation involving any of our patents, copyrights or proprietary information against you, you must notify us promptly and cooperate fully with us in defending or settling the litigation.

We will have control over the defense and settlement of any administrative proceeding or litigation regarding any patents, copyrights or proprietary information relating to the Franchised Business System. You also should notify us immediately when you learn about any infringing use of our patents, copyrights or proprietary information or any challenge to your use of our patents, copyrights or proprietary information.

Except as stated above, we do not have any obligation to take any affirmative action, participate in your defense, or indemnify you for expenses or damages if you become a party to an administrative or judicial proceeding involving any patents, copyrighted material, or proprietary information licensed by us to you or if the proceeding is resolved unfavorably to you.

If we must discontinue the use of any of our patents, copyrighted materials, or proprietary information relating to the System, we reserve the right to substitute different materials and/or information for use in your Franchised Business, but we have no obligation to compensate you for the discontinuance or modification of any patents, copyrighted material, or proprietary information. We know of no infringing rights that could materially affect you.

We intend to renew any future registered copyrights when the registration expires.

## ITEM 15

## OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

A franchisee has responsibility for the operation of its Franchised Business. At least one person who has a significant equity ownership position in the franchisee (at least 25%) must be designated the "Owner-Operator" of the Franchisee and attend the training program. You may hire an "on-premises" manager (or general manager) to handle the day-to-day operations of your Franchised Business, but any such manager must have completed our training program. Your on-premises manager must sign a written agreement at the time of employment to maintain the confidentiality of the trade secrets and other proprietary information contained in Item 14 and to comply with the covenants not to compete described in Item 17. The form is included in the Franchise Partner Agreement as Attachment D and a copy of the fully executed agreement must be sent to us promptly after signing, and before we begin training for the manager.

If you operate as a corporation, partnership, limited liability company, or other form of business entity, each of your owners must guarantee your obligations and agree to a restriction on the transfer of their equity ownership interests under the Guaranty and Restriction Agreement attached as Attachment C to the Franchise Partner Agreement. In community property states (Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin.), we may ask a spouse to sign the guaranty if the source of funds for the franchise is community property.

## ITEM 16

## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate your Franchised Business under the System as specified in the Franchise Partner Agreement, the System Manual, and in our standards and policies. You may not engage in any business or offer any other services or products at your Franchised Location that is or are not a part of the System or without our express authorization in advance. You must sell or offer for sale all of our food products, logoed merchandise, menu items, memorabilia, and services except those items we designate as optional. You may not offer additional products or services without our prior written consent. We retain the right to modify the System Manual to modify, discontinue, or add to the goods and services that you must sell in your Franchised Business, which may include new or modified products and recipes, methods of product preparation, and the installation and use of new or modified manufacturing equipment. There are no limits on our right to make these changes. There are no limits on the customers to whom you may sell at any Outlet.

All advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business) and other items we designate must bear the Marks in the form, color, location, and manner we prescribe. In addition, all advertising and promotion in any medium (including websites, Internet postings or markings), must be conducted in a dignified manner and must conform to the standards and requirements in the System Manual, the Franchise Partner Agreement, or otherwise. You must obtain our approval before you use any advertising and promotional materials and plans. You must obtain our written approval of the content and design of your website or Internet posting or marketing in advance of such use and such use must be in compliance with our policies including the use and presentation of the Marks. We may furnish or sell to you apparel and other promotional items to use or resell at the Franchised Business.

We have the right to establish a customer survey feedback program, and any similar programs that we elect, in our sole discretion, to implement. We may use the scores and comments from such programs to evaluate whether or not you meet System Standards, are eligible for additional franchises or Development Agreements or comply with your Franchise Partner Agreement. As of the Issuance Date, we have not established a guest survey feedback program.

## ITEM 17

## RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

## THE FRANCHISE RELATIONSHIP

**Franchise Partner Agreement**

**This table lists certain important provisions of the Franchise Partner Agreement. You should read these provisions in that agreement attached as Exhibit A to this Disclosure Document.**

| | Provision | Section in Franchise Partner Agreement | Summary |
|---|---|---|---|
| a. | Length of the franchise term | 4 | The Franchise Partner Agreement runs for a term of 10 years unless terminated earlier under the Franchise Partner Agreement. |
| b. | Renewal or extension of the term | 4 | You may extend the franchise for a ten-year succession term once. You may not renew if (i) you or any of your Affiliates are in default under any Franchise Partner Agreement with us, (ii) any monetary obligations to us or our Affiliates are unsatisfied, (iii) if your Franchised Business performs in the bottom quartile of Net Sales for all Franchised Business; (iv) you have suffered more than one material default under any agreement or any Affiliate that occurred during the first year such agreement was in effect; or (v) you have suffered more than one cured or uncured material default under any franchise agreement or Development Agreement with us during any 24-month period. |
| | Requirements for you to renew or extend | 4 | You must notify us six to twelve months before the expiration of your current term of your intent to renew or extend. In addition, you must (i) not be in default; (ii) have complied with our Franchise Partner Agreement; (iii) execute a general release of claims; (iv) sign our then current form of the Franchise Partner Agreement; (v) complete, at your expense, any retraining program we may require; (vi) perform the remodeling, repairs, and renovations described below that we may require; (vii) deliver documents from your landlord(s) providing your right to continue operating the lease; and (viii) pay the Successor Fee. The then current form of our Franchise Partner Agreement may contain |

| | Provision | Section in Franchise Partner Agreement | Summary |
|---|---|---|---|
| | | | materially different fees, terms, and conditions than your original franchise agreement.<br>At the end of the initial term, you must also (a) upgrade your Franchised Business to our current entry standards and design elements, (b) complete any retraining we require, (c) upgrade to our current kitchen equipment package, and (d) install our current POS system and other equipment. At the end of the fifth year of the initial term, we may, at our option, require that you make any changes that are necessary to meet our then current standards for new Outlets. |
| d. | Termination by you | 28 | You may terminate the Franchise Partner Agreement only if we commit breach of the Franchise Partner Agreement. You must provide us written notice of and 60 days to cure the breach. If the breach is not cured within 60 days, you may terminate the Franchise Partner Agreement upon written notice. |
| e. | Termination by us without cause | 31 | We may terminate your Franchise Partner Agreement after written notice to you if we determine that either (i) a law or regulation is enacted, promulgated, repealed, modified or amended, (ii) a judicial or administrative tribunal or administrative agency has issued, published or released a decision, ruling or opinion in a matter not involving the Parties directly or indirectly that we reasonably expect will affect applicable law or its interpretation, or (iii) an administrative agency, arbitrator or judge has issued an interim or final decision in a matter in which the Parties are involved directly or indirectly, which (A) frustrates or adversely affects or could reasonably be expected to affect adversely the purposes of the Franchise Partner Agreement, (B) makes performance of the Franchise Partner Agreement commercially impracticable, (C) effectively modifies the allocation of risk, benefits and burdens agreed by the Parties, (D) deprives any Party of its benefits of the bargain |

| | Provision | Section in Franchise Partner Agreement | Summary |
|---|---|---|---|
| | | | struck by the Parties, as originally set forth in the Franchise Partner Agreement, or (E) determines that an employment or a joint employment relationship exists between us. |
| f. | Termination by us with cause | 29 and 30 | We may terminate your Franchise Partner Agreement after written notice of a curable default if you fail to cure within the time permitted or such longer period as required by law, or immediately upon written notice of an incurable default unless a longer notice period is required by law. |
| g. | "Cause" defined – curable defaults | 30 | A curable default consists of (1) non-payment of any amount owed to us; (2) non-compliance with any laws or regulations that result in a threat to the public's health or safety; (3) failure to provide us access to information in your Computer System; (4) failure to comply with a vendor's requirements for the marketing and sale of their products; and (5) failure to comply with any other provision in the Franchise Partner Agreement, other than an incurable default listed below. A curable default may be considered an incurable default, as defined below, if you commit two curable defaults within 12 months. You must cure the default within (1) 10 days for non-payment of any amount owed to us; (2) 24 hours for non-compliance with any laws or regulations that |

| | Provision | Section in Franchise Partner Agreement | Summary |
|---|---|---|---|
| | | | result in a threat to the public's health or safety; (3) 10 days for your failure to provide us access to information in your Computer System; (4) 30 days for your failure to comply with a vendor's requirements for the marketing and sale of their products; and (5) 30 days for a failure to comply with any other provision in the Franchise Partner Agreement, other than an incurable default listed below. These cure or notice periods may be extended by applicable law in your state. |
| h. | "Cause" defined – non-curable defaults | 29 and 31 | A non-curable default occurs if (1) You have an uncured default; (2) You, after curing default, commit another curable default within 12 months; (3) You copy or permit anyone else to copy, share or distribute any part of the System Manual; (4) You close or abandon the Unit for a period of (i) five consecutive calendar days, (ii) eight days in any 12 month period, or (iii) during the hours and days of required Unit operation under the System Manual, except for any closure, remodeling, or vacation we approve in advance, and except during the pendency of any force majeure event beyond your control; (5) You or any of your Owners who is a Guarantor request the appointment of a receiver or have a receiver appointed for the Unit, you, or any of your or their assets; (6) You or any of your Owners become insolvent or make a general assignment for the benefit of your or their creditors; (7) You or any of your Owners commence a case for relief or have an order for relief entered for you or them under the United States Bankruptcy Code or any foreign equivalent, or file or have filed against you a case for reorganization that is not dismissed within 60 days after filing; (8) Your or any of your Owners' assets, property, or interests in property are blocked under any law; (9) You or any of your Owners suffer a conviction for, or plead guilty or nolo contendere to a crime involving moral turpitude or any other offense, or an incident occurs at or involving the Unit or an off-premises service provided by the Unit, reasonably likely, in our opinion, to have |

| | Provision | Section in Franchise Partner Agreement | Summary |
|---|---|---|---|
| | | | an adverse effect on the goodwill of the Marks or name and reputation with the consuming public of Franchised Businesses; (10) We discover a material inaccuracy in any of your representations in this Agreement or in any application you submitted to us to become a franchisee, or make materially false statements to us or any of our Affiliates; (11) You underreport Net Sales for any calendar quarter or calendar year (i) by two percent or more at least three times in any 36-month period or (ii) by at least five percent for any Reporting Period or calendar year; (12) You maintain false books or records or submit materially false reports to us or any of our Affiliates, including submission of false tax returns and forms or you have collected from customers for taxes and fail to turn over such amounts, unless you are properly contesting your obligation to pay or the amount of due; (13) You fail to obtain our advance written permission when required under this Agreement; (14) You breach the same provision of this Agreement on two occasions within any 12-month period, with our having given you the required notice of the first two breaches (whether or not timely cured by you); (15) You or any of your Owners violate any of Sections 8(b)(7) (compliance with laws), 9(i) (prohibited mark usage or transactions), 11 (competition covenants), 12 (confidential information), 22 (transfers), 23 (rights of first refusal), 25 (transfer on death or disability), 26 (temporary disability), or 27 (securities offerings), or commit a breach which, by its nature, you cannot cure or with regard to which you notify us that you do not intend to cure; (16) A court, administrative tribunal, health department having jurisdiction over the Unit, or an independent laboratory determines that a threat to public health or safety resulted from the operations of your Unit; (17) You operate the Unit, or allow the Unit to be used, in a manner that, in our sole discretion, in any way jeopardizes the safety or welfare of customers, the public or the Unit staff, violates applicable law, or is damaging or potentially damaging to the goodwill, reputation and good name of the |

| | Provision | Section in Franchise Partner Agreement | Summary |
|---|---|---|---|
| | | | Marks and the Brand; (18) You default under any indebtedness with an outstanding principal amount of at least $100,000, such indebtedness is accelerated and you do not repay, refinance or cause the reversal of the acceleration of the indebtedness to restore its original payment terms within 30 days; (19) You fail to either (a) (i) gain our acceptance of your proposed Location, and (ii) sign a lease we approve as to form, or a purchase agreement for the accepted Location within 60 days (or 90 days if you exercise your extension option) after the Effective Date, or (b) open your completed Franchised Unit with our authorization under Section 6(h) within 180 days after the Commitment Date; (20) You fail to meet the development deadline for a Franchised Unit; (21) if we determine in our sole discretion that either (i) a law or regulation is enacted, promulgated, repealed, modified or amended, (ii) a judicial or administrative tribunal or administrative agency has issued, published or released a decision, ruling or opinion in a matter not involving the parties directly or indirectly that we reasonably expect will affect applicable law or its interpretation, or (iii) an administrative agency, arbitrator or judge has issued an interim or final decision in a matter in which the parties are involved directly or indirectly, which (A) frustrates or adversely affects or could reasonably be expected to affect adversely the purposes of the Franchise Partner Agreement, (B) makes performance of the Franchise Partner Agreement commercially impracticable, (C) effectively modifies the allocation of risk, benefits and burdens agreed by the parties, (D) deprives any party of its benefits of the bargain struck by the parties, as originally set forth in the Franchise Partner Agreement, or (E) determines that an employment or a joint employment relationship exists between we and you. |

| | Provision | Section in Franchise Partner Agreement | Summary |
|---|---|---|---|
| i. | Your obligations on termination/non-renewal | 33 | You must (1) abide by all non-competition provisions; (2) pay us and our Affiliates all amounts owed within five business days; (3) not use or adopt the System or any of our Marks or intellectual property; (4) remove from the Franchised Business all signs, emblems and displays identifying it as associated with the System; (5) change the exterior and interior design and décor of the Franchised Business and make all changes in signs, buildings and structures which we direct to distinguish the building from its former appearance as a Franchised Business; (6) cease using and return to us the System Manual and other confidential materials delivered to you; (7) cease holding yourself out in any way as our franchisee or to do anything which would indicate any relationship between you and us; (8) cancel or transfer to us all identifiers; (9) transfer to us all telephone listings, domain names, and web pages, if any, for your Franchised Business or which contain, use or display any of our Marks or intellectual property; (10) transfer to us all telephone listings, domain names, and web pages, if any, for the Franchised Unit or which contain, use or display any of our Proprietary Marks or Intellectual Property; (11) pay all liquidated damages due to us; (12) at our option, assign the Unit's lease to us; (13) if we acquire a right in your Unit, arrange with us for delivery of any inventory within fifteen days; and (14) sign an agreement for termination. |
| j. | Assignment of contract by us | 22(a) | We may transfer, assign, or pledge our interest in the Franchise Partner Agreement, in whole or in part, to any person. |
| k. | "Transfer" by you - defined | 22(b) | Any transfer of the Franchise Partner Agreement, any interest in your Franchise Partner Agreement, the license to use the System and the Marks, the Unit, substantially all of the assets of the Unit, or you, either directly or indirectly, will constitute a transfer of your Franchise Partner Agreement or you. |

| | Provision | Section in Franchise Partner Agreement | Summary |
|---|---|---|---|
| l. | Our approval of transfer by you | 22(b) | You may not transfer any interest in your Franchise Partner Agreement or an equity interest in the franchisee entity without our written consent. |
| m. | Conditions for our approval of transfer | 22(c) | We may impose any condition for our approval, including the following conditions.<br><br>For transfers resulting in a change in control or involving an interest of 50% or more in your entity: (1) You must (i) provide us with 90 days prior written notice, (ii) comply with our right of first refusal, (iii) submit the price of the transfer, and we must determine the price will not impact operation, (iv) pay all amounts owed to our Affiliates or us, (v) not have been in default or not in default, and (vi) provide us with a signed copy of the assignment contract; (2) You and your owners must (i) execute and deliver a general release of all claims against our Affiliates and us and (ii) acknowledge in writing that each of you remain liable for pre-transfer obligations; (3) You or your transferee must pay us the Transfer Fee; (4) Transferee must (i) meet all the requirements for a new franchisee, (ii) be proficient in English, (iii) agree to upgrade and remodel the Unit to conform to our current standards, (iv) execute and deliver our then current Franchise Partner Agreement; and (v) attend and successfully complete training along with the proposed manager before the transfer and at your transferee's expense; and (5) the landlord must consent to the transfer of the lease.<br><br>For non-control Transfers or transfers involving an interest of 20% or more in your entity: (1) You must (i) provide us with 90 days prior written notice and (ii) pay all sums owed to our Affiliates or us; (2) You and your owners must (i) execute and deliver a general release of all claims against us and our Affiliates and (ii) acknowledge in writing that each you remain liable for pre-transfer obligations; (3) You or your transferee must pay the Transfer Fee. (4) Transferee must (i) meet the qualifications of a new franchisee and |

| | Provision | Section in Franchise Partner Agreement | Summary |
|---|---|---|---|
| | | | (ii) execute and deliver an assignment of the Franchise Partner Agreement and guaranty.<br>For Related Party Transfers: (1) You must (i) provide us with 90 days prior written notice and (ii) not be in default; (2) You and your owners must (i) execute and deliver a general release of all claims against us and our Affiliates and (ii) acknowledge in writing that each of you remain liable for pre-transfer obligations; (3) You or your transferee must pay us the Transfer Fee; and (4) Transferee must assume the Franchise Partner Agreement and the guaranty in writing. |
| n. | Our right of first refusal to acquire your business | 23(a) | We have a right of first refusal to purchase your Franchised Business or any controlling interest in you that you propose to sell on the same terms and conditions offered to you by a third party. |
| o. | Our option to purchase your business | 23(b) | We have an option to purchase your Franchised Business for its fair market value upon the termination or expiration of the Franchise Partner Agreement. If you and we cannot agree on fair market value within 10 days, then we will select an independent appraiser with experience in valuing restaurants to determine the fair market value. You and we will split the cost of the appraisal. We may also purchase your accepted Location for its fair market value if you own it. |
| p. | Death or disability of you | 22(c) | In the event of your death or permanent disability, the Franchise Partner Agreement will terminate within 180 days unless we give our written consent to the assignment of the Franchise Partner Agreement to your lawful successor under the other provisions of Section 22(c) of the Franchise Partner Agreement. You must transfer all rights to a buyer that complies with the transfer provisions, but no Transfer Fee will be due. |

| | Provision | Section in Franchise Partner Agreement | Summary |
|---|---|---|---|
| q. | Non-competition covenants during the term of the franchise | 11 | You may not engage, either directly or indirectly through any financial or beneficial interest in any other person, in any "competing business," other than a Franchised Business, in the United States. A "competing business" means a restaurant or shop that (i) features coffee and baked goods as its primary menu items; or (ii) in its entirety so resembles the trade dress, service style, and products that comprise the distinguishing features of the Franchised System so as to create a likelihood of consumer confusion or dilution of the Proprietary Marks. |
| r. | Non-competition covenants after the franchise is terminated or expires | 11 | For a period of one year after the termination or expiration of the Franchise Partner Agreement, you may not engage in any competing business at your accepted Location, within five miles of your accepted Location, or within five miles of any Primary Outlet open or under development at the time of termination, either directly or indirectly through any financial or beneficial interest in any other person. |
| s. | Modification of the agreement | 53 | We may alter the System or System Manual as we deem necessary. You and we must agree in a signed writing to any modifications to your Franchise Partner Agreement. |
| t. | Integration/merger clause | 40 | Only the terms of the Franchise Partner Agreement are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and the Franchise Partner Agreement may not be enforceable. |
| u. | Dispute resolution by arbitration or mediation | 47 | Except for certain claims, all disputes must be arbitrated in New York, New York, before a single arbitrator in the English language under the Federal Arbitration Act and the Commercial Arbitration Rules of the American Arbitration Association. |

| | Provision | Section in Franchise Partner Agreement | Summary |
|---|---|---|---|
| v. | Choice of forum | 48 | Either party may bring an action to protect its intellectual property rights or enforce a confidentiality obligation. Any legal action must be brought where our headquarters is then located, which is currently New York, New York. Your local law may supersede this provision. See Disclosure Document Addenda for Certain States at Exhibit G. (Subject to applicable law.) |
| w. | Choice of law | 46 | Delaware and applicable federal law will apply to your Franchise Partner Agreement and all rights and duties under the Franchise Partner Agreement. Non-competition covenants shall be governed by the laws of the state in which the Unit is located. See the Disclosure Document Addenda for Certain States at Exhibit G. (Subject to applicable law). |

**Development Agreement**

**The following table lists certain important provisions of the Development Agreement. You should read these provisions in that agreement attached as Exhibit B to this Disclosure Document.**

| | Provision | Section in Development Agreement | Summary |
|---|---|---|---|
| a. | Length of the franchise term | 4 | The Development Agreement has a Development Term during which you must complete the Performance Schedule, which is usually 2 years from its effective date. The term expires on the last Opening Deadline under the Development Schedule. |
| b. | Renewal or extension of the term | None | You may not renew the Development Agreement. |
| c. | Requirements for you (franchisee) to renew or extend | None | You may not renew the Development Agreement. |
| d. | Termination by you (franchisee) | None | You may not terminate the Development Agreement. |

| | Provision | Section in Development Agreement | Summary |
|---|---|---|---|
| e. | Termination by us (franchisor) Without cause | 17 | We may terminate your Development Agreement after written notice to you if we determine that either (i) a law or regulation is enacted, promulgated, repealed, modified or amended, (ii) a judicial or administrative tribunal or administrative agency has issued, published or released a decision, ruling or opinion in a matter not involving the Parties directly or indirectly that we reasonably expect will affect applicable law or its interpretation, or (iii) an administrative agency, arbitrator or judge has issued an interim or final decision in a matter in which the Parties are involved directly or indirectly, which (A) frustrates or adversely affects or could reasonably be expected to affect adversely the purposes of the Development Agreement, (B) makes performance of the Development Agreement commercially impracticable, (C) effectively modifies the allocation of risk, benefits and burdens agreed by the Parties, (D) deprives any Party of its benefits of the bargain struck by the Parties, as originally set forth in the Development Agreement, or (E) determines that an employment or a joint employment relationship exists between us. |
| f. | Termination by us (franchisor) with cause | 15 and 16 | We may terminate your Development Agreement if you default on the agreement. |
| g. | “Cause” defined – curable defaults | 15 | A curable default consists of the breach of any of your obligations under any agreement with us or our Affiliates, other than an incurable default listed below. Requesting the appointment of a receiver or assigning your interest may also constitute a curable default. If you do not remedy a curable default within 30 days after notice, we may terminate your Development Agreement. |

| | Provision | Section in Development Agreement | Summary |
|---|---|---|---|
| h. | "Cause" defined – non-curable defaults | 15 and 16 | An incurable default will occur if (1) You fail to (i) timely sign a Franchise Partner Agreement, (ii) pay any Initial Franchise Fee owed to us by any fee deadline, or (iii) open and operate the minimum number of Outlets required by any Opening Deadline; (2) You breach or otherwise fail to comply fully with any provision of the Development Agreement or Applicable law; (3) You commence a case for relief or have an order for relief entered against you under the United States Bankruptcy Code; (4) We discover a material inaccuracy in any of your representations in this Agreement or in your application for this Agreement; or (5) Any Franchise Partner Agreement is terminated as a result of your default. |
| i. | Your obligations on termination/non-renewal | 16 | You must cease to select or develop any sites for a Franchised Business or hold yourself out as a Franchised Business developer. The termination of the Development Agreement will terminate your right to develop Satellite Outlets. |
| j. | Assignment of contract by us | 19(a) | We may transfer, assign, or pledge our interest in the Development Agreement, in whole or in part, to any person. |
| k. | "Transfer" by you-defined | 19 | Any transfer, assignment, or pledge of the Development Agreement will constitute a transfer of the agreement. |
| l. | Our approval of transfer by you | 19(b) | You may not transfer any interest in your Development Agreement without our express written consent. |
| m. | Conditions for our approval of transfer | 19(b) | You may not transfer any interest in your Development Agreement without our express written consent. |
| n. | Our right of first refusal to acquire your business | Not applicable | Not applicable |

| | Provision | Section in Development Agreement | Summary |
|---|---|---|---|
| o. | Our option to purchase your business | Not applicable | Not applicable |
| p. | Death or disability of you | None | Your death or permanent incapacity, in and of itself, will not affect your Development Agreement. |
| q. | Non-competition covenants during the term of the franchise | None | You may not develop or operate any competing business within the Development Area. |
| r. | Non-competition covenants after the franchise is terminated or expires | 14 | For a period of one year after the termination of the Development Agreement, you may not develop any competing business at your accepted Location, within three miles of your accepted Location, or within three miles of any Franchised Business at the time of termination, either directly or indirectly through any financial or beneficial interest in any other person. |
| s. | Modification of the agreement | 31 | You and we must agree in writing to any modifications to the Development Agreement. |
| t. | Integration/merger clause | 22 | Only the terms of the Development Agreement, Development Agreement, or other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and the Development Agreement may not be enforceable. |
| u. | Dispute resolution by arbitration or mediation | None | |
| v. | Choice of forum | 26 | Any legal action must be brought where our headquarters is then located, which is currently New York, New York. Your local law may supersede this provision. See Disclosure Document Addenda for Certain States at Exhibit G |

| | Provision | Section in Development Agreement | Summary |
|---|---|---|---|
| w. | Choice of law | 25 | Delaware law will apply to the Development Agreement and all rights and duties under the Development Agreement. See Disclosure Document Addenda for Certain States at Exhibit G. (Subject to applicable law). |

## ITEM 18

## PUBLIC FIGURES

There are no public figures involved with us or this 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 Benjamin Evar, Ph.D., Partner & COO/CFO, La Cabra, Inc., 1329 Willoughby Avenue, Brooklyn, New York 11237, (+45) 61796239, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20

## OUTLETS AND FRANCHISEE INFORMATION

In 2025, we changed our fiscal year-end from December 31 to June 30. The information for 2025 below in this Item 20 reflects activity at the end of the six-month period from January 1 through June 30, 2025. Information for fiscal years 2023 through 2024 reflects full 12-month periods from January 1 through December 31.

**Table No. 1**
**Systemwide Outlet Summary for Years 2023-2025**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchisee | 2023 | 2 | 5 | +3 |
| | 2024 | 5 | 5 | 0 |
| | 2025 | 5 | 4 | -1 |
| Affiliate-Owned | 2023 | 3 | 4 | +1 |
| | 2024 | 4 | 5 | +1 |
| | 2025 | 5 | 7 | +2 |
| **Total** | **2023** | **5** | **9** | **+4** |
| | **2024** | **9** | **10** | **+1** |
| | **2025** | **10** | **11** | **+1** |

**Table No. 2**
**Transfers of Outlets from Franchisees to New Owners**
**(other than The Franchisor)**
**For Years 2023-2025**

| Column 1 State | Column 2 Year | Column 3 Number of Transfers |
|---|---|---|
| **All States** | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 0 |
| **TOTAL** | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 0 |

**Table No. 3**
**Status of Franchise Outlets**
**For Years 2023-2025**

| Col. 1 State | Column 2 Year | Col. 3 Outlets at Start of Year | Col. 4 Outlets Opened | Col. 5 Terminations | Col. 6 Non-Renewals | Col. 7 Reacquired by Franchisor | Col. 8 Ceased Operations-Other Reasons | Col. 9 Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| New York | 2023 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 2 | 0 | 0 |
| Oman | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Thailand | 2023 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 1 | 1 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| TOTAL | **2023** | **1** | **4** | **0** | **0** | **0** | **0** | **5** |
| | **2024** | **5** | **1** | **1** | **0** | **0** | **0** | **5** |
| | **2025** | **5** | **1** | **0** | **0** | **2** | **0** | **4** |

**Table No. 4**
**Status of Affiliate-Owned Outlets**
**For Years 2023-2025**

| Col. 1 State | Col. 2 Year | Col. 3 Outlets at Start of Year | Col. 4 Outlets Opened | Col. 5 Outlets Reacquired from Franchisee | Col. 6 Outlets Closed | Col. 7 Outlets Sold to Franchisee | Col. 8 Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| Denmark | 2023 | 3 | 1 | 0 | 0 | 0 | 4 |
| | 2024 | 4 | 1 | 0 | 0 | 0 | 5 |
| | 2025 | 5 | 0 | 0 | 0 | 0 | 5 |
| New York | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 2 | 0 | 0 | 3 |
| **TOTAL** | **2023** | **3** | **1** | **0** | **0** | **0** | **4** |
| | **2024** | **4** | **2** | **0** | **0** | **0** | **6** |
| | **2025** | **6** | **0** | **2** | **0** | **0** | **8** |

**Table No. 5**
**Projected Openings for Year Ending on June 30, 2026**

| Column 1<br>State | Column 2<br>Franchise Partner Agreements Signed But Outlet Not Opened | Column 3<br>Projected New Franchised Outlet in the Next Fiscal Year | Column 4<br>Projected New Affiliate-Owned Outlet in the Next Fiscal Year |
|---|---|---|---|
| New York | 0 | 0 | 0 |
| **TOTAL** | **0** | **0** | **0** |

Our outlets in Denmark, Oman, and Thailand are substantially similar to the outlets offered in this Disclosure Document.

During the calendar year preceding the date of this Disclosure Document no franchise agreements were terminated, and we have not yet entered into any franchise agreements. No franchisee has failed to communicate with us during the 10 weeks prior to the date of this Disclosure Document.

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

**Confidentiality Clauses**

As a standard practice, when we enter into settlement agreements with a franchisee or former franchisee, we will require them to agree to maintain as confidential all information that the franchisee or former franchisee has about us.

We have not entered into any such agreements in the last three fiscal years. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with the System. You may wish to speak with current and former franchisees but be aware that not all of these franchisees will be able to communicate with you.

**Franchisor Sponsored and Independent Trademark Specific Franchisee Organizations**

We have not created, sponsored, or endorsed any trademark-specific franchisee organization, and no independent franchisee organization is incorporated or otherwise organized under state law and asks us to be included in our Disclosure Document.

## ITEM 21

## FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit H are our audited financial statements as of December 31, 2023, and December 31, 2024. In 2025, we changed our fiscal year end from December 31 to June 30. Our audited financial statements as of June 30, 2025, are also included in Exhibit H, as well as our unaudited financial statements for the period from January 1, 2025, through September 30, 2025, including a balance sheet dated September 30, 2025.

## ITEM 22

## CONTRACTS

The following agreements and other required exhibits are attached to this Disclosure Document in the pages immediately following:

| | |
|---|---|
| A | Franchise Partner Agreement and Exhibits including forms of Transaction Details; Automated Clearing House Payment Authorization; Guaranty and Restriction Agreement; Management Confidentiality and Non-Competition Agreement; Satellite Outlet Addendum; Lease Rider; Receipt of System Manual and Confidentiality Agreement; Architectural Services Addendum |
| B | Development Agreement |
| C | Closing Acknowledgement Forms |
| D | Collateral Assignment of Telephone Numbers, Telephone Listings And Internet Addresses |
| E | General Release |
| F | Non-Disclosure and Non-Use Agreement |
| G | Addenda Required by Certain States |

Our forms of Closing Acknowledgment, General Release, and Non-Disclosure and Non-Use Agreement are included as Exhibits C, E, and F. The Closing Acknowledgment is used for all new franchisees. Form C-1 is used in all states except New York; Form C-2 is used for franchisees and franchises located in New York. The General Release is used for all transfer and successor transactions. The Non-Disclosure and Non-Use Agreement is used if you would like to review any of our confidential materials before you sign a Franchise Partner Agreement or Development Agreement.

## ITEM 23

## RECEIPT

Duplicate copies of the receipt appear after the exhibits as the last two pages of this Disclosure Document.

## ATTACHMENT I

## AFFILIATE-OWNED OUTLET LOCATIONS

La Cabra - Graven
Graven 20
8000 Aarhus C
Denmark

La Cabra - Bakery
Borggade 4F
8000 Aarhus C
Denmark

La Cabra - Kampanilen
Irma Pedersens Gade 120
8000 Aarhus C
Denmark

La Cabra - Møntergade
Møntergade 3A
1116 Copenhagen K
Denmark

La Cabra - Roastery
Marguerite Vibys Plads 8
2000 Frederiksberg
Denmark

La Cabra - SoHo
284 Lafayette St.
New York, NY 10012
USA

La Cabra – East Village
152 Second Avenue
New York, NY 10003
USA

La Cabra - Bushwick
1329 Willoughby Ave
Unit #161
Brooklyn, New York 11237

## Exhibit A

## Franchise Partner Agreement

*La Cabra Coffee Outlet*

**FRANCHISE PARTNER AGREEMENT**

**between**

**LA CABRA FRANCHISING LLC**

**and**

Franchised Business Location:

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# FRANCHISE PARTNER AGREEMENT

This Franchise Partner Agreement (this "Agreement") is made and entered into as of the Effective Date, by and between La Cabra Franchising LLC, a Delaware limited liability company ("we," "us" or "our"), as Franchisor, and _________________________, a(n) ________________ ("you" or "your"), as Franchisee. For good and valuable consideration, the receipt and sufficiency of which the parties mutually acknowledge, the parties mutually agree as follows:

1. Definitions. Words and phrases used in initially-capitalized form in this Agreement have the meanings assigned in Section 55 of this Agreement unless the context indicates otherwise.

2. Grant of Franchise.

(a) Grant. Subject to the terms and conditions in this Agreement, we grant to you the right, license, and privilege to operate a Franchised Business, only at the Location, and the right, license, and privilege to use and employ the Franchised System, the Proprietary Marks, and the Intellectual Property at the Outlets specified herein during the Term. Your Primary Outlet will be developed and operated in the configuration specified in Attachment A. Any change in configuration such as the opening or closing of the Outlet, requires our prior approval. If you demonstrate the ability to operate your Primary Outlet successfully, we may allow you to enter into a "Satellite Outlet Addendum" to this Agreement to permit the operation of a Satellite Outlet. You must enter a separate Satellite Outlet Addendum for each Satellite Outlet that we approve for you to operate. A Satellite Outlet may include a Food Truck, Mobile Kiosk Cart, or Pushcart.

(b) Reservation of Rights. Our Affiliates and we reserve the rights to engage or authorize others to engage in any business activity at any location within or outside the Trade Area under the Proprietary Marks or otherwise except as expressly limited under this Agreement. There are no implied covenants or obligations regarding territorial rights arising from this Agreement or any other agreement or arrangement between you and us. You have no right to participate in or benefit from any such other business activity. In addition, we reserve all rights of ownership, control, modification, revision, updating, and termination with regard to the Franchised System. Your only rights with regard to the Franchised System are limited to the license as we expressly grant to you under this Agreement during the Term, and the parties intend that no implied covenants or rights attach or arise under the license you accept in this Agreement.

(c) Designation of Owner-Operator. Unless you operate as a sole proprietorship, you will designate one Person from among the list of Owners with at least five percent (25%) of your outstanding equity on Attachment A who will be your "Owner-Operator." In such capacity, the Owner-Operator shall devote his or her full time and attention to the management, supervision, and operation of the Franchised Business. We may rely upon communications and decisions of the Owner-Operator as fully authorized by all necessary corporate action and legally binding on you. You may designate another Owner to serve as Owner-Operator by written notice to us as long as designee owns at least the required percentage of your equity as listed on Attachment A at the time of designation.

3. Trade Area.

(a) When you sign this Agreement, unless you have selected and we have accepted the precise location of the Franchised Business, we will designate an area defined by zip codes, a map or other means (the "Trade Area") described on Attachment A. You must find a location acceptable to us within the Trade Area during the period of sixty (60) days after you sign this Agreement. During this sixty (60) day period, we will not grant a Franchised Business to any other party and our Affiliates will not open or develop another Outlet within the Trade Area. When we accept the location within the Trade Area you propose, we will fix the Location and the boundaries of a "Trade Area" for the Franchised Business by unilaterally completing and sending you the notice appended to Attachment A. Your Trade Area will be limited to retail shopping center or commercial building in which the Franchised Business is located, or the building in which the Outlet is located if it is a standalone location. Your signature is not required for that notice to be effective and binding on you.

(b) You must operate the Franchised Business only at the Location. If you desire to relocate the Franchised Business, you must first obtain our written consent.

(c) You acknowledge and agree that our Affiliates and we will have the right to operate, to franchise, and to license other Persons to operate an Outlet at any location within or outside of the Trade Area. You further acknowledge and agree that you may face competition from other franchisees, outlets we own, other channels of distribution, or competitive brands that we control.

(d) We may, at our discretion, by written notice to you restrict your solicitation, acceptance, and fulfillment of orders for off-premises catering and delivery of Outlet products and services to your Trade Area, or to an area that does not encompass the trading area of another Outlet.

(e) You also acknowledge and agree that we will have the right (i) to market and sell the same and similar services and products as those offered under the Franchised System under trademarks, service marks, and commercial symbols different from the Proprietary Marks through the same, similar or different distribution channels; (ii) to market and sell the same services and products as those offered as part of the Franchised System through alternate distribution channels, including (without limitation) the Internet, mass gatherings, and retail outlets other than Outlets; and (iii) to advertise, market and sell those services and products on the Internet and otherwise. These rights include the offer and sale of food, beverages, and related products or services under the Proprietary Marks in airport, mall, supermarket, discount, warehouse, department and convenience stores, and other retail and wholesale channels, within or outside the Trade Area. We may restrict certain products for sale to these retail channels.

4. Term. The "Term" consists of the Initial Term and the Succession Term described below:

(a) Initial Term. This Agreement shall be effective as of the Effective Date and shall continue for an "Initial Term" of ten (10) years from the Opening Date, unless terminated earlier under this Agreement.

(b) Succession Term. You may enter into a new Franchise Partner Agreement that will succeed this Agreement to continue the affiliation of your business as a Franchised Business for one (1) additional "Succession Term" of ten (10) years, subject to satisfaction of the conditions for succession in this Section 4.

(c) Succession Notice. If you intend to enter into a succession agreement, you must give us written notice of your intent at least six (6) months and not more than twelve (12) months before the end of the Initial Term. Your "Successor Fee" of fifty percent (50%) of our then current Initial Franchise Fee for the Franchised Business must accompany the succession notice and is not refundable. We will notify you within thirty (30) days after we receive your succession notice if you are not eligible to continue affiliation. We may also permit you to enter into a one-time renewal term of one (1) year only, upon our notification of your eligibility and your payment of a one-time successor fee of $2,000. We may waive, in our sole discretion, any disqualifications for the Franchised Business or you to enter into a Succession Term. No such waiver will provide or confer any right or benefit on any Person except you. If you are not eligible for a successor agreement, at your request we will assist you to market and sell the Franchised Business to a buyer who is eligible to continue the Franchised Business's affiliation with us under a Franchise Partner Agreement that has a full initial term and successor options. THERE ARE NO OTHER RENEWAL RIGHTS OR OBLIGATIONS UNDER THIS AGREEMENT.

(d) Succession Eligibility. You will be eligible to continue affiliation if at the time you must give notice of your intent to continue affiliation and at all times through the end of the Term then ending, (i) you and your Affiliates are not in default under the payment or performance obligations of this Agreement or any other franchise agreement or multi-unit operator agreement with us; (ii) you and your Affiliates have satisfied all monetary obligations then due and owing to us and our Affiliates, to suppliers of Proprietary Products and to the landlord of the Lease; (iii) the Franchised Business is not in the bottom quartile of Franchised Businesses for Net Sales for the preceding fiscal year, (iv) you have not suffered more than one material default under any agreement with us or any Affiliate that occurred during the first year such agreement was in effect, and (v) you have not suffered more than one cured or uncured material default under any franchise agreement or multi-unit operator agreement with us during any twenty-four (24) month period.

(e) Additional Conditions. Our consent will be further conditioned on maintaining eligibility to renew through the end of each Term, and on your satisfaction of the following conditions: You and your Owners must, at the times we specify, (i) not be in default; (ii) have complied with this Agreement; (iii) execute a general release of claims; (iv) sign our then current form of the Franchise Partner Agreement; (v) complete, at your expense, any retraining program we may require; (vi) perform the remodeling, repairs, and renovations described below that we may require; (vii) deliver documents form your landlord(s) providing your right to continue operating the lease; and (viii) pay the Successor Fee. At the end of the initial term, you must also (a) upgrade your Franchised Business to our current entry standards and design elements, (b) complete any retraining we require, (c) upgrade to our current kitchen equipment package, and (d) install our current point-of-sale system and other equipment. At the end of the fifth, tenth, or fifteenth year of the initial term, we may, at our option, require that you make any changes that are necessary to meet our then current standards for new Franchised Businesses.

5. Fees & Security Interest.

(a) Initial Franchise Fee. You will pay us a franchise fee when you sign this Agreement in the amount specified on Attachment A, (the "Initial Franchise Fee"). The Initial Franchise Fee is not refundable.

(b) Site Selection Fee & Development Period Cost Reimbursement. We inspect the proposed site of your Primary Outlet once without an additional charge, provided that you must reimburse us for our travel, lodging, and meals to perform the inspection. If you request that we perform an additional inspection of a proposed site for you Primary Outlet, after we have performed the first site inspection, or we perform an inspection for a Satellite Outlet, then you must pay us a site inspection fee of Five Thousand Dollars ($5,000.00) plus reimbursement for our inspector's travel, lodging, meal, and incidental expenses. This fee is payable when we schedule the trip and will be reimbursed only if we cancel or waive the inspection. You must also reimburse us for our travel, lodging and meals for pre-opening planning, on-site training, marketing activities, and construction/renovation period inspections, up to an additional $25,000.

(c) Royalty Fee. You will pay us a "Royalty Fee" equal to seven percent (7.00%) of the Net Sales of the Franchised Business during the preceding month.

(d) Brand Fund Contribution. You will pay us, when you pay your Royalty Fee, a Brand Fund Contribution if, as and when required under this Agreement. You will pay the Brand Fund Contribution to us in addition to the amounts you must spend under Sections 16 and 17 of this Agreement. The rate of the Brand Fund Contribution will be up to three percent (3.00%) of Net Sales of the Franchised Business during the preceding month. As of the Effective Date, the Brand Fund Contribution has not been activated. We may activate the Brand Fund Contribution and set the formula for calculating the Brand Fund Contribution at any time on 60 days' prior written notice to all franchisees.

(e) Training Fees.

1. Initial Training Fee. We provide initial training for up to three people without any additional fee. Your Owner-Operator and your general manager, if any, must attend training and complete training to our satisfaction. In addition, we recommend that you bring to training your general manager and your in-store trainer. You may bring additional persons to initial training, without any additional fee, provided there is room in your scheduled training class.

2. Supplemental Initial Training Fee. If you request supplemental initial training, or we deem that supplemental initial training is necessary, you shall pay us Five Hundred Dollars ($500.00) per trainer per day. This payment is due four (4) weeks prior to the beginning of the supplemental training, and we may change this rate at any time in the System Manual.

3. Onsite-Training Fee. If you request additional onsite training, or we deem that additional onsite initial training is necessary, at least thirty (30) days after opening the Primary Outlet, you shall pay us up to Five Hundred Dollars ($500.00) per trainer per day. This payment is due four (4) weeks prior to the beginning of the supplemental training, and we may change this rate at any time in the System Manual. You must also reimburse us for the trainers' travel, lodging, meals and incidental expenses.

4. Additional Support/Consulting Fee. The Additional Training Fee covers training and operational support provided at your request beyond the standard training and opening assistance that we provide. We currently charge up to Six Hundred Dollars ($600.00) per day plus the trainer's travel, lodging, and meal expenses for additional training and support. The Standards Manual specifies the basis on which we will determine the daily charge. We reserve the right to change this fee at any time or to charge a reasonable amount for any optional additional training we make available after you open the Franchised Business.

5. In-Term Training Program Tuition. If you hire a manager to replace the initial managers trained, or after a transfer and the new manager and new Owner-Operator must complete the Training Program, you must pay us tuition when you request a training reservation for the trainees. You also pay each trainee's compensation, benefits, travel, lodging, meals, and incidental costs during training. The tuition for the In-Term Training Program is Five Thousand Dollars ($5,000.00) per attendee as of the Effective Date. We may change this amount once annually in the System Manual before we confirm a training program reservation, but the tuition we charge you will not exceed Ten Thousand Dollars ($10,000.00) per attendee during the term of this Franchise Partner Agreement.

6. Training Cancellation Fee. If your representative fails to attend any scheduled training and a substitute trainee is not found to replace the representative, you shall reimburse our out-of-pocket costs incurred in connection with such training when we invoice you.

(f) Technology Fee. We reserve the right to activate and impose, lower, drop or increase a Technology Fee in the future to cover the cost plus overhead of any application or system to which we provide you with access. We may modify the technology, activate or change this fee and specify the method of payment on at least sixty (60) days' prior written notice once a year. We may require that you will enter into a separate service or license agreement for these technology applications or services.

(g) Loyalty & Gift Card Program Fees. If we activate a customer loyalty program, you must pay us the loyalty program fees according to the program contribution formula we establish monthly with the Royalty Fee payment. We may activate the loyalty program fee at any time on 90 days' notice to all franchisees You must pay us the cost of all Gift Cards plus either (i) the third-party administrator fee or (ii) the administrator fee, if any, charged by us or the administrator up to ten percent (10%) of the face amount of the Gift Card, for the Gift Cards. This cost is incurred by us and passed through to you. You must pay us the fees when you purchase the Gift Cards at your discretion.

(h) Annual and Repeated Inspection Fees. We will perform an inspection once a year for which you reimburse us for our travel, lodging and meal costs to visit your Franchised Business from Denmark. After any System Standards failure by your Franchised Business, you must pay us the cost of inspection to fix the System Standards failure, plus any travel, lodging, meals, and incidental costs of the inspector.

(i) Audit Fee. If you understate annual Net Sales by more than two percent (2.00%), we will send you an invoice, which will require you to pay us the amount of underpaid Royalty Fees, Technology Fee, Brand Fund Contributions, and other Fees. Additionally, you must pay us the cost of audit and accounting fees. These fees are in addition to the any late charges or interest that shall accrue on missed payments.

(j) Convention Fee. If we hold a brand convention, you must pay us when we invoice you for at least one convention registration whether or not you or your representative attends the convention. As of the Effective Date, we expect the convention registration fee to be Seven Hundred Dollars ($700) per mandated attendee. We may change this fee at any time in the System Manual.

(k) Payments. You must pay us Royalty Fees and Brand Fund Contributions monthly based on the Net Sales of your Franchised Business during the preceding month. You must report monthly Net Sales to us and make the monthly payments by electronic funds transfer no later than the seventh (7th) day of each month for Net Sales reported for the previous month. If this Section 5 fails to specify when a fee is due, it shall be paid with the monthly payment in the month after that the fee is incurred.

(l) Interest. Any late payments that you make pursuant to this Agreement will bear interest from their due date until paid at a rate equal to the greater of (i) 1.50% per month or (ii) the maximum interest rate allowed by applicable law (ten percent (10%) in California).

(m) Taxes. You will pay us an amount equal to any federal, state, provincial, or local sales, gross receipts, use, value added, excise or similar taxes assessed against us on the royalty and marketing contributions by the jurisdictions where your Franchised Business is located, including any income tax, franchise or other tax levied on us for our privilege of doing business in your State. You will pay Taxes to us when due.

(n) EFT Payment. You will pay all amounts due to us after your Franchised Business opens by electronic means under the Automated Clearing House Payment Authorization attached as Attachment B, or under any substitute form of authorization that we may require during the Term so that your fees will be paid by means of electronic funds transfer without the necessity of your transmitting a paper check to us.

(o) Bank Fees. If we are unable to collect your check or electronic funds transfer when due, we will invoice you for the fees and charges we pay our bank plus $25.00. The invoice is due on receipt.

(p) Relocation Fee. If you apply to relocate a Franchised Business after the Opening Date, then you will pay us a Relocation Fee equal to ten percent (10.00%) of the then current Initial Franchise Fee when you apply to relocate. You will reimburse us for any costs we incur in excess of the Relocation Fee to analyze and support the relocation.

(q) Insurance Costs. If we incur premium payments, agency fees, application fees, damages, costs, or expenses to obtain required insurance on your behalf or to complete your post-termination obligations, you must reimburse us for such costs and or expenses of the insurance, plus an administration fee of twenty-five percent (25%) of the premium costs and application fees.

(r) Enforcement Costs. If we must enforce this Agreement against you, you must reimburse us for the damages, costs, or expenses we incur to cause your compliance with this Agreement or to compensate us for costs we incur directly and indirectly as a result of your breach, including, but not limited to, attorneys' fees, court costs, collection costs, expert fees and costs, and discovery costs.

(s) Reinstatement Fee. If this Agreement is terminated and you wish to reinstate this Agreement, you must pay us ten percent (10.00%) of the then Initial Franchise Fee, plus Royalty Fees that would have been payable in the period between termination and reinstatement. The Royalty Fees that would have been payable will be determined based on your average monthly Royalty Fee and Brand Fund Contribution payable during the thirty-six (36) months preceding termination multiplied by the period between termination and reinstatement. This fee is due at the reinstatement of this Agreement.

(t) De-Identification Fee. If you fail to remove brand signage and trade dress from all Outlets after termination or expiration of this Agreement, you must pay us our actual costs to remove the signage and trade dress and an administrative fee of fifteen percent (15%) of our actual costs.

(u) Security Agreement and Interest. As security for the payment of the foregoing amounts and performance of your obligations under this Agreement, you grant to us, our successors and assigns a security interest in this Agreement, all signs, signage, décor items, goods, supplies, equipment, and inventory containing any of the Proprietary Marks located at the Outlet. You grant us the authority and power to file a copy of the signature page of this Agreement as part of any financing statement necessary to perfect and maintain our security interest during the Term, in any and all appropriate offices and public records. We may notify your other creditors and lenders about the security interest and have no obligation to subordinate our interest to that of any other lender or secured creditor.

6. Franchised Business Development.

(a) Development Oversight. Except as specified in this Agreement and the System Manual, we are not obligated to provide any assistance in locating a site, negotiating the lease, conforming the premises to local codes and ordinances, obtaining permits, constructing, remodeling or decorating, hiring and training employees (except for the training we provide described in training below), or providing for necessary equipment, signs, fixtures, opening inventory and supplies.

(b) Location Selection. We will provide you with advice and consultation in the selection of sites for the Location through the use of the forms, criteria, and materials that we make available to franchisees. Your lease covenants must allow for our operations, design, architecture, touchpoints, and other Outlet standards to be implemented. The lease terms must also allow for on-premises mixing, preparation, and baking of our products in the Outlet. We contemplate one visit to your market, for your first Primary Outlet location only, to review with you sites that you have identified. You will reimburse us for our reasonable expenses for providing you any additional site selection or approval support as stated in Section 5. We will review the information you submit for each proposed site for the Location, conduct any investigation of the proposed site if we deem appropriate to evaluate the site, and accept or reject the site within thirty (30) days after your submission of all initial and supplemental information we request regarding a proposed site. If we accept the site, we will give you notice of any remaining conditions to that acceptance. If we reject the site, we will give you the reasons for the rejection. Effective upon our acceptance, you acknowledge that you have selected and we have accepted the Location, and that our acceptance of your selection does not guarantee or warrant that the Location will be successful or that it represents the best site for the Franchised Business from among those available to you. You acknowledge that we may have provided you with advice and consultation in the selection of sites for your Franchised Business through the use of the forms, criteria, and materials that we make available to franchisees. We may have delivered our written review and evaluation of any proposed sites you propose. You have had the opportunity to obtain independent advice on the site for your Franchised Business and are not relying on our review and evaluation. We will provide you with one site approval visit. If we require or you request, additional site review visits may be arranged, subject to our availability for a fee of One Hundred Dollars ($100.00) per hour for any additional site visit in addition to all expenses associated with each site visit.

(c) Lease/Purchase Agreement. You must own or lease the Location at all times during the Term and provide us with a copy of the fully executed deed or lease of the Location within five (5) days after signing and delivering the same before commencing development of the Franchised Business. The "Commitment Date" is the date of the fully executed lease or purchase agreement. We must approve the form and content of any Location lease or the purchase agreement and any modifications or amendments thereto before you sign the document. We will review the lease or purchase agreement and, if applicable, any modifications or amendments to the lease, and accept or reject your lease or purchase agreement for the Location within thirty (30) days after your submission of all initial and supplemental information we request regarding the proposed lease or purchase agreement. You must obtain as part of the lease documentation a signed Lease Rider with the landlord in substantially the form attached as Attachment F when you provide us with a copy of the signed Location lease (the "Lease"). You must deliver a fully executed Lease or purchase agreement for an approved site within sixty (60) days after the Effective Date. You have the option to secure a single thirty (30) day extension of the sixty (60) day period by written notice to us that you are exercising your extension option. The grant of any further extension of time to complete this phase of pre-opening is at our sole discretion.

(d) Plans. We will provide you with our standard renovation and finish plans, specifications, and layouts for the interior build-out, mechanical and electrical systems, equipment, décor, and signs for a prototype Franchised Business that we make available to franchisees. We will review your site plan and final plans and specifications for conformity to System Standards. We will not unreasonably withhold or delay our approval, which is intended only to test compliance with System Standards, and not to detect errors or omissions in the work of your architects, engineers, contractors or the like. Our review is limited in scope and does not cover technical, architectural, or engineering factors, or compliance with federal, state, or local laws, regulations, or code requirements. Any additional architectural and design support your request from us will be subject to a reasonable fee payable according to a schedule we set plus expense reimbursement that we will establish with your assent before starting the additional support work. You are responsible for designing and building the Franchised Business to meet applicable requirements of the Americans with Disabilities Act, state and local government laws, including without limitation, business licenses from localities where you do business, and related regulations governing the service of persons with disabilities in public accommodations. We will not be liable to your lenders, contractors, employees, customers, others or you on account of our review or approval of your plans, drawings or specifications, or our inspection of the Franchised Business before, during, or after renovation or construction.

(e) Construction of Franchised Business. You will complete the construction or remodeling of the Franchised Business within the time specified on Attachment A. You will construct or remodel the Franchised Business in strict conformity with the site layout, plans and specifications we approve. If we determine (before the Opening Date) that you have not constructed or remodeled the Franchised Business in strict conformity with the site layout, plans and specifications we approved, we may terminate this Agreement for cause, or obtain an injunction from a court of competent jurisdiction against the opening of the Franchised Business and to compel you to specifically perform your obligation to construct or remodel the Franchised Business in strict conformity with the approved site layout, plans and specifications, in addition to any other remedies available to us at law or in equity, without any obligation to furnish any bond or security. You will bear the expense of all engineering and architectural services incurred for your final construction plans and for obtaining approvals by the appropriate governmental authorities required under applicable law to construct, remodel, and occupy the Franchised Business.

(f) Furnishings, Fixtures, Equipment, and Other Personal Property. You will install in and about the Franchised Business equipment, fixtures, furnishings, and other personal property that strictly conform to System Standards, and specifications we specify in the System Manual or otherwise. You will not display any other sign or advertising at the Franchised Business without our consent other than as permitted under the System Manual.

(g) Architectural Services. You may incur additional costs if you request optional services from us under the Architectural Services Addendum attached to this Franchise Partner Agreement as Attachment H. These services are billed at a rate of One Hundred Dollars ($100.00) per hour.

(h) Technical Services. You may engage any architect, construction manager, or contractor to assist you in developing the Franchised Business as long as the party you engage is duly licensed in the state of the Location. We reserve the right to require that we approve this service provider in advance of engagement, which we will invoke on written notice to you. Our approval will not be unreasonably withheld or delayed. You shall secure for our agents and us the right to inspect the construction site and related materials stored off site at any reasonable time. You shall correct, upon our request and at your expense, any deviation from the approved site plans and specifications. You shall furnish to us a copy of the certificate of occupancy and a certificate from your architect that the Franchised Business was built in accordance with the approved final plans and specifications, and in compliance with all applicable building codes and in compliance with all applicable local, state and federal laws, ordinances and regulations, including but not limited to the Americans with Disabilities Act and related regulations.

(i) Opening. The Franchised Business shall be opened to the public at the Location on the Opening Date only after you receive our authorization to do so, which you must request in writing on or after the date you receive the certificate of occupancy and at least seven (7) days in advance of the desired date for such opening. In addition to and not in lieu of your other advertising obligations, you will conduct local advertising and promotion for the Franchised Business's grand opening (the "Market Introduction Program") described below. You will not open the Franchised Business without our prior written authorization. We will have the right to withhold that authorization until (i) you complete (to our satisfaction) the construction or remodeling of the Franchised Business and furnish copies of all governmental approvals required before opening under applicable law, (ii) you complete preparation of the Franchised Business for the commencement of operations per the System Manual, (iii) your management personnel and store personnel to be employed on the Opening Date complete the initial training program as required in this Agreement, (iv) you furnish copies of permits and licenses for Franchised Business operation; (v) you deliver to us proof of insurance required under this Agreement, (vi) you have paid or reimbursed us for all amounts due for pre-opening expenses, (vii) you have the required inventory, equipment and supplies for the Franchised Business, and (viii) you are not otherwise in default under this Agreement or any other agreement with us. You will notify us when you open for business. We will confirm the Opening Date in writing for the purpose of fixing the expiration date of the Initial Term.

7. Our Obligations. During the Term, we will provide you with the following services:

(a) Training.

1. We will provide you (or if you are an entity, your Owner-Operator), your General Manager, and a trainer with three to five weeks of La Cabra Coffee manager training ("LCC Training"), covering the Franchised System and methods of operating a Franchised Business. Where space is available in a regularly scheduled initial training program, you may bring additional personnel to training at no additional cost other than their personal travel and staff costs incurred. This training is conducted at our offices in Aarhus, Denmark, an Outlet in New York, New York, or at another location designated by us. Additionally, this training is provided to you and your General Manager after the mandatory completion of pre-training modules as set forth in the LCC Training manual. This training and information will include a standard chart of accounts for use in the daily and periodic accounting of the Franchised Business. We will provide orientation training for no additional tuition fee to your Owners who are not your Owner-Operator if this is their first Franchised Business franchise at the times and places and for the duration we may designate. The initial LCC Training program is mandatory for the Owner-Operator and the proposed General Manager and is to be completed at a minimum of three weeks prior to the Franchised Business Opening Date. Upon the final week of the LCC Training program, our Training Director and/or Operations Director will conduct a thorough evaluation of the trainees as outlined in the LCC Training manual. Each manager trainee must score ninety percent (90%) or better on the evaluation to be "certified." We may modify an Opening Date you propose based upon the projected date

of successful completion of the LCC Training program by the General Manager and/or the Owner-Operator.

2. We require that you must always have a certified manager in the Franchised Business and/or be in the process of having a manager certified by attending and passing the LCC Training program. We will provide training at the times and places and for the duration we may designate for replacement managers. We may charge tuition that reflects our costs for training for replacement managers and for retraining of existing managers. You must pay the tuition for training in advance, and we will not refund the tuition if the replacement manager does not attend the training session.

3. We may charge you reasonable tuition and reimbursement of our expenses if we provide additional training at your request in your Franchised Business, or an Additional Training Fee plus expenses as described in Section 8(a). We currently do not charge for training material, but we may do so in the future. We may publish in the System Manual the fees and charges for additional training.

(b) System Manual. We will grant you access rights to our System Manual located on our secure Website for franchisees. Access to our System Manual will be limited to authorized-personnel that have signed the Confidentiality Agreement in Attachment D. You may not duplicate the manual and may not provide pass codes to unauthorized personnel.

(c) Products, Services and Suppliers.

1. Proprietary Products. We shall reveal, in the System Manual or other writings, the specifications, formulas, and product preparation instructions to you and provide you with the list of Proprietary Products that you must manufacture, purchase, use, offer for sale, sell, and promote and maintain in stock at Franchised Business in quantities needed to meet reasonably anticipated consumer demand, certain Proprietary Products, ingredients, equipment, furniture, signage, and other consumable and non-consumable merchandise constituting Proprietary Products. We may designate certain of these disclosures as Confidential Information. You shall have the obligation to purchase all Proprietary Products and ingredients for Proprietary Products solely from suppliers selected in our sole discretion of which we give you notice. We may, in our discretion, as frequently as we deem necessary, change the identity, specifications, formulas, product preparation instructions, inventory requirements, and designations, and add new products and delete existing products, from the items that we designate as Proprietary Products. You shall conform to all changes immediately upon written notice from us unless our written notice specifies a later implementation date.

2. Non-Proprietary Products: Alternative Suppliers. We will designate all Non-Proprietary Products which you may, or must, use, offer, sell or promote in operating the Franchised Business from suppliers selected in our reasonable discretion of which we give you notice, so long as such products meet our quality and other specifications.

To the extent any Non-Proprietary Products constitute inventory sold to the public, or ingredients or raw materials used to prepare food or beverage items sold to the public, you shall maintain sufficient quantities of the Non-Proprietary Products in stock at the Franchised Business to meet reasonably anticipated consumer demand.

You have the right to purchase Non-Proprietary Products from suppliers you select in your reasonable discretion of which you give us notice. We may charge you a fee of up to $2,500 for evaluation and approval of a supplier you propose, plus reimbursement of the cost of any testing or independent evaluation of the supplier. All changes in the specifications for Non-Proprietary Products shall be communicated to you by supplements to the System Manual or otherwise in writing. You shall not place a new order for any Non-Proprietary Products with a supplier after receiving written notice of changes in the Non-Proprietary Products' specifications or that our approval of the supplier has been withdrawn or revoked.

3. Supplier Lists & Changes. We will publish a list of approved suppliers and their respective Proprietary Products and Non-Proprietary Products in the System Manual and/or in other written or electronic communications to you. As new suppliers, products, and services become available, we will amend that list. We may also publish in the System Manual the procedures and fees for obtaining approval of any supplier you wish to nominate to become an approved supplier. We may deny approval of any nominee in our sole discretion.

4. Supply Benefits. An Affiliate or we may be the sole approved suppliers for Proprietary Products, or for goods and services we deem to be integral parts of the Franchised System that must be supplied on a consistent, uniform basis to all franchisees. Our Affiliates or we may earn a profit from providing purchasing and procurement services, including receipt of fees from third party suppliers, and from collateral logo merchandise. We may charge participating franchisees a purchasing program fee to cover the costs of administering a purchasing program or buyers' cooperative for non-proprietary ingredients. The fee will be activated on at least 90 days' notice and be payable as and when the Royalty Fee is payable.

(d) Opening Assistance. We will provide you with the services of one or more trainers for a period of up to five (5) days before and after opening to assist you with the opening of the Franchised Business at no fee to you. You must reimburse us for reasonable travel and living expenses of the trainers while performing this service. Subject to availability, we will provide the trainer services for additional days to continue to assist you with the opening of the Franchised Business at a per diem charge per trainer that we establish, which will be no more than the Additional Training Fee described in Section 8(a) then in effect.

(e) Marketing Assistance. We will provide you with the merchandising, marketing and advertising research data and advice that we develop from time to time and deem helpful in the operation of a Franchised Business using the Franchised System. We may establish minimum and maximum prices for products and services, engage in limited time offers affecting the price or quantity of products offered at the Franchised Business, and establish unilateral policies on minimum and maximum advertised prices of Franchised Business products and services.

(f) Evaluation Program. We will conduct periodic field evaluations and standards assessment inspections and reviews of the Franchised Business to test and promote its compliance with System Standards and quality control. We may implement customer evaluation and feedback programs, mystery shopper programs, and independent inspection programs. We may publish the results of our tests and evaluations.

(g) Advice & Communications. We will provide you with periodic individual or group advice, consultation and assistance by personal visit, by telephone, electronic communication, or by newsletters or bulletins that we may make available to our franchisees from time to time. We will provide you with any other materials in any medium that we may develop to communicate new developments, techniques, and improvements in the Franchised System and our plans, policies, research, developments and activities to franchisees.

(h) Other Assistance. We will provide you with the other resources and assistance that we may develop and make generally available to all of our other franchisees.

8. Your Obligations. During the Term, your obligations are as follows:

(a) Training.

1. Our initial training program may include on-line training, classroom sessions, actual work experience, and a train-the-trainer program. In addition, we may develop pre training materials (print and electronic) that you and other attendees will be required to complete prior to attending. Your failure to show competency in the pre-training material may result in you not being able to attend initial training and may result in an additional training fee of $5,000.

2. You will not open or operate the Franchised Business without having at least one individual working full time at the Franchised Business who has completed our LCC Training program. If a certified manager leaves your employment for any reason, you must hire a replacement manager within thirty (30) days who must attend the next LCC Training program slot we make available. To train additional operators after your initial training, you must pay any tuition and additional fees for materials we charge for training of additional operators, at a rate of up to Five Hundred Dollars ($500.00) per Person. As of the Effective Date, we charge an "Additional Training Fee" of Five Hundred Dollars ($500.00) per day plus travel, lodging and meals for trainers we provide at your request for additional training at your Franchised Business. We may change the amount of this Fee at any time in the Operation Manual. You are responsible to pay all compensation, benefits, travel expenses, living expenses, and any other personal expenses for your designees enrolled in the LCC Training program. You must furnish proof of worker's compensation insurance coverage for such persons before their training begins. Your trainees will not be considered borrowed servants of ours or our Affiliates for any purpose, and they will at all times remain under your control and supervision. Any of your employees who attend our operators training must sign a Management Confidentiality and Non-Competition Agreement before such training starts in substantially the form attached as Attachment D.

(b) Operation of Franchised Business.

1. You will maintain and operate the Franchised Business under the Franchised System in strict conformity with System Standards and policies, all as amended. You will operate your Franchised Business through the Outlets specified in Attachment A. You will maintain the Location and the Outlet in clean, safe, and sanitary condition, consistent with sound health and sanitation practices. You will use and comply with the System Standards for customer service and satisfaction, which may include money back guarantees and no-question refunds.

2. You will use the site of the Outlet exclusively for the purpose of operating an Outlet. You will not engage in any business or offer any food, beverages, or

services at the Outlet not a part of the Franchised System without first obtaining our written consent. We may withdraw such consent in our sole discretion. All food, beverages, Proprietary Products, Non-Proprietary Products, Sensitive Products, Generic Products, Specified Products, and other goods and services you offer and sell shall be of the highest quality and sold only in containers and with packaging and other materials approved by us. You shall not use or sell any ingredients, foods, or beverages that are outdated or unsafe for human use. You will offer and sell all food, beverages, ancillary products, and services we designate in the System Manual as mandatory and you may sell products and services we designate in the System Manual as optional at your discretion. You set the retail prices, terms and conditions of sale subject to our established maximum and minimum prices where permitted by law, and any limited time mandatory offers we establish to market products and services.

3. You understand and agree that the Franchised System may include, in our sole discretion, requirements concerning organization, graphics, use of brand names and other product descriptions, illustrations and other design and content features. We may implement changes in (among other things) for food, beverages, Proprietary Products, Non-Proprietary Products, Sensitive Products, Generic Products, Specified Products, and other goods and services at selected Franchised Businesses or within selected regions, all in our sole discretion. We may, from time to time, authorize any franchisee to test new product items, methods and product preparation instructions of manufacture, goods or other services and you agree to cooperate in any test marketing programs in compliance with our guidelines, without reimbursement or compensation of any kind beyond your retention of your related Net Sales, net of the Royalty Fee.

4. You shall, at your sole expense, conform to all changes implemented by us to Franchised System immediately upon written notice from us unless our written notice specifies a later implementation date. You shall not offer for sale or sell any other kind of foods, beverages, merchandise, services, or otherwise deviate from our current System Standards or specifications for services, products, or merchandise, except with our prior written consent.

5. You shall conform to our prescribed inventory control procedures, including, without limitation, using prescribed proprietary systems to document inventory sold, remaining inventory levels and other information pertinent to inventory and restocking. Such information shall be conveyed to us electronically and, upon request, in writing.

6. You shall operate the Franchised Business on all of the days and during the hours prescribed in the System Manual, unless you obtain our written approval of different days or hours, your Lease provides for different hours of operation, or you obtain our written approval to operate a Seasonal Outlet. Before the Opening Date, you shall advise us about operating hours required or limited by the Lease. You shall prominently disclose the operating hours to the public in the manner required by the System Manual. You shall open the Franchised Business and be fully prepared to conduct business during all posted operating hours.

7. You will maintain and operate the Franchised Business in compliance with all applicable governmental laws, rules, regulations, and ordinances. Any conflict between System Standards and any applicable governmental requirement will be resolved

in favor of the more stringent standard. You will obtain as and when needed all governmental permits, licenses, and consents required by law to construct, acquire, renovate, operate and maintain the Franchised Business and to offer all products and services you advertise or promote. You will pay when due or properly contest all federal, state and local payroll, withholding, unemployment, beverage, permit, license, property, ad valorem, and other taxes, assessments, fees, charges, penalties and interest, and will file when due all governmental returns, notices and other filings. You will comply with all applicable federal, state, and local laws, regulations, and orders applicable to you and/or the Franchised Business, including those combating terrorism such as the USA Patriot Act and Executive Order 13224.

(c) Approved Products, Services and Suppliers. You will follow the System Standards and specifications we establish for Proprietary Products, Non-Proprietary Products, and other goods, products, and services procured for and in the operation of the Franchised Business. We will have the right to require you to obtain any product or service used in the operation of the Franchised Business from Affiliates, suppliers we approve, or us. We will have the right to require you to participate in a national or regional approved purchasing cooperative for the area in which the Franchised Business operates. You acknowledge that this agreement allows the System to maintain uniformity and consistency in Franchised Business products, services, technology, support, and management information systems. We may discontinue or terminate the System requirement to use these vendors and allow such agreements to expire without succession or be terminated consistent with their respective terms, at our discretion.

(d) Telephone Listings, Domain Names, and Web Pages. You may, but are not obligated to, establish and maintain a published telephone listing for the Franchised Business in all telephone directories serving the Trade Area. You will not register, acquire, or maintain control over any domain name or web page that describes or advertises the Franchised Business or otherwise contains uses or displays our Proprietary Marks or Intellectual Property, or links to our websites, without our prior consent.

(e) Franchised Business Condition. If the Franchised Business suffers physical damage, you will restore the Franchised Business to reflect the then current image, design, and specifications of a Franchised Business. If a casualty substantially destroys the Franchised Business and your Lease terminates or you are permitted to terminate the Lease, you may elect to terminate this Agreement when you terminate the Lease in lieu of restoring the Franchised Business unless your financing obligates you to restore and operate the Franchised Business.

(f) Upgrades of Franchised Business. We may require you to upgrade your Franchised Business to conform to changes in our System Standards, which may include new signage, image, décor, equipment, technology and image standards for new Franchised Businesses. We will not require any such upgrade within 2 years before the expiration date of the Initial Term or the Succession Term. At the end of the Initial Term, you must also upgrade your Franchised Business to our current entry standards and design elements, complete any retraining we require, upgrade to our current equipment package, and install our current point-of-sale system and other equipment. At the end of the fifth, tenth, and fifteenth year of the Initial Term, you must upgrade your Franchised Business to our current entry standards and design elements, complete any retraining we require, upgrade to our current equipment package, and install our current point-of-sale system and other equipment. We may encourage you at any time to make a voluntary upgrade because of economic circumstances, competition, technological advances, brand imaging opportunities, or other compelling events or circumstances. Your voluntary agreement to perform an upgrade in those cases will not constitute a required upgrade under this paragraph.

(g) Your Employees. You must recruit, hire, train, schedule, equip, dress, discipline, manage, and supervise a competent, conscientious staff to meet our System Standards, compliant with such uniforms and/or dress code as we may prescribe in the System Manual, and take such steps as are necessary to ensure that your employees preserve good customer relations and the goodwill of the Franchised System.

(h) Life Safety. You must operate and maintain the Franchised Business to meet the health and life safety standards and ratings applicable to the operation. You must furnish to us, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates, and/or ratings resulting from inspections conducted by any federal, state, or municipal agency with jurisdiction over the Franchised Business. The Franchised Business's failure of any health, sanitation, life safety inspection is a material breach of this Agreement and must be remedied within the time frame specified in the applicable regulations or code.

(i) Food Safety. You and we acknowledge that the observance of good food safety practices and procedures by all Franchised Businesses and avoidance of food borne illness contracted at any Outlet is critically important to the public image and goodwill of the La Cabra Coffee System. You must follow sound food safety practices and comply with food safety and sanitation codes under applicable laws and regulations. You shall monitor food safety inspections of your Outlets performed by third party and governmental inspectors, and you shall furnish to us, immediately upon receipt, a copy of every third party or governmental inspection report of the Outlets. You shall address with us the immediate correction by you of any deficiencies related to food safety identified in such inspections. If you shall fail to correct such deficiencies in a timely manner, or if any incident of food borne illness is attributed by an independent food safety expert or government agency to a preventable food safety deficiency at the Outlet that the you failed to identify or correct, then we shall terminate this Agreement.

(j) Material Contracts. You must timely comply with your payment and performance obligations under the Lease and any note, indebtedness, mortgage, deed of trust, security deed, equipment lease, supply agreement for Proprietary Products, and material Non-Proprietary Products, utility contract, service agreement and other material contracts ("Material Contracts") applicable to you or the Franchised Business and necessary to operate the Franchised Business in compliance with System Standards. You shall furnish to us, within ten (10) days after your receipt, a copy of all notices, letters, warnings, or any other communications from the counterparty of any Material Contract regarding any default under or termination of any Material Contract. You must furnish a copy of any amendment, modification, replacement, or supplement to the Lease.

(k) Compliance with Laws & Regulations. You must operate the Franchised Business in compliance with applicable laws and regulations. We will provide instructions on compliance with laws applicable to food and beverages in the System Manual. If you obtain competent advice that you must effect compliance in a manner that differs from our instructions, or local laws require that you deviate from the instructions, then you are free to do so and you will not be in violation of this Agreement.

(l) Meetings and Conventions. We may conduct meetings and annual conventions to promote and support franchisees, provide information on the brand and matters of mutual interest to Franchised Business franchisees and managers, and to provide mandatory and optional training to Owners, Owner-Operator, and General Managers. We may charge you a convention registration fee for one or more attendees in the amount specified herein, which is payable when invoiced and not refundable, even if you or your representative do not attend the convention. We may charge additional fees and tuition for additional attendees you are required or have the option to send to the event.

9. Technology, Communications And Internet.

(a) Computer Systems and Required Software. We have the right to specify in the System Manual or otherwise in writing that you acquire and use in the operation of the Franchised Business electronic data collection, storage, reporting, exchange and interchange capability, and services, including certain brands, types, makes and models of communications, hardware and software systems, peripherals, and equipment, including without limitation: (i) back office accounting, inventory and management systems, (ii) storage, retrieval and transmission systems for data, audio, video and voice files, (iii) point of sale systems or such other types of cash registers as we may designate or approve ("Cash Register Systems"), (iv) physical, electronic and other security systems and procedures, (v) archival back-up systems, (vi) internet access capability and connectivity, and (vii) customer-facing marketing, ordering, entertainment, audio, video, internet access points and service systems (together, the "Technology"). We have the right, but not the obligation, to develop or have developed for us, or to designate computer software programs and accounting system software that you must use as part of the Technology ("Required Software"). You shall install, learn, use and integrate all updates, supplements, modifications or enhancements to the Required Software when we so require. We may specify in the System Manual or otherwise the tangible media upon which you shall record data, the database file structure of the Technology and the requirements to ensure your compliance with legal and payment card industry security standards. You must enter all transactions at the Franchised Business on the Cash Register System as and when they occur. You shall implement and periodically make upgrades and other changes to the Technology as we request in writing (together, "Technology Upgrades") for all Franchised Businesses. We may be the sole supplier of proprietary Technology or Technology Upgrades that we develop or acquire for use at all Franchised Businesses.

(b) Data. We may specify in the System Manual or otherwise in writing the information that you shall collect and maintain on the Technology. You will maintain your Cash Register System and management systems on-line so that we may access them remotely at our discretion, copy stored data, update software, and view all records, files and reports available on or from those systems. You shall not purge data unless so permitted under the System Manual. You shall provide to us such reports as we may reasonably request from the data so collected and maintained. All data you provide to us, transfer to us from your Technology and download from us to your Technology will be owned exclusively by us or the data source we identify. We will have the right to use such data in any manner that we deem appropriate without compensation to you. All other data you capture, create or collect in the operation of the Franchised Business or from your affiliation with us (including, without limitation, information about customers of the Franchised Business, consumer and transaction data), is and will be owned exclusively by us during the Term of, and following termination or expiration of, this Agreement. You must provide to us in the format we require copies or original files of such data at our request. We license the use of such data back to you, at no additional cost, solely for the Term and solely for your lawful use in the business franchised under this Agreement or in any other business that you own. You may not lease, sell, or rent such data to others.

(c) Customer Facing Technology. We may mandate that you offer free wireless internet access or other accepted means of communication for customers of the Franchised Business. We may also mandate customer facing technology to accept and process orders, payments, entertainment options and other means of providing service and an attractive environment to customers.

(d) Privacy & Security. You shall abide by all applicable laws and payment card industry standards pertaining to the privacy and security of consumer, employee and transactional information ("Privacy Laws"). You shall comply with our System Standards and policies pertaining to Privacy Laws. If there is a conflict between our System Standards and policies pertaining to Privacy Laws and applicable law, you shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel to determine the most effective way, if any, to meet our System Standards and policies pertaining to Privacy Laws within the bounds of applicable law. You shall not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent. You shall encrypt personally identifiable information about customers and employees as required by Privacy Laws or the System Manual and follow all notification requirements, with a copy of all of your outbound notices to us, if any data breach, hack or unauthorized access event occurs.

(e) Extranet. We may, but are not required to, establish a dedicated Website with secure access for communication with and among franchisees and to offer information content relevant to operation of the Franchised Business (the "Extranet"). If we establish an Extranet, then you shall comply with our requirements set forth in the System Manual or otherwise in writing for connecting to the Extranet and utilizing the Extranet in the operation of the Franchised Business. The Extranet may include, without limitation, and if so, will satisfy our obligations under this Agreement to provide to you, the Operation Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You shall pay any fee imposed from time to time by us, or a third party service provider, in connection with hosting such Extranet, as set forth in the System Manual.

(f) Websites. Unless we otherwise approve in writing, you shall not establish a separate Website (the term "Website" is defined to mean a group of related documents that can be accessed through a common internet address), but shall only have one or more references or webpage(s), as we designate and approve in advance, within our Website. However, you may request to establish a separate Website and shall submit to us with your request, for our prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots) and non-visible content (including, without limitation, meta tags) in the form and manner we may reasonably require. You may activate the Website only if we so approve in advance in writing (which we are not obligated to approve and which approval we have the right to revoke at any time), in which case then the following conditions shall apply:

1. Any Website owned or maintained by or for your benefit shall be deemed "advertising" under this Agreement, and will be subject to (among other things) our approval of content and appearance under Section 16.

2. You may not add inbound or outbound hyperlinks to or from, or modify the Website without our prior written approval as to such proposed hyperlinks or modification.

3. You shall comply with System Standards for Websites that we may prescribe in the System Manual or otherwise in writing.

4. You will establish such hyperlinks to our Website and others as we may request in writing.

5. You will not permit the entry, acceptance, or confirmation of delivery or orders on the Website that would violate Section 3.

(g) Online Use of Marks and E-mail Solicitations. You shall not use the Proprietary Marks or any abbreviation or other name associated with the Franchised System or us as part of any e-mail address, domain name, and/or other identification of you or your Owners in any electronic medium. You will not transmit or cause any other party to transmit on your behalf advertisements or solicitations by e-mail or other electronic media without first obtaining our written consent as to: (a) the content of such e-mail advertisements or solicitations and (b) your plan for transmitting such advertisements. You shall be solely responsible for compliance with any laws pertaining to sending e-mails including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, as amended (known as the "CAN-SPAM Act of 2003"). Under no circumstances shall you send any e-mail to a Person or address outside the United States.

(h) Internet & Social Media Use. We reserve the right to establish, modify, and terminate policies and procedures about Internet marketing, publicity, social media, blogging, and other activity as part of System Standards included in the System Manual. You shall not register, purchase, or obtain the right to control content that includes any Proprietary Mark offered under any domain name or Website except as authorized under our marketing program then in effect or with our consent. You may generate, post, modify and withdraw content for social media accounts at your discretion and without our specific consent so long as the content is consistent with our marketing program then in effect and the applicable System Standards, and the activity is carried out by your employee that we have approved to carry out such activity. We reserve the right to establish policies and to control your access to social media for accounts related to the Franchised Business, including without limitation the right to hold administrative privileges and rights for password and access control and to post and remove all photographs on such accounts. We may deny, suspend, or revoke your access to such accounts if you are in default under this Agreement or you violate our System Standards regarding social media content and use. Under no circumstances shall you use social media accounts associated with the Franchised Business to defame or disparage us, any of our Affiliates, any other franchisee or their Affiliates, any supplier or any customer or patron of your Franchised Business, or engage in any publication or activity that is unlawful or detrimental to the goodwill of the Proprietary Marks, La Cabra Coffee brand or the Franchised System.

(i) Prohibitions. You are prohibited from using the Proprietary Marks, including "La Cabra Coffee" to: (i) incur any obligation or indebtedness on behalf of yourself or us; and (ii) be all or part of your entity name or other legal name, or as part of any e-mail or other electronic media address, domain name, URL, social media identifier, user name or other identification of you or your Owners in any electronic medium, or as a metatag, paid search term, or in any search engine optimization program, except as we expressly authorize in writing, in the System Manual or in any policy we issue regarding Internet advertising, marketing, social media, email and other on-line activity. You are also prohibited from engaging in any "gray market" transactions in which you buy from or sell to any Person outside the United States without our prior written consent. You are also prohibited from engaging in any transaction in which you know, or reasonably should know, that the products sold by you or the Franchised Business are purchased for wholesale purposes or are intended for resale to consumers inside or outside the United States.

(j) No Outsourcing without Prior Written Approval. You shall not hire third party or outside vendors other than our Affiliates to perform any services or obligations related to the Technology, Required Software, or any other of your obligations under this Section, without our prior written approval. We may condition our consideration of any proposed outsourcing vendor(s) upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form we provide.

(k) Changes to Technology. The parties acknowledge that technology used in the Franchised Business is dynamic and not subject to predictable patterns of development and change. To keep pace with technological needs and opportunities and to support the competitiveness of the Franchised System, you acknowledge that we shall have the right to establish, in writing, new, and revised System Standards for the implementation of technology as part of the System. You shall abide by those new or revised System Standards as promulgated by us for implementation in all Franchised Businesses.

10. E-Mail Communication. You acknowledge that we are entitled to rely upon e-mail to communicate with you as part of the economic bargain underlying this Agreement. To facilitate the use of e-mail to exchange information between you and us, you will maintain e-mail capabilities as specified in the System Manual. You authorize the transmission of e-mail from and to us, vendors, and our Affiliates on matters pertaining to the business contemplated under this Agreement. You will provide us with the current e-mail address, and shall immediately notify us of any change of e-mail address and any technical problems with the e-mail account of you and your Owners that would make communications delayed or impossible. If any such e-mail account becomes disabled for any reason, you shall immediately provide us with an alternative e-mail address. You will cause your officers, directors, members and employees (as a condition of their association or position with you) to give their consent (in an e-mail, electronically, or in a pen-and-paper writing, as we may reasonably require) to transmission of our e-mails to them, and such persons shall not opt-out, or otherwise ask to no longer receive e-mails from us during the time that such Person works for or is affiliated with you. You acknowledge that if you opt-out, or otherwise ask to no longer receive e-mails from us during the Term you will be in material breach of this Agreement.

11. Covenants Not to Compete. During the Term, you may not engage, either directly or indirectly, through any financial or beneficial interest in any other Person, in any Competing Business, other than a Franchised Business licensed or franchised by us in the United States. For a period of one (1) years after the termination or expiration of this Agreement for any reason, you may not engage in any Competing Business at your Franchised Location, within five (5) miles of your Franchised Location, or within five (5) miles of any Primary Outlet open or under development at the time of termination, either directly or indirectly, through any financial or beneficial interest in any other Person. We may reduce the duration and/or geographic scope of this provision by written notice to you for applicable law.

12. Confidential Information. You acknowledge you have no interest whatsoever in the Franchised System except the license in this Agreement. You acknowledge that the Franchised System constitutes our proprietary information including some Confidential Information and that the use or duplication of the Franchised System other than as permitted under this Agreement will constitute an unfair method of competition. You will not use the Franchised System in any business or any capacity for the benefit of any Person except as permitted under this Agreement or another written agreement with us. You will take all appropriate actions to preserve the confidentiality of all Confidential Information. Access to Confidential Information should be limited to persons who need the Confidential Information to perform their jobs and are subject to your general policy on maintaining confidentiality as a condition of employment or who have first signed a confidentiality agreement in the form attached to this Agreement, included in the System Manual or otherwise acceptable to us. You will not permit copying of Confidential Information (including, as to computer software, any translation, decompiling, decoding, modification, or other alteration of the source code of such software). You will use Confidential Information only for the Franchised Business and to perform under this Agreement. Upon termination (or earlier, as we may request),

you shall return to us all originals and copies of the System Manual, policy statements and Confidential Information "fixed in any tangible medium of expression," within the meaning of the U.S. Copyright Act, as amended. Your obligations under this subsection commence when you sign this Agreement and continue for trade secrets (including computer software we license to you) as long as they remain secret and for other Confidential Information, for as long as we continue to use the information in confidence, even if edited or revised, plus three (3) years. We will respond promptly and in good faith to your inquiry about continued protection of any Confidential Information.

13. Franchised System Management.

(a) Ownership. We represent with respect to the Proprietary Marks that we, or one of our Affiliates, is the owner of all rights, title, and interests in and to the Proprietary Marks. Our Affiliates and we have taken and will take all steps reasonably necessary to preserve and protect the ownership and validity in and of the Proprietary Marks.

(b) Display of Marks. Your use and display of the Proprietary Marks will be subject to the following: (i) You shall use only the Proprietary Marks we designate, and use such Proprietary Marks only in the manner we authorize and permit; (ii) you shall use the Proprietary Marks only for the operation of the Franchised Business and only at the Location authorized under this Agreement, or in advertising for the Franchised Business; (iii) unless we otherwise authorize or require, you shall operate and advertise the Franchised Business only under the name "LA CABRA," without prefix or suffix; (iv) during the Term, you shall identify yourself (in a manner reasonably acceptable to us) as the owner of the Franchised Business when you make any use of the Proprietary Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as we may designate in writing; (v) your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement and the System Manual, and any unauthorized use thereof shall constitute an infringement of the rights of the owner of the Proprietary Marks; and (vi) you shall execute any documents deemed necessary by us or our counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

(c) Infringements. You shall promptly notify us of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to our ownership of, or your right to use, the Proprietary Marks we license to you. You acknowledge that we shall have the sole right to direct and control any civil, administrative, or other proceeding involving the Proprietary Marks, including any settlement. We shall also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. If we undertake the defense or prosecution of any litigation relating to the Proprietary Marks, you shall execute any and all documents and do such acts and things as may, in the opinion of our counsel, be necessary to carry out such defense or prosecution, including, without limitation, becoming a nominal party to any legal action.

(d) Our Defense of You. If you use the Proprietary Marks in compliance with this Agreement, we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your proper use thereof. We will reimburse you for your out-of-pocket costs in doing what we request under this Section, excluding the compensation costs of your employees, and we will pay the costs of any judgment or settlement. If such litigation is the result of your use of the Proprietary Marks in a manner not in compliance with this Agreement, you shall reimburse us for the costs of such litigation, including, without limitation, our attorney's fees, and the cost of any judgment or settlement.

(e) Reservation of Intellectual Property Rights. You expressly understand and acknowledge that: (i) our Affiliates and we are the owners of all rights, title and interests in and to the Proprietary Marks, and the goodwill associated with and symbolized by them; (ii) the Proprietary Marks are valid and serve to identify the Franchised System and those who are authorized to operate under the Franchised System; (iii) neither you nor any of your Owners shall directly or indirectly contest the validity or the ownership of the Proprietary Marks, nor shall you, directly or indirectly, seek to register the Proprietary Marks with any government agency, except with our express prior written consent; (iv) your use of the Proprietary Marks does not give you any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement; (v) any and all goodwill arising from your use of the Proprietary Marks shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license granted under this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System or the Proprietary Marks; and (vi) the right and license of the Proprietary Marks granted to you is not exclusive, and we have and retain the rights, among others:

1. To use the Proprietary Marks ourselves to offer and sell products and services;

2. To grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees; and

3. To develop and establish, or to become affiliated with, other systems using the same or similar Proprietary Marks, or any other Proprietary Marks, and to grant licenses or franchises thereto without providing any rights, benefits or compensation to you.

(f) Substitute Marks. We reserve the right to substitute different Proprietary Marks for use in identifying the Franchised System and the Franchised Businesses operating thereunder if our currently owned Proprietary Marks no longer can be used, or if we determine that substitution of different Proprietary Marks will be beneficial to the Franchised System.

(g) Control of Franchised System. We will control and establish requirements for all aspects of the System. We may, in our discretion, change, delete from or add to the Franchised System, including any of the Proprietary Marks or System Standards, in response to changing market conditions. We may, in our discretion, permit deviations from System Standards, based on local conditions and our assessment of the circumstances.

(h) Improvements. All present and future distinguishing characteristics, improvements and additions to or associated with the Franchised System by us, you or others, including, without limitation, all new and improved methods, product preparation instructions, and preparation instructions for food and beverage products, ingredients, new food and beverage products and the like, and all present and future service marks, trademarks, copyrights, patents, and service mark and trademark registrations used and to be used as part of the Franchised System, and the associated goodwill, shall be our property and will inure to our benefit. You acknowledge that System Standards include non-functional trade dress that is an integral part of the System, and you covenant that you will not, directly or indirectly through an Affiliate, use the trade dress in any structure that is not the Franchised Business. You also acknowledge that such Intellectual Property includes any product preparation instructions, ideas, inventions, concepts, instructions, techniques of manufacture, preparation, display, service, or other know-how developed, marketed, or licensed as part of the Franchised System, whether created by us, an Affiliate, a predecessor, licensor or by you with our approval as outlined in the System Manual. You grant to us a non-exclusive, perpetual, royalty-free worldwide license of all product preparation instructions, concepts, instructions, ideas, inventions, techniques of manufacture, preparation, display or service, or other know-how, advertising materials and trade secrets created by or for you for use in, by or for the Franchised Business, and you acknowledge that we and our Affiliates may incorporate, modify, supplement, sublicense or otherwise commercialize such information as part of the Franchised System or in any other manner. At our request and expense, we may require you to execute and deliver an assignment of the ownership rights to any such Intellectual Property or such other writing as we may request to transfer ownership to us, or pursue registration or other legal protection for such Intellectual Property.

(i) System Manual. During the Term, we will provide you with access to the System Manual, in a format we choose (including, without limitation, paper, CD/DVD or online). We may from time to time revise the contents of the System Manual, and you will follow our instructions to make corresponding revisions to all of your copies of the System Manual and to comply with each change in any System Standard. If there is any dispute as to the contents of the System Manual, the master copy of the System Manual we maintain in our home office shall be controlling.

(j) Manual Controls. The System Manual shall at all times remain our sole property regardless of format and shall at all times be kept, and the access codes and procedures for electronic versions shall be kept, in a secure place on the Franchised Business premises. You shall at all times treat the System Manual, any other written material created for or approved for use in the operation of the Franchised Business and the information contained therein as confidential and shall use all reasonable efforts to maintain such information as proprietary and confidential. Except for those portions of the System Manual that we designate in writing as appropriate for copying and use at the Franchised Business, you shall not at any time copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized Person.

14. Reports and Records. On seventh day of each month after the Opening Date, you will deliver to us a statement of the Net Sales of the Franchised Business for the preceding month. Within 20 days after the end of each calendar quarter, you will deliver to us a complete profit and loss statement for the Franchised Business in a form prescribed by us (and any other statistical reports which we may require under the System Manual) for the previous quarter. You will also send us a copy of each monthly profit and loss statement showing a loss for the month within 10 days after the end of the month. You also will send us a copy of all sales tax returns filed for the Franchised Business as and when filed with each appropriate taxing authority. Within 90 days after the end of each fiscal year, you will deliver to us a complete profit and loss statement covering the operations of the Franchised Business for the preceding fiscal year and a balance sheet dated as of the close of that fiscal year. You will keep all records of the Franchised Business for at least seven years after the end of the fiscal year in which they are created in a manner and form satisfactory to us and will deliver any additional financial, operating and other information and reports which we may request on the forms and in the manner we prescribe in the System Manual. We will have the right to assemble and disseminate to third parties financial and other information regarding you and other franchisees to the extent required by law or to the extent necessary or appropriate to further the interests of the Franchised System as a whole. We will have the right to disclose your business name, address, and telephone number as they appear in our records in our franchise disclosure documents and to any Person making inquiry as to the ownership of the Franchised Business. We will not disclose specific financial information regarding you or the Franchised Business to any Person without (a) your consent or (b) compulsion of law.

15. Inspection, Testing, and Audit.

(a) Inspections. We will have the right to inspect your Franchised Business at any time during or immediately before or after regular business hours during the Term, with or without notice to you as part of our evaluation and quality assurance programs. You will also permit our agents or us at any reasonable time, to remove samples of food and beverage products, supplies, or ingredients from your inventory, or from the Franchised Business, without payment for such items, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether said samples meet our then current System Standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform to our specifications.

(b) Audits. We also will have the right to audit your accounts, books of original entry, records and tax returns (including, without limitation, state and local sales tax reports and federal, state and local income tax returns) at all times during and after the Term. You will make copies of those items available for audit at our corporate offices at your cost. If the audit discloses that Net Sales actually exceeded the amount you reported, you immediately must pay us any additional fees required by Section 5 plus interest at the rate specified in Section 5. If the audit discloses that Net Sales actually exceeded the amount reported by an amount equal to 2% of the originally reported Net Sales or more, you also must reimburse us for our out-of-pocket costs and allocable administrative costs and overhead incurred for the audit and its enforcement.

16. Market Introduction Plan, Annual Marketing Plan & Local Marketing.

(a) We will provide you with our base line market introduction plan, including a budget template, at least sixty (60) days before the anticipated opening of the Franchised Business, including our market introduction materials, which are intend to facilitate the introduction of the brand to the market and support the opening of the Franchised Business through a concentrated, consistent marketing commitment from you during the immediate pre-opening and post opening periods (the "Market Introduction Plan"). You will develop and submit to us, at least sixty (60) days before the anticipated Opening Date, your Market Introduction Plan for our comment and acceptance or rejection. The Market Introduction Plan should provide for spending at least Ten Thousand Dollars ($10,000) during this period on advertising, marketing, and promotion of the Franchised Business. We will respond with comments and acceptance or rejection of the Market Introduction Plan within five (5) business days. Once accepted, you must proceed to execute and complete the Market Introduction Plan according to its timeline. We will require proof of your expenditures and execution of the Plan as accepted. We do not guarantee that the Market Introduction Plan will cause the Franchised Business to open successfully.

(b) We will provide you with a template for an "Annual Marketing Plan" in the System Manual, which we may change in our discretion. You must complete and submit the Annual Marketing Plan on or before November 1 each year for our review. We will comment on and accept or reject the Annual Marketing Plan within 30 business days after submission. Once accepted, you must execute and implement the Annual Marketing Plan, including its timeline, for the year beginning January 1, or the balance of the first year of Franchised Business operation. In addition, you must pay an "Annual Marketing Fee" to us in the amount of Ten Thousand Dollars ($10,000) to cover brand support, campaign execution, and promotional material. Your first payment of the Annual Marketing Fee is due to us once your Franchised Business opens and operates.

(c) We may, in the System Manual, require that you spend at least one percent (1.00%) of Net Sales, which we may increase to two percent (2.00%), for local marketing and promotional expenses of the Franchised Business consistent with the Annual Marketing Plan. Local marketing and promotional expenses include the cost of direct mail solicitations, public relations activities, community events and sponsorships, newspaper advertisements, telephone book listings and advertisements, and other distributed promotional materials. Local marketing and promotional expenses do not include amounts spent on sign rental, consumable paper products for use in the Franchised Business, or packaging for food or beverage products which may contain one or more of the Proprietary Marks. We may, but are not obligated to, provide you with standard print media advertising templates for local use. You will conduct all marketing and promotional activities that use the Proprietary Marks or refer to the Franchised Business in a dignified manner and in compliance with the System Standards and requirements we specify. You must hire professional photographers to produce brand-aligned promotional images for marketing. You will submit for our approval samples of all advertising and promotional materials that you wish to use at least thirty (30) days before making any financial commitment to use the materials. We will give you notice of any objections to the proposed materials within ten (10) days after their receipt. If you fail to discontinue the use of any unapproved materials within five (5) days after notice from us, we may enter the Franchised Business, remove any unapproved materials and hold the materials for proper disposition according to your instructions.

17. Advertising Cooperative. We may establish one or more advertising cooperatives from time to time and, further, may modify, terminate and reform any existing advertising cooperative at any time in our sole discretion. If the Franchised Business operates within a DMA for which an approved advertising cooperative exists, you will contribute to the advertising cooperative the amounts required by the cooperative up to one percent (1.00%) of the Net Sales of the Franchised Business during each Reporting Period. Any such payments made to any cooperative will count towards satisfaction of your minimum local advertising spending under Section 16. All Franchised Businesses that we or our Affiliates operate will participate in any advertising cooperative that we establish for the DMA in which they are located on the same basis as the Franchised Businesses in the DMA. We will administer the cooperative unless we designate another party to perform the administrative functions. The cooperative may have written governing documents that we must provide or approve, which will be available for all participants in the cooperative to review. Each cooperative will maintain accounting records and compile financial statements that will be available for review by all participants. We retain the power to require any cooperative to be formed, changed, dissolved, or merged with another cooperative.

18. Gift Cards. You shall participate in promotional programs we develop for the Franchised System in the manner we direct in the System Manual or otherwise in writing. Additionally, we may sell or otherwise issue gift cards or certificates (together, "Gift Cards") that have been prepared utilizing the standard form of Gift Card we provide or designate. You shall fully honor all Gift Cards that are in the form we provide or approve, regardless of whether a Gift Card was issued by us or another sponsor. You will sell, issue, and redeem Gift Cards in compliance with procedures and policies we specify in the System Manual or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Franchised Businesses and for making timely payment to us or other franchisees of Gift Cards issued from your Franchised Business honored elsewhere, if such reimbursement and payments are part of the Gift Card program. As of the Effective Date, each franchisee retains the proceeds from the sale of Gift Cards and absorbs the costs of Gift Card redemption without reimbursement.

19. Brand Fund. We have established a brand fund (the "Brand Fund"). You must pay a Brand Fund Contribution to us in an amount of one percent (1.00%) of the Net Sales of the Franchised Business during the preceding week. We reserve the right to increase the amount up to three percent (3.00%) of Net Sales. We will account for all Brand Fund Contributions we collect in a separate account. We also may deposit the marketing, promotional, and other payments we receive from suppliers into the Brand Fund. We will disburse the Brand Fund to pay for marketing, advertising, promotional, public relations, and other similar activities intended to benefit Franchised Businesses, and their administration.

Those activities may include (without limitation) (a) market research, (b) marketing technology development and implementation, (c) customer service, loyalty and reward programs, (d) media purchases, (e) advertising production, (f) advertising and public relations agency fees and expenses, and (g) product research and development. We also may use the Brand Fund to pay or reimburse us for our administrative overhead incurred for activities supported by the Brand Fund. Any moneys in the Brand Fund not spent at the end of each fiscal year will remain in the Brand Fund, provided that amounts contributed to the Brand Fund may be used to pay taxes associated with unspent amounts on deposit in the Brand Fund. We will have the sole and exclusive discretion to direct all activities and programs funded by the Brand Fund. We generally will administer the Brand Fund for the benefit of all Franchised Businesses. You acknowledge that we have no obligation to expend Brand Fund amounts for your benefit equivalent or proportionate to your Brand Fund Contributions, and we do not warrant or guarantee that you will receive or derive any benefit from Brand Fund activities. We will make all studies and reports produced by the Brand Fund available to you at no cost as Confidential Information. We will make copies of all materials produced by the Brand Fund for franchisee use available to you at your expense. We will not use the Brand Fund for advertising and promotion to promote franchise recruitment only, but we may include franchise recruitment language in public relations materials, general social media, the brand Website and consumer marketing materials and content. We will increase the amount of the Brand Fund Contribution on 60 days' written notice to you and may change the rate of contribution once annually on 60 days' written notice, up to three percent (3.00%) of the Net Sales of the Franchised Business during the preceding week. We may suspend, terminate, and reinstate the Brand Fund at any time. The Brand Fund will not terminate, however, until we have spent all moneys in the Brand Fund for the purposes set forth above.

20. Publicity and Promotional Materials. We will have the right to photograph the Franchised Business and to use the photographs in any of our publicity or advertising programs. You consent to such photography and use, and covenant to cooperate in securing the photographs and the consents of any individuals pictured. You will place franchise recruitment advertising and promotional materials for La Cabra Coffee franchises in the Franchised Business if and when we so request.

21. Insurance.

(a) Before opening the Franchised Business, you must obtain and thereafter maintain during the Term the following minimum amounts and policy forms of insurance from a responsible carrier or carriers authorized to write coverage in your state having an A.M. Best rating of at least A-VI and that we find acceptable. The type of coverage includes:

1. Commercial General Liability coverage ($1 million single limit per occurrence; $2 million general aggregate limit, for both general liability and products /completed operations liability) for personal injury and property damage, including premises, independent contractors, products and completed operations, contractual, personal and advertising liability, on an occurrence basis, with coverage on a 1986 or later ISO commercial general liability form policy;

2. "All Risk" property coverage including a property damage limit for the full cost of replacement of the Franchised Business and business interruption coverage for up to twelve months of projected earnings;

3. Business Automobile Liability covering liability arising out of any auto (including owned, hired and non-owned autos), with a minimum of $1 million combined single limit each accident;

4. Workers' Compensation or legally appropriate alternative covering all employees and contractors working at the Franchised Business for statutory limits and Employers Liability with minimum limits of $500,000 bodily injury for each accident, $500,000 bodily injury by disease for each employee and $500,000 bodily injury disease aggregate;

5. A $3 million Umbrella Policy on an occurrence basis excess of covering excess of the underlying insurance described in (1), (3) and (4) above which is at least as broad as each and every underlying policy, provided that you may purchase more underlying coverage and less umbrella coverage under such policies as long as you maintain the total amount of the limits specified for each coverage area

6. Other insurance as may be required by the state or locality of the Franchised Business;

7. (Optional) Employment practices liability insurance with a limit of $500,000; and

8. Employee Dishonesty/Fidelity insurance with a limit of $100,000.

(b) Other Provisions. All of the liability insurance policies, other than Workers' Compensation, must name us, La Cabra Franchising LLC, ______________________LLC, and their respective officers, directors, members, shareholders, partners and employees as additional insureds on a primary basis for operations of the Franchised Business. The form of additional insured endorsement will be ISO CG 2010 11 85 Form B or its equivalent. If the additional insured has other insurance applicable to a loss, it will be on an excess or contingent basis. The additional insured's insurance coverage will not be reduced by the existence of such other insurance. Your policies must constitute primary policies of insurance with regard to other insurance, must contain a waiver of subrogation provision in favor of us as it relates to the operation of the Franchised Business, and must provide for at least thirty (30) days' notice to us prior to cancellation, non-renewal, or amendment. Your policies may provide the minimum limits set forth above through a single policy or through the combination of primary and umbrella policies. We may modify the policy limits, policy requirements, and coverage types during the Term in the System Manual.

(c) Certificate of Insurance. Before you commence renovation or construction of the Franchised Business, you must furnish us with certificates of insurance evidencing that you have obtained the required insurance in the forms and amounts as specified above. You must deliver evidence of the continuation of the required insurance policies at least thirty (30) days prior to the expiration dates of each existing insurance policy. If you fail to acquire and maintain the required insurance coverage, we will have the right (but not the obligation), at your expense, to acquire and administer the required minimum insurance coverage on your behalf. We may end all of our duties with respect to the administration of any required insurance policies by giving you ten (10) days' notice.

(d) Remedial Insurance. If you, for any reason, shall fail to procure or maintain the insurance required by this Agreement and the System Manual, we shall have the right and authority (without any obligation to do so) immediately to procure such insurance and to charge the cost to you, together with a reasonable fee for acquiring each policy. You shall pay the same to us immediately upon notice.

22. Assignments & Transfers.

(a) Our Assignments. We may assign, delegate, or subcontract all or any part of our rights and duties under this Agreement, including by operation of law, without notice and without your consent. You are not the third party beneficiary of any contract with a third party to provide services to you under this Agreement, but we are responsible for the performance of all of our obligations to you under this Agreement. We may dissolve, terminate, and wind up our business under applicable law but we will transfer the System and this Agreement to a party that will perform the franchisor's obligations and that will assume this Agreement in writing. We will have no obligations to you after you are notified that our transferee has assumed our obligations under this Agreement except those that arose before we assign this Agreement.

(b) Your Assignments. This Agreement is personal to you (and your Owners if you are an entity). We are relying on your experience, skill, and financial resources (and that of your Owners and the Guarantors, if any) to sign this Agreement with you. You may not directly or indirectly transfer, assign, grant a security interest in, or pledge any direct or indirect interest in this Agreement, the Franchised Business, the license to use the System and Proprietary Marks, the Location, substantially all of the assets of the Franchised Business, or in you to any Person without our prior written consent, which we may withhold or condition in our sole discretion.

(c) Transfer Conditions. We condition our consent to a transfer or assignment on the type of transfer or assignment to occur:

1. For transfers resulting in a change in control or involving an interest of fifty percent (50.00%) or more in your entity:

(i) You must (a) provide us with 90 days prior written notice, (b) comply with our right of first refusal, (c) submit the price of the transfer, and we must determine the price will not impact operation, (d) pay all amounts owed to our Affiliates or us, (e) not have been in default or not in default, and (f) provide us with a signed copy of the assignment contract;

(ii) You and your owners must (a) execute and deliver a general release of all claims against our Affiliates and us and (b) acknowledge in writing that each of you remain liable for pre-transfer obligations;

(iii) You or transferee must pay the Transfer Fee.

(iv) Transferee must (a) meet all the requirements for a new franchisee, (b) be proficient in English, (c) agree to upgrade and remodel the Franchised Business to conform to our current standards, (d) execute and deliver our then current Franchise Partner Agreement; and (e) attend and successfully complete training along with the proposed manager before the transfer and at transferee's expense; and

(v) Landlord must consent to the transfer of the lease.

2. For non-control transfers or transfers involving an interest of twenty percent (20.00%) or more in your entity

(i) You must (a) provide us with 90 days prior written notice and (b) pay all sums owed to our Affiliates or us;

(ii) You and your owners must (a) execute and deliver a general release of all claims against us and our Affiliates and (b) acknowledge in writing that each you remain liable for pre-transfer obligations;

(iii) You or transferee must pay us the Transfer Fee.

(iv) Transferee must (a) meet the qualifications of a new franchisee and (b) execute and deliver an assignment of the Franchise Partner Agreement and guaranty.

3. For Related Party Transfers:

(i) You must (a) provide us with 90 days prior written notice and (b) not be in default;

(ii) You and your owners must (a) execute and deliver a general release of all claims against us and our Affiliates and (b) acknowledge in writing that each of you remain liable for pre-transfer obligations;

(iii) You or transferee must pay the Transfer Fee; and

(iv) Transferee must assume the Franchise Partner Agreement and the guaranty in writing.

4. If you are an individual, then in the event of your death, permanent disability or appointment of a guardian for you, this Agreement will terminate one hundred eighty (180) days after your death, permanent disability or appointment of a guardian unless we give our consent within that one hundred eighty (180) day period to the assignment of this Agreement to a successor in compliance with this paragraph. You must transfer all rights to a buyer that complies with the transfer provisions in this Section 22, but no Transfer Fee will be due.

(d) Transfer to Preferred Transferee. The Transfer Fee will be waived if the transaction meets the following criteria for transfer to a "Preferred Transferee," which we define as any of the following: (i) any entity controlled by the transferor franchisee, (ii) an entity or wholly owned subsidiary of an entity that has been a System franchisee for at least five years prior to the transfer date and has had, during such five year period, no defaults that remained uncured after the expiration of the cure period and no events that would have allowed us to terminate without a right to cure under any Franchise Partner Agreement with us, (iii) an entity that is owned and subject to Control by a Person who has owned or managed a Franchised Business for a period of at least five (5) years, or (iv) the transfer occurs as a result of the death or disability of an Owner and the steps required in Section 25 are observed. The transferee will be required to take and pay for LCC Training at our then current tuition charge, which as of the Effective Date is $5,000.

23. Rights of First Refusal and Purchase Option.

(a) Prior to the sale or transfer of any interest that constitutes Control (the "Offered Interest") of the Franchised Business or of you, you must notify us of the proposed sale or transfer and deliver to us the name and address of the proposed purchaser or transferee, the proposed purchase price, and all other terms and conditions of the proposed sale or transfer of the Offered Interest. In addition, you must deliver to us one photocopy of all proposed purchase agreement, if any and all other agreements and instruments signed and to be signed in the transaction, and copies or electronic access to all diligence, offering and other materials furnished to the proposed purchaser as part of the selling process. Within thirty (30) days after we receive the foregoing notice and materials, we will have the right and option to send notice to you that we intend to acquire the Offered Interest on the same terms and conditions as contemplated by the third party. If we do not send notice of our intent to acquire the Offered Interest within the thirty (30) day period, you may proceed with the sale or transfer as disclosed to us, subject to our rights as set forth in Section 22 of this Agreement, as long as the terms and conditions of the sale or transfer stay identical to those as originally disclosed to us. If we do not exercise our right of first refusal, you have sixty (60) calendar days or as stipulated by law to complete the sale. Our failure to exercise our right of first refusal will not constitute a waiver of any other provision of this Agreement, or our right of first refusal as to any subsequent proposed sale or transfer. Any material change in the terms of the proposed sale or transfer prior to closing will constitute a new sale or transfer, subject to the same right of first refusal by us as for the initial sale or transfer. Any sale or transfer attempted without first giving us the right of first refusal specified in this Section 23 will render the attempted sale or transfer null and void. We may utilize the remedy of specific performance to enforce this right.

(b) Within thirty (30) days before or after the termination or expiration of this Agreement, we have the right and option to purchase the Franchised Business tangible assets and assume the Lease for the Location. If you own your Franchised Location, we may also purchase it for its fair market value. We will give you notice of our intent to purchase the Franchised Business or the Franchised Location within this time frame, and in response you will provide us with current copies of the Lease for the Location, a complete schedule of the Franchised Business's tangible assets and their book value, a profit and loss statement for the twelve full months preceding the date of the notice and a copy of all federal and state sales and income tax returns and tax payment verification of the Franchised Business and your franchisee entity filed during or for that period, a list of employees and their current compensation, and a list of all vendors and suppliers for the Franchised Business. We will send you a written offer to purchase the assets at fair market value within ten (10) days after we receive all of this information, together with conveyancing documents. If you do not accept the offer within that time, you may make a counter offer within ten (10) days after you receive our offer. If we do not accept the offer and we elect to proceed with the transaction, than the purchase price for the tangible assets will the greater of (i) the book value of the tangible assets shown on the schedule you send us, or (ii) three (3) times the earnings before interest, taxes, depreciation and amortization shown on the profit and loss statement you sent to us. We will hold back from the purchase price an amount equal to unpaid state sales taxes for the months you have not paid plus two months' average sales tax payments until you provide a state sales tax clearance letter from your state. We will close the transaction within ten (10) days after the purchase price has been determined or agreed, subject to your first obtaining consent of the landlord of the location to assignment of the Lease. If that consent has not been obtained within twenty (20) days after the price has been determined, then we may abandon the transaction at any time before the consent is obtained. We will cooperate to obtain such consent, but will not agree to modification of the Location Lease or providing a personal guaranty as a condition to such consent.

24. Business Entity Franchisee. If you constitute a business entity, each of your Owners must execute the Guaranty and Restriction Agreement attached as Attachment C. Your certificate of incorporation, shareholders' agreement, partnership agreement, trust agreement, operating agreement, or other similar agreement (a "Core Agreement") must provide that your purpose will consist only in the development, ownership, operation, and maintenance of Franchised Businesses. The Core Agreement must prohibit the issuance of any additional equity ownership interests or the transfer, assignment or

pledge of any issued equity ownership interests without our consent and must provide that each certificate or document issued to evidence any equity ownership interest will contain a legend disclosing the foregoing restriction. In giving our consent under Section 22 to any issuance or transfer of your equity interests, we may in our discretion impose one or more conditions, including (without limitation) the requirement that the individual beneficial owner of the equity ownership interest execute the form of Guaranty and Restriction Agreement attached as Attachment C or a supplement to the original such Agreement acceptable to us in form and substance adding such Person as a "Guarantor." You must deliver to us all of the documents demonstrating compliance with this Section when we so request.

25. Death or Appointment of Guardian or Conservator of a Principal. Upon the death of an Owner, or the appointment of a permanent guardian or conservator to manage the Owner's affairs, the Owner's trustee, conservator, or other personal representative may hold the deceased's equity interest in the franchisee entity for up to one hundred eighty (180) days and may only transfer the deceased's interest from the estate, a testamentary trust or inter vivos trust to a third party we approve under the procedures set forth in this Agreement. The failure to make such a transfer within one hundred eighty (180) days will result in the termination of the Franchise Partner Agreement. If the Owner was the Owner-Operator, then we may treat the personal representative, trustee, or conservator as the Owner-Operator until you appoint someone else. Any failure to commence administration of the decedent's estate within ninety (90) days after death or any distribution of the decedent's equity interest in the franchisee entity without our consent if such distribution operates as an assignment, is a material breach of this Agreement.

26. Temporary Disability of An Owner. If a physician, court, or administrative agency determines that an Owner-Operator or an Owner owning a controlling interest in you has become temporarily disabled and incompetent to manage his or her own affairs, we have the right to require that a different Owner-Operator be appointed until the Owner's permanent status is determined. We may require that the Owner's equity interest be transferred to a third party acceptable to us following the assignment conditions and procedures in this Agreement if the temporary disability does not resolve within one hundred eighty (180) days after the temporary disability is determined.

27. Securities Offerings. If you intend to engage in a public or private offering of your equity interests, then you must submit for our review your offering materials or prospectus before you file the document or commence its use. No offering by you or any Affiliate shall imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or those of Affiliates. Our review of any offering material shall be limited solely to the relationship between you and us (and any of our Affiliates, if applicable), an accurate description of our System, and the absence of any disclosure of Confidential Information about us or the System. We may, at our option, require that the offering materials make a written statement we prescribe about the limitations stated in the preceding sentence. Your indemnification obligations in Section 35 include claims relating to your securities offering, disclosure materials and compliance with applicable laws and regulations. For each proposed offering, you shall pay us a non-refundable securities offering fee of Ten Thousand Dollars ($10,000) when you request our participation. We reserve the right to charge you such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering materials. You must submit your offering materials for our review at least thirty (30) days in advance of the anticipated filing or release date. Any such offering shall be subject to our approval as to the structure and Control of the offeror (and you, if you are not the offeror) after the financing is completed.

28. Termination by You. If we breach this Agreement, you must give us written notice of non-performance and at least sixty (60) days to cure the breach. If the breach continues at the end of such sixty (60) day cure period, you may terminate this Agreement on written notice to us delivered at any

time before we cure the breach. You may not withhold the payment of any fees due under this Agreement during the pendency of cure period, and any payment by you of fees accruing after the expiration of the cure period will be deemed a waiver of our default by you.

29. Termination by Us for Incurable Defaults. We may terminate this Agreement effective immediately (or at the earliest time allowed under applicable law, or after a cure period which we may allow in our sole discretion) upon written notice to you for any of the following events:

(a) You have an uncured default;

(b) You, after curing default, commit another curable default within twelve (12) months);

(c) You copy or permit anyone else to copy any part of the System Manual;

(d) You close or abandon the Franchised Business for a period of (i) five (5) consecutive business days, (ii) eight (8) days in any twelve (12) month period, (iii) during the hours and days of required Franchised Business operation under the System Manual, except for any closure, remodeling or vacation we approve in advance, and except during the pendency of any force majeure event beyond your control;

(e) You or any of your Owners request the appointment of a receiver or have a receiver appointed for the Franchised Business, you or any of your or their assets;

(f) You or any of your Owners who is a Guarantor become insolvent or make a general assignment for the benefit of your or their creditors;

(g) You or any of your Owners commence a case for relief or have an order for relief entered for you or them under the United States Bankruptcy Code or any foreign equivalent, or file or have filed against you a case for reorganization that is not dismissed within 60 days after filing;

(h) Your or any of your Owners' assets, property, or interests in property are blocked under any law;

(i) You or any of your Owners suffer a conviction for, or plead guilty or *nolo contendere* to a crime involving moral turpitude or any other offense, or an incident occurs at or involving the Franchised Business or an off-premises service provided by the Franchised Business, reasonably likely, in our opinion, to have an adverse effect on the goodwill of the Proprietary Marks or name and reputation with the consuming public of Franchised Businesses;

(j) We discover a material inaccuracy in any of your representations in this Agreement or in any application you submitted to us to become a franchisee, or make materially false statements to us or any of our Affiliates;

(k) You underreport Net Sales for any calendar quarter or calendar year (i) by two percent or more at least three times in any thirty-six (36) month period, or (ii) by at least five percent for any Reporting Period or calendar year;

(l) You maintain false books or records or submit materially false reports to us or any of our Affiliates, including submission of false tax returns and forms or you have collected from customers for taxes and fail to turn over such amounts, unless you are properly contesting your obligation to pay or the amount of taxes due;

(m) You fail to obtain our advance written permission when required under this Agreement;

(n) You breach the same provision of this Agreement on two occasions within any twelve (12) month period, with our having given you the required notice of the first two breaches (whether or not timely cured by you);

(o) You violate any of Sections 8(b)7, 9(i), 11, 12, 22, 23, 25, 26, or 27, or commit a breach which, by its nature, you cannot cure or with regard to which you notify us that you do not intend to cure;

(p) A court, administrative tribunal, health department having jurisdiction over the Franchised Business or an independent laboratory determines that a threat to public health or safety resulted from the operations of your Franchised Business;

(q) You operate the Franchised Business, or allow the Franchised Business to be used, in a manner that, in our sole discretion, in any way jeopardizes the safety or welfare of customers, the public or the Franchised Business staff, violates applicable law, or is damaging or potentially damaging to the goodwill, reputation and good name of the Proprietary Marks and the brand;

(r) You default under any indebtedness with an outstanding principal amount of at least One Hundred Thousand Dollars ($100,000.00), such indebtedness is accelerated and you do not repay, refinance or cause the reversal of the acceleration of the indebtedness to restore its original payment terms within thirty (30) days; or

(s) You fail to either (a) (i) gain our acceptance of your proposed Location, and (ii) sign a lease we approve as to form, or a purchase agreement for the accepted Location within 60 days (or ninety (90) days if you exercise your extension option) after the Effective Date, or (b) open your completed Franchised Business with our authorization under Section 6(h) within one hundred eighty (180) days after the Commitment Date.

(t) You fail to meet the Development Deadline for an Outlet under your multi-unit franchise agreement.

30. Termination by Us for Curable Defaults. If you fail to cure your curable default within the time period provided, we may terminate this Agreement. A curable default consists of the

(a) non-payment of any amount owed to us;

(b) non-compliance with any laws or regulations that result in a threat to the public's health or safety;

(c) failure to provide us access to information in your computer system;

(d) failure to comply with a vendor's requirements for the marketing and sale of their products; or

(e) failure to comply with any other provision in the Franchise Partner Agreement, other than an incurable default listed in Section 29.

A curable default may be considered an incurable default, as defined below, if you commit two curable defaults within twelve (12) months. You must cure the default within (w) ten (10) days for non-payment of any amount owed to us; (x) twenty-four (24) hours for non-compliance with any laws or regulations that result in a threat to the public's health or safety; (y) ten (10) days for your failure to provide us access to information in your computer system; (z) thirty (30) days for your failure to comply with a vendor's requirements for the marketing and sale of their products; and (e) thirty (30) days for a failure to comply with any other provision in the Franchise Partner Agreement, other than an incurable default listed below. These cure or notice periods may be extended by applicable law in your state.

31. Termination by Us for Commercial Impracticability. The parties agree that the commercial purpose of this Agreement is for us to license the System specified by us to you for use in operating the Franchised Business strictly in accordance with the System Manual, in exchange for payment of the fees and under the conditions set forth in this Agreement. This Agreement intends for you to control the terms and conditions of employment for the employees of the Franchised Business, and to supervise such employees as their employer, as set forth in Section 38, without constituting us as a joint employer of you or your employees. You acknowledge that we are not in the business of owning and operating any Franchised Business, and you have independently decided to enter into this Agreement to obtain the right to use the System so as to enter into the trade and business contemplated by the System. We may terminate this Agreement by written notice to your without penalty and without payment of any refunds or damages to you, and you will follow your post-termination obligations under Section 33 at your expense, if we determine in our sole discretion that either (i) a law or regulation is enacted, promulgated, repealed, modified or amended, (ii) a judicial or administrative tribunal or administrative agency has issued, published or released a decision, ruling or opinion in a matter not involving the parties directly or indirectly that we reasonably expect will affect applicable law or its interpretation, or (iii) an administrative agency, arbitrator or judge has issued an interim or final decision in a matter in which the parties are involved directly or indirectly, which (A) frustrates or adversely affects or could reasonably be expected to affect adversely the purposes of this Agreement, (B) makes performance of this Agreement commercially impracticable, (C) effectively modifies the allocation of risk, benefits and burdens agreed by the parties, (D) deprives any party of its benefits of the bargain struck by the parties, as originally set forth in this Agreement, or (E) determines that an employment or a joint employment relationship exists between us and you.

32. Certain Waivers.

(a) You and we waive the right to pursue and receive any exemplary and punitive damages against the other party in any dispute arising under this Agreement or relating to the franchise relationship, whether asserted as a related or independent tort, as a breach of contract, or as any other claim or cause of action based on constitutional, statutory or common law.

(b) THE PARTIES WAIVE THE RIGHT TO A JURY TRIAL IN ANY ACTION RELATED TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE FRANCHISOR, THE FRANCHISEE, ANY GUARANTOR, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS.

33. Obligations Upon Termination or Expiration.

(a) Upon the termination or expiration of this Agreement for any reason, all of your rights under this Agreement will terminate and you must (1) abide by all non-competition and confidentiality provisions contained in this Agreement; (2) pay us and our Affiliates, within five (5) business days, all amounts then due us and them; (3) not use or adopt the Franchised System or any of the Proprietary Marks or Intellectual Property; (4) remove from the Franchised Business all signs, emblems and displays using any Proprietary Marks or identifying it as associated with the Franchised System; (5) cease to use and return to us the System Manual and other proprietary materials delivered to you under this Agreement; (6) change the exterior and interior design and decor of the Franchised Business and make any and all changes in signs, buildings, and structures which we direct to distinguish the building from its former appearance as a Franchised Business; (7) cease to hold yourself out in any way as our franchisee or to do anything which would indicate any relationship between you and us, except pursuant to the terms of a separate agreement with us; (8) change the exterior and interior design and décor of the Franchised Business and make all changes in signs, buildings and structures which we direct to distinguish the building from its former appearance as a Franchised Business; (9) cancel or transfer to us all identifiers; (10) transfer to us all telephone listings, domain names, and web pages, if any, for the Franchised Business or which contain, use or display any of our Proprietary Marks or Intellectual Property; (11) pay all Liquidated Damages due to us or our Affiliates; (12) at our option, assign the Franchised Location's lease to us; (13) if we acquire a right in your Franchised Business, arrange with us for delivery of any inventory within fifteen days; and (14) sign an agreement for termination. You will complete all modifications within thirty (30) days after the termination or expiration of this Agreement. If you fail to complete such modifications or fail to transfer or return such property within thirty (30) days as contemplated above in this Section, or should you indicate at such time earlier than thirty (30) days that you do not intend or are unable to comply with this Section, you appoint us as your attorney-in-fact to perform such acts in your stead and for your account. You will reimburse us for all of our costs and expenses, including without limitation administrative overhead and employee salaries, that we may incur in acting as your attorney-in-fact to perform such acts.

(b) You acknowledge that the parties cannot determine the exact amount of damages resulting from termination prior to the expiration of a Term. If this Agreement terminates for any reason other than our material breach and our failure to cure the breach within a reasonable time after you give us written notice of the breach but not less than sixty (60) days, then in addition to any and all other remedies and causes of action available to us, you will pay us Liquidated Damages in addition to amounts due to us accruing under this Agreement prior to termination. You and we agree that Liquidated Damages as defined herein is a reasonable estimate of the actual damages which we will sustain as a result of the termination and is not a penalty. Payment of Liquidated Damages will constitute neither a waiver of your obligation to comply with the foregoing post-termination requirements nor a license to use the Franchised System.

34. Injunctive Relief. Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction. You acknowledge that money damages may not be sufficient to compensate us for the irreparable harm caused by loss of certain rights, property, benefits and privileges reserved to us under this Agreement as a result of your breach of this Agreement, including without limitation your breach of Sections 5(h), 6(h), 8(c), 8(d), 8(h), 9, 11, 12, 13, 15, 22, 23, 27, 29, 30, and 33. If you breach or we reasonably anticipate that you may breach any of these provisions or any other provision of this Agreement, then you covenant, acknowledge and agree that we have the right to seek and obtain injunctive relief in any court of competent jurisdiction to enforce, observe and preserve the terms, conditions and procedures specified in this Agreement without posting any bond or security. If the court shall require bond or security, you agree that the principal sum of One Thousand Dollars ($1,000) posted as a bond or security is sufficient. This covenant is independent, severable, and enforceable notwithstanding any other rights or remedies that any party may have.

35. Indemnification by Franchisee.

(a) You will, at all times, indemnify and hold harmless to the fullest extent permitted by law, us, our parent entity (member), our Affiliates, the respective shareholders, members, directors, officers, employees, agents, and representatives of each of them, and their respective successors and assigns, from all Losses and Expenses incurred in any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

1. Your infringement, alleged infringement or any other violation or alleged violation of any trademark, copyright, patent, or other proprietary right owned or controlled by third parties;

2. Your violation, breach or alleged violation or breach (i) of any contract, federal, state, or local law, regulation, ruling, standard or directive (ii) arising out of your business activities hereunder;

3. Libel, slander or any other form of personal injury by you or arising out of your business activities hereunder;

4. Your violation or breach of any warranty, representation, agreement or obligation in this Agreement, including without limitation your obligation to obtain and maintain insurance, and to perform your in-term and post-term obligations; or

5. Acts, errors or omissions of you or any of your agents, servants, employees, contractors, Owners, partners, Affiliates, or representatives.

(b) Notice of Claims. You will give us notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. At your expense and risk, we may elect to assume (but under no circumstance is obligated to undertake), the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by us shall, in no manner or form, diminish your obligations under this Section.

(c) Risk of Loss. All Losses and Expenses incurred under this Section shall be chargeable to and paid by you as your obligations of indemnity under this Section, regardless of any actions, activity, or defense undertaken by us or the subsequent success or failure of such actions, activity, or defense.

(d) No Assumption of Liability. The persons or parties indemnified do not assume any liability whatsoever for acts, errors, or omissions of those with whom Franchisee may contract, regardless of the purpose. Franchisee's hold harmless and indemnity obligation shall include all Losses and Expenses that may arise out of any acts, errors, or omissions of these third parties.

(e) Remedial Action. In order to protect persons or property, or its reputation or goodwill, or the reputation or goodwill of others, we may, at any time and without notice, as we, in our Reasonable Business Judgment deem appropriate, order, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to any action, suit, proceeding, claim, demand, inquiry, or investigation if, in our sole judgment, there are reasonable grounds to believe that:

1. Any of the acts or circumstances enumerated in this Section have occurred; or

2. Any act, error, or omission of yours may result directly or indirectly in damage, injury, or harm to any Person or any property.

(f) Survival. This Section shall survive expiration or earlier termination of this Agreement without regard to the cause of termination.

36. Force Majeure. "Force Majeure" means, without limitation, any event caused by or resulting from conditions that are beyond the reasonable control of a party whose performance is affected and occurring without the party's fault or negligence. Events of Force Majeure shall include, without limitation, an act of God, labor strike or other industrial disturbance, materials shortage, failure of third party suppliers not under a party's control, transportation delay, war, insurrection, riot, epidemic, fire, hurricane, flood, earthquake or other natural disasters, and act of any government. If such an act of nature prevents a party from performing any obligation under this Agreement despite the party's exercise of reasonable diligence, the act of nature will toll the due date for the performance of that obligation for the duration of the act of nature and for a reasonable time thereafter. No force majeure shall excuse the timely payment of amounts due under this Agreement. Should the Franchised Business close for any reason relating to natural disaster, accident or other unforeseeable events, you will vigorously pursue reopening at the same or a new location in the Trade Area that we first approve. If you have not resumed operations within one hundred eighty (180) days after closing, we may terminate this Agreement without penalty to you so long as you have paid us a royalty on your business interruption insurance proceeds and have not breached the covenants in Section 11.

37. Relationship of Parties.

(a) Limitations. Neither this Agreement nor the performance of the obligations set forth in this Agreement will operate to make you our partner or agent. Neither party will have the authority to act or contract on behalf of the other. Neither party will have any responsibility for the obligations of the other party. The relationship created by this Agreement is that of an independent contractor, and no fiduciary relationship is created or intended. You must indicate clearly the independent ownership of your business in all public records and in all of your dealings with third parties.

(b) Franchisor's Reserved Rights. Whenever we reserved in this Agreement a right to take or withhold an action, or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or omit an action, except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our rights, on the basis of the information readily available to us and our judgment of what is in our best interests and/or in the best interests of the our franchise network, at the time the decision is made, without regard to whether: (i) other reasonable alternative decisions or actions could have been made by us; (ii) our decision or action will promote our financial or other individual interest; (iii) our decision or the action we take applies differently to you and one or more other franchisees or our company-owned operations; or (iv) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we will have no liability to you for any such decision or action. You and we intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties acknowledge that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

(c) Reasonable Business Judgment. You and we agree that we may use our Reasonable Business Judgment in the exercise of our rights, obligations and discretion under this Agreement except where otherwise indicated. "Reasonable Business Judgment" means that our determination shall prevail even in cases where other alternatives are also reasonable so long as we intend to benefit or its actions or omissions could benefit the Franchised System. Examples of benefits to the Franchised System would include, without limitation, protecting or enhancing the value of the Proprietary Marks, promoting economic efficiency or gain for the Franchised Businesses, increasing customer satisfaction, increasing brand identification, or minimizing possible customer brand or location confusion. We shall not be required to consider your particular economic or other circumstances when exercising our Reasonable Business Judgment. At no time are you or any third party (including, but not limited to other franchise owners or any trier of fact) entitled to substitute your or its judgment for a judgment, which has been made by or on behalf of us which meets the definition of Reasonable Business Judgment. You and we agree that the long-term goals of a franchise system, and the long-term interests of both us and all the franchisees, taken together, require that we have the latitude to exercise our Reasonable Business Judgment.

(d) Time. Time is of the essence of this Agreement.

38. Employment Decisions. You have and will continue to have sole responsibility for recruitment, selection, training, supervision, discipline and termination of your employees, all acts and omissions of your employees, and all employment related decisions involving compensation, benefits, hours of work, scheduling, record keeping, and all other terms and conditions of employment.

39. Holidays. If the due date for any payment of funds under this Agreement falls on a legal holiday, the due date for the payment will extend until the next business day.

40. Entire Agreement. This Agreement (including all attachments, exhibits, and schedules) constitutes the entire agreement of the parties with regard to the subject matter of this Agreement and replaces and supersedes all other prior written, electronic, and oral agreements and statements of the parties relating to the subject matter of this Agreement. Neither party is relying on any writing to enter into this Agreement other than as set forth in this Agreement and the Franchise Disclosure Document delivered to you. This Agreement shall supersede and be controlling in the event of any conflict between the Franchise Disclosure Document (including Items 1 through 22 and the Exhibits) you or your Owners received and this Agreement.

41. Disclaimer Limitation. Notwithstanding the foregoing, nothing in this Agreement or any other agreement with us shall disclaim or require you to waive reliance on any representation that we made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that we delivered to you or your representative, subject to any agreed-upon changes to the contract terms and conditions described in that Franchise Disclosure Document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement).

42. Approvals and Waivers. You must request any prior approval or consent required under this Agreement from us by means of a timely written request. Any such approval or consent must be obtained in writing. No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you under this Agreement shall constitute a waiver by us to enforce any right, option, duty or power as against you, or shall apply as to subsequent breach or default by you. Subsequent acceptance by us of any payments due to us hereunder shall not be deemed to be a waiver by us of any preceding breach by you of this Agreement. The failure of a party to insist in

any one or more instances on the performance of any term or condition of this Agreement will not operate as a waiver of any future performance of that term or condition.

43. Notice. Except as otherwise provided in this Agreement, when this Agreement requires notice, the sending party must deliver or address the notice to the other party by certified mail, telecopy, or delivery service with receipted delivery, or by electronic mail sent to the designated email address or uploaded to a shared database mutually accessible by both parties, followed by transmittal of the original by first class United States Mail, to the following address or telecopy number:

Us: La Cabra Franchising LLC
Marguerite Vibys Plads 1
2000 Frederiksberg
DENMARK

Attention: Franchising Department
Email: wholesale@lacabra.dk
(+45) 29 83 04 11

You: ________________________
________________________
________________________
Email:____________________

All notices will be deemed delivered and received if transmitted to the proper address on the earlier of (a) the date that the other party receives or refuses delivery of the notice or (b) three business days after the party places the notice in the United States mail, first class postage prepaid. Each party may change the party's address by giving written notice to the other party.

44. Cumulative Rights. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The parties retain all rights and remedies available at law or in equity.

45. Survival. The provisions of this Agreement which, by their terms, survive the termination or expiration of this Agreement will survive the termination or expiration of this Agreement for any reason.

46. Governing Law. This Agreement shall be governed by the laws of Delaware (without regard to any conflicts of law principles); provided, however, that the non-competition covenants shall be governed by the laws of the state in which the Franchised Business is located.

47. Arbitration. Any dispute, controversy, or claim arising out of or relating to this Agreement or the breach thereof shall be settled by arbitration in New York, New York before a single arbitrator in the English language under the Federal Arbitration Act and the Commercial Arbitration Rules of the American Arbitration Association.

48. Venue. Except for any third-party dispute in which the parties may be involved subject to Section 35, the proper, sole, and exclusive venue and forum for any action arising out of or in any way related to this Agreement that may not be settled through arbitration shall in the federal and state court districts in which we then have our principal place of business. As of the Effective Date, the proper

venue is in the United States District Court for the Southern District of New York and New York County, New York. Each party to this Agreement hereby consents to any of those courts' exercise of personal jurisdiction over the party in that type of action and expressly waives all objections the party otherwise might have to that exercise of personal jurisdiction.

49. Legal Fees. If either party succeeds in any arbitration or legal action to enforce this Agreement, the losing party will reimburse the prevailing party for its outside and inside attorneys' fees and costs related to the action, in addition to any other relief obtained by the prevailing party.

50. Construction. The rule of construction requiring the resolution of any ambiguities in this Agreement against the drafting party will not apply to the construction of this Agreement.

51. Severability. If any provision of this Agreement (other than Section 5) is held to be invalid or ineffective with respect to any Person or circumstance, the holding will not affect the remainder of this Agreement or the application of this Agreement to any other Person or circumstance.

52. Counterparts. The parties may execute this Agreement in counterparts, each of which will constitute an original and all of which, when taken together, will constitute one and the same instrument.

53. Amendment. No amendment to this Agreement will become effective or binding on the parties, unless it is in writing and signed by all of the parties; provided, that we may modify or change the Franchised System or System Manual unilaterally at any time, effective thirty (30) days after notice of the change or modification is sent to you, unless health and safety concerns compel us to provide a shorter notice period. We may also replace the form of Satellite Outlet Addendum at our discretion if you have not already signed the Satellite Outlet Addendum in the form attached to this Agreement.

54. Third Party Beneficiaries. Except for the benefits reserved for our parent, La Cabra US Holdings, Inc., La Cabra Coffee ApS and our Affiliates, there are no third party beneficiaries for this Agreement.

55. Definitions. Unless the context of their use in this Agreement requires otherwise, the following words and phrases have the following meanings when used in initially-capitalized form in this Agreement.

(a) Affiliate means (1) any Person who Controls, is Controlled by, or is under common Control with a Person, and (2) any Owner of any Person. As of the Effective Date, our Affiliates include La Cabra Coffee Aps, a Denmark corporation.

(b) Competing Business means a restaurant or shop that (i) features coffee and baked goods as its primary menu items; or (ii) in its entirety so resembles the trade dress, service style, and products that comprise the distinguishing features of the Franchised System so as to create a likelihood of consumer confusion or dilution of the Proprietary Marks.

(c) Confidential Information means any information of any type in any form that (i) is disclosed to or observed or obtained by you from us (or from a person the recipient knows or reasonably should assume has an obligation of confidence to us) in the course of, or by virtue of, the purpose of this Agreement and (ii) either is designated as confidential or proprietary in writing at the time of such disclosure or within a reasonable time thereafter (or, if disclosure is made orally or by observation, is designated as confidential or proprietary orally by the person disclosing or allowing observation of the information) or is of a nature that the recipient knew or reasonably should have known, under the circumstances, would be regarded by the owner of the information as confidential or proprietary. Confidential Information includes all data about customers of the Franchised Business covered by Section 9(d). For purposes of this Agreement, however, the term "Confidential Information" specifically shall not include any portion of the foregoing (other than information about the health or financial status of any person) that (i) was in the undersigned's possession or knowledge at the time of disclosure and that was not acquired directly or indirectly from us, (ii) was disclosed to you by a third party not having an obligation of confidence of the information to any person or body of which you knew or that, under the circumstances, you reasonably should have assumed to exist, or (iii) is or becomes (other than by your act or omission to act) a part of the public domain not under seal by a court of competent jurisdiction.. Confidential Information includes Proprietary Product preparation instructions, System recipes, proprietary software and other valuable property.

(d) Control means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or governance rights, by contract, or otherwise.

(e) DMA means a designated market area, as defined by Nielsen Media Research or its successors in interest from time to time. We may designate a substitute independent source for providing the boundaries of a single television advertising market in the System Manual.

(f) Effective Date means the date we enter immediately below our signature block on this Agreement as the date on which you and we are legally bound under this Agreement, provided that if no such date is entered, then the Effective Date shall be the date on which we execute and deliver this Agreement.

(g) Food Truck means a self-propelled Vehicle with enclosed preparation and service space that is sourced, equipped, maintained, and operating according to our System Standards using the La Cabra name and Marks, or such other name and marks as we may specify under the Operations Manual, as amended. Each Food Truck offers our proprietary menu of coffee, beverages and baked goods.

(h) Franchised System or La Cabra Coffee System means the distinctive, unique and Proprietary Marks and trade dress, products, presentation styles and services, know-how, methods of operation, identification, décor, furnishings, equipment, training, service, production, technology, marketing, advertising, promotion and development that we may designate in written or electronic form or through usage from time to time that define and distinguish a Franchised Business, including (without limitation) (1) plans and specifications for interior and exterior signs, designs, layouts and color schemes; (2) methods, techniques, formats, systems,, ingredients, product preparation instructions, specifications, procedures, information, trade secrets, sales and marketing programs; (3) methods of business operations and management; (4) System Standards; (5) the System Manual; and (6) knowledge and experience regarding the operation and franchising of Franchised Businesses.

(i) Franchised Business means a Primary Outlet operating under the Franchised System using La Cabra Coffee name and Proprietary Marks and the Materials at the Location, in accordance with this Agreement, the System Manual and System Standards.

(j) Franchised System Businesses means all Franchised Businesses authorized to use the Franchised System.

(k) General Manager means the on-premises manager who will be primarily responsible for the day-to-day operation and supervision of the Franchised Business.

(l) Generic Products means products generally available under standard industry specifications from any supplier authorized to sell the same.

(m) Gross Sales means the aggregate of all revenue from operating your Franchised Business, whether payment is received in cash or by credit card, or other generally accepted form of payment, from the sale of Ready to Eat and Packaged Products, catering, other services, merchandise (apparel and promotional items bearing any Marks) or other merchandise. Without limiting the scope of the term, Gross Sales shall include without limitation: (i) revenue received from employees for products or services furnished to employees at a discount; (ii) the value of goods and services bought by customers by redeeming any authorized Gift Cards; and (iii) the proceeds from any business interruption insurance. For the avoidance of doubt, gift card sale proceeds are included in Gross Sales when sold but not when redeemed.

(n) Intellectual Property means the Proprietary Marks, patents, copyrights, copyrightable material, ideas, concepts, inventions, know-how, trade secrets, Confidential Information, and other proprietary information that we designate in written or electronic form or through usage from time to time as part of or prescribed for use with the Franchised System.

(o) Liquidated Damages means an amount equal to your average monthly Royalty Fee and Brand Fund Contribution payable during the twelve (12) months preceding termination, multiplied by the lesser of (x) the number of months remaining in the term of this Agreement, or (y) 36 months. If the Primary Outlet is open for less than twelve (12) months, then the average will be calculated based on the number of months the Outlet has been open.

(p) Location means the address identified in Attachment A as the site of your Franchised Business.

(q) Losses and Expenses means, without limitation, all losses, compensatory, exemplary or punitive damages, penalties, fines, charges, costs and expenses of investigation, defense and resolution, lost profits, attorneys' fees, court costs, settlement amounts, judgments, compensation for damages to our and our Affiliates' reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matter described.

(r) Materials means all tangible materials, inventory, supplies, graphics, signs, uniforms, apparel, emblems, lettering, logos and display materials, advertising, business forms, and financial and accounting forms we specified in the System Manual that must be used in a Franchised Business.

(s) Mobile Kiosk Cart means a mobile Vehicle that is not self-propelled with enclosed preparation and service space that is sourced, equipped, maintained, and operating according to our System Standards using the La Cabra name and Marks, or such other name and marks as we may specify under the Operations Manual, as amended. Each Mobile Kiosk Cart offers our proprietary menu of coffee, beverages and baked goods.

(t) Net Sales means Gross Sales less the following: (i) sales tax and other taxes separately stated, if any, collected from customers and paid to taxing authorities; (ii) gratuities received from Franchised Business customers and paid over to Franchised Business employees; (iii) refunds and credits made in good faith to arms' length customers; (iv) proceeds from the redemption of any authorized Gift Cards by customers; (v) proceeds from insurance with respect to your insured losses from property damage or liability; (vi) proceeds from any sale of tangible assets of the Franchised Business (other than

Ready to Eat Products or Packaged Products) outside the ordinary course of business, civil forfeiture, condemnation, or seizure by a government entity; and (vii) uncollectible amounts, subject to the limitation that uncollectible amounts cannot exceed 0.5% of Gross Sales for any fiscal year of you. Subsequent collections of charged off amounts must be included in Gross Sales when they are collected.

(u) Non-Proprietary Products refer collectively to any products, fixtures, furnishings, equipment, supplies, packaging or other merchandise or property we authorize which you may, or must, use, offer, sell or promote in operating the Franchised Business that are not Proprietary Products.

(v) Opening Date means the date on which you open your Franchised Business for business, after receiving our consent to open.

(w) Owner means any Person that holds a direct or indirect equity ownership interest (including beneficial and record interests) in you.

(x) Owner-Operator means the Owner who has a significant equity ownership position in you (if you constitute a business entity) (at least 25%), as you designate in writing to us in Attachment A or otherwise.

(y) Outlet means any channel or method of retailing System Products authorized by us, including without limitation permanent and temporary storefronts, kiosks, carts and food trucks, and Pop-up Locations.

(z) Packaged Products means products that a Franchised Business Outlet sells that can be consumed on-premises, on a take-out basis, or at a later time.

(aa) Person means any individual or business entity, including (without limitation) corporation, joint venture, general partnership, limited partnership, limited liability company, or trust.

(bb) Pop-up Locations means, subject to the prior written consent of Franchisor, temporary locations that at special events, which take place in the Trade Area.

(cc) Primary Outlet means the initial Outlet, which is a fixed inline or corner storefront or food court kiosk location with one or two serving fronts, or a free standing kiosk with three open and one closed side, operating at the Location identified in Attachment A.

(dd) Proprietary Marks means the registered and unregistered distinctive and characteristic trade names, domain names, trademarks, service marks, logotypes, and trade dress elements that we designate in written or electronic form or through usage from time to time as prescribed for use with the Franchised System.

(ee) Proprietary Products means, collectively, any ingredients, products, supplies, apparel, equipment, and any other merchandise or property that you must use or sell to operate the Franchised Business in accordance with the Franchised System which either (i) display the Proprietary Marks or (ii) are specially configured, manufactured or produced by, or for, us in accordance with our specifications, or (iii) we or an Affiliate own and we designate as proprietary that you must purchase, use, offer, sell and promote, and maintain in stock at the Franchised Business in quantities needed to meet reasonably anticipated consumer demand.

(ff) Pushcart means a Vehicle powered by the operator with open preparation and service space that is sourced, equipped, maintained, and operating according to our System Standards using the La

Cabra name and Marks, or such other name and marks as we may specify under the Operations Manual, as amended. Each Push Cart offers our proprietary line of coffee, beverages and baked goods.

(gg) Ready to Eat Products means products that an Outlet sells that can be immediately consumed on-premises or on a take-out basis.

(hh) Reporting Period means each calendar month. Our fiscal year typically ends on June 30. We may change the Reporting Period by amending the System Manual.

(ii) Satellite Outlet means a mobile Outlet that serves Ready to Eat Product through preparation at or in a Pushcart, Mobile Kiosk Cart, or Food Truck and is connected to a Primary Outlet.

(jj) Sensitive Products are products that are critical to the presentation of the Brand menu that must be obtained at specified grade, quality, and freshness, maintained at appropriate temperature and humidity for freshness, and properly discarded before use if and when past freshness or the expiration date marked on the packaging, or when wholesomeness cannot be assured with reasonable certainty.

(kk) Specified Products are third party branded products, or industry standard products of certain specifications that may be sold under different brands, that are integral to the System and presentation of the Brand in the Outlets that may be obtained from Approved Suppliers, or if no Approved Supplier can provide the items, from other suppliers after notice to us, as long as the Outlet receives the same brand, grade, quality and quantities specified in the System Manual.

(ll) System Manual means the manual or collection of materials in written or electronic form which we designate from time to time as containing the System Standards, specifications, procedures, policies, methods of operating the Franchised Business, other elements of the Franchised System and any information designated in this Agreement for inclusion or modification in the System Manual.

(mm) System Products means food and beverage products that we authorize in the for retail sale at Outlets.

(nn) System Standards means the standards for the Franchised Business and using the Franchised System published in the System Manual and elsewhere, including but not limited to policies and procedures for Outlet design, furnishings, fixtures and equipment, décor, use and display of the Proprietary Marks, operations, trade dress, recipes, Materials, product preparation and service, equipment, signage, sales and marketing, pricing guidelines, staff and employee training, customer service, loyalty and retention programs, technology, advertising, promotion, public relations, and social media programs, all of which we may change, withdraw, update, improve and further develop over time in our sole discretion.

(oo) Trade Area means the geographic area described on Attachment A.

(pp) Transfer Fee means the non-refundable fee to be paid to us to allow the transfer of the Franchised Business to a third party. The Transfer Fee is equal to fifty percent (50%) of the then current Initial Franchise Fee for the Franchised Business transferred, unless the transfer is to an Affiliate. If the transfer is to your Affiliate, then the Transfer Fee is ten percent (10%) of the then current Initial Franchise Fee.

(qq) Vehicle or La Cabra Vehicle means the Food Truck, Mobile Kiosk Cart, or Pushcart you purchase or lease for the purpose of adapting it to the System Standards and operating it as a Satellite Outlet under this Agreement and the Satellite Outlet Addendum.

56. Your Representations, Warranties and Acknowledgements. You represent and warrant, and acknowledge to us as follows:

(a) Independent Investigation. You have conducted an independent investigation of the business contemplated by this Agreement and recognize that it involves substantial business risks, making the success of the venture largely dependent on your management skills and resources. You have not received from us or our Affiliates, and have not relied upon, any oral or written, express or implied projection, representation, warranty or guarantee regarding the potential sales, revenues, income, profits or success of the business venture contemplated by this Agreement. You have had the opportunity to consult with independent advisors of your own selection such as a lawyer or accountant before making your decision to sign this Agreement and develop and operate a Franchised Business.

(b) This Transaction. You and the persons signing this Agreement for you have full power and authority and have been duly authorized, to enter into and perform or cause performance of your obligations under this Agreement. You have obtained all necessary approvals of your Owners, governing board and lenders. No executory franchise, license, or affiliation agreement for the Location exists other than this Agreement. Attachment A accurately states all information about your Owners and their ownership interests. Your execution, delivery and performance of this Agreement will not violate, create a default under or breach of any charter, bylaws, agreement or other contract, license, permit, indebtedness, certificate, order, decree or security instrument to which you or any of your Owners is a party or is subject or to which the Location is subject. Neither you nor the Location is the subject of any current or pending merger, sale, dissolution, receivership, bankruptcy, foreclosure, reorganization, insolvency, or similar action or proceeding on the date you execute this Agreement and was not within the three years preceding such date, except as disclosed in your franchise application. To the best of your knowledge, neither you, your Owners, your officers, directors, contractors, or employees or anyone else affiliated or associated with you, whether by common ownership, by contract, or otherwise, has been designated as, or are, a terrorist, a "Specially Designated National" or a "Blocked Person" under U.S. Executive Order 13224, in lists published by the U.S. Department of Treasury's Office of Foreign Assets Control, or otherwise.

(c) No Misrepresentations or Implied Covenants. All written information you submit to us about the Location, you, your Owners, any guarantor, or the finances of any such Person or entity, was or will be at the time delivered and when you sign this Agreement, true, accurate and complete, and such information contains no misrepresentation of a material fact, and does not omit any material fact necessary to make the information disclosed not misleading under the circumstances. There are no express or implied covenants or warranties, oral or written, between you and us except as expressly stated in this Agreement.

(d) No Guarantees of Success. Our representatives and we have made or communicated to you no claims of assured or guaranteed success of the business contemplated by this Agreement prior to signing this Agreement. You voluntarily enter into this Agreement and undertake all the terms and conditions thereof without any such inducements, promises, or representations. Without limiting the foregoing, we expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any representations, warranties or guarantees, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement, or as to the suitability of any selected or proposed Location as a successful location for the Franchised Business. No assurances are given regarding that the franchisee will earn any return on their investment. You and your Owners acknowledge that (i) the investment in the Franchised Business is not based on any assurance or warranty, either directly or indirectly, that the Franchised Business will be profitable or successful, (ii) they are aware that regardless of the level of support provided by us and our Affiliates, the investment in the Franchised Business may fail, (iii) that no projections or earnings information, not included in the Franchise Disclosure Document has been received or relied upon prior to executing this Agreement.

(e) Updating. You and your Owners acknowledge that retailing of food and beverage products is a highly competitive, innovative market that requires retailers to build, maintain, and update stores to meet changing expectations of consumers. These updates may include changes in technology, merchandising, production methods, resource availability, governmental regulation of food and beverage products, consumer tastes and preferences for products, formulas, services and the customer experience that may require an additional investment, more operating costs, and other economic changes that could affect your business, profitability and method of operation. Routine maintenance and repairs to maintain the Franchised Business to our System Standards is not considered updating regardless of cost.

(f) Other Businesses and Channels of Distribution. Our Affiliates and we reserve the right to acquire other businesses, merge or sell the Franchised System or distribute any La Cabra Coffee food and beverage products through alternative channels of distribution without restriction.

(g) Other Transactions. We reserve the right to vary the Franchised Business franchise terms and conditions of offering among franchisees, multi-unit operators and others, which may affect fees payable to us, exclusive territorial rights, and other attributes of a Franchised Business franchise.

(h) Fees. Fees that are paid to us by franchisees are not in exchange for the services we provide to franchisees. Those services are merely for the protection of the Intellectual Property licensed to franchisees and for no other reason. The fees compensate us for granting the license of the Intellectual Property to you for the Term and any period after its early termination when we cannot replace your Franchised Business's presence in your market area.

57. Transfer of Existing Franchised Business. This Agreement documents the transfer of an existing Franchised Business that has been open and operating since _______________. You pay no initial franchise fee and the prior owner has paid the Transfer Fee specified in the Franchise Partner Agreement with us. You assume and agree to pay and perform all of the outstanding obligations to us of the prior owner and franchisee arising from the operation of the Franchised Business before the Effective Date. Section 6 is deleted as the Franchised Business is open and operating. Our requirements to upgrade the Franchised Business are described on Attachment A, if any. You acknowledge, represent and warrant to us that (i) we have not participated in the purchase and sale of the Franchised Business except to provide to you our Franchise Disclosure Document and information and copies of materials provided to us by the prior owner; (ii) we have not validated, audited or verified any information provided to you or to us by the prior owner; (iii) you are not relying on any Franchised Business-specific information we provided to make your decision to purchase the Franchised Business except as set forth in this Agreement; (iv) you are relying only on the materials and information provided to you by the prior owner for this decision; and (v) we have not offered or provided any inducement or incentive for you to purchase the Franchised Business from the prior owner.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement, intending to be legally bound, as of the Effective Date.

**FRANCHISOR**

**LA CABRA FRANCHISING LLC**

By: ________________________________

Name: ________________________________

Title: ________________________________

**FRANCHISEE:**

________________________________

By: ________________________________

Name: ________________________________

Title: ________________________________

Effective Date: ________________________________

**Attachment A**
**Transaction Details**

1. Franchised Business: Single Primary Outlet Franchise/First Multi-Unit Primary Outlet Franchise/Second Multi-Unit Franchise/Additional Multi-Unit Franchise

2. Trade Area Description:

3. Location of Franchised Business:

4. Time to complete and open Franchised Business: nine (9) months after the Commitment Date.

5. Trade Area:

6. Address and Contact Information of Franchisee:

7. Initial Franchise Fee: In accordance with Section 5(a) of this Agreement, the Initial Franchise Fee is as follows (Check One Only):

☐ $50,000.00 Single Primary Outlet Franchise

☐ $50,000.00 (First Multi-Unit Primary Outlet Franchise)

☐ $45,000.00 (Second Multi-Unit Primary Outlet Franchise)

☐ $40,000.00 (Additional Multi-Unit Franchise)

☐ $20,000.00 (Performance Schedule Satisfied, Additional Franchise)

8. Your Owners:

| Name | Address | Telephone | Email | Percentage Ownership |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

* Person designated as Owner-Operator.

9. Primary Outlet Configuration:

__ Café – Outlet offering a offer a limited range of fresh baked goods either prepared and baked on premises or sourced from approved suppliers.

__ Bakery – Outlet offering a broad menu of bakery items baked on premises using our proprietary recipes; requires on-premises bakery facility meeting System Standards.

[For Transfers of Existing Units Only]

10. Upgrades Required. This shall be determined on a case-by-case basis at the time of the transfer.

Required Upgrades: [ LIST]

**NOTICE OF FRANCHISED BUSINESS LOCATION ACCEPTANCE AND TRADE AREA DESCRIPTION**

To:

From: La Cabra Franchising LLC

Re: Acceptance of Proposed Franchised Business Location

Date: ____________________________, 20___

We refer to the Franchise Partner Agreement dated _______________, 20__ (the "Franchise Partner Agreement") between you and us for the development of a Franchised Business to be located in the Trade Area defined therein.

You have submitted for our consideration and we have accepted as the location of the Franchised Business the following address:

_________________________________________________________________________

We designate this address as the Location of the Franchised Business under the Agreement. The Trade Area will be ________________________________________.

This Notice amends and supplements the Agreement to fix the Location and to use that Location as the origin of the Trade Area. No counter signature is necessary.

**La Cabra Franchising LLC**

By:________________________

Title: ______________________

## Attachment B

## Automated Clearing House Payment Authorization

## ACH Authorization Form

***This form **MUST** be accompanied by a **Printed Voided Check or Bank Letter*****

Add ☐Delete ☐ Change ☐

Company Name:______________________________________________________
Address:___________________________________________________________
City:_____________________________________State:_________Zip:__________
Phone:___________________________________

### Funds Settlement Information

Bank Name:_________________________________________________________
Account Owner:_____________________________________________________
Account Name:______________________________________________
Address:___________________________________________________________
City:_____________________________________State:_________Zip:__________
Routing # (9 digits)________________________________
Account #________________________________________(“Account”)

_________________________________________ (hereinafter referred to as User) authorizes La Cabra Franchising LLC (“La Cabra”) to initiate ACH transfer entries and to credit and/or debit the account identified herein. Such credits and/or debits shall take place on a monthly basis with a minimum amount of $______ and a maximum amount of $_______ per transaction. Such minimum and maximum amounts may be amended at any time by any written notice from User to La Cabra. This authorization shall remain in effect unless and until La Cabra receives written notification from User that this authorization has been terminated in such time and manner to allow La Cabra to act. Undersigned represents and warrants to La Cabra that the Person executing this form is an authorized signatory on the Account referenced above and all information regarding the Account and Account Owner is true and correct.

______________________________________________________________ / / __________
Account Owner Signature Date

____________________________________________________________________________
Print Name and Title

ATTACH PRE-PRINTED VOIDED CHECK
OR
BANK LETTER

## Attachment C

## Guaranty and Restriction Agreement

## GUARANTY AND RESTRICTION AGREEMENT

The undersigned owners (the "Guarantors") of ____________________________, a(n) ____________________________ (the "Franchisee") enter into this Guaranty and Restriction Agreement (this "Guaranty") as of the Effective Date.

1. Guaranty of Obligations. To induce La Cabra Franchising LLC, its successors and assigns ("Franchisor") to sign the Franchise Partner Agreement (the "Franchise Partner Agreement") with the party named as the "Franchisee," to which this Guaranty is attached, the undersigned, jointly and severally irrevocably and unconditionally (i) represent and warrant to Franchisor that Franchisee's representations and warranties in the Agreement are true and correct as stated, and (ii) guaranty that Franchisee's obligations under the Agreement, including any amendments and note, will be punctually paid and performed. Upon default by Franchisee and notice from Franchisor, the Guarantors will immediately make each payment and perform or cause Franchisee to perform, each unpaid or unperformed obligation of Franchisee under the Agreement. Without affecting any of Guarantor's obligations under this Guaranty, Franchisor may without notice to the Guarantors extend, modify or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee. The Guarantors waive notice of amendment of the Agreement. Upon the death of an individual Guarantor, the estate of the Guarantor will be bound by this Guaranty for obligations of Franchisee to Franchisor existing at the time of death, and the joint and several obligations of all other Guarantors will continue in full force and effect. This Guaranty may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one in the same instrument.

2. Restrictions on Transfer of Equity Ownership of Franchisee. The Guarantors will not transfer, assign or pledge any of their direct or indirect equity interests in the Franchisee to any Person without the prior consent of the Franchisor, and acknowledge that Franchisor has rights of first refusal that apply to such transactions.

3. Other Provisions. The Guarantors, as owners of the Franchisee, acknowledge that this Guaranty and the Agreement inure to the benefit of the Franchisee and to the undersigned. The Guarantors expressly adopt, ratify, incorporate into this Guaranty, and agree to be bound individually by the following provisions of the Agreement as if they were parties to such Agreement: Sections 11 (Covenants Not to Compete); 12 (Confidential Information); 22 (Assignment); 23 (Right of First Refusal); 24 (Business Entity Franchisee); 32 (Certain Waivers); 47 (Resolution of Disputes); 23 (Our Option to Purchase); 46 (Governing Law); 48 (Venue); and 49 (Legal Fees).

Executed and delivered as of the Effective Date.

The Guarantors:

By: ______________________________________

Printed Name: _________________________

By: ______________________________________

Printed Name: _________________________

## Attachment D

## Management Confidentiality and Non-Competition Agreement

**MANAGEMENT CONFIDENTIALITY**
**AND NON-COMPETITION AGREEMENT**

The undersigned Franchised Business on-premises manager ("Manager"), in consideration of the access to training and confidential information he or she has received or will receive from La Cabra Franchising LLC, a Delaware limited liability company, and/or its Affiliates (collectively, the "Company") in connection with Manager's employment with the Company's franchisee named below (the "Franchisee"), hereby covenants and agrees as follows:

1. Confidentiality Agreement. Manager acknowledges that, while employed by the Franchisee, Manager has and will receive certain confidential information and knowledge concerning business of the Company which the Company wishes to protect, including (without limitation) information, knowledge, know-how, product preparation instructions, formulae, materials, equipment, techniques, systems, and other data relating to or comprising La Cabra Coffee franchise system. Confidential information includes the System Manual and other materials and information supplied by Company to the Franchisee that is identified as confidential at the time of disclosure or before. Manager shall not reveal that confidential information to any other party, except the Company's or the Franchisee's independent public accountants, Manager's legal counsel (if that counsel also agrees to maintain the confidentiality of the confidential information), or as otherwise required by law. Manager shall not use or disclose the confidential information at any time for the purpose of competition with the Company, its successors and assigns, or Franchisee. When Manager's employment with Franchisee terminates for any reason, the Manager promptly shall surrender to Franchisee all papers, documents, writings and other property, electronic or otherwise, produced by Manager or coming into Manager's possession by or through Manager's employment with the Franchisee containing confidential information or related in any way to confidential information. All of the foregoing materials shall remain the property of the Company, its successors, or its assigns.

2. Covenant Not to Compete. During the term of Manager's employment with the Franchisee and for a period of twenty-four (24) months after the end of Manager's employment with the Franchisee regardless of which party ends the employment relationship and regardless of the reason why the employment relationship ends, Manager shall not engage in, directly or indirectly as a principal, agent, trustee, employee, consultant, independent contractor or through any corporation, partnership, association, or other entity, a Unit that (i) sells or has a product that prominently features coffee and baked goods; or (ii) in its entirety so resembles the trade dress, service style and product items that comprise the distinguishing features of the Franchised System so as to create a likelihood of consumer confusion or dilution of the Proprietary Marks at any location within a five (5) mile radius of any Outlet location at which Manager worked or within a five (5) mile radius of any then-existing Outlet location.

3. Indemnification and Injunctive Relief. Manager shall indemnify and hold the Company and the Franchisee harmless against any losses, damages, costs, expenses, claims, or actions, including attorneys' fees and costs, proximately caused by any breach of this Agreement by Manager. Manager shall pay to the Company any compensation, profits or economic benefits realized by the Manager resulting from any breach of this Agreement. The Company shall have the right to injunctive and other equitable relief prohibiting the Manager from any violation or threatened violation of this Agreement, without posting any bond or security. Manager acknowledges that the restrictions in this Agreement are reasonable and necessary to protect the legitimate business interests of the Franchisee, and that the violation of the foregoing restrictions will lead to immediate and irreparable harm, for which injunctive relief is necessary.

4. Governing Law. The laws of Delaware shall govern this Agreement.

5. Entire Agreement. This Agreement constitutes the entire agreement of the parties with regard to the subject matter of this Agreement and replaces and supersedes all other written and oral agreements and statements of the parties relating to the subject matter of this Agreement.

6. Limitations. This is not a contract of employment and this creates no employment relationship between Manager and the Company. Manager is not a third party beneficiary of any contract between the Company and the Franchisee. Franchisee remains the sole employer of Manager and is solely responsible for the recruitment, selection, training, supervision, compensation, benefits, insurance, worker's compensation, discipline, and termination of Manager. During any period of on the job training of Manager by the Company, Franchisee shall remain the sole employer of Manager and shall be responsible for controlling all aspects of Manager's employment.

Executed and delivered this _____ day of ________________________, 20___.

**Manager:**

_________________________________
Signature

_________________________________
Printed Name

**Franchisee: _____________________________**

By: ____________________________________

Name: __________________________________

Title: __________________________________

# ATTACHMENT E

## Satellite Outlet Addendum

**Satellite Outlet Addendum**
**to Franchise Agreement**

**THIS ADDENDUM** ("Addendum") is made and entered into on ____________ _________, 20___ ("Addendum Date"), by and between La Cabra Franchising LLC, a Delaware limited liability company ("we," "us," or "our"), as Franchisor, located at ______________________________________________, and _______________________________________________, a _______________________________ ("you" or "your"), as Franchisee, located at _________________________________________________________.

You and we entered into that certain Franchise Agreement on ________________ ___, 20___ (such Agreement, together with any amendments and addendums, the "Franchise Agreement").

You seek to open a Satellite Outlet in connection with your Primary Outlet granted under the Franchise Agreement. Based on your ability to operate your Primary Outlet successfully, we approve you to operate a Satellite Outlet. The Satellite Outlet will operate as a Food Truck/Mobile Kiosk Cart/ Pushcart.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

1. Definitions. All definitions in the Franchise Agreement shall apply to this Addendum unless the context otherwise indicates.

(a) Satellite Outlet Opening Date means the date that the Satellite Outlet shall begin operating, which shall be no later than one hundred fifty (150) days after the Addendum Date.

(b) Seasonal Satellite Outlet means the operation of a Satellite Outlet that ceases operations for at least one hundred twenty (120) consecutive days per year, although we reserve the right to waive or modify this requirement.

2. Mobile Unit Franchise Fee. When you sign and return this Addendum or you renew the Franchise Agreement you must pay us a Mobile Unit Franchise Fee of Twenty Thousand Dollars ($20,000.00) for the Satellite Outlet that you operate under this Addendum.

3. Satellite Outlet Development.

(a) Development Oversight. Except as specified in the Franchise Agreement, the System Manual, or this Addendum we are not obligated to provide any assistance in locating places where you may lawfully park or operate your Satellite Outlet and sell food and beverages to the public or at private functions, selecting, wrapping, equipping or designing your Satellite Outlet, complying with local codes and ordinances, obtaining permits, hiring and training employees, or providing for necessary equipment, signs, small wares, opening inventory, and supplies. Our acceptance of your Satellite Outlet and any related leases or purchase agreements is solely for purposes of determining compliance with System Standards and is not a guarantee of success or performance of your Franchised Business or that the Satellite Outlet selected by you will be optimal or adequate for your Franchised Business or conform to legal requirements.

(b) Vehicle Selection. We will provide you with advice and consultation in the selection of your Vehicle for the Satellite Outlet through the use of the standards, criteria, and materials that we make available to franchisees. You may purchase or lease a new or used Vehicle from a third party and convert it for use as your Satellite Outlet in compliance with the System Standards. We will review the information you submit for the proposed Vehicle, conduct any investigation of the proposed Vehicle we deem appropriate to evaluate the Vehicle, and accept or reject the Vehicle within fifteen (15) days after your submission of all initial and supplemental information we request regarding a proposed Vehicle. Such inspection may be in person or electronically using photographs, video and/or other information you provide at our request. If we accept the Vehicle, we will give you notice of any remaining conditions to that acceptance. If we reject the Vehicle, we will give you the reasons for the rejection. Effective upon our acceptance, you acknowledge that you have selected and we have accepted the Vehicle, and that our acceptance of your selection does not guarantee or warrant that the Vehicle will be successful or that it represents the best Vehicle for the Franchised Business from among those available to you. You acknowledge that we may have provided you with advice and consultation in the selection of your Vehicle for use as the Satellite Outlet through the use of the standards, criteria, and materials that we make available to franchisees. We may have delivered our written review and evaluation of any Vehicle you propose. You have had the opportunity to obtain independent advice on the Vehicle for your Satellite Outlet and are not relying on our review and evaluation. If your Franchise Agreement is terminated or expires before you begin operating the Satellite Outlet, you purchased or leased a Vehicle from a third party, and such Vehicle has been decorated and equipped in compliance with the System Standards, then we have the right, but not the obligation, within sixty (60) days following such termination, to (i) purchase the Vehicle from you at the cost you document you have incurred to purchase and convert the Vehicle or have the lease on such Vehicle assigned to us, or (ii) assign such right to another franchisee or third party designated by us. You agree to sell the Vehicle or assign such lease right at our request and execute and deliver to us all documents we provide to you to complete the transactions. If we do not exercise such right within the allotted time period, then you must change the exterior and interior design and decor of the Vehicle and make any and all changes which we direct to distinguish the Vehicle from its appearance as a Vehicle affiliated with the Franchised System.

(c) Plans. We will provide you with our standard plans, specifications, and layouts for the exterior design and wrapping, interior design, mechanical and electrical systems, equipment, décor and signs for a prototype Vehicle that we make available to franchisees. You must hire a competent designer or manufacturer to create plans and specifications for your Vehicle compliant with System Standards. We will review your final plans and specifications for conformity to System Standards. We will not unreasonably withhold or delay our approval, which is intended only to test compliance with System Standards, and not to detect errors or omissions in the work of your designers, engineers, contractors or the like. Our review does not cover technical or engineering factors, or compliance with federal, state, or local laws, regulations, or code requirements. We will not be liable to your lenders, contractors, employees, customers, others or you on account of our review or approval of your plans, drawings, or specifications or our inspection of the Vehicle before, during or after build-out.

(d) Design, Equipment and Wrapping of Food Trucks. You will complete the design, equipment, and wrapping of your Vehicles within one hundred twenty (120) days of the Addendum Date. You will design, equip, and wrap the Vehicle in strict conformity with the layout, plans and specifications we approve. The design, equipment, and mechanical components of your Vehicle must conform to applicable National Fire Protection Association standards and all plumbing, mechanical, electrical, kitchen, serving, cooking, cooling, storage, and preparation equipment must be certified by the National Sanitation Foundation. If we determine (before the Satellite Outlet Opening Date) that you have not carried out the design, equipping, and wrapping of your Vehicle in strict conformity with the layout, plans and specifications we approved, we may terminate this Addendum for cause, or obtain an injunction from a court of competent jurisdiction against the opening of the Food Trucks and to compel you to specifically perform your obligation to design, equip, and wrap the Vehicle in strict conformity with the approved layout, plans, and specifications, in addition to any other remedies available to us at law or in equity, without any obligation to furnish any bond or security. You will bear the expense of all design, engineering, and other professional services incurred for your final plans and for obtaining approvals by the appropriate governmental authorities required under applicable law to operate the Satellite Outlet and the Franchised Business.

(e) Equipment, Small Wares, and Other Personal Property. You will install in and about the Vehicle equipment, small wares, and other personal property that strictly conform to System Standards, and specifications we specify in the System Manual or otherwise. You will not display any other sign or advertising in or on the Vehicles without our consent other than as permitted under the System Manual. State and local regulations will determine whether you are allowed to cook food on the Vehicle or reheat food that is already cooked. If you are not permitted to cook on the Vehicle, your Vehicle may be equipped with warming equipment instead of cooking equipment in compliance with the System Standards. All equipment on your Vehicle must have National Sanitation Foundation certification, to the extent applicable. We may require you to update, upgrade, and add or replace equipment and systems on your Food Trucks during the Term to satisfy the standards of the National Sanitation Foundation as they change and evolve.

(f) Technical Services. You may engage any designer, engineer, manufacturer, or contractor to assist you in designing, equipping and wrapping the Vehicle as long as the party you engage is duly licensed in the state of the Trade Area. You shall secure for us and our agents the right to inspect the Vehicle and related materials stored off site at any reasonable time. You shall correct, upon our request and at your expense, any deviation from the approved plans and specifications. You shall furnish to us a copy of any certificates from your designer, engineer or contractor that the Vehicle were designed, equipped and wrapped in accordance with the approved final plans and specifications, and in compliance with all applicable codes and in compliance with all applicable local, state and federal laws, ordinances and regulations, including but not limited to the Americans with Disabilities Act and related regulations.

4. Operation of Satellite Outlet. You will operate the Satellite Outlet in accordance with your obligations set forth in the Franchise Agreement. You will operate your Satellite Outlet solely in the Trade Area stated in Attachment A of the Franchise Agreement. To operate your Satellite Outlet as a Seasonal Satellite Outlet, you must receive prior written approval from us.

(a) Termination of Satellite Outlet. We may require that you cease operating a Satellite Outlet if your operations fail to meet our quality and service standards, either at the Satellite Outlet or the Primary Outlet. This Addendum will automatically terminate on the earlier to occur of the following: (i) the Satellite Outlet operating under this Addendum ceases operation due to your failure to meet our quality and service standards or (ii) the Franchise Agreement expires or terminates. Additionally, this Addendum may be terminated in accordance with Sections 28, 29, 30, and 31 of the Franchise Agreement.

5. Insurance. You must obtain and maintain the minimum amounts and policy forms of insurance in accordance with Section 21 of the Franchise Agreement.

6. Satellite Outlet Assignments & Transfers. You acknowledge that the Section 22 of the Franchise Agreement extend to any assignment or transfer of the Satellite Outlet; provided, however, that we are not required to purchase any of your Satellite Outlets if we exercise our right to purchase your Franchised Business. Under such circumstances, you must change the exterior and interior design and decor of the Vehicle and make any and all changes which we direct to distinguish the Vehicle from its appearance as a

Vehicle associated with the Franchised System. Any transfer of the rights or obligations that may occur under the Franchise Agreement will include the assignment or transfer of rights or obligations under this Addendum.

7. Indemnification. You acknowledge that the indemnification set forth in Section 35 of the Franchise Agreement extends to any claim arising from the condition, premises, or events occurring at the Satellite Outlet.

8. Interpretation. This Addendum shall supplement and not replace the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, this Addendum shall be controlling.

9. Further Changes. Except as specifically provided in this Addendum, all of the terms, conditions and provisions of the multi-unit operator agreement will remain in full force and effect as originally written and signed.

[Signature page follows.]

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

**FRANCHISOR**

**LA CABRA FRANCHISING LLC**

By: ___________________________________

Name: ___________________________________

Title: ___________________________________

**FRANCHISEE:**

___________________________________

By: ___________________________________

Name: ___________________________________

Title: ___________________________________

## Attachment F

## Lease Rider

## LEASE RIDER

This "Lease Rider" is made and entered into as of ____________, 20___ by and among La Cabra Franchising LLC, a Delaware limited liability company ("Franchisor"), ____________________, a ____________________ ("Tenant/Operator") and ____________________, a ____________________ ("Landlord").

Recitals. Tenant/Operator and Landlord desire to enter into a lease (the "Lease") pursuant to which Tenant/Operator will occupy and finish the premises located at ________________________ (the "Premises") for use and operation of a La Cabra Coffee Franchised Business (the "Franchised Business") authorized under a Franchise Partner Agreement to be executed between Franchisor and Tenant/Operator prior to the opening of the Franchised Business (the "Franchise Partner Agreement"). As a condition to Franchisor's approval of the Premises as the location for the Franchised Business, the Tenant/Operator is required under the Franchise Partner Agreement to execute this Lease Rider along with the Landlord and Franchisor;

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

(1) During the term of the Franchise Partner Agreement, the Premises shall be used only for the operation of the Franchised Business.

(2) Landlord consents to Tenant/Operator's use and display of such proprietary marks (the "Proprietary Marks") and signs, decor items, color schemes, plans, specifications and related components of La Cabra Coffee Franchised System (the "System") as Franchisor has prescribed, and may in the future prescribe, for the Franchised Business. Landlord affirms that the Lease does not prohibit the service of any product items or services of the current System, based on the product and service information provided to Landlord.

(3) Landlord agrees to send Franchisor conformed, legible copies of any and all letters and notices sent to Tenant/Operator pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant/Operator.

(4) Franchisor shall have the right, and Landlord consents to allow Franchisor, to enter the Premises during hours when the Premises is available for tenant entry to make any modification or alteration necessary to protect the Franchised Business, the System and Proprietary Marks or to cure any default under the Franchise Partner Agreement, or under the Lease, without being guilty of trespass or any other crime or tort.

(5) In the event of Tenant/Operator's default under the Lease, Franchisor may, but has no obligation, to cure the default. Franchisor shall make this determination within thirty (30) days after Franchisor receives notice of the Lease default from Landlord. If Franchisor elects to cure the default, Franchisor shall cure the default within thirty (30) days of such election or, if the default cannot be reasonably cured within such thirty (30) day period, then Franchisor shall commence and proceed to act diligently to cure the default within such time as is reasonably necessary to cure the default.

(6) Franchisor has an option to acquire the Franchised Business from Tenant/Operator if the Franchise Partner Agreement expires or terminates. If Franchisor exercises the option, it will notify Landlord when it notifies Tenant/Operator. If Franchisor so exercises its option, or makes a different arrangement with Tenant/Operator to acquire the Franchised Business, then Landlord shall permit Tenant/Operator to assign the Lease to Franchisor or to Franchisor's affiliated assignee or designee as

successor in interest ("Successor") to Tenant/Operator, which shall be obligated to assume Tenant/Operator's obligations under the Lease. Successor shall attorn to Landlord under the Lease and Landlord shall attorn to and agree not to disturb the tenancy of Successor. In such event Successor shall assume Tenant/Operator's occupancy rights, rights under any succession or purchase options, and the right to sublease the Premises, for the remainder of the term of the Lease including any applicable succession periods.

(7) Landlord hereby consents to such assignment and agrees not to impose or assess any assignment fee or similar charge or increase or accelerate rent under the Lease in connection with such assignment, or require Successor to pay any rent or other financial obligation of Tenant/Operator to Landlord arising prior to the assignment. Landlord agrees to look solely to the Tenant/Operator and its guarantors for any rents or other financial obligations owed to Landlord arising prior to such assignment. Landlord and Tenant/Operator acknowledge that Franchisor is not a party to the Lease and shall have no liability under the Lease, unless and until the Lease is assigned to, and assumed by Franchisor as Successor.

(8) Notwithstanding anything contained in this Lease Rider and in the Lease, Successor is expressly authorized, without the consent of the Landlord, to sublet the Premises to an authorized System franchisee, provided such subletting is specifically subject to the terms of the Lease and further provided the franchisee expressly assumes in writing all obligations of the Lease. Franchisor agrees to notify Landlord as to the name of the franchisee within ten (10) days after such subletting.

(9) Tenant/Operator shall not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor.

(10) Landlord and Tenant/Operator shall not amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing without the prior written consent of Franchisor.

(11) This Lease Rider will supersede any conflicting terms of the Lease.

[Signature page follows.]

**IN WITNESS WHEREOF,** the parties have executed this Lease Rider as of the date first above written.

**FRANCHISOR:**

LA CABRA FRANCHISING LLC

By: ______________________________
Name: ______________________________
Title: ______________________________

**TENANT/OPERATOR:**

______________________________

By:______________________________
Name: ______________________________
Title: ______________________________

**LANDLORD:**

______________________________

By:______________________________
Name: ______________________________
Title: ______________________________

**Attachment G**

**Receipt of System Manual
and Confidentiality Agreement**

## RECEIPT FOR SYSTEM MANUAL

The undersigned franchisee ("Franchisee") acknowledges receipt of La Cabra Coffee System Manual by receiving access codes and instructions to access the on-line version of the System Manual. The System Manual is being loaned, and access is being granted, to Franchisee under the Franchise Partner Agreement between Franchisee and La Cabra Franchising LLC ("Company"). Franchisee expressly agrees as follows:

1. System Manual. Franchisee shall not copy or otherwise reproduce any portion of the System Manual. The System Manual shall not be removed from the premises of the Location identified in the Franchise Partner Agreement, or disclosed, downloaded, viewed, transmitted, copied or accessed to or by any unauthorized user. Franchisee shall not loan or disclose the System Manual to any third party, or permit or allow any access code to be disclosed to any unauthorized user. Franchisee shall not communicate, transmit, describe, summarize, or otherwise convey the information contained in the System Manual, in whole or in part, to any third party not employed by the Franchisee to operate the Franchised Business. The System Manual shall at all times remain the property of the Company, its successors and assigns.

2. Confidentiality Agreement. The Franchisee acknowledges that the Franchisee will receive certain confidential information and knowledge contained in the System Manual that is the subject of confidentiality obligations in the Franchise Partner Agreement. When the Franchise Partner Agreement with the Company terminates for any reason, the Franchisee promptly shall surrender to the Company the System Manual identified above, along with all papers, documents, writings and other property produced to the Franchisee or coming into the Franchisee's possession by or through the relationship with the Company and related in any way to the confidential information. All of the foregoing materials shall remain the property of the Company, its successors, or its assigns.

3. Indemnification and Injunctive Relief. The Franchisee's obligations to indemnify the Company and accept injunctive relief described in the Franchise Partner Agreement shall apply to breaches of Franchisee's undertakings regarding the System Manual.

4. Supplement to Franchise Partner Agreement. This Receipt is a supplement and subject to the Franchise Partner Agreement in all respects.

Executed and delivered this _____ day of ________________________, 2________.

Franchisee:

_________________________________

_______________________________
Signature

_______________________________
Printed Name

_______________________________
Title:

# ATTACHMENT H
# ARCHITECTURAL SERVICES ADDENDUM

**ATTACHMENT H**

**ARCHITECTURAL SERVICES ADDENDUM**

## 1. Purpose

1.1. This Addendum defines (i) the architectural services that Franchisor ("La Cabra") shall provide to the Franchisee in addition to the services it provides in accordance with the Franchisee Agreement, under the Initial Franchise Fee ("Initial Fee"), and (ii) additional services, which La Cabra may provide if agreed with the Franchisee, and which are to be invoiced and paid separately.

1.2. Additionally, this Addendum clarifies the division of labor and responsibilities of the parties.

## 2. Preliminary scope of work carried out by the Franchisee

2.1. The Franchisee is obligated, at its own expense and risk, to carry out the following preliminary studies and preliminary work regarding a proposed Outlet location:

2.1.1. The Franchisee shall find proposals for Outlet locations, which shall then be submitted to La Cabra for approval.

2.1.2. La Cabra sets the following minimum requirements for the size of Outlet locations:

- Café: 1600 sq. ft. - 2000 sq. ft.
- Bakery: 2000 sq. ft. or more

2.1.3. To the extent necessary, the Franchisee shall obtain technical (including original drawings of the location/property) and legal data (including information on LEED status, entitlements, zoning and code requirements for furnishing, parking, etc.) on the location and forward the same to La Cabra. At La Cabra's request, the Franchisee is obligated to obtain such additional materials if these are deemed necessary by La Cabra to establish a proper working basis and a concrete assessment of whether the location is suitable for an Outlet.

2.1.4. The Franchisee shall be obliged to obtain relevant information from the landlord, engineers, life safety advisors, governing authorities, etc. in advance of the design and construction processes, and bears the full risk for the accuracy and completeness of such materials, regarding applicable legal requirements and life safety technical conditions that exist in relation to the construction conditions of the location/property, and which must be taken into account in connection with design and construction.

2.1.5. The Franchisee shall enter into advisory agreements with local architects, engineers, etc., at its own expense and risk, to the extent necessary in order to obtain the preliminary works in this section 2.

2.2. When the parties have obtained the above information and carried out the preliminary works / studies listed in sections 2.1.1. – 2.1.5., a meeting shall be held between the Franchisee and La Cabra, during which the information shall be reviewed and discussed. The parties shall thereafter enter into an agreement regarding the further process, including site inspection, capital expenditure budget, etc.

**3. Services covered by La Cabra's Initial Fee**

Inspection

3.1. La Cabra shall carry out, or may delegate others to carry out, an inspection of the location, when the Franchisee has carried out the preliminary works listed in section 2. The following works shall be carried out during the inspection:

(i) Measurement and photo registration of existing conditions at the site.

(ii) Collection of input from the Franchisee, including information regarding existing technical installations (mechanical, electrical and plumbing) at the location that may be important to La Cabra's architectural process.

(iii) Support on establishment of a capital expenditure budget by the Franchisee.

(iv) Completion of as-built drawings of existing conditions, showing dimensions, hidden structure and apportionment between demised spaces in the building.

3.2. La Cabra's architects shall not carry out any studies, nor shall La Cabra bear any responsibility for the correctness of any studies carried out, which aim to assess whether the construction of a cafe, bakery and/or roastery Outlet can be completed in accordance with applicable legal requirements at the location in question. The Franchisee shall be responsible for (at the Franchisee's expense and risk) seeking out local advice, per 2.1.5 above, ensuring that construction can be carried out as desired; alternatively, Franchisee shall identify in detail any adjustments that must be made in order to ensure compliance with applicable legal requirements.

3.3. Travel, board and lodging expenses for La Cabra's employees are not included in the Initial Fee and must be covered by the Franchisee in accordance with La Cabra's standard policy for travel reimbursement to Franchisee locations.

3.4. Idea proposal. La Cabra shall prepare an idea proposal that prepares and clarifies La Cabra's vision for the project. The idea proposal shall contain the following elements:

(i) A list of the relevant coffee and baking equipment.

(ii) Sketch of ideas and possibilities for placement and arrangement of equipment, dining and serving area furnishings and fixtures.

(iii) Submission of plan sketch proposals for local advisors' comments and final approval in reference to applicable legal requirements, etc.

(iv) Two feedback meetings with Franchisee with the possible participation of local advisors (architect, engineer, etc.).

(v) Corrections (one round of corrections shall be included in the Initial Fee) of the plan sketch proposal for the local advisor's final approval.

(vi) Preparation of 3D model with associated photorealistic illustrations.

(vii) Preparation of presentation material.

3.5. Expenses for external advisors (local engineer, local architect, fire safety advisors, lighting designer, acoustician, etc.) are not included in La Cabra's Initial Fee and shall be borne by the Franchisee.

3.6. Implementation project. As part of the Initial Fee, La Cabra shall participate in one start-up meeting with the Franchisee and two process meetings regarding the drawing material. In case La Cabra must spend additional time on the project, such time shall be invoiced in accordance with section 4.5 below.

3.7. La Cabra shall carry out the following scope of work in connection with project execution:

(i) Preparation of plans, sections and elevations developed on a scale of 1:50. The drawing material shall be forwarded to the Franchisee's local architect, who shall complete the drawing of details in accordance with local building customs and materials. The drawing materials shall be submitted to La Cabra for final approval before handover to the local contractor.

(ii) Delivery of fixtures, interior elevations on a scale of 1:20 / 1:1.

(iii) Descriptive texts of building materials (to be indicated in the drawing material).

(iv) Guidance regarding reverse osmosis water filtration and attached installations.

(v) Preparation of shopping list for interior design.

3.8. Instructions concerning static systems, loudspeaker plan, lighting plan and ceiling plan shall be supplied by local advisors (engineers, architects, acousticians etc.) at the Franchisee's expense and risk. La Cabra shall incorporate information supplied by such advisors into the project plan.

3.9. Project handover. When construction has been completed, project handover to Franchisee shall be carried out with the participation of the Franchisee (and its advisors) and La Cabra. A project handover report (punchlist) shall be drawn up and delivered to the contractor by the Franchisee and its advisors, listing potential errors and deficiencies and a timetable for rectification.

## 4. Additional services

4.1. The cost of services specified in this section are not covered by La Cabra's Initial Fee and shall be borne by the Franchisee. La Cabra shall invoice the Franchisee separately for such additional services.

4.2. Project for approval by governing authorities. Development and submission of a project plan for approval by the governing authorities and obtaining all necessary permits and approvals shall be the responsibility of the Franchisee and its local advisors, on the basis of the idea proposal developed by La Cabra per section 3.4. Submission, correspondence with the authorities, notification of completion, etc. of construction shall be carried out by the Franchisee's local advisors and at the expense and risk of the Franchisee. It shall likewise be the responsibility of the Franchisee's local advisors to collect and submit technical documentation about the construction and any as-built material required to obtain the approvals and permits.

4.3. If the Franchisee's local advisors request additional assistance from La Cabra beyond the idea proposal, or the idea proposal must be revised based on requirements from the governing authorities, La Cabra's services shall be invoiced at an hourly rate of $100 USD. Invoices are due and payable on receipt.

4.4. Implementation of project. The implementation plan of the project shall be prepared by the Franchisee and its local advisors on the basis of the idea proposal, per section 3.4., as well as the project plan submitted to the governing authorities, per section 4.2.

4.5. In the event that La Cabra shall participate in additional meetings arranged by the Franchisee and/or its advisors beyond the meetings specified in section 3.6., La Cabra's services shall be invoiced at an hourly rate of $100 USD. Invoices are due and payable on receipt.

4.6. Construction process. Franchisee may request to involve La Cabra in the construction process itself, including (i) project start-up meetings with contractors, (ii) architectural project supervision, (iii) adjustment of the project as a result of existing conditions at the construction site or changes to the choice of construction materials, etc., (iv) status meetings with the construction manager, etc. In the event that La Cabra shall become involved in additional services during the construction process, per this section 4.6., La Cabra's services shall be invoiced at an hourly rate of $100 USD. Invoices are due payable on receipt.

**Exhibit B**

**Development Agreement**

# DEVELOPMENT AGREEMENT

**between**

## LA CABRA FRANCHISING LLC

**and**

______________________________________________

**Dated:**

______________________

**Development Territory:**

__________________________________________

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# DEVELOPMENT AGREEMENT

This Development Agreement (this "Agreement") is made and entered into as of the Effective Date, by and between LA CABRA Franchising LLC, a Delaware limited liability company ("we," "us" or "our"), as franchisor, and __________________________, a __________________ ("you" or "your"), as operator.

Recitals. The La Cabra® brand of high-quality coffee, baked goods and associated products (the "Brand") originated in Denmark and is owned by our affiliate, La Cabra Coffee ApS ("Parent"). We are authorized by Parent to develop and commercialize the Brand in the United States. Parent has its own extensive research and practical commercial experience in operating outlets for the Brand and has developed the unique and confidential "System" as a comprehensive business format system to operate retail outlets ("Outlets") identified by the Brand and its associated marks. Outlets are classified into "Primary Outlets," which offer a full range of Brand products including baked goods baked on site in a bakery meeting our Brand Standards, retail coffees and beverages, ceramic accessories and other menu items and merchandise we specify, and "Café Outlets," which offer coffee and beverages, baked goods baked off site, and a smaller menu and merchandise, in a smaller format. We are authorized to franchise the System to qualified operators to operate Outlets under the Brand and System ("Franchised Businesses"). You acknowledge that the franchising elements of the System are still in their early stages of development and that accordingly you will be expected to cooperate in assisting Parent and us to develop, refine and evolve the System for the U.S. market.

The parties mutually agree, for good and valuable consideration, the receipt, and sufficiency of which the parties mutually acknowledge, as follows:

1. Definitions. Words and phrases used in initially capitalized form in this Agreement have the meanings set forth in Section 35 of this Agreement and the form of Franchise Partner Agreement attached as Attachment B unless the context indicates otherwise.

2. Exclusive Development Territory. During the Development Term, you will have the exclusive right to develop Franchised Businesses in the Development Territory ("Franchised Businesses"). The Development Territory serves as the Trade Area under the Franchise Partner Agreements for the Franchised Businesses. No additional specification of the Trade Area is necessary. We may, without any restriction or obligation to you, develop, operate, franchise, and license other Persons to develop and operate Franchised Businesses at any location outside the Development Territory. After the Development Term, each Franchise Partner Agreement will govern any territorial rights by means of the Trade Area of each Franchised Business.

3. Additional Development Rights and Options.

(a) We will notify you with a "First Notice" if we believe, in our sole discretion, that creating and operating a coffee roastery facility (a "Roastery") serving Brand Outlets inside and outside the Development Territory would be in the joint economic interests of developers, Brand Outlets in your region and us. If we issue a First Notice to you, we may, in our sole discretion, include an offer to either (i) allow you to develop and operate the Roastery under terms and conditions specified in the First Notice, which may include compulsory sales obligations to area Brand Outlets and product specifications and pricing formulas for roasted coffee output, or (ii) allow you to participate as an equity owner in the Roastery to be operated by us, our Affiliate or another party, under terms and conditions specified in the First Notice. The time period for your decision will be specified in the First Notice.

4. Performance Schedule. You must develop and put in Operation at least three (3) Franchised Businesses, including at least one Primary Outlet and at least two Café Outlets, within the Development Territory in accordance with the following schedule and the desired market area within the Development Territory:

| Franchised Business Number | Opening Deadline | Desired Trade Area |
|---|---|---|
| 1 | 270 days after Effective Date | |
| 2 | 36 Months after Effective Date | |
| | | |

You may develop and open any number of additional Franchised Businesses within the Development Territory during the Development Term, provided that you follow our standard application and acceptance process for each Franchised Business. We retain the right to accept or reject the proposed location of each Franchised Business.

Your first Franchised Business shall be a Primary Outlet. We will work with you to develop and implement a bakery and cuisine plan for the Development Territory and your Outlets.

5. Development Term.

(a) The initial "Development Term" of this Agreement commences on the Effective Date and the rights granted to you under this Agreement will expire three years after the Effective Date. After the expiration of the initial Development Term, this Agreement will remain in effect as to Sections 6 and 7 until the expiration (without a successor agreement between Franchisor and the Franchisee) or termination of the Franchise Partner Agreements for all Primary Outlets, or earlier if the conditions for the Royalty Credit cease to be met and cannot be restored as provided in Section 7.

(b) If you develop and open the two Primary Outlets on time and in the Desired Trade Areas specified above, such Primary Outlets remain In Operation 180 days before expiration of the initial three year Development Term, and the Franchise Partner Agreements for the Primary Outlets are then in good standing, you may at your option, give us notice (an "Extension Notice") of your intent to extend the Development Term for an additional three year period (an "Extension Term") in order to develop and open two additional Primary Outlets. The term "good standing" means that you have not terminated this Agreement or any Franchise Partner Agreement, you are not in default under this Agreement or under any Franchise Partner Agreement then in effect, and no event has occurred which allows us to terminate this Agreement or any Franchise Partner Agreement. We will respond within 30 days with a written notice (the "Confirmation Notice") (i) to confirm your eligibility for an Extension Term, (ii) to identify the Desired Trade Areas for two additional Primary Outlets to be developed and opened during the Extension Term, and (iii) to advise whether we will extend this Agreement with an Extension Addendum, or require that you sign a successor Development Agreement in the form we then offer in our Franchise Disclosure Document effective at the time you send us the Extension Notice. The Extension Addendum or successor Development Agreement must be signed and returned together with payment of the Development Fees for the Extension Term Outlets using the Development Fee formula we then charge as disclosed in our Franchise Disclosure Document effective when you send the Extension Notice in the time frame specified in the Confirmation Notice. We will send you the effective Franchise Disclosure Document when we send you the Confirmation Notice. The signed Extension Addendum or Successor Development Agreement and the Development Fees then due must be received at least 30 days prior to the expiration of the initial Development Term.

(c) If you develop and open the two Primary Outlets on time during the Extension Term, all Primary Outlets you developed under this Agreement remain In Operation 180 days before expiration of the initial three year Development Term, and the Franchise Partner Agreements for all Primary Outlets are then in good standing, you may at your option, give us notice (a "Second Extension Notice") of your intent to extend the Development Term for an additional three year period (the "Second Extension Term") in order to develop and open two additional Primary Outlets. We will respond within 30 days with a written notice (the "Confirmation Notice") (i) to confirm your eligibility for a Second Extension Term, (ii) to identify the Desired Trade Areas for two additional Primary Outlets to be developed and opened during the Extension Term, and (iii) to advise whether we will extend this Agreement with a Second Extension Addendum, or require that you sign a successor Development Agreement in the form we then offer in our Franchise Disclosure Document effective at the time you send us the Second Extension Notice. The Second Extension Addendum or successor Development Agreement must be signed and returned together with payment of the Development Fees for the Extension Term Outlets using the Development Fee formula we then charge as disclosed in our Franchise Disclosure Document effective when you send the Extension Notice in the time frame specified in the Confirmation Notice. We will send you the effective Franchise Disclosure Document when we send you the Confirmation Notice. The signed Second Extension Addendum or Successor Development Agreement and the Development Fees then due must be received at least 30 days prior to the expiration of the first Extension Term.

6. <u>Development Fee & Initial Franchise Fees</u>.

(a) The Initial Franchise Fee is Fifty Thousand Dollars ($50,000) for the first Franchised Business, Forty-Five Thousand Dollars ($45,000) for the second Franchised Business, and Forty Thousand Dollars ($40,000) for each additional Franchised Business, or Twenty Thousand Dollars ($20,000) for each additional Satellite Outlet, required and authorized to develop under this Agreement. You pay the Initial Franchise Fee and sign the Franchise Partner Agreement for the first Franchised Business when you sign this Agreement.

(b) Beginning with the second Franchised Business, you will pay when you sign the Franchise Partner Agreement for each Franchised Business.

(c) In addition to the Franchised Businesses listed on the Performance Schedule, you may purchase additional Franchised Businesses ("Additional Franchised Businesses") in which you or your principals own all of the equity interests. You may purchase these Additional Franchised Businesses only after all Franchised Businesses on your Performance Schedule are In Operation. The Initial Franchise Fee for each Additional Franchised Business will be Forty Thousand Dollars ($40,000) to be paid when you sign the Franchise Partner Agreement, unless the Additional Franchised Business is a Seasonal Franchise. You may not assign or sell any of your rights in or to an Additional Franchised Business until at least three years after its Opening Date.

7. Infrastructure. When you sign the first Franchise Partner Agreement for a Franchised Business, you must provide to us a detailed plan (the "Service Plan") for your back of house infrastructure sufficient to support the development and operation of all of the Franchised Businesses you are committing to develop and open, including identification of a general manager for the first Franchised Business, a head baker, and a marketing coordinator for all of the Franchised Businesses. The Service Plan should address site selection, Outlet design and construction, human resources, accounting, marketing, training, facilities management, and any other support and services your Franchised Businesses will share. You must adhere to the Service Plan and timeline, provided that you may modify the Service Plan and send us the modified Service Plan at any time. We will accept or reject the Service Plan, and provide comments if we reject the Service Plan, within thirty (30) days after submission.

8. Site Submission. You must submit the information we may then require using our form of Franchised Business site evaluation request to evaluate a proposed site for a Franchised Business. We will review the submitted information and conduct any evaluation of the proposed site we deem appropriate. We may request any supplemental information we deem appropriate to evaluate the proposed site at any time and you will promptly provide such supplemental information.

9. Site Acceptance or Rejection. We retain the right to accept or reject each site selected by you, in our sole discretion. Within thirty (30) days after your submission of all initial and supplemental information we request regarding a proposed site, we will give you notice of our acceptance or rejection of the site. If we accept the site, the notice will set forth any remaining conditions to that acceptance and the accepted site will be the "Location" for your Franchised Business. If we reject the site, the notice will set forth the reasons for the rejection. If we do not give you notice of our acceptance of the site within thirty (30) days after your submission of all initial and supplemental information we request regarding the site, you may deem us to have rejected the site. You acknowledge that we have not authorized and will not empower or authorize any officer, employee, or agent of ours to accept or reject any proposed site except in accordance with this Section 9. You agree not to rely upon any representations, written or oral, to the contrary.

10. Responsibility for Site Selection. You will have sole responsibility for selecting the Location of your Franchised Business and all aspects of the site acquisition, negotiation and development process, including (without limitation) compliance with all applicable zoning, licensing, building codes, leasing, and other requirements. Neither we nor our Affiliates will have any responsibility, obligation, or liability to you in connection with our efforts, assistance,

or advice in the selection and securing of a Location for your use, nor will we have any liability for any consequences of your selection of a site or any aspect of the site acquisition, negotiation, and development process. You acknowledge that our acceptance of a site does not constitute any representation, warranty, or guaranty by us that the site will constitute a successful location for a Franchised Business and you waive and release us and our Affiliates from any claims and causes of action in that regard. You confirm that, except as provided in Section 12 below, we will not become involved in any way in the site acquisition, negotiation, or development process.

11. Issuance of Franchise Partner Agreement. When we accept your proposed site, we will forward to you the completed Franchise Partner Agreement for the Franchised Business using as a template the form of Franchise Partner Agreement attached as Attachment B. You must execute and deliver to us the completed Franchise Partner Agreement in accordance with our instructions, along with any remaining portion of the required Initial Franchise Fee calculated as provided in Section 5, within fifteen (15) days after we tender the Franchise Partner Agreement to you. If you fail to return the executed Franchise Partner Agreement and the balance of the Initial Franchise Fee to us within that fifteen (15) day period, we may revoke our acceptance of the proposed site. You will not begin construction or remodeling work at the accepted site until you have executed the Franchise Partner Agreement, paid the balance of the Initial Franchise Fee to us, and obtained our approval of the lease and your plans and specifications as provided in the Franchise Partner Agreement.

12. Our Services. During the Development Term, we will provide you with the following services:

(a) Site Selection Services. We will provide you with our experience in the selection of sites for Franchised Businesses through the use of the forms, criteria, and materials that we make available to operators, as well as the benefit of our review and evaluation of any proposed sites you select.

(b) Advice. We will provide you with periodic individual or group advice, consultation and assistance by personal visit, telephone, or newsletters or bulletins that we then make available to operators, as provided in the Franchise Partner Agreements that you sign.

(c) Other Services. We will provide you with other resources and assistance that we may develop and then make available to new operators. We have no obligation to make any such other resources and assistance available.

13. Nature of Agreement. This Agreement only grants you the exclusive right to select sites for the construction of Franchised Businesses in the Development Territory and to submit those sites to us for our acceptance in accordance with this Agreement. This Agreement does not grant a license to use the name "La Cabra" or any other trade name, service mark, or trademark of ours. This Agreement does not grant you the right to open or operate any Franchised Business. You will obtain those rights only under a Franchise Partner Agreement with us, if and when fully executed and delivered by you and us.

14. Additional Covenants.

(a) During the Development Term, you and your Owners covenant with us that you will not engage, either directly or indirectly through any financial or beneficial interest in any other Person, in any Competing Business, other than a Franchised Business licensed by us. For a period of one (1) year after the termination or expiration of this Agreement for any reason, you may not engage in any Competing Business at your Franchised Location, within three (3) miles of your Franchised Location, or within three (3) miles of any Franchised Business at the time of termination, either directly or indirectly, through any financial or beneficial interest in any other person. We may reduce the duration or geographic scope of this provision by written notice to you for applicable law. The terms "Competing Business" and "Trade Area" are defined in the form of Franchise Partner Agreement attached as Attachment B.

(b) Confidential Information. You acknowledge you have no interest whatsoever in the System except the license granted under a Franchise Agreement. You acknowledge that the System constitutes our proprietary information including some Confidential Information and that the use or duplication of the System other than as permitted under this Agreement will constitute an unfair method of competition. You will not use the System in any business or any capacity for the benefit of any Person except as permitted under this Agreement or another written agreement with us. You will take all appropriate actions to preserve the confidentiality of all Confidential Information. Access to Confidential Information should be limited to persons who need the Confidential Information to perform their jobs and are subject to your general policy on maintaining confidentiality as a condition of employment or who have first signed a confidentiality agreement. You will not permit copying of Confidential Information (including, as to computer software, any translation, decompiling, decoding, modification or other alteration of the source code of such software). You will use Confidential Information only for your development of Franchised Businesses under this Agreement, and to perform under this Agreement. Upon termination (or earlier, as we may request), you shall return to us all originals and copies of the training manual, Operations Manual, policy statements and Confidential Information "fixed in any tangible medium of expression," within the meaning of the U.S. Copyright Act, as amended. Your obligations under this subsection commence when you sign this Agreement and continue for trade secrets (including computer software we license to you) as long as they remain secret and for other Confidential Information, for as long as we continue to use the information in confidence, even if edited or revised, plus three years. We will respond promptly and in good faith to your inquiry about continued protection of any Confidential Information.

15. Default.

(a) Curable Default. A curable default by you consists of the breach of any of your obligations under any agreement with us or our Affiliates, other than an incurable default listed below. Requesting the appointment of a receiver or assigning your interest may constitute a curable default. A curable default by you must be cured according to Section 16.

(b) Incurable Default. An incurable default by you will occur under this Agreement if (1) You fail to (i) timely sign a Franchise Partner Agreement, or (ii) pay any Initial Franchise Fee owed to us when due; (2) You breach or otherwise fail to comply fully with any provision of the this Agreement or applicable law; (3) You commence the process to dissolve, liquidate, wind up, suffer an administrative or judicial dissolution, become or admit that you are insolvent, have a receiver appointed for you or your material assets, commence a case for relief or have an order for relief entered against you under the United States Bankruptcy Code, or you are the subject of any reorganization, assignment for the benefit of creditors, marshalling of assets, composition or similar proceeding affecting the rights of your creditors; (4) We discover a material inaccuracy in any of your representations in this Agreement or in your application for this Agreement; or (5) Any Franchise Partner Agreement terminates as a result of your default, or you terminate any Franchise Partner Agreement, or you default under and fail to cure within the time permitted, if any, or you terminate any agreement with us or an Affiliate related to a Roastery without the express contractual right to do so.

(c) Performance Schedule Default. If you don't comply with the Performance Schedule, we may, in our sole discretion, give you written notice of default and 30 days to comply with the Performance Schedule (or such longer period as may be required by applicable law) take any one or more of the following actions: (i) terminate this Agreement; (ii) terminate the exclusivity, if any, under Section 2, for developing Brand Outlets in the Development Territory, or (iii) terminate the rights granted to you in Section 3 regarding a Roastery.

16. Remedies. Upon the occurrence of a curable default by you, we will have the right to terminate this Agreement upon not less than thirty (30) days' notice to you, or such longer period as may be required by applicable law. If you do not cure the default within that notice period, we may terminate this Agreement. If you cannot cure the default within the notice period because of the nature of the default or if you notify us orally or in writing that you do not intend to cure the default, we may terminate this Agreement immediately upon notice to you. Upon the termination of this Agreement, you will immediately cease to select and acquire sites for Franchised Businesses or hold yourself out as a Franchised Business operator. The termination of this Agreement will not affect your right to complete development of and operate a Franchised Business in accordance with any executory Franchise Partner Agreement with us.

17. Termination by Us for Commercial Impracticability. The parties agree that the commercial purpose of this Agreement is for us to license the System specified by us to you for use in operating the Franchised Business strictly in accordance with the System Manual, in exchange for payment of the fees and under the conditions set forth in this Agreement and the Franchise Partner Agreement. This Agreement and the Franchise Partner Agreement intends for you to control the terms and conditions of employment for the employees of the Franchised Business, and to supervise such employees as their employer, as set forth in Franchise Partner Agreement Section 38 without constituting us as a joint employer of you or your employees. You acknowledge that we are not in the business of owning and operating any Franchised Business, and you have independently decided to enter into this Agreement to obtain the right to use the System so as to enter into the trade and business contemplated by the System. We may terminate this Agreement by written notice to you without penalty and without payment of any refunds or damages to you, and you will follow your post-termination obligations under Section 16 and Franchise Partner Agreement Section 33 at your expense, if we determine in our sole discretion that either (i) a law or regulation is enacted, promulgated, repealed, modified or amended, (ii) a judicial or administrative tribunal or administrative agency has issued, published

or released a decision, ruling or opinion in a matter not involving the parties directly or indirectly that we reasonably expect will affect applicable law or its interpretation, or (iii) an administrative agency, arbitrator or judge has issued an interim or final decision in a matter in which the parties are involved directly or indirectly, which (A) frustrates or adversely affects or could reasonably be expected to affect adversely the purposes of this Agreement, (B) makes performance of this Agreement commercially impracticable, (C) effectively modifies the allocation of risk, benefits and burdens agreed by the parties, (D) deprives any party of its benefits of the bargain struck by the parties, as originally set forth in this Agreement, or (E) determines that an employment or a joint employment relationship exists between us and you.

18. CERTAIN WAIVERS.

(a) **YOU AND WE WAIVE THE RIGHT TO PURSUE AND RECEIVE ANY EXEMPLARY AND PUNITIVE DAMAGES AGAINST THE OTHER PARTY IN ANY DISPUTE ARISING UNDER THIS AGREEMENT OR RELATING TO THE FRANCHISE RELATIONSHIP, WHETHER ASSERTED AS A RELATED OR INDEPENDENT TORT, AS A BREACH OF CONTRACT, OR AS ANY OTHER CLAIM OR CAUSE OF ACTION BASED ON CONSTITUTIONAL, STATUTORY OR COMMON LAW.**

(b) **THE PARTIES WAIVE THE RIGHT TO A JURY TRIAL IN ANY ACTION RELATED TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE FRANCHISOR, THE FRANCHISEE, ANY GUARANTOR, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS.**

19. Assignment.

(a) We may transfer, assign, or pledge this Agreement, in whole or in part, to any Person.

(b) The rights granted under this Agreement, and decision to enter into this Agreement with you, are personal to you and your Owners, based on their individual qualifications, resources, finances, experience, background, commitment, and business acumen. You will not have any right to transfer, assign, or pledge this Agreement or any of its rights under this Agreement, in whole or in part, to any Person without our express written consent, which we may withhold in our sole discretion.

(c) You may raise additional equity by the sale of your equity interests, either through the issuance of new equity interests or the resale of previously issued and outstanding equity interests, in exchange for cash or property (but not services) so long as you comply with the following conditions and procedures.

(i) The proposed owner must satisfy all of the requirements and conditions then being used to qualify prospective new franchisees, including submission to us of a completed franchise application at least 30 days before the investment transaction;

(ii) You must satisfy all of your monetary obligations then due and owing to us and our Affiliates;

(iii) You must cure all existing defaults under this Agreement, or the transaction must provide capital sufficient to cure the defaults under a written plan to cure acceptable to us and made a part of this Agreement by Addendum;

(iv) The proposed owner may not be engaged, directly or indirectly, in a Competing Business or be in violation of Section 14;

(v) You and your existing Owners must execute and deliver a general release of all claims and causes of action against us and our Affiliates; and

(vi) You must pay us an administrative fee equal to $1,000.00 after we approve the new Owner and send you a revised Attachment A.

(d) If you are an individual, then in the event of your death, permanent disability or appointment of a guardian for you, this Agreement will terminate one hundred eighty (180) days after your death, permanent disability, or appointment of a guardian unless we give our consent within that one hundred eighty (180) day period to the assignment of this Agreement to a successor in compliance with this Section 19.

(e) You may designate a Person that is a business entity that your Owners Control as the franchisee party to a Franchise Partner Agreement at the time you submit your site information for the Franchised Business. You will use our then current form of franchise application to provide information on all Persons who are to be Owners of the franchisee of that Franchised Business. We may disapprove of any Person you propose to be an Owner and provide notice of our disapproval when we provide you with the Franchise Partner Agreement. We may delay tender of the Franchise Partner Agreement to complete our evaluation of the proposed Owners of the franchisee.

20. Indemnification. You will indemnify and hold us and our Affiliates harmless from any and all costs and damages, including (without limitation) attorneys' fees and expenses, arising from your performance under this Agreement, your activities as operator of the Franchised Businesses, including (without limitation) the identification, investigation, acquisition and financing of any site and the construction, remodeling and operation of any Franchised Business, and including any claims or causes of action alleging our negligence or that you are acting as our agent in any way. You must provide and pay the costs of defense and resolution for our Affiliates and us, using legal counsel acceptable to our Affiliates and us. Our Affiliates and we will have the right (but not the obligation) to participate in that defense. This Section shall survive termination or expiration of this Agreement.

21. Relationship of Parties. Neither this Agreement nor the performance of the obligations set forth in this Agreement will operate to make you our partner or agent. Neither party will have the authority to act or contract on behalf of the other. Neither party will have any responsibility for the obligations of the other party. You will indicate clearly the independent ownership of your business in all public records and in all of your dealings with third parties.

22. Entire Agreement. This Agreement will constitute the entire agreement of the parties with regard to the subject matter of this Agreement and will replace and supersede all other written and oral agreements and statements of the parties relating to the subject matter of this Agreement. Neither party is relying on any writing to enter into this Agreement other than as set forth in this Agreement and the Franchise Disclosure Document delivered to you. Nothing in this Agreement or any related agreement is intended to disclaim any representation we made to you in the Franchise Disclosure Document that we furnished to you.

23. Waiver. The failure of a party to insist in any one or more instances on the performance of any term or condition of this Agreement will not operate as a waiver of any future performance of that term or condition.

24. Notices. Except as otherwise provided in this Agreement, when this Agreement requires notice, the sending party must deliver or address the notice to the other party by certified mail, telecopy, or delivery service with receipted delivery, or by electronic mail followed by transmittal of the original by first class United States Mail, to the following address or telecopy number:

| | |
|---|---|
| Us: | La Cabra Franchising LLC<br>Marguerite Vibys Plads 1,<br>2000 Frederiksberg, Denmark<br>Email: wholesale@lacabra.dk<br>(+45) 29 83 04 11 |
| You: | _________________________<br>_________________________<br>_________________________<br>Email:_________________________ |

All notices will be deemed delivered and received if transmitted to the proper address on the earlier of (a) the date that the other party receives or refuses delivery of the notice or (b) three (3) business days after the party places the notice in the United States mail, first class postage prepaid. Each party may change the party's address by giving notice to the other party.

25. Governing Law. Delaware law (without regard to any conflicts of law principles) shall govern this Agreement.

26. Venue. Subject to Section 20, the proper, sole, and exclusive venue and forum for any action arising out of or in any way related to this Agreement shall be the federal and state courts where our principal place of business is located at the time of filing. As of the Effective Date, venue shall be exclusive in the federal or state courts sitting in Wilmington, Delaware. Each party to this Agreement hereby consents to any of those courts' exercise of personal jurisdiction over the party in that type of action and expressly waives all objections the party otherwise might have to that exercise of personal jurisdiction.

27. Legal Fees. In the event either party succeeds in any legal action to enforce the provisions of this Agreement, the losing party will reimburse the prevailing party for its

attorneys' fees and costs related to the action, in addition to any other relief obtained by the prevailing party. The award will include an amount for that portion of the prevailing party's administrative overhead reasonably allocable to the time devoted by the prevailing party's in-house legal staff.

28. Construction. The parties acknowledge that each party or its legal counsel have reviewed and made revisions to this Agreement. The rule of construction requiring the resolution of any ambiguities in this Agreement against the drafting party will not apply to the construction of this Agreement or any attachments to this Agreement.

29. Authority. Each individual executing this Agreement in a representative capacity represents and warrants that he or she has the authority to execute this Agreement in the capacity indicated.

30. Severability. If a court of competent jurisdiction holds any provision of this Agreement invalid or ineffective with respect to any Person or circumstance, the holding will not affect the remainder of this Agreement or the application of this Agreement to any other Person or circumstance. If a court of competent jurisdiction holds any provision of this Agreement too broad to allow enforcement to its full extent, the court will have the power and authority to enforce the provision to the maximum extent permitted by law and may modify the scope of the provision accordingly pursuant to an order of the court.

31. Amendment. No amendment to this Agreement will become effective or binding on the parties, unless such amendment is in writing and executed by all of the parties.

32. Counterparts. The parties may execute this Agreement in counterparts, each of which will constitute an original and all of which, when taken together, will constitute one and the same instrument.

33. Interpretation. For purposes of this Agreement: (a) the words "include," "includes," and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto," and "hereunder" refer to this Agreement as a whole.

34. Headings. The headings in this Agreement are inserted for convenience or reference only and are in no way intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision of this Agreement.

35. Definitions. Unless the context of their use in this Agreement requires otherwise, the following words and phrases will have the following meanings when used in initially-capitalized form in this Agreement:

(a) Development Territory means the geographic area, described in Attachment A of this Agreement and chosen by a method of delineation that we determine is appropriate under the circumstances, less and except any protected radius previously granted by us currently in effect under any existing Franchise Partner Agreement and as increased or reduced in the future through the renewal of any existing Franchise Partner Agreement.

(b) Effective Date means the date we enter immediately below our signature block on this Agreement as the date on which you and we are legally bound under this Agreement, provided that if no such date is entered, then the Effective Date shall be the date on which we execute and deliver this Agreement.

(c) In Operation means a Franchised Business that satisfies these criteria: (1) you have delivered to us its executed Franchise Partner Agreement and Guaranty if we require one to be signed and paid its required Initial Franchise Fee, (2) you have opened the Franchised Business to the general public after meeting all of the related conditions and specifications in its Franchise Partner Agreement, and (3) you are engaged in the continuous operation of the Franchised Business in accordance with its Franchise Partner Agreement.

(d) Performance Schedule means the schedule set forth in Section 3 of this Agreement, which states the number of LA CABRA Franchised Business locations which you are required to open during a period of time.

36. Your Representations. You represent to us as follows:

(a) Variances to Other Operators and Franchisee. You understand that other operators and franchisees may operate under different forms of agreements and, consequently, that our rights and obligations with regard to our various operators and franchisees may differ materially in certain circumstances.

(b) This Transaction. You and the persons signing this Agreement for you have full power and authority and have been duly authorized, to enter into and perform or cause performance of your obligations under this Agreement. You have obtained all necessary approvals of your Owners, Board of Directors, and lenders. No executory franchise, license, or affiliation agreement for the Development Territory exists other than this Agreement. Attachment A accurately states the names, addresses, and ownership percentages of your Owners. Your execution, delivery and performance of this Agreement will not violate, create a default under or breach of any charter, bylaws, agreement or other contract, license, permit, indebtedness, certificate, order, decree, or security instrument to which you or any of your Owners is a party or is subject. Neither you nor any of your assets or Owners is the subject of any current or pending merger, sale, dissolution, receivership, bankruptcy, foreclosure, reorganization, insolvency, or similar action or proceeding on the date you execute this Agreement and was not within the three years preceding such date, except as disclosed in your franchise application. To the best of your knowledge, neither you, your Owners, your officers, directors, contractors, or employees or anyone else affiliated or associated with you, whether by common ownership, by contract, or otherwise, has been designated as, or are, a terrorist, a "Specially Designated National" or a "Blocked Person" under U.S. Executive Order 13224, in lists published by the U.S. Department of Treasury's Office of Foreign Assets Control, or otherwise.

(c) No Misrepresentations or Implied Covenants. All written information you submit to us about the Development Territory, you, your Owners, any guarantor, or the finances of any such person or entity, was or will be at the time delivered and when you sign this Agreement, true, accurate and complete, and such information contains no misrepresentation of a material fact, and does not omit to state any material fact necessary to make the information disclosed not misleading under the circumstances. There are no express or implied covenants or warranties, oral or written, between you and us except as expressly stated in this Agreement.

(d) Independent Investigation. You have conducted an independent investigation of the business contemplated by this Agreement and recognize that it involves substantial business risks, making the success of the venture largely dependent on your background, business acumen, commitment, experience, finances, management skills, qualifications, and resources. You have not received from our Affiliates or us, and have not relied upon, any oral or written, express, or implied projection, representation, warranty, or guaranty regarding the potential sales, revenues, income, profits, or success of the business venture contemplated by this Agreement. You have had the opportunity to consult with independent advisors of your own selection such as a lawyer or accountant before making your decision to sign this Agreement and undertake to develop any Franchised Business.

(e) No Guarantees of Success. Our representatives and we have not made or communicated to you, and you have not relied upon, any claims of assured or guaranteed success of the business contemplated by this Agreement prior to signing this Agreement. You voluntarily enter into this Agreement and undertake all the terms and conditions thereof without any such inducements, promises, or representations. Without limiting the foregoing, we expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any representations, warranties, or guarantees, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement, or as to the suitability of any selected or proposed Development Territory as a successful area for the development of Franchised Businesses.

37. Disclaimer Limitation. Notwithstanding the foregoing, nothing in this Agreement or any other agreement with us shall disclaim or require you to waive reliance on any representation that we made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that we delivered to you or your representative, subject to any agreed-upon changes to the contract terms and conditions described in that Franchise Disclosure Document and reflected in this Agreement (including any riders or addenda signed at the same time as this 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, the parties have executed and delivered this Agreement, intending to be legally bound, as of the Effective Date.

| | |
|---|---|
| **FRANCHISOR**: | **OPERATOR:** |
| **LA CABRA FRANCHISING LLC** | ________________________________ |
| By: ______________________________ | By: ______________________________ |
| Its: ______________________________ | Its: ______________________________ |
| Effective Date: ____________________ | Date: ____________________________ |

## Attachment A

### I. Development Territory

### II. Your Owners

| Name | Address | Telephone | Email | Percentage Ownership |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |



4932-7678-8014

## Attachment B

## Form of Franchise Partner Agreement

**Exhibit C**

**Forms of Closing Acknowledgement**

**Exhibit C-1**

**LA CABRA FRANCHISING LLC**
**FRANCHISE CLOSING ACKNOWLEDGMENT**
**FORM USED IN STATES OTHER THAN NEW YORK AND CALIFORNIA**

As you know, you (or the entity you represent) and we are entering into a Franchise Partner Agreement to operate a Franchised Business. The purpose of this Closing Acknowledgment is to determine whether any statements or promises were made to you on which you have relied that we have not authorized or that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest, accurate and complete responses to each question.

## Acknowledgments and Representations1*.

Did you receive a copy of our Franchise Disclosure Document ("FDD") (and all exhibits and attachments) at least 14 calendar days (or at the first personal meeting in Iowa or New York, or least 10 business days if you are in Connecticut, Michigan or New York), before you signed the Franchise Partner Agreement and any Development Agreement? **Check one: (__)Yes (__) No**. If no, please tell us if and when you received the FDD and when you signed the Franchise Partner Agreement. Please explain why you signed the Franchise Partner Agreement or Development Agreement before the 14 days expired:

______________________________________________________________________
______________________________________________________________________

Did you understand all the information in the FDD and your rights and obligations under the Franchise Partner Agreement and Development Agreement? **Check one: (__)Yes (__) No**. If no, please comment:

______________________________________________________________________
______________________________________________________________________

Did you receive a copy of the Franchise Partner Agreement or Development Agreement at least 7 days before you signed the Agreement? **Check one: (__)Yes (__) No**. If no, tell us when you received the Franchise Partner Agreement and when you signed it. Please explain why you signed the Franchise Partner Agreement or Development Agreement when you did:

______________________________________________________________________
______________________________________________________________________

Have you studied and reviewed carefully our FDD and the Franchise Partner Agreement (and the Multiple Unit Operator if you are signing one) you received? **Check one: (__)Yes (__) No**. If no, please comment:

______________________________________________________________________
______________________________________________________________________

1[*]Such representations are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Illinois Franchise Disclosure Act. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Was any oral, written or visual claim, statement, presentation, or representation made to you on which you relied in making your decision to sign the Franchise Partner Agreement or Development Agreement that contradicted the disclosures in the FDD? **Check one: (__)Yes (__)No.** If yes, please explain in detail the oral, written or visual statement, presentation, claim, or representation:

__________________________________________________________________________
__________________________________________________________________________

Except for any financial performance representation included as Item 19 in our FDD, did any employee or other person speaking on our behalf make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any Franchised Business franchise, or the likelihood of success at your Franchised Business on which you relied in making your decision to sign the Franchise Partner Agreement? **Check one: (__)Yes (__) No**. If yes, please explain in detail who made and what you understand is the oral, written or visual claim, statement, promise or representation:

__________________________________________________________________________
__________________________________________________________________________

Except for any financial performance representation included as Item 19 in our FDD did any employee or other person speaking on our behalf make any statement or promise regarding the costs involved in operating a franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD on which you relied in making your decision to sign the Franchise Partner Agreement or Development Agreement? **Check one: (__)Yes (__) No.** If yes, please identify who made the statement or promise and what you understand are the details of the statement or promise.

__________________________________________________________________________
__________________________________________________________________________

Do you understand that the franchise granted in the Franchise Partner Agreement (a) allows you to operate a Franchised Business only at the Franchised Location, (b) prevents us from operating or franchising another Franchised Business only in the Trade Area described in the Franchise Partner Agreement, (c) allows us to operate or franchise a Franchised Business anywhere inside or outside the Trade Area, and (d) allows us to open and operate or authorize any other party to open and operate an Outlet in or adjacent to your Trade Area? **Check one: (__)Yes (__) No**. If no, please comment:

__________________________________________________________________________
__________________________________________________________________________

Do you understand that the Franchise Partner Agreement or Development Agreement contains the entire agreement between you and us concerning the franchise for the Franchised Business or the development rights we grant to you, meaning that any prior oral or written statements or agreements not set out in the Franchise Partner Agreement, the Development Agreement or the FDD will not be binding? **Check one: (__)Yes (__) No**. If no, please comment:

__________________________________________________________________________
__________________________________________________________________________

Do you understand that the success or failure of your franchise or Multiple Unit Operator business will depend in large part upon your skills and experience, your business acumen, the hours you work, the location you select, your management of your Franchised Business, the prices you set, the local market for a Franchised Business, interest rates, the economy, inflation, the number and competence of employees or contractors you hire and their compensation, competition, financing terms and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you buy or open your franchise may change? **Check one: (__)Yes (__) No.** If no, please comment:

________________________________________________________________________
________________________________________________________________________

The undersigned represent and warrant to LA CABRA Franchising LLC that the entity formation and governance documents provided to LA CABRA Franchising are true, complete and correct in all respects, have not been restated, amended or modified, and remain in full force and effect on the date of this instrument.

***You understand that your answers are important to us and that we will rely on them. By signing this acknowledgment, you are representing that you have considered each question carefully and responded truthfully to the above questions. If more space is needed for any answer, please continue on a separate sheet, attach it, date it and initial the sheet.***

**NOTE: IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS GUARANTORS MUST EXECUTE THIS ACKNOWLEDGMENT.**

| | |
|---|---|
| Signed: ____________________ | Signed: ____________________ |
| Print Name: ____________________ | Print Name: ____________________ |
| Date: ____________________ | Date: ____________________ |
| | ACCEPTED ON BEHALF OF:<br>**LA CABRA FRANCHISING LLC** |
| Signed: ____________________ | Signed: ____________________ |
| Print Name: ____________________ | Print Name: ____________________ |
| Date: ____________________ | Date: ____________________ |

**EXHIBIT C-2**
**FRANCHISE CLOSING ACKNOWLEDGMENT**
**FOR USE IN NEW YORK AND CALIFORNIA**

As you know, you (or the entity you represent) and we are entering into a Franchise Agreement to operate a Franchised Business. The purpose of this Closing Acknowledgment is to determine whether any statements or promises were made to you on which you have relied that we have not authorized or that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest, accurate and complete responses to each question.

**Acknowledgments and Representations*.**

Did you receive a copy of our Franchise Disclosure Document ("FDD") (and all exhibits and attachments) at least 14 calendar days (or at the first personal meeting in Iowa or New York, or least 10 business days if you are in Connecticut, Michigan or New York), before you signed the Franchise Agreement and any Multi-Unit Operator Agreement? **Check one: (__) Yes (__) No**. If no, please tell us if and when you received the FDD and when you signed the Franchise Agreement. Please explain why you signed the Franchise Agreement or Multi-Unit Operator Agreement before the 14 days expired:

______________________________________________________________________________
______________________________________________________________________________

Did you receive a copy of the Franchise Agreement or Multi-Unit Operator Agreement at least 7 days before you signed the Agreement? **Check one: (__) Yes (__) No**. If no, tell us when you received the Franchise Agreement and when you signed it. Please explain why you signed the Franchise Agreement or Multi-Unit Operator Agreement when you did:

______________________________________________________________________________
______________________________________________________________________________

Was any oral, written or visual claim, statement, presentation or representation made to you on which you relied in making your decision to sign the Franchise Agreement or Multi-Unit Operator Agreement that contradicted the disclosures in the FDD? **Check one: (__) Yes (__) No.** If yes, please explain in detail the oral, written or visual statement, presentation, claim or representation:

______________________________________________________________________________
______________________________________________________________________________

Except for any financial performance representation included as Item 19 in our FDD, did any employee or other person speaking on our behalf make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any Franchised Business franchise, or the likelihood of success at your Franchised Business on which you relied in making your decision to sign the Franchise Agreement? **Check one: (__)Yes (__) No**. If yes, please explain in detail who made and what you understand is the oral, written or visual claim, statement, promise or representation:

---

*Such representations are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law, if either or both such laws apply to this transaction.

______________________________________________________________________________

______________________________________________________________________________

Except for any financial performance representation included as Item 19 in our FDD did any employee or other person speaking on our behalf make any statement or promise regarding the costs involved in operating a franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD on which you relied in making your decision to sign the Franchise Agreement or Multi-Unit Operator Agreement? **Check one: (__) Yes (__) No.** If yes, please identify who made the statement or promise and what you understand are the details of the statement or promise.

______________________________________________________________________________

______________________________________________________________________________

Do you understand that the franchise granted in the Franchise Agreement (a) allows you to operate a Franchised Business only at the Franchised Location, (b) prevents us from operating or franchising another Franchised Business only in the Protected Area described in the Franchise Agreement, (c) allows us to operate or franchise a Franchised Business anywhere outside the Protected Area, and (d) allows us to open and operate or authorize any other party to open and operate a Nontraditional Concept Retailer in your Protected Area? **Check one: (__) Yes (__) No**. If no, please comment:

______________________________________________________________________________

______________________________________________________________________________

Do you understand that the Franchise Agreement or Multi-Unit Operator Agreement contains the entire agreement between you and us concerning the franchise for the Franchised Business or the development rights we grant to you, meaning that any prior oral or written agreements not set out in the Franchise Agreement, the Multi-Unit Operator Agreement or the FDD will not be binding? **Check one: (__) Yes (__) No**. If no, please comment:

______________________________________________________________________________

______________________________________________________________________________

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.

**<u>NOTE:</u> IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS GUARANTORS MUST EXECUTE THIS ACKNOWLEDGMENT.**

Signed: ______________________________

Print Name: ___________________________

Date: ________________________________

Signed: ______________________________

Print Name: ___________________________

Date: ________________________________

**ACCEPTED ON BEHALF OF:**

**LA CABRA FRANCHISING, LLC**

Signed: ______________________________

Print Name: ___________________________

Date: ________________________________

Signed: ______________________________

Print Name: ___________________________

Date: ________________________________

**Exhibit D**

**Form of Collateral Assignment of Telephone Numbers, Telephone Numbers, Telephone Listings and Internet Addresses**

**COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, TELEPHONE LISTINGS AND INTERNET ADDRESSES**

THIS ASSIGNMENT is entered into this ____ day of ____________ 20__, in accordance with the terms of the LA CABRA Franchising LLC Franchise Partner Agreement ("**Franchise Partner Agreement**") between ______________________________________________ ("**Franchisee**") and LA CABRA Franchising LLC ("**Franchisor**"), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate a LA CABRA® Business Franchise located at ______________________________________________ ("**LA CABRA Business**").

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "**Telephone Numbers and Listings**") and (2) those certain Internet Website Addresses ("**URLs**") associated with Franchisor's trade and service marks and used from time to time in connection with the operation of the LA CABRA Business at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "**Telephone Company**") and/or Franchisee's internet service provider ("**ISP**") to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Partner Agreement (without extension of Franchisee's rights to operate the LA CABRA Business), Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers, the Listings and the URLs, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers, Listings and URLs, and shall remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Partner Agreement, Franchisor shall have the sole right to and interest in the Telephone Numbers, Listings and URLs, and Franchisee appoints Franchisor as Franchisee's true and lawful attorney-in-fact to direct the Telephone Company and the ISP to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company and the ISP to assign the Telephone Numbers, Listings and URLs to Franchisor. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Telephone Numbers, Listings and URLs to Franchisor, Franchisor shall direct the Telephone Company and the ISP to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company and the ISP may accept Franchisor's written direction, the Franchise Partner Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Telephone Numbers, Listings, and URLs upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone Company's and ISP's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company's or the ISP's assignment forms or other documentation at the time of termination or expiration of the Franchise Partner Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Partner Agreement.

| | |
|---|---|
| **ASSIGNEE** | **ASSIGNOR** |
| **LA CABRA FRANCHISING LLC** | **Franchisee** |
| By: ____________________________ | By:____________________________ |
| Its: ____________________________ | Its:____________________________ |

**Exhibit E**
**Form of General Release**

## GENERAL RELEASE FOR TRANSFER OR RENEWAL

This General Release (the "Release") is made as of the ____ day of ____________, 20___ by and between ____________________, a ______________________ (the "Franchisee") and LA CABRA Franchising LLC, a Delaware limited liability company ("Franchisor").

WHEREAS, Franchisee is a party to a certain Franchise Partner Agreement or Development Agreement dated _______, 20___ (the "Franchise Partner Agreement") by and between Franchisee and Franchisor; and

WHEREAS, Franchisee desires to sell and assign the Franchise Partner Agreement or transfer the Franchised Business (as defined in the Franchise Partner Agreement) at the Approved Location (as defined in the Franchise Partner Agreement) to a third party in accordance with the transfer provisions of the Franchise Partner Agreement, and Franchisor has approved the application of the transferee to succeed to and become the franchisee of the Franchised Business at the Approved Location; and

WHEREAS, the Franchise Partner Agreement requires that, as a condition to any transfer (as defined in the Franchise Partner Agreement) under the Franchise Partner Agreement, Franchisee and the transferee must first execute a general release of all claims in favor of Franchisor.

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements contained herein, the parties covenant and agree as follows:

1. Release of Franchisor. Franchisee hereby releases and forever discharges Franchisor, any subsidiary or affiliate of Franchisor, their respective officers, directors, members, employees, agents, contractors and their respective successors, assigns, heirs and personal representatives from any and all claims, demands, rights and causes of action of any kind that Franchisee now has or hereafter may have on account of or in any way arising out of or related to the offer, sale, administration, performance, default, assignment and termination of the Franchise Partner Agreement. Franchisor and Franchisee mutually intend that this Release shall include, without limitation, claims, demands and causes of action arising out of alleged misrepresentations of any kind or nature whatsoever, alleged breaches of contract (based upon implied, express, estoppel, waiver, or alternative theories of contractual obligation), or breach of any alleged special, trust, agency or fiduciary relationship, whether asserted or proposed to be asserted by way of claim, setoff, affirmative defense, counterclaim, cross-claim or third party claim.

2. No Release of Franchisee. Franchisee is not released from any duty or obligation imposed upon Franchisee by the Franchise Partner Agreement, provided that upon assignment and assumption of the Franchise Partner Agreement by the authorized transferee and delivery of all of the documents and fees required by Franchisor as a condition to the assignment or transfer of the Franchised Business, Franchisee shall have no liability or obligation with respect to any breach of the Franchise Partner Agreement by the transferee arising after the date of transfer or assignment.

3. Survival of Obligations. Franchisee and Guarantor(s) each acknowledge that its obligations under the Franchise Partner Agreement with respect to indemnification, audits (as to accounting periods prior to the Termination Date) and confidentiality of materials disclosed while the Franchise Partner Agreement was in effect, and any other provision that specifies it survives termination of the Franchise Partner Agreement all remain in full force and effect. Franchisee and Guarantor(s) shall contact Franchisor regarding any questions on such surviving obligations. For purposes of this Release, "Confidential Materials" means all materials in all forms, including electronically stored information, that was disclosed to Franchisee and Guarantor(s) in confidence,

contains confidential information as described in the Franchise Partner Agreement, including without limitation all customer information subject to any privacy requirements, or by the facts and circumstances attending disclosure, should be considered confidential and proprietary.

4. Non-Competition Covenants. Notwithstanding the foregoing, the post-termination termination covenants against competition set forth in Section 11 of the Franchise Partner Agreement shall be in full force and effect from the Issuance Date until their stated expiration date.

5. No Violation of Applicable Law. Notwithstanding the foregoing, this Release does not apply to any claim or cause of action arising under laws governing the offer and sale of franchises to Franchisee or the relationship between Franchisee and Franchisor if the Release would violate or is prohibited by such applicable law.

6. Representations and Warranties. Franchisee and Guarantor(s) each represent and warrant to Franchisor that: (a) Franchisee has reported the Gross Sales of the Franchised Business accurately and correctly calculated the fees due during the Term of the Franchise Partner Agreement; (b) Franchisee, Guarantor(s) and Franchisee's employees, contractors and agents have not used, disclosed or made unauthorized copies of any Confidential Materials, or shared any access codes to electronic information and secure web sites of Franchisor in violation of the Franchise Partner Agreement; (c) no consent of any third party is required for Franchisee to enter into or perform this Release; (d) Franchisee or Guarantor(s) have not filed a lawsuit or arbitration demand against Franchisor, its parent companies or affiliates and have not filed a proceeding, complaint or notice regarding this franchise or Franchisor with any federal, state or local regulatory or law enforcement agency, including without limitation the Federal Trade Commission regarding the Franchise Partner Agreement; (e) Franchisee or Guarantor(s) are not the subject of any pending bankruptcy, receivership, composition, assignment or similar proceeding; (f) Franchisee has obtained the necessary equity owner and governance board authorization to execute and perform this Release; and (g) the persons negotiating and executing this Release on Franchisee's behalf have been duly authorized by its owners and its governance board.

7. Confidentiality. Each party hereto and their respective counsel, representatives and agents agrees that they will not disclose any of the terms of this Release. The parties and their respective counsel, representatives and agents are not, however, precluded from disclosing the terms of the Release to their attorneys, accountants, tax preparers, paid financial advisors or any governmental, regulatory or judicial authority which might compel the disclosure of this Release. Notwithstanding the foregoing, if any of the parties is served with a subpoena or other governmental or judicial process seeking to compel the disclosure of this Release, it shall be the responsibility of the party that receives the subpoena or other governmental or judicial process to notify all other parties to this Release within 72 hours of receipt, thus affording the other parties to this Release an opportunity to move to quash the subpoena or oppose the entry of any order seeking to compel the disclosure of this Release. Additionally, in the event it becomes necessary to file this Release with a court in any future enforcement action between the parties, the parties hereby agree to apply jointly for leave to file this Release under seal.

8. Future Conduct. Franchisee, on behalf of itself and its owners, agents, contractors, officers, managers, and directors and the Guarantors (collectively, “Franchisee's Representatives”) expressly covenant and agree that each of them shall not, at any time, either orally or in writing or through any other medium (including without limitation through any social media outlet, posting, blog or comment), or any other form of communication, (i) disparage, defame, impugn, assail, or criticize the reputation, integrity, professionalism, or conduct of the Franchisor or its officers, directors, managers, owners, agents, contractors and employees (collectively, “Franchisor's

Representatives,") the franchisees of Franchisor, or any of their representatives, (ii) pursue or promote any action to encourage any of Franchisor's Franchisees to (1) abandon or terminate their franchise, (2) not pay amounts due to Franchisor, (3) not perform under any franchise agreement, or (4) not support the Franchisor or any of its programs in any way; or (iii) voluntarily testify or appear as a witness, consultant or expert, or participate as an adverse party to Franchisor, in any civil litigation, arbitration or dispute resolution proceeding against Franchisor or any of Franchisor's Representatives related to the franchise, the business of Franchisor or the System, Franchisee's Representatives may answer truthfully to any inquiry received from a governmental authority or in response to any lawful discovery or subpoena issued in any civil or criminal proceeding. The Franchisee's Representatives and the Franchisor's Representatives will treat each other with mutual respect. Franchisor and the Franchisor's Representatives covenant and agree not to disparage, defame, impugn, assail, or criticize the reputation, integrity, professionalism or conduct of Franchisee and the Guarantors in connection with this franchise. The parties acknowledge that monetary damages may not be sufficient to provide redress to an aggrieved party if the other party breaches this Section, so the parties consent to the entry of injunctive relief to prevent any breach or continuing breach of this Section.

9. Consultation with Counsel. Franchisee and Guarantor(s) acknowledge that each of them have consulted with, or had the opportunity to consult with, legal counsel of their own selection about this Release. Franchisee and Guarantor(s) each understand how this Release will affect your legal rights and voluntarily enter into this Release with such knowledge and understanding.

10. Governing Law; Consent to Jurisdiction. This Release will be governed by and interpreted under Delaware law. The parties hereby consent and waive all objections to the non-exclusive personal jurisdiction of, and venue in, the federal and state court districts in which Franchisor then has its principal place of business, for the purposes of all cases and controversies, which may not be settled through arbitration, involving this Release and its enforcement, and the Franchise Partner Agreement.

11. Attorneys' Fees. The parties agree that the non-prevailing party will pay all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party to enforce this Release or collect amounts owed under this Release.

12. Capitalized Terms. Capitalized terms not otherwise defined in this Release shall have the meaning assigned to that term in the Franchise Partner Agreement, including its addenda and amendments.

13. Execution in Counterparts. To facilitate execution of this Release by geographically separated parties, this Release and all other agreements and documents to be executed in connection herewith may be executed in as many counterparts as may be required; and it shall not be necessary that the signatures on behalf of each party appear on each counterpart; but it shall be sufficient that the signature on behalf of each party appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Release to produce or account for more than a number of counterparts containing the respective signatures on behalf of all the parties hereto. All facsimile executions shall be treated as originals for all purposes.

14. Entire Agreement. This Release constitutes the entire understanding and agreement between the parties with respect to the Franchised Business and the termination of the Franchise Partner Agreement. This Release may not be changed or modified, except by a writing signed by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Release as of the date and year first above written.

| | |
|---|---|
| FRANCHISEE: | FRANCHISOR: |
| ___________________________________ | **LA CABRA FRANCHISING LLC** |
| By: _____________________________________ | By: _____________________________________ |
| Printed Name: ____________________________ | Printed Name: ____________________________ |
| Title: ___________________________________ | Title: ___________________________________ |

GUARANTORS:

_____________________________________
Printed Name:

_____________________________________
Printed Name:

_____________________________________
Printed Name:

# EXHIBIT F

## Form of Non-Disclosure and Non-Use Agreement

## NON-DISCLOSURE AND NON-USE AGREEMENT

THIS NON-DISCLOSURE AND NON-USE AGREEMENT (the "***Agreement***") is made and given to LA CABRA Franchising LLC, a Delaware limited liability company, for the collective benefit such entity and its affiliates (collectively, "***Company***"), by the undersigned, as of the date set forth below.

BACKGROUND:

In conjunction with exploration of a potential business relationship between the undersigned and the Company (the "***Purpose***"), the undersigned has need of, may become aware of, and/or may come into possession of (i) financial information, business plans, information about the Company's business and/or other non-public information and trade secrets that Company considers confidential or proprietary, (ii) information about a customer of Company that is non-public, confidential, or proprietary in nature, and/or that is protected by law or by order of a court, arbitrator, or other such authority, and/or (iii) information and property held by Company pursuant to a contractual or fiduciary relationship. Company is willing to disclose to the undersigned, or permit the disclosure to the undersigned of, such information and property only upon receipt of the assurances contained within this Agreement, and the undersigned is willing to give such assurances.

NOW, THEREFORE, in consideration of the recitals above and other good and valuable consideration, the undersigned hereby agrees as follows:

**1. <u>Definition of Confidential Information</u>**

"***Confidential Information***" means any information of any type in any form that (i) is disclosed to or observed or obtained by the undersigned from Company (or from a person the recipient knows or reasonably should assume has an obligation of confidence to Company) in the course of, or by virtue of, the Purpose and (ii) either is designated as confidential or proprietary in writing at the time of such disclosure or within a reasonable time thereafter (or, if disclosure is made orally or by observation, is designated as confidential or proprietary orally by the person disclosing or allowing observation of the information) or is of a nature that the recipient knew or reasonably should have known, under the circumstances, would be regarded by the owner of the information as confidential or proprietary.

For purposes of this Agreement, however, the term "Confidential Information" specifically shall not include any portion of the foregoing (other than information about the health or financial status of any person) that (i) was in the undersigned's possession or knowledge at the time of disclosure and that was not acquired directly or indirectly from Company, (ii) was disclosed to the undersigned by a third party not having an obligation of confidence of the information to any person or body of which the undersigned knew or that, under the circumstances, the undersigned reasonably should have assumed to exist, or (iii) is or becomes (other than by the act or omission of the undersigned) a part of the public domain not under seal by a court of competent jurisdiction.

In the event of any ambiguity as to whether information is Confidential Information, the foregoing shall be interpreted strictly and there shall be a rebuttable presumption that such information is Confidential Information.

Without limiting any other provisions of this Agreement or granting by implication any rights with respect to any particular item, and whether or not otherwise meeting the criteria described herein, the following shall be deemed conclusively to be Confidential Information: (i) all information that the recipient knows or reasonably should know is a trade secret pursuant to applicable law; (ii) any notes, compilations, analyses, or other materials created by or on behalf of the undersigned that contain, describe, or refer to information that is Confidential Information of Company; and (iii) to the extent not generally known to the public or to third parties in the relevant industry, (A) all data, documents, flow charts, logic diagrams, design concepts, technical information, processes, standards, specifications, improvements, inventions, procedures, know-how, formulae, algorithms, source and executable codes, scripts, file layouts, database arrangements, test materials, business concepts and methods, financial information, recipes and preparation instructions for menu items, ingredients, new menu items and the like, sales and marketing information, development plans, business plans, strategies, forecasts, customer lists, customer data, supplier lists, supplier contract and arrangement terms, non-obvious Retailer design, décor, and organization elements, and passwords, entry codes, access sequences, or the like of the Company, (B) all information and property that the recipient knows or reasonably should assume is possessed by Company through a contractual or fiduciary relationship with a third party (including without limitation property possessed or accessible pursuant to a license or other contractual arrangement, information regarding the business of Company's customer or prospective customer, the identity of any third party in a confidential relationship with Company, and information about the health or financial status of any person), and (C) this Agreement (other than the fact of its existence), the identity of Company as a party to this Agreement, and the fact of the parties' Purpose.

Any information otherwise meeting the foregoing definition of "Confidential Information" that was received by the undersigned prior to the date of this Agreement but preliminary to or in contemplation of this Agreement or the Purpose shall be deemed to be Confidential Information.

**2. Non-Disclosure of Confidential Information**

Except as otherwise specifically authorized by Company in writing, the undersigned shall keep all Confidential Information disclosed to it strictly confidential and shall not disclose (or permit the disclosure by any of its employees, contractors, or agents of) any Confidential Information except as expressly approved in writing by Company or as otherwise permitted under this Agreement; provided, however, that the undersigned may disclose appropriate portions of Confidential Information to those of its employees, contractors, agents, and professional advisors who have a substantial need to know the specific information in question in connection with the Purpose so long as all such persons (i) have been instructed that such Confidential Information is subject to the obligation of confidence set forth by this Agreement and (ii) are bound either by contract, employment policies, or fiduciary or professional ethical obligation to maintain such information in confidence. The foregoing notwithstanding, in the event the undersigned becomes legally compelled to disclose any Confidential Information, the undersigned shall provide Company with prompt notice thereof so that Company may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. If such protective order or other remedy is not obtained, or if Company waives compliance with the provisions of this Agreement, the undersigned agrees to furnish only the portion of the Confidential Information that it is legally required to disclose, as advised by written opinion of counsel. The undersigned also shall exercise its best efforts to obtain reasonable, reliable assurance that confidential treatment as provided in this Agreement will be accorded to the Confidential Information so disclosed.

**3. Non-Use of Confidential Information**

The undersigned shall not, in any manner or at any time, use or authorize the use of any Confidential Information except as is necessary to effectuate the purposes of the Purpose.

**4. Security of Confidential Information**

In addition to any other restrictions or obligations imposed at law, the undersigned will maintain all Confidential Information under secure conditions, using reasonable security measures and in any event not less than the same security procedures used by the undersigned for the protection of its own Confidential Information of a similar kind.

**5. Copying of Confidential Information.**

Except as otherwise specifically authorized by Company in writing, the undersigned shall not copy or otherwise reproduce any part of any Confidential Information, nor attempt to do so, other than as is necessary to effectuate the purposes of the Purpose. Any embodiments of Confidential Information that may be generated by the undersigned, either pursuant to or in violation of this Agreement, will be deemed the Confidential Information of Company.

**6. Proprietary Legends**

Except as otherwise specifically authorized by Company in writing, the undersigned shall not remove, obscure, or deface on or from any embodiment of any Confidential Information any proprietary legend relating to Company's rights.

**7. Compliance with Export Restrictions**

The undersigned shall comply with all applicable laws, regulations, and restrictions relating to the use, handling, disclosure, export, and transfer of the Confidential Information. The undersigned warrants that no technical data furnished to it by Company will be exported from the United States, including without limitation disclosing technical data to a foreign firm, foreign government, or foreign national not lawfully admitted to the United States as a permanent resident, without first (i) obtaining the express written consent of Company in its sole discretion and (ii) complying with all applicable requirements of the International Traffic in Arms Regulations and the Export Administration Act, including without limitation the requirement for obtaining any export license or other approval, if applicable. The undersigned shall not submit any request for authority to export any such technical data without the express written consent of Company in its sole discretion.

**8. Term**

The obligations of the undersigned pursuant to this Agreement shall continue until three years following the last date that Confidential Information is disclosed to or observed or obtained by the undersigned pursuant to this Agreement; provided, however, that the obligations of the undersigned pursuant to this Agreement with respect to Confidential Information that the recipient knows or reasonably should know is a trade secret pursuant to applicable law shall continue for as long as such information remains a trade secret; and provided, further, that the obligations of the undersigned pursuant to Section 2 of this Agreement shall continue indefinitely.

**9. Acknowledgment of Rights**

The undersigned acknowledges that, as between Company and the undersigned, all Confidential Information shall be and remain exclusively the property of Company. Nothing contained in this Agreement shall be construed as granting to or conferring upon the undersigned any right, by license or otherwise, expressly or by implication, in respect of any

Confidential Information or any applications thereof.

**10. No Warranties**

The undersigned acknowledges that Company makes no representation or warranty as to the Confidential Information disclosed hereunder, including without limitation any representation or warranty as to accuracy, completeness, or relevance, and any implied such representations and warranties are hereby disclaimed. Company shall have no liability to the undersigned for any use of Confidential Information by the undersigned.

**11. Return or Destruction of Confidential Information**

At any time or times as may be requested by Company, and in any case within 10 days following the end of the Purpose, the undersigned shall return or permanently and securely destroy all copies and other physical embodiments of the Confidential Information in its possession or under its control and permanently and securely delete any electronic embodiments of the Confidential Information from its computers and storage devices and media. Upon request of Company, the undersigned shall deliver a certificate of an officer of the undersigned that all such Confidential Information has been returned or destroyed.

**12. Injunctive Relief**

The undersigned acknowledges that the Confidential Information has been and is developed and obtained by Company with considerable effort and expense or subject to legal obligations regarding its confidentiality, that the Confidential Information is unique, secret, and valuable to Company, and that any unauthorized use of Confidential Information by the undersigned, or any disclosure of the same to any third party other than as permitted under this Agreement, would be wrongful, may violate law, and would cause irreparable injury to Company. The undersigned further acknowledges that any breach of this Agreement would cause irreparable harm to Company for which an award of money damages alone would not be an adequate remedy, and the undersigned therefore agrees that Company shall be entitled to specific performance and immediate preliminary and permanent injunctive relief without bond, without the need of proof of actual damages, and without prejudice to any other rights or remedies to which Company may be entitled as a result of a breach of this Agreement. Company shall be entitled to reasonable attorney's fees and costs incurred by it in enforcing its rights under this Agreement. Nothing in this Agreement is intended to or shall be interpreted as diminishing or otherwise limiting Company's rights under applicable law to protect its Confidential Information.

**13. No Partnership; No Commitment; No Exclusivity**

Except as expressly set forth in a separate written agreement between the undersigned and Company, nothing contained in this Agreement or in any discussions undertaken or disclosures made pursuant hereto shall (i) create any partnership or joint venture as between the undersigned and Company; (ii) be deemed a commitment by the undersigned or Company to engage in any business relationship, contract, or future dealing with of for the benefit of the other, or (iii) limit the right of the undersigned or Company to conduct discussions or engage in any undertaking, whether similar to or different from the Purpose, so long as such discussions or undertaking do not violate this Agreement.

**14. Other Provisions**

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (other than its conflicts of law provisions) and venue shall be exclusive in the federal or state courts sitting in New York, New York. If any provision of this Agreement is deemed invalid or unenforceable, such provision shall be deemed limited by construction in scope and effect to the minimum extent necessary to render the same valid and enforceable. This Agreement, including any exhibits referred to in this Agreement, all of which form a part hereof, contains the entire understanding of the undersigned and Company with respect to its subject matter. This Agreement may be amended only by a written instrument duly executed by the undersigned and Company. No failure or delay in the exercise of any power, right, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right, or privilege preclude the further exercise thereof or of any other right, power, or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

**IN WITNESS WHEREOF**, the undersigned has caused this Agreement to be executed by him/herself or its duly authorized representative as of the date shown below.

*[Signature block if individual:]*

______________________________
(Signature, if individual)

______________________________
(Name written out, if individual)

Date: ____________________

*[Signature block if entity:]*

______________________________
(Company name written-out)

By: ______________________________
(Signature of duly-authorized officer)

Its: ______________________________
(Title of duly-authorized officer)

Date: ____________________

# Exhibit G

## Disclosure Document Addenda Required by Certain States

**ADDENDUM TO
LA CABRA FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
STATE SPECIFIC ADDENDA**

If you are a resident of or your La Cabra® Coffee outlet franchise will be located in any of the states listed below, the following information may apply to you.

**California**

**Florida**

**Illinois**

**Indiana**

**Maryland**

**Minnesota**

**New York**

**South Dakota**

**Virginia**

**Wisconsin**

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO CALIFORNIA FRANCHISE INVESTMENT LAW**

1. This Addendum applies to your Franchise Agreement if and only if (i) your Franchised Location is in the State of California, or (ii) you are domiciled in the State of California.

2. Item 5 of the Franchise Disclosure Document is amended to include:

> "The Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open."

3. 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.

4. The California Business and Professions Code Sections 20000 through 20044 ("CFRA") provide rights to franchisees concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the CFRA, the CFRA will control.

5. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

6. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

7. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the Franchise and indemnification for the indemnitees' own negligence and strict liability. These provisions may not be enforceable under California law.

8. Neither we nor any person identified in Item 2 of this Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A 78a et seq., suspending or expelling such persons from membership in such association or exchange.

9. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

10. The Franchise Agreement requires the application of the laws of Delaware. This provision may not be enforceable under California law.

11. Under Section 20022 of the CFRA, we are obligated to purchase from you, upon a lawful termination or nonrenewal of the Franchise Agreement, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of the Franchise Agreement or any ancillary or collateral agreement by the franchisee from us or our approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in in your possession or use in the franchise. Certain conditions must be met for this obligation to arise specified in the CFRA. We have the right to receive clear title to and possession of all items purchased from you as a condition of performing this obligation.

12. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

13. Section 31126 of the California Corporations Code requires us to approve or disapprove your franchise application in writing within 60 days of receipt of it. If the application is disapproved, we must include the reasons for disapproval.

14. You must sign a general release if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). CFRA 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20044). We are prohibited from modifying the Franchise Agreement or requiring a general release in exchange for any assistance related a declared state or federal emergency under Section 20044 of the CFRA.

15. 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.

16. The financial performance figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.

17. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

18. California’s Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

19. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

20. 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 DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

## FOR THE STATE OF FLORIDA

**Total Investment**

We do not know the amount of the total required investment in a Franchised Business over the term of the franchise. We do not request, obtain or receive this information from franchisees. We refer you to Item 7 for the known initial investment. Additional capital investments in the Franchised Business will be necessary over the term of the franchise to maintain the Franchised Business according to the System.

## FOR THE STATE OF ILLINOIS

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Illinois:

1. The Illinois Franchise Disclosure Act governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

4. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. 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.

## FOR THE STATE OF INDIANA

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of this Disclosure Document, the Franchise Agreement, the other agreements or Delaware law if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement, shall supersede the provisions of Sections 29, 30, and 31 of the Franchise Agreement in the State of Indiana to the extent that may be inconsistent with such prohibition.

3. Notwithstanding the Franchise Agreement, you recognize that in the event of any use of the Franchised System not in accord with that Agreement, we shall be entitled to seek injunctive and other relief.

4. No release language set forth in the Disclosure Document or Franchise Agreement, including but limited to Item 17, shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

5. Section 46 of the Franchise Agreement, is amended to provide that each such agreement (as applicable) will be construed in accordance with the laws of the State of Indiana.

6. Any provision in the Disclosure Document or Franchise Agreement which designates jurisdiction or venue, or requires franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, may not be enforceable.

7. Section 32(b) (Jury Trial Waiver) of the Franchise Agreement is deleted from all Agreements entered into in Indiana.

## FOR THE STATE OF MARYLAND

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Maryland. This also applies to non-residents of Maryland who will operate a La Cabra franchise in the State of Maryland.

1. Item 17 is amended to provide that:

    a. The general release required as a condition of renewal and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

    b. The Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

    c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

    d. The provision in the Franchise Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, Item 5 is amended to provide that all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

3. You may request and we will provide, within a reasonable amount of time, an accounting of the advertising fund, including a summary of revenue and disbursements. Any such accounting will be strictly confidential.

4. 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.

## FOR THE STATE OF MINNESOTA

Minnesota Statute §80C14 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of jurisdiction.

Minnesota statute §80C14 provides: It shall be deemed unfair and inequitable for any person to:

(A) Terminate or cancel a franchise without first giving written notice setting forth all the reasons for the termination or cancellation to the Franchisee at least 90 days in advance of termination or cancellation, and the recipient of a notice fails to correct the reasons stated for cancellation or termination within 60 days within receipt of the notice, except that the notice shall be effective immediately upon receipt where the alleged grounds are:

(i) Voluntary abandonment of the franchise relationship by the Franchisee;

(ii) The conviction of the Franchisee of an offense directly related to the business conducted pursuant to the franchise; or

(iii) Failure to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the Franchisor's trade name, Trademark, service mark, logotype or other commercial symbol after the Franchisee has received written notice to cure of at least 24 hours in advance thereof;

(B) Terminate or cancel a franchise except for good cause. "Good cause" shall be failure by the Franchisee substantially to comply with reasonable requirements imposed upon him by the franchise including, but not limited to:

(i) The bankruptcy or insolvency of the Franchisee;

(ii) Assignment for the benefit of creditors or similar disposition of the assets of the franchise business;

(iii) Voluntary abandonment of the franchise business;

(iv) Conviction or a plea of guilty or no contest to a charge of violating any law relating to the franchise business; or

(v) Any act by, or conduct of, the Franchisee which materially impairs the goodwill associated with the Franchisor's Trademark, trade name, service mark, logotype or other commercial symbol.

(C) Unless the failure to renew the franchise is for good cause as defined in clause (B), Franchisor may not fail to renew a franchise unless (i) the Franchisee has been given written notice of the intention not to renew at least 180 days in advance thereof and (ii) has been given an opportunity to operate the franchise over a sufficient period of time to enable the franchisee to recover the fair market value of the franchise as a going concern measured from the date of the failure to renew. No franchisor may refuse to renew a franchise if the refusal is for the purpose of converting the franchisee's business premises to an operation that will be owned by the franchisor for its own account.

A franchisor may not unreasonably withhold consent to an assignment, transfer, or sale of the franchise where the assignee meets the present qualifications and standards required of other franchisees.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of $30 on service charges.

Item 13 is modified as follows: The Minnesota Department of Commerce requires that a Franchisor indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the Trademark infringes Trademark rights of the third party. The Company does not indemnify against the consequences of the Franchisee's use of the Company's Trademark except in accordance with the requirements of the Franchise Agreement, and, as a condition to indemnification, the Franchisee must provide notice to the Company of any such claim within 10 days and tender the defense of the claim to the Company. If the Company accepts the tender of defense, the Company has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

Item 17 is amended to provide that you shall not be required to assent to a general release and that liquidated damages are generally not permitted under Minnesota law.

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.

## FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

> **SPECIAL RISK FACTOR**. Information comparing franchisors is available. Call the state administrators listed in Exhibit I or your public library for sources of information. Registration of this franchise by New York State does not mean that the 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. The franchisor may, if it chooses, negotiate with you about the items covered in the Franchise Disclosure Document. However, the franchisor cannot use the negotiating process to prevail upon a prospective franchisee to accept terms which are less favorable than those set forth in this Franchise Disclosure Document.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee [you] to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor [our] approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled

**"Termination by franchisee (you)**":

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum"**, and Item 17(w), titled "**Choice of law"**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. 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.

## FOR THE STATE OF SOUTH DAKOTA

Any provision in a Franchise Agreement which designates jurisdiction or venue in a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

Any provision in a Franchise Agreement that states the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages or any provision that provides that parties waive their right to a jury trial may not be enforceable under South Dakota law.

## FOR THE STATE OF VIRGINIA

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Virginia:

1. The following is added to Item 17(h):

    (i) Any provision in any of the contracts that you sign with the Franchisor which provides for termination of the franchise upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 *et. seq*.).

    (ii) Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act (the "Virginia Act"), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement and/or the Development Agreement do not constitute reasonable cause, as that term may be defined in the Virginia Act or the laws of Virginia, that provision may not be enforceable.

2. The proposed agreements described in Item 22, including all agreements that a franchisee must sign, are accurately presented in this Disclosure Document.

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

**FOR THE STATE OF WISCONSIN**

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Wisconsin.

1. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.

2. The following applies to Franchise Agreements in the State of Wisconsin:

(a) The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the Act), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.

(b) The Act's requirements that Franchisor must provide franchisee at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. This notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that franchisee has 60 days in which to cure any claimed deficiency. If the deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, franchisee will have 10 days to cure the deficiency.

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

**ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE CALIFORNIA FRANCHISE INVESTMENT LAW**

This "Addendum" is made and entered into by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor and __________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. This Addendum applies to your Franchise Agreement if and only if (i) your Franchised Location is in the State of California, or (ii) you are domiciled in the State of California.

2. The California Franchise Relations Act, Business and Professions Code Sections 20000 to 20044 ("CFRA"), provides you with certain rights on termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the CFRA, the CFRA will control.

3. California Corporations Code, Section 31125 requires us to give you a disclosure document approved by the Department of Financial Protection and Innovation prior to solicitation of a proposed material modification of an existing franchise.

4. Our right to terminate pursuant to Section 29(g) of the Franchise Agreement if Franchisee commences bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C.A. 101 et seq.).

5. Sections 33(a) and (b) of the Franchise Agreement contain liquidated damages clauses. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

6. California law may not enforce the choice of Delaware law provision in Section 46 of the Franchise Agreement.

7. The Franchise Agreement requires binding arbitration. The arbitration will occur in New York, New York with the costs being borne by the losing party.

8. Notwithstanding any other provision of the Franchise Agreement to the contrary, we may terminate the Franchise Agreement without giving you the right to cure as provided in Section 20021 of CFRA.

9. Under Section 20022 of the CFRA, we are obligated to purchase from you, upon a lawful termination or nonrenewal of the Franchise Agreement, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of the Franchise Agreement or any ancillary or collateral agreement by the franchisee from us or our approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in in your possession or use in the franchise. Certain conditions must

be met for this obligation to arise specified in the CFRA. We have the right to receive clear title to and possession of all items purchased from you as a condition of performing this obligation.

10. We reserve the right to notify you at the time we terminate the Franchise Agreement that we will not enforce the post-termination covenant in Section 15.1 and will then have no obligation to purchase any items from you under Section 20022 of CFRA.

11. Notwithstanding any other provision of the Franchise Agreement to the contrary, we may exercise the right to terminate the Franchise Agreement in accordance with CFRA Section 20020.

12. You acknowledge your obligation to provide us with notice of transfer, sale or assignment under CFRA Section 20029.

13. The Franchise Agreement requires you to execute a general release in certain circumstances. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). CFRA Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20044).

14. 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.

15. We are prohibited from modifying the Franchise Agreement or requiring a general release in exchange for any assistance related a declared state or federal emergency under Section 20044 of CFRA.

16. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

17. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

18. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of California.

19. You acknowledge that the Franchise Agreement and all related agreements between you and us are not consumer contracts and are not within the scope of California Civil Code Section 1632. You confirm and agree that all contract negotiations and discussions between us and you have been conducted in the English language and no other language.

***(Signatures Appear on Following Page)***

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: _______________________________
Name: _____________________________
Title: ______________________________
Date: ______________________________

**FRANCHISEE**

By: _______________________________
Name: _____________________________
Title: ______________________________
Date: ______________________________

**ADDENDUM TO THE LA CABRA FRANCHISE AGREEMENT**
**FOR THE STATE OF FLORIDA**

This Addendum to the Franchise Agreement by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us" or "__________") and ______________________, as franchisee ("you") is dated _____________, 20__.

The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

This Agreement contains covenants not to compete. Both you and we acknowledge and understand that (a) these provisions may or may not be enforceable under applicable Florida law, and (b) if any such provision is determined by a court or agency having valid jurisdiction to be unenforceable under applicable Florida law, then there shall automatically be added to this Agreement a provision as similar in terms to such unenforceable provision as may be possible and legal, valid and enforceable.

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

**FRANCHISEE**

By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

**ADDENDUM TO FRANCHISE AGREEMENT**
**PURSUANT TO THE**
**ILLINOIS FRANCHISE DISCLOSURE ACT**

This Addendum to the Franchise Agreement by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor, and ____________________, a ______________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Illinois law governs the Franchise Agreement and Franchise Agreement.

2. Section 48 of the Franchise Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the franchise relationship, shall be commenced and maintained in the state courts of Illinois or the United States District Court for Illinois with the specific venue, in either court system, determined by appropriate jurisdiction and venue requirements.

3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. 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.

[*Signatures appear on the following page*]

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth above.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**FRANCHISEE**

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**ADDENDUM TO THE LA CABRA FRANCHISE AGREEMENT**
**FOR THE STATE OF INDIANA**

This "Addendum" is made and entered into by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor and __________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise Agreement without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement, shall supersede the provisions of Section 13 of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

2. Sections 5(f) and 33 are modified by adding the following to the end thereof:

> "Notwithstanding the foregoing provisions of this Section to the contrary, in the event that liquidated damages are prohibited by applicable state law, Franchisor may seek such damages in a court of proper jurisdiction."

3. Section 46 is deleted in its entirety and replaced with the following:

> "This Franchise Agreement and any claims arising under it or in relation to it or to the relationships between the parties shall be governed, construed, interpreted and enforced by and under the laws of the State of Indiana."

4. Section 32(b) of the Franchise Agreement is hereby deleted.

5. No release language set forth in the Franchise Agreement shall require a party to release any claim arising under Indiana franchise law.

All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Indiana.

[*Signatures appear on the following page*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**FRANCHISEE**

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**ADDENDUM TO THE LA CABRA FRANCHISE AGREEMENT**
**FOR THE STATE OF MARYLAND**

This "Addendum" is made and entered into by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor and __________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. The general release required as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure law.

2. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by each Maryland franchisee, including payments for good and services received from the franchisor before the Franchised Business opens, shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.

3. To secure your obligation to pay for such goods and services, you grant to us a purchase money security interest in the goods you purchase from us prior to payment. The security interest will be released when you pay the Initial Franchise Fee and the invoices for the purchase of pre-opening inventory and supplies.

4. Our right to terminate pursuant to Section 29(g) of the Franchise Agreement if you commence bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C.A. 101 et seq.).

5. The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

7. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

8. 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.

9. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Maryland.

[*Signatures appear on the following page*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: ________________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**FRANCHISEE**

By: ________________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE MICHIGAN FRANCHISE INVESTMENT LAW**

This “Addendum” is made and entered into by and between La Cabra Franchising LLC, a Delaware limited liability company (“we”, “our” or “us”), as franchisor and ___________________, a _________________ (“you”), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

(A) THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THE FRANCHISE AGREEMENT, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

(B) A prohibition on the right of a franchisee to join an association of franchisees.

(C) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives franchisee of rights and protection provided in this Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(D) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(E) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee’s inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising of other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor’s intent not to renew the franchise.

(F) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(G) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(H) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(I) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach.

(J) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual service.

[*Signatures appear on the following page*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: ________________________________
Name: ________________________________
Title: ________________________________
Date: ________________________________

**FRANCHISEE**

By: ________________________________
Name: ________________________________
Title: ________________________________
Date: ________________________________

**ADDENDUM TO THE LA CABRA FRANCHISE AGREEMENT**
**FOR THE STATE OF MINNESOTA**

This "Addendum" is made and entered into by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor and __________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Liquidated damages are prohibited by law in the State of Minnesota and, therefore, (i) Section 33(a)(11) is deleted in its entirety and (ii) Section 33(b) of the Franchise Agreement is deleted in its entirety and replaced with the following:

> "If this Franchise Agreement terminates prior to the Expiration Date, such termination will cause substantial damages to Franchisor. Franchisee therefore agrees that if the Franchise Agreement is terminated, Franchisee will be liable to Franchisor for damages and losses Franchisor suffers from such early termination. Franchisee agrees to remain liable for all obligations and claims under the Franchise Agreement, including obligations surviving termination of the Franchise Agreement, and other damages suffered by Franchisor arising out of Franchisee's breach or default. At the time of such termination of the Franchise Agreement, Franchisee agrees to pay to Franchisor upon demand compensation for all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor and/or amounts which would have otherwise been payable for and during the remainder of the unexpired term of the Franchise Agreement but for such termination."

2. The following language is added to the end of Section 47 of the Franchise Agreement:

> "Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota. Nothing in the Franchise Agreement or Franchise Disclosure Document can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, 2087, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of Minnesota."

3. Section 32(b) of the Franchise Agreement is hereby deleted.

4. Notwithstanding anything to the contrary in the Franchise Agreement, no release language in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

5. Nothing in the Franchise Agreement shall in any way abrogate or reduce any rights of Franchisee as provided for in the Minnesota Statutes, Chapter 80C. Minnesota Statutes §80C.14, subdivisions 3, 4 and 5 require that Franchisee be given at least 90 days written notice in advance of termination (with 60 days to cure) and 180 days written notice for non-renewal of the Franchise Agreement, except that the notice shall be effective immediately for certain grounds.

6. We will protect the Franchisee's right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the name.

7. Any limitations on claims is amended to conform to Minnesota Statutes, Section 80C.12, subdivision 1(g).

8. 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.

All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Minnesota.

[*Signatures appear on the following page*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: ________________________________
Name: ________________________________
Title: ________________________________
Date: ________________________________

**FRANCHISEE**

By: ________________________________
Name: ________________________________
Title: ________________________________
Date: ________________________________

**ADDENDUM TO THE LA CABRA FRANCHISE AGREEMENT**
**FOR THE STATE OF NEW YORK**

This "Addendum" is made and entered into by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor and ___________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Section 32 of the Franchise Agreement are amended by adding the following sentence at the end of each Section:

> "However, that all rights arising in Franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law, Sections 687.4 and 687.5, be satisfied."

2. Section 46 of the Franchise Agreement is amended by adding the following sentence at the end of the Section:

> "The foregoing choice of law should not be considered a waiver of any right conferred upon Franchisee by the General Business Law of the State of New York, Article 33."

3. Notwithstanding anything to the contrary in the Franchise Agreement, you shall be permitted to terminate the Franchise Agreement upon any grounds available by law.

4. 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.

All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of New York.

***(Signatures Appear on Following Page)***

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: __________________________________
Name: __________________________________
Title: __________________________________
Date: __________________________________

**FRANCHISEE**

By: __________________________________
Name: __________________________________
Title: __________________________________
Date: __________________________________

**ADDENDUM TO THE LA CABRA FRANCHISE AGREEMENT FOR THE STATE OF SOUTH DAKOTA**

This "Addendum" is made and entered into by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor and ___________________, a _________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Notwithstanding anything in Sections 29, 30, or 31 to the contrary, if you fail to meet performance and quality standards or fail to make any payments under the Franchise Agreement, you shall be afforded thirty (30) days written notice with an opportunity to cure the default before termination.

2. Section 46 of the Franchise Agreement is amended by adding the following sentence at the end of the Section:

> "The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the applications, construction, enforcement and interpretation under the governing law of the State of Delaware."

3. Section 47 of the Franchise Agreement is amended by adding the following sentence at the end of the Section:

> "Any provision which designates jurisdiction or venue or requires Franchisee to agree to jurisdiction or venue in a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota."

4. Section 32(b) of the Franchise Agreement is hereby deleted.

5. The following provision shall be added to the end of Section 40 of the Franchise Agreement:

> "Pursuant to SDCL 37-5B, any acknowledgment provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter."

6. Any provision of the Franchise Agreement that provides that the parties waive their rights to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

7. After an examination of the financial statements of the Franchisor, the State of South Dakota Department of Labor and Regulation requires us to provide financial assurance regarding performance of our obligations to you before you open your Store. We have elected to defer payment Initial Franchise Fees as provided below.

8. Notwithstanding Section 5(a) and Attachment A of the Franchise Agreement, the Initial Franchise Fee shall be payable when you open the Store and we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement.

9. You acknowledge that your failure to pay the Initial Franchise Fee when due is a material default under the Franchise Agreement and that we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee.

10. You acknowledge that your failure to pay the Initial Franchise Fee when due for a Franchised Restaurant developed under a Multi-Unit Operator Agreement is a material default under its Franchise Agreement and the Multi-Unit Operator Agreement, and that we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee. In addition, you will have no right to proceed with developing other Franchised Restaurants, and our obligation to provide services and approvals to under the Multi-Unit Operator Agreement, shall be suspended until we receive the Initial Franchise Fee then due. No such failure to pay the Initial Franchise Fee when due and the resulting suspension of our performance shall extend any deadline for your performance under the Multi-Unit Operator Agreement.

11. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of South Dakota.

[*Signatures appear on the following page*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**FRANCHISEE**

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE VIRGINIA RETAIL FRANCHISING ACT**

This "Addendum" is made and entered into by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor and ___________________, a _________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act (the "Virginia Act"), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute reasonable cause, as that term may be defined in the Virginia Act or the laws of Virginia, that provision may not be enforceable.

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

3. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Virginia.

[*Signatures appear on the following page*]

**IN WITNESS WHEREOF**, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

**FRANCHISOR:**

LA CABRA FRANCHISING LLC

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**FRANCHISEE:**

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**ADDENDUM TO THE LA CABRA FRANCHISE AGREEMENT FOR THE STATE OF WISCONSIN**

This "Addendum" is made and entered into by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor and __________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the "Act"), shall apply to and govern the provisions of the Franchise Agreement.

2. The Act's requirements, including that in certain circumstances a Franchisee receive ninety (90) day notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Sections 30 and 31 of the Franchise Agreement to the extent they may be inconsistent with the Act's requirements.

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

All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Wisconsin.

[*Signatures appear on the following page*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**FRANCHISEE**

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**ADDENDUM TO THE MULTI-UNIT OPERATOR AGREEMENT**
**PURSUANT TO THE**
**FLORIDA FRANCHISE ACT**

This Addendum to the Multi-Unit Operator Agreement by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us" or "Franchisor") and ______________________, as operator/developer ("you") is dated _____________, 20__.

The following provisions supersede and control any conflicting provisions of the Multi-Unit Operator Agreement:

This Agreement contains covenants not to compete. Both you and we acknowledge and understand that (a) these provisions may or may not be enforceable under applicable Florida law, and (b) if any such provision is determined by a court or agency having valid jurisdiction to be unenforceable under applicable Florida law, then there shall automatically be added to this Agreement a provision as similar in terms to such unenforceable provision as may be possible and legal, valid and enforceable.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth above.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

**OPERATOR**

By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

**ADDENDUM TO THE MULTI-UNIT OPERATOR AGREEMENT PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT**

This Addendum to the Multi-Unit Operator Agreement by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor, and ____________________, a _______________________ ("you"), as operator, to amend and supplement that certain Multi-Unit Operator Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Multi-Unit Operator Agreement:

1. Illinois law governs the Multi-Unit Operator Agreement and Franchise Agreement.

2. Section 26 of the Multi-Unit Operator Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the franchise relationship, shall be commenced and maintained in the state courts of Illinois or the United States District Court for Illinois with the specific venue, in either court system, determined by appropriate jurisdiction and venue requirements.

3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. Notwithstanding Section 5(a) and Schedule A of the Franchise Agreement, payment of Initial Franchise and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

6. 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.

[*Signatures appear on the following page*]

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth above.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: ________________________________
Name: ________________________________
Title: ________________________________
Date: ________________________________

**OPERATOR**

By: ________________________________
Name: ________________________________
Title: ________________________________
Date: ________________________________

**ADDENDUM TO THE LA CABRA MULTI-UNIT OPERATOR AGREEMENT FOR THE STATE OF INDIANA**

This "Addendum" is made and entered into by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor and __________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Multi-Unit Operator Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Multi-Unit Operator Agreement:

1. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Multi-Unit Operator Agreement without good cause or in bad faith, good cause being defined therein as a material breach of the Multi-Unit Operator Agreement, shall supersede the provisions of Section 17 of the Multi-Unit Operator Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

2. Section 25 is deleted in its entirety and replaced with the following:

> "This Multi-Unit Operator Agreement and any claims arising under it or in relation to it or to the relationships between the parties shall be governed, construed, interpreted and enforced by and under the laws of the State of Indiana."

3. Section 26 amended by adding the following:

> "With respect to any claims, controversies or disputes which are not finally resolved through mediation or as otherwise provided above, You, us, and your owners hereby irrevocably submit themselves to the jurisdiction of the state and federal courts located in Indiana having subject matter jurisdiction of the claim, and hereby waive all objections to personal jurisdiction for the purpose of carrying out this provision. You and your owners hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Multi-Unit Operator Agreement or the relationship created by this Multi-Unit Operator Agreement by any means allowed by the laws and applicable rules of procedure of the United States, the State of Indiana, the state of residence of the Franchisee or any owner, or the state in which the Franchised Business is located."

4. No release language set forth in the Multi-Unit Operator Agreement shall require a party to release any claim arising under Indiana franchise law.

All other rights, obligations, and provisions of the Multi-Unit Operator Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Multi-Unit Operator Agreement for the State of Indiana.

[*Signatures appear on the following page*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Multi-Unit Operator Agreement.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**OPERATOR**

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**ADDENDUM TO THE LA CABRA MULTI-UNIT OPERATOR AGREEMENT FOR THE STATE OF MARYLAND**

This "Addendum" is made and entered into by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor and ___________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Multi-Unit Operator Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Multi-Unit Operator Agreement:

1. Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the franchise agreement. All development fees and initial payments by you as the multi-unit operator shall be deferred until the first franchise sold under the Multi-Unit Operator Agreement opens for business. The balance of the fees due at signing the Multi-Unit Operator Agreement are then due and payable.

2. Any general release required as a condition of renewal, sale, and/or assignment or transfer of the Store or the Multi-Unit Operator Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The Multi-Unit Operator Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. 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.

7. All other rights, obligations, and provisions of the Multi-Unit Operator Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Multi-Unit Operator Agreement for the State of Maryland.

[*Signatures appear on the following page*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Multi-Unit Operator Agreement.

**FRANCHISOR**
LA CABRA FRANCHISING LLC

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**OPERATOR**

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**ADDENDUM TO THE MULTI-UNIT OPERATOR AGREEMENT PURSUANT TO THE MICHIGAN FRANCHISE INVESTMENT LAW**

This "Addendum" is made and entered into by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor and __________________, a ________________ ("you"), as operator, to amend and supplement that certain Multi-Unit Operator Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Multi-Unit Operator Agreement:

(A) THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THE MULTI-UNIT OPERATOR AGREEMENT, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

(B) A prohibition on the right of a franchisee to join an association of franchisees.

(C) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives franchisee of rights and protection provided in this Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(D) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(E) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising of other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(F) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(G) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(H) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(I) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach.

(J) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual service.

[*Signatures appear on the following page*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Multi-Unit Operator Agreement.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**OPERATOR**

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**ADDENDUM TO THE LA CABRA MULTI-UNIT OPERATOR AGREEMENT FOR THE STATE OF MINNESOTA**

This "Addendum" is made and entered into by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor and ___________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Multi-Unit Operator Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Multi-Unit Operator Agreement:

1. The following language is added to the end of Section 26 of the Multi-Unit Operator Agreement:

> "Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota. Nothing in the Multi-Unit Operator Agreement or Franchise Disclosure Document can abrogate or reduce any of your rights as provided for in Minnesota Statutes, 2087, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of Minnesota."

2. Section 18(b) of the Multi-Unit Operator Agreement (relating to waiver or a jury trial) is hereby deleted.

3. Notwithstanding anything to the contrary in the Multi-Unit Operator Agreement, no release language in the Multi-Unit Operator Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

4. Nothing in the Multi-Unit Operator Agreement shall in any way abrogate or reduce any of your rights as provided for in the Minnesota Statutes, Chapter 80C. Minnesota statutes §80C.14, subdivisions 3, 4 and 5 require that you be given at least 90 days written notice in advance of termination (with 60 days to cure) and 180 days written notice for non-renewal of the Multi-Unit Operator Agreement, except that the notice shall be effective immediately for certain grounds.

5. 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.

All other rights, obligations, and provisions of the Multi-Unit Operator Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Multi-Unit Operator Agreement for the State of Minnesota.

[*Signatures appear on the following page*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Multi-Unit Operator Agreement.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**OPERATOR**

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**ADDENDUM TO THE LA CABRA MULTI-UNIT OPERATOR AGREEMENT FOR THE STATE OF NEW YORK**

This "Addendum" is made and entered into by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor and ___________________, a _________________ ("you"), as franchisee, to amend and supplement that certain Multi-Unit Operator Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Multi-Unit Operator Agreement:

1. Section 18 of the Multi-Unit Operator Agreement is amended by adding the following sentence at the end of the Section:

> "However, that all rights arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law, Sections 687.4 and 687.5, be satisfied."

2. Section 25 of the Multi-Unit Operator Agreement is amended by adding the following sentence at the end of the Section:

> "The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33."

3. Notwithstanding anything to the contrary in the Multi-Unit Operator Agreement, you shall be permitted to terminate the Multi-Unit Operator Agreement upon any grounds available by law.

4. 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.

All other rights, obligations, and provisions of the Multi-Unit Operator Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Multi-Unit Operator Agreement for the State of New York.

***(Signatures Appear on Following Page)***

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Multi-Unit Operator Agreement.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**OPERATOR**

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

**ADDENDUM TO THE LA CABRA MULTI-UNIT OPERATOR AGREEMENT FOR THE STATE OF SOUTH DAKOTA**

This "Addendum" is made and entered into by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor and ___________________, a ________________ ("you"), as franchisee, to amend and supplement that certain Multi-Unit Operator Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Multi-Unit Operator Agreement:

1. Notwithstanding anything in Section 17 to the contrary, if you fail to meet performance and quality standards or fail to make any payments under the Multi-Unit Operator Agreement, you shall be afforded thirty (30) days written notice with an opportunity to cure the default before termination.

2. Section 25 of the Multi-Unit Operator Agreement is amended by adding the following sentence at the end of the Section:

> "The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the applications, construction, enforcement and interpretation under the governing law of the State of Delaware."

3. Section 26 of the Multi-Unit Operator Agreement is amended by adding the following sentence at the end of the Section:

> "Any provision which designates jurisdiction or venue or requires you to agree to jurisdiction or venue in a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota."

4. The following provision shall be added to the end of Section 22 of the Multi-Unit Operator Agreement:

> "Pursuant to SDCL 37-5B, any acknowledgment provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter."

5. Any provision of the Multi-Unit Operator Agreement that provides that the parties waive their rights to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

6. After an examination of the financial statements of the Franchisor, the State of South Dakota Department of Labor and Regulation requires us to provide financial assurance regarding performance of our obligations to you before you open your Store. We have elected to defer payment of fees as provided below.

7. Notwithstanding Section 5(a) and Attachment A of the Franchise Agreement, the Initial Franchise Fee shall be payable when you open the Store and we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement.

8. You acknowledge that your failure to pay the Initial Franchise Fee when due is a material default under the Franchise Agreement and we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee.

9. Notwithstanding Section 5 of the Multi-Unit Operator Agreement, no Initial Franchise Fee or any portion thereof will be due and payable until the Franchised Restaurant opens for business and we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement for that Franchised Restaurant.

10. You acknowledge that your failure to pay the Initial Franchise Fee when due for a Franchised Restaurant developed under a Multi-Unit Operator Agreement is a material default under its Franchise Agreement and the Multi-Unit Operator Agreement, and we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee. In addition, you will have no right to proceed with developing other Franchised Restaurants, and our obligation to provide services and approvals to under the Multi-Unit Operator Agreement, shall be suspended until we receive the Initial Franchise Fee then due. No such failure to pay the Initial Franchise Fee when due and the resulting suspension of our performance shall extend any deadline for your performance under the Multi-Unit Operator Agreement.

11. All other rights, obligations, and provisions of the Multi-Unit Operator Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Multi-Unit Operator Agreement for the State of South Dakota.

[*Signatures appear on the following page*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Multi-Unit Operator Agreement.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: ____________________________
Name: ____________________________
Title: ____________________________
Date: ____________________________

**OPERATOR**

By: ____________________________
Name: ____________________________
Title: ____________________________
Date: ____________________________

**ADDENDUM TO THE MULTI-UNIT OPERATOR AGREEMENT PURSUANT TO THE VIRGINIA RETAIL FRANCHISING ACT**

This Addendum to the Multi-Unit Operator Agreement by and between La Cabra Franchising LLC, a Delaware limited liability company ("we", "our" or "us"), as franchisor, and ____________________, a ______________________ ("you"), as operator, to amend and supplement that certain Multi-Unit Operator Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Multi-Unit Operator Agreement:

1. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act (the "Virginia Act"), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement and/or the Development Agreement do not constitute reasonable cause, as that term may be defined in the Virginia Act or the laws of Virginia, that provision may not be enforceable.

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

3. All other rights, obligations, and provisions of the Multi-Unit Operator Agreement shall remain in full force and effect. Only the Sections specifically added to or amended by this Addendum shall be affected. This Addendum is incorporated in and made a part of the Multi-Unit Operator Agreement for the State of Virginia.

[*Signatures appear on the following page*]

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date set forth above.

**FRANCHISOR**

LA CABRA FRANCHISING LLC

By: __________________________________
Name: __________________________________
Title: __________________________________
Date: __________________________________

**OPERATOR**

By: __________________________________
Name: __________________________________
Title: __________________________________
Date: __________________________________

**Exhibit H**

**Financial Statements**

**THE FINANCIAL STATEMENTS DATED SEPTEMBER 30, 2025 ARE UNAUDITED AND HAVE NOT BEEN REVIEWED, COMPILED OR AUDITED BY AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT.**

# LA CABRA FRANCHISING LLC

## FINANCIAL STATEMENTS

## JUNE 30, 2025 AND DECEMBER 31, 2024

## AND THE PERIOD JANUARY 1, 2025 THROUGH JUNE 30, 2025

## AND THE YEARS ENDED DECEMBER 31, 2024 AND 2023

LA CABRA FRANCHISING LLC

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INDEPENDENT AUDITORS' REPORT

To the Member of
La Cabra Franchising LLC

**Opinion**

We have audited the accompanying financial statements of La Cabra Franchising LLC (a Delaware limited liability company), which comprise the balance sheets as of June 30, 2025 and December 31, 2024, and the related statements of operations, member's deficit, and cash flows for the period from January 1, 2025 to June 30, 2025, and the years ended December 31, 2024 and 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Cabra Franchising LLC as of June 30, 2025 and December 31, 2024, and the results of its operations and its cash flows for the period from January 1, 2025 to June 30, 2025, and the years ended December 31, 2024 and 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of La Cabra Franchising LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matter**

As discussed in Note A to the financial statements, the Company changed its fiscal year end from December 31 to June 30. Our opinion is not modified with respect to that matter.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about La Cabra Franchising LLC’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of La Cabra Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about La Cabra Franchising LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Aprio, LLP

New York, New York

November 20, 2025

LA CABRA FRANCHISING LLC
BALANCE SHEETS
JUNE 30, 2025 AND DECEMBER 31, 2024

## ASSETS

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| Current assets | | |
| Cash | $ 500 | $ 620 |
| Due from related parties | 9,945 | 9,945 |
| Total current assets | 10,445 | 10,565 |
| Total assets | $ 10,445 | $ 10,565 |

## LIABILITIES AND MEMBER'S DEFICIT

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| Current liabilities | | |
| Due to related parties | $ 73,623 | $ 57,639 |
| Total current liabilities | 73,623 | 57,639 |
| Member's deficit | (63,178) | (47,074) |
| Total liabilities and member's deficit | $ 10,445 | $ 10,565 |

See independent auditors' report and accompanying notes

LA CABRA FRANCHISING LLC
STATEMENTS OF OPERATIONS
FOR THE PERIOD FROM JANUARY 1, 2025 TO JUNE 30,2025
AND THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | Six-month period ending June 30, 2025 | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|---|
| Revenue | $ - | $ - | $ - |
| Operating expenses | | | |
| General and administrative | 16,104 | 20,515 | 28,534 |
| Taxes and licenses | - | - | 9,000 |
| Total operating expenses | 16,104 | 20,515 | 37,534 |
| Net loss | $ (16,104) | $ (20,515) | $ (37,534) |

See independent auditors' report and accompanying notes

LA CABRA FRANCHISING LLC
STATEMENTS OF MEMBER'S DEFICIT
FOR THE PERIOD FROM JANUARY 1, 2025 TO JUNE 30,2025
AND THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | |
|---|---|
| Member's equity - January 1, 2023 | $ - |
| Member contributions | 10,975 |
| Net loss | (37,534) |
| Member's deficit - December 31, 2023 | (26,559) |
| Net loss | (20,515) |
| Member's deficit - December 31, 2024 | (47,074) |
| Net loss | (16,104) |
| Member's deficit - June 30, 2025 | $ (63,178) |

See independent auditors' report and accompanying notes

LA CABRA FRANCHISING LLC
STATEMENTS OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 1, 2025 TO JUNE 30, 2025
AND THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | Six-month period ending June 30, 2025 | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Net loss | $ (16,104) | $ (20,515) | $ (37,534) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | | |
| Change in operating assets and liabilities: | | | |
| Due from related parties | - | (9,945) | - |
| Due to related parties | 15,984 | 20,135 | 37,504 |
| Total adjustments | 15,984 | 10,190 | 37,504 |
| Cash used by operating activities | (120) | (10,325) | (30) |
| Cash flows from financing activities | | | |
| Contributions from member | - | - | 10,975 |
| Cash provided by financing activities | - | - | 10,975 |
| Net decrease in cash | (120) | (10,325) | 10,945 |
| Cash, beginning of the period / year | 620 | 10,945 | - |
| Cash, end of the period / year | $ 500 | $ 620 | $ 10,945 |

See independent auditors' report and accompanying notes

**Note A**
**Summary of Significant Accounting Policies**

Nature of Operations:

La Cabra Franchising LLC, a limited-liability company ("the Company"), was formed on September 21, 2022, in the state of Delaware. The Company's principal purpose is to develop and sell franchises of La Cabra coffee and pastry cafés. The Company is a wholly-owned subsidiary of La Cabra, Inc. ("Parent").

Basis of Presentation:

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP), which are contained in the Financial Accounting Standards Board's Accounting Standards Codification.

Change in Fiscal Year-End:

Effective in the current reporting period, the Company changed its fiscal year-end from December 31 to June 30. This change was made to better align the Company's financial reporting period with that of the Company's parent. As a result of this change, the accompanying financial statements present the results of operations and cash flows for the six-month transition period from January 1, 2025 to June 30, 2025, and for the years ended December 31, 2024 and 2023. The change in fiscal year-end affects the comparability of the current period's results with those of prior periods, as the current period covers only six months, whereas the prior periods cover a full year. Users of these financial statements should consider this lack of comparability when reviewing the results of operations and cash flows for the periods presented.

Financial Condition:

The financial statements have been prepared assuming the Company will continue as a going concern. Management has evaluated conditions and events, in the aggregate, regarding the Company's ability to meet its financial obligations as they become due within one year from the date that these financial statements were available to be issued. Management's evaluation considered only relevant conditions and events that are known and reasonably knowable at the date the financial statements were available to be issued.

The Company has experienced recurring operating losses. As of June 30, 2025, the Company had negative working capital and a member's deficit. Absent additional sources of liquidity, the Company would not be able to meet its obligations as they become due within one year from the date these financial statements are issued, which raised substantial doubt about its ability to continue as a going concern.

The Company has obtained a written support letter from La Cabra Holding ApS, dated November 11, 2025, in which La Cabra Holding ApS has committed to provide financial support as needed to enable the Company to meet its obligations for at least the next twelve months from the date of issuance of these financial statements. La Cabra Holding ApS has demonstrated the ability to provide such support, as evidenced by its financial position and history of funding the Company's operations.

**Note A**
**Summary of Significant Accounting Policies (Continued)**

Based on the parent company's written commitment and demonstrated ability to provide support, management believes it is probable that the Company will be able to meet its obligations as they become due and to continue in operational existence for at least one year from the date that these financial statements were available to be issued. Accordingly, management has determined that there is no substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. If for any reason the Company is unable to continue as a going concern, it could have an impact on the Company's ability to realize assets at their respective values, and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Changes in estimates are recorded in the period in which they become known. Actual results could differ from these estimates.

Income Taxes:

For federal and state income tax reporting purposes, the Company has elected to be treated as a limited liability company and, accordingly, all tax attributes of the Company pass through to its member. Therefore, no provision for federal income taxes has been reflected in the accompanying 0financial statements.

**Note B**
**Related Party Transactions**

As of June 30, 2025 and December 31, 2024, the Company has amounts due to La Cabra Holding ApS, a company under common ownership and control, totaling $73,623 and $57,639, respectively, from operating expenses paid on the Company's behalf.

As of June 30, 2025 and December 31, 2024, the Company has an amount due from La Cabra Tenant LLC, a company under common ownership, totaling $9,945 and $9,945, respectively, from transfers of cash to the related party.

**Note C**
**Subsequent Events**

The Company evaluated subsequent events through November 20, 2025, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the balance sheet date, but prior to the filing of this report, that would have an material impact on the financial statements.

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

**La Cabra Franchising LLC**
**(UNAUDITED)**

**<u>Balance Sheet</u>**

| | | |
|---|---|---|
| | | **September 30, 2025** |
| | | *(Unaudited)* |
| **Assets** | | |
| Cash - Chase, PLAT Bus Checking | $ | 500.00 |
| Prepaid professional fees | | 5,000.00 |
| **Total Assets** | **$** | **5,500.00** |
| **Liabilities** | | |
| ***Non-current liabilities*** | | |
| Intercompany Loan - La Cabra Roastery LLC | | 63,578.31 |
| Intercompany Loan - Holding ApS | | 17,875.65 |
| Intercompany Loan - La Cabra Tenant LLC | | (9,945.00) |
| Total Liabilities | | 71,508.96 |
| **Equity** | | |
| Profit (loss) previous years | | (58,818.69) |
| Share Capital | | 10,975.00 |
| Profit after tax for the period | | (18,165.27) |
| Total equity (deficit) | | (66,008.96) |
| **Total liabilities and equity** | **$** | **5,500.00** |

| **Income statement** | **For the period January 1, 2025 to September 30, 2025** |
|---|---|
| | *(Unaudited)* |
| **Revenue** | $ - |
| **Expenses** | |
| Service fees | 380.00 |
| Legal fees | (18,545.27) |
| **Net income (loss)** | **$ (18,165.27)** |

## Exhibit I

### State Administrators and Agents for Service of Process

We intend to register this Disclosure Document as a "license" or "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in that state:

**California**
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500 or
(866) 275-2677 (Toll Free)
http://www.dfpi.ca.gov/
Ask.DFPI@dfpi.ca.gov

**Hawaii**
Business Registration Division Securities Compliance
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

**Illinois**
Franchise Division
Office of Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

**Indiana**
Franchise Section
Indiana Securities Division
Secretary of State, Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

**Michigan**
Michigan Department of Commerce
Corporations and Securities Bureau
670 Law Building
Lansing, Michigan
(517) 373-7117

**Minnesota**
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

**New York**
New York State Department of Law
28 Liberty St., 21st Floor
New York, New York 10005
(212) 416-8211

**North Dakota**
Office of Securities Commissioner
600 East Boulevard, Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

**South Dakota**
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre SD 57501
(605) 773-3563

**Virginia**
State Corporation Commission,
Division of Securities and Retail Franchising
1300 E. Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

**Washington**
Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98507-9033
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

**Wisconsin**
Division of Securities Department of Financial Institutions
P. O. Box 1768
Madison, Wisconsin 53701
(608) 266-8559

**Maryland**
Office of Attorney General Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

**Rhode Island**
Division of Securities
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232
(401) 222-3048

**<u>Agents for Service of Process</u>**:

| | |
|---|---|
| California: | Commissioner of Department of Financial Protection and Innovation, 651 Bannon Street, Suite 300, Sacramento, California 95811 |
| Delaware: | Capitol Services, Inc., 615 South DuPont Highway, Dover, Delaware 19901 |
| Hawaii: | Commissioner of Securities, PO Box 40, Honolulu, Hawaii 96810 |
| Illinois: | Illinois Attorney General, 500 South Second Street, Springfield, Illinois 62706 |
| Indiana: | Indiana Secretary of State, 302 W. Washington Street, Indianapolis, Indiana 46204 |
| Maryland: | Maryland Securities Commissioner, 200 St. Paul Place, Baltimore, Maryland 21202 |
| Minnesota: | Commissioner of Commerce, 85 7th Place East, Suite 500, St. Paul, Minnesota 55155 |
| New York: | New York Secretary of State, One Commerce Plaza, 99 Washington Ave., Albany, New York 12231 |
| North Dakota: | Securities Commissioner, 600 East Boulevard, Fifth Floor, Bismarck, North Dakota 58505 |
| Rhode Island: | Director of the Rhode Island Department of Business Regulation, 233 Richmond Street, Providence, Rhode Island 02903 |
| South Dakota: | Director, Division of Insurance, Securities Regulation, 124 S. Euclid, Suite 104, Pierre, South Dakota 57501 |
| Virginia: | Clerk of the State Corporation Commission, 1300 East Main Street, First Floor, Richmond, Virginia 23219 |
| Washington: | Director of Financial Institutions, P. O. Box 9033, Olympia, Washington 98507 |
| Wisconsin: | Administrator, Division of Securities, 345 West Washington Avenue, P.O. Box 1768, Madison, Wisconsin 53701-1768 |

**Exhibit J**

**Table of Contents of System Manual**

# Table of Contents

**Exhibit K**

**Names and Addresses of Franchisees**

**OMAN**

Muscat
Al Qurum Complex
113 Muscat
Oman

La Cabra Shatti
Mandarin Oriental Hotel Shop No. 004
Way 2827, Shatti al Qurum
113 Muscat
Oman

**THAILAND**

LCTH Co., Ltd. Operates both franchised locations in Thailand. Its address is 593/1 Soi Rankhamhang 39 (Thepleela 1) Prach-u-tid Road, Wangthonglang, Bangkok 10310, THAILAND.

La Cabra - Bangkok
813 Charoen Krung Rd,
Talat Noi, Samphanthawong
Bangkok 10100
Thailand

Silom
Sitthivorakit Building 5 Floor 1, unit 101
PSilom Road Soi 3, Silom Bang Rak
Bangkok 10500
Thailand

# STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

| State | Registration Date |
|---|---|
| California | Pending |
| Hawaii | Not Registered |
| Illinois | Not Registered |
| Indiana | Not Registered |
| Maryland | Not Registered |
| Michigan | Not Registered |
| Minnesota | Not Registered |
| New York | 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 OF FRANCHISE DISCLOSURE DOCUMENT**

This Disclosure Document summarizes certain provisions of the Franchise Partner Agreement, Development Agreement and other information in plain English. Read this Disclosure Document and all agreements carefully.

If LA CABRA Franchising LLC (LCF) offers you a franchise, we must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 days before you sign a binding contract or pay any consideration. Connecticut and Michigan require that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If LCF does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and you should report it to the Federal Trade Commission, Washington, D.C. 20580, and the applicable state agency listed on Exhibit E to this Disclosure Document.

LCF is located at 1329 Willoughby Avenue, Brooklyn, New York 11237. Its telephone number is (+45) 29 83 04 11. The franchise seller for this offering is Dane Oliver.

Issuance date: November 21, 2025

LCF has authorized the persons listed on Exhibit I to this Disclosure Document to receive service of process for us in and states where our franchise is registered.

I have received LCF Disclosure Document, dated November 21, 2025 (or the later date set forth for each applicable state on Exhibit F to this Disclosure Document), which includes the following exhibits:

Attachment I Affiliate and Licensed Outlets
A Franchise Partner Agreement and Exhibits including forms of Transaction Details; Automated Clearing House Payment Authorization; Guaranty and Restriction Agreement; Management Confidentiality and Non-Competition Agreement; Satellite Outlet Addendum; Lease Rider; Receipt of System Manual and Confidentiality Agreement; Architectural Services Addendum
B Development Agreement
C Closing Acknowledgements
D Collateral Assignment of Telephone Numbers, Telephone Listings and Internet Addresses
E General Release
F Non-Disclosure and Non-Use Agreement
G Addenda Required by Certain States
H Financial Statements
I State Administrators and Agents for Service of Process
J Table of Contents of System Manual
K Names and Addresses of Franchisees

| | |
|---|---|
| ______________<br>Date of Signature<br>(Do not leave blank) | ______________________________<br>Signature of Prospective Franchisee (for the prospective franchisee and any corporation, partnership or other business entity having or proposed to have an interest in the franchise or any proposed franchised location)<br>Printed Name: ______________________ |

You may return the signed receipt either by signing, dating, and mailing it to LA CABRA Franchising LLC, Vibys Plads 1, 2000 Frederiksberg, Denmark or by scanning a copy of the signed and dated receipt to LCF at dane@lacabra.com.

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| | |
|---|---|
| Date of Signature<br>(Do not leave blank) | Signature of Prospective Franchisee (for the prospective franchisee and any corporation, partnership or other business entity having or proposed to have an interest in the franchise or any proposed franchised location)<br>Printed Name: ___________________________ |

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