

FRANCHISE DISCLOSURE DOCUMENT



Le Macaron Development LLC
a Florida limited liability company
2300 Bee Ridge Road, #401
Sarasota, Florida 34239
941-586-1558
lemacaronfranchise@gmail.com
www.lemacaron-us.com

You will operate a traditional pastry shop, permanent kiosk, or mobile kiosk featuring a variety of signature macarons and other assorted French pastries, such as croissants, pains au chocolat, French madeleines, éclairs, pies, napoleons, and cakes, as well as chocolates, gelato, an assortment of domestic and European coffees, non-alcoholic (and in certain cases alcoholic) beverages, and related items under the name “LE MACARON FRENCH PASTRIES” (“Pastry Shop”).

The total investment necessary to begin operation of a traditional LE MACARON FRENCH PASTRIES® pastry shop or permanent kiosk ranges from \$131,500 to \$361,500. The total investment necessary to begin operation of a mobile kiosk ranges from \$84,350 to \$147,000. This includes \$74,500 to \$126,500 that must be paid to the franchisor or its affiliate. If you elect to develop three Pastry Shops under our multi-unit development program, then you will sign our area development agreement and pay us a development fee equal to \$99,000.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Rosalie Guillem, 2300 Bee Ridge Road, #401, Sarasota, Florida 34239, lemacaronfranchise@gmail.com.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this Franchise 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.

Date of Issuance: May 2, 2019

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit F for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND/OR LITIGATION ONLY IN FLORIDA. OUT-OF-STATE MEDIATION AND/OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND/OR LITIGATE WITH US IN FLORIDA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. AS PER THE AUDITED BALANCE SHEET DATED DECEMBER 31, 2018, THE FRANCHISOR HAS A NEGATIVE NET WORTH OF (\$278,639).
4. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$131,500 TO \$361,500 FOR A PASTRY SHOP OR PERMANENT KIOSK OR \$84,350 TO \$147,000 FOR A MOBILE CAR. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDER'S "NEGATIVE" EQUITY OF \$278,639 AS OF DECEMBER 31, 2018.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file, or exempt from registration in the following state(s) having franchise registration and disclosure laws, with the following effective date(s):

State	Effective Date
California	
Indiana	
Illinois	
Maryland	
Michigan	
New York	
Virginia	
Wisconsin	

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of Msy 2, 2019.

MICHIGAN NOTICE

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 against you joining an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver or estoppel which would deprive you of rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits the franchisor to terminate your franchise prior to the expiration of its term except for good cause. Good cause includes your failure 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 the franchisor to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration, of your 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 provision applies only if:
 - (i) The term of the franchise is less than five years; and
 - (ii) You are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or if you do not receive at least six months advance notice of the franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew the franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This provision does not require a renewal provision in the Franchise Agreement or other agreement.
- (f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This does not preclude you from entering into an agreement, at the time of the arbitration, to conduct arbitration at a location outside of Michigan.
- (g) A provision that permits the franchisor to refuse to permit a transfer of ownership of the franchise, except for good cause. This provision does not prevent the franchisor from exercising a right of first refusal to purchase the franchise. Good cause includes, 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.
 - (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 you to resell to the franchisor items that are not uniquely identified with the franchisor. This does not prohibit a provision that grants the 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 it 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 you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in (c), above.

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

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 concerning this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Section, 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48913, (517) 373-7117.

**LE MACARON DEVELOPMENT LLC
FRANCHISE DISCLOSURE DOCUMENT**

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, the term “we” means Le Macaron Development LLC, the franchisor. The term “you” means the person buying the franchise, the franchisee. If the franchisee is a general partnership, the term “you” refers to all partners. If the franchisee is a corporation, limited liability company or other business entity, the term “you” refers to the franchisee and the term “Owner” refers to each individual or entity with a beneficial ownership in the franchisee (including shareholders of a corporation, members of a limited liability company, general and limited partners of a limited partnership, etc.). If the holder of a beneficial ownership in franchisee is an entity, the term “Owner” also includes each individual and entity holding a beneficial ownership in franchisee’s chain of ownership.

The Franchisor and any Parents, Predecessors, and Affiliates

We were formed on June 15, 2010 as a Florida limited liability company, and do business only under our corporate name. Our principal business address is 2300 Bee Ridge Road, #401, Sarasota, Florida 34239. Our agents for service of process are identified in Exhibit G to this disclosure document. We began offering LE MACARON FRENCH PASTRIES® franchises in August 2012, however, since June 2010 we have granted four licenses for the use of our principal trademark in connection with LE MACARON FRENCH PASTRIES® Pastry Shops. We do not operate any business of the type being franchised.

Our parent, MAXYMAC, LLC (“MM”), was formed on January 26, 2015 and shares our principal business address and has never operated the type of business offered in this disclosure document and has never offered franchises in any line of business.

Our affiliate, Le Macaron LLC (“LM LLC”), was formed on September 21, 2009. LM LLC is the owner of the Marks and has granted us the right to use and sublicense the Marks to system franchisees. LM LLC shares our principal business address and has operated the original LE MACARON FRENCH PASTRIES shop since its opening in August 2009 and has never offered franchises in any line of business.

Our affiliate, Le Macaron Confectionary LLC (“LMC”), was formed on January 28, 2015. LMC operates a wholesale production facility from which all franchisees must purchase their inventory of macarons, gelato, and other select pastries such as madeleines, canelles, éclairs, pies, napoleons, and meringues. LMC also offers franchisees related retail items to sell at their Pastry Shop as well as gift boxes for use and sale in connection with Pastry Shop products. LMC may also supply other ingredients, food, and beverage items to our franchisees. LMC shares our principal business address and has never operated the type of business offered in this disclosure document and has never offered franchises in any line of business.

The Franchise Offered

We franchise the right to operate three different types of LE MACARON FRENCH PASTRIES® businesses (each referred to as a “Pastry Shop”), each as described below, according to our proprietary business format and system (the “System”), which includes our distinctive interior and exterior design, décor, color scheme, graphics, fixtures and furnishings, our proprietary recipes, the right to sell our private label products to the extent we develop them, procedures for preparing, packaging, and serving pastry items, operation and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that we designate for developing, operating, and managing a LE MACARON FRENCH PASTRIES® Pastry Shop, all of which we may change, improve, and further develop (collectively, our “Standards”). The Pastry Shop is identified by the LE MACARON FRENCH PASTRIES® service mark and other proprietary trademarks, service marks, our trade dress, catch phrases, and other indicia of origin that we designate to identify businesses operating according to the System (our “Marks”).

We offer the franchise rights to establish and operate three different kinds of LE MACARON FRENCH PASTRIES® retail franchised businesses.

Our traditional pastry shop franchise offers our full range of menu items, including a variety of signature macarons, which are made using our proprietary dough, flavors, textures, and filling recipes, and other assorted French pastries, chocolates, gelato, an assortment of domestic and European coffees, non-alcoholic (and in certain cases alcoholic) beverages, and related items. The traditional pastry shop franchise offers all menu items for dining in or takeout and occupies 800 to 1,000 commercial square feet of space.

A permanent kiosk is typically located in a mall and ranges from 120 to 150 commercial square feet of space. This range includes only the space the kiosk occupies, although, certain locations may offer seating as part of the lease arrangement. Permanent kiosks offer all or the majority of menu items offered by traditional pastry shops.

Our mobile kiosk franchise includes the right to operate a kiosk that can be moved from location to location, if necessary or desired, or our cart-style kiosk, and ranges from only 30 to 50 square feet of space. The mobile kiosk offers a more limited menu although, at a minimum, it will offer our signature macarons and gelato and/or other French pastries and candies. Other select menu items may also be offered. We anticipate that mobile kiosk franchises will be moved to and operate at event venues, stadiums, malls, convention centers, and other similar locations.

Each franchise offering described above also includes the right to cater and deliver per the standards set in our catering and delivery program which we may update and change from time to time.

If we award you a franchise, you will develop and operate a LE MACARON FRENCH PASTRIES® Pastry Shop at a location that we accept, and will use our Marks, Standards, and System, according to our standard Franchise Agreement (See Exhibit C). We call this the “Franchised Business.” If you elect to open a mobile kiosk Pastry Shop you will also execute the Mobile Kiosk Amendment attached as Attachment G to the Franchise Agreement.

If we approve your application to develop multiple Pastry Shops, you will sign our current Area Development Agreement (see Exhibit B). The Area Development Agreement will state the number of Pastry Shops to be developed and will establish a development timetable (the “Development Schedule”). Each Pastry Shop developed under the Area Development Agreement will operate according to a separate Franchise Agreement. Your first Pastry Shop will operate according to the terms of our current Franchise Agreement (see Exhibit C). Your second Pastry Shop and each additional Pastry Shop developed under the Area Development Agreement will operate according to the terms of the Franchise Agreement then being offered to new franchisees, which may be materially different than our current Franchise Agreement.

Competition

The market for pastry shops is well established and highly competitive. The typical customer is affluent, educated and active. The products will be sold to the general public in areas that typically have high counts of foot traffic. There is active price competition among pastry shops, as well as competition for management personnel and for attractive commercial real estate sites suitable for pastry shops. You will compete with other full-service pastry shops, pastry sections of grocery providers, as well as competing catering and delivery services. Competitors may be locally-owned or large, regional or national chains. The pastry shop business is also affected by changes in consumer taste, demographics, traffic patterns, and economic conditions.

Industry-Specific Regulation

The pastry shop industry is heavily regulated. Many of the laws, rules, and regulations that apply to business generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupation,

Health, and Safety Act, also apply to pastry shops. However, other laws, rules, and regulations have particular applicability to pastry shops.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and state and local health departments administer and enforce laws and regulations that govern food preparation and service and pastry shop sanitation conditions. State and local agencies inspect shops to ensure that they comply with these laws and regulations.

In addition, the Menu Labeling Provisions of the Patient Protection and Affordable Health Care Act may require certain pastry shops and retail food establishments to post caloric information on menus and menu boards, and to provide additional written nutrition information available to consumers upon request.

If approved to sell alcohol from the premises you will need to obtain a liquor license to operate the Pastry Shop. State and local laws, regulations, and ordinances vary significantly in the procedures, difficulty, and costs associated with obtaining a license to sell liquor, the restrictions placed on the manner in which liquor may be sold, and the potential liability imposed by dram shop laws involving injuries, directly and indirectly, related to the sale of liquor and its consumption. You will need to understand and comply with those laws in operating the Pastry Shop.

The Federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide, and particulate matters, including caps on omissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

You should consider these laws and regulations when evaluating your purchase of a franchise.

ITEM 2 BUSINESS EXPERIENCE

Rosalie Guillem – Chief Executive Officer

Rosalie Guillem and her daughter Audrey Guillem-Saba founded the LE MACARON FRENCH PASTRIES® concept in September 2009. Since January 2017, Rosalie Guillem has served as our Chief Operating Officer. Rosalie Guillem served as our Manager and President since our inception in June 2010 until December 2016. She has also served as the Manager and President of LM LLC since its inception in September 2009. She has served as the Manager of Le Macaron Winter Park, LLC since its inception in August 2011.

ITEM 3 LITIGATION

Le Macaron Development, LLC and Le Macaron Confectionary, LLC v. Le Macaron, LLC, and Jean F. Rigollet v. Rosalie Guillem, Bernard Guillem, and Didier Saba; Case No.: 2017-CA-02339-NC filed in the Circuit Court of the 12th Judicial Circuit in and for Sarasota County, Florida on May 11, 2017. LMD terminated Defendants' franchise agreement for failure to pay to LMD over \$200,000 in funds that were loaned to Defendants under a promissory note. Defendants also owed to LMC \$96,160.50 in unpaid amounts for products purchased from LMC. Plaintiffs brought suit for breach of contract under the promissory note; breach of contract under the franchise agreements, development agreement, and related personal guaranties; accounting; trademark infringement; unfair competition; violation of the Florida Deceptive and Unfair Trade Practices Act; account stated; quantum meruit; and unjust enrichment. Defendants filed an answer with affirmative defenses and counterclaims, including, counterclaims for fraud in the inducement, violation of the Florida Deceptive and Unfair Trade Practices Act and Florida Franchise Law, breach of contract, and breach of covenant of good faith and fair dealing. As of the date of this Disclosure Document, the parties are in the discovery phase of litigation. Currently, trial is anticipated to take place in the Fall of 2019.

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

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee.

You must pay to us an initial franchise fee when you sign the Franchise Agreement. The initial franchise fee for a single franchise, whether for a traditional pastry shop, permanent kiosk, or mobile kiosk, is \$45,000. Unless otherwise stated under our area development program and in this disclosure document, the initial franchise fee is uniform for all franchisees and is not refundable.

Development Fee

We may also grant you the right to open three franchises, whether a traditional pastry shop, permanent kiosk, or mobile kiosk, for a Development Fee equal to \$99,000. The Development Fee is due on your execution of our Area Development Agreement, is uniform for all developers and non-refundable on payment.

When you sign the Area Development Agreement, you also will sign a Franchise Agreement for the first franchise to be developed. At that time, we will credit a portion of your development fee payment to satisfy the full initial franchise fee due under the first Franchise Agreement. When you sign your second and third franchise agreements, we will credit additional portions of your development fee payment to satisfy the initial franchise fee under those agreements.

Store Opening Assistance Fee

When you sign a Franchise Agreement, in addition to paying to us the Initial Franchise Fee, you must also pay to us an Opening Assistance Fee of \$5,000 for each LE MACARON FRENCH PASTRIES franchise you develop. This fee offsets our costs in supporting your efforts to find, develop, and open the shop, kiosk, or cart. The fee is also uniform for all franchisees and nonrefundable on payment.

Initial Inventory of Macaron Products

Approximately two weeks prior to the opening of your Pastry Shop, you will purchase from LMC your initial inventory of macarons as well as other food, beverage, and supply items. For a traditional pastry shop or permanent kiosk, the purchase of this initial inventory will range from \$6,500 to \$42,000 plus applicable shipping costs and state sales tax. For a mobile kiosk, the initial cost of initial inventory purchased from LMC will range from \$5,000 to \$15,000. This payment is uniform for all franchisees and is considered fully earned upon payment and is not refundable.

Permanent and Mobile Kiosks

If you purchase the right to establish a permanent kiosk or mobile kiosk franchise, you must purchase your kiosk or mobile kiosk, as applicable, from us. The cost of designing, manufacturing, and delivering your kiosk ranges from \$17,000 to \$25,000, where the lower end is applicable to mobile kiosks and the higher end is applicable to the purchase of permanent kiosks.

**ITEM 6
OTHER FEES**

Franchise Agreement

Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Sales	Weekly	See Note 2 for the definition of Gross Sales. Payable by Electronic Funds Transfer or other method we specify. Royalty Fees are currently collected weekly, but we have the right to modify at any time in future.
Marketing Fee	Up to 1% of Gross Sales, currently 0.5%	Weekly	See Item 11 for more information about the Marketing Fee. Marketing Fees are currently collected weekly, but we have the right to modify at any time in future.
Local Marketing Expenditure	1% of Gross Sales	As we direct	We will require you to spend a minimum of 1% of Gross Sales to promote the Pastry Shop in your local market area.
Advertising Cooperative Contribution	1% of Gross Sales	As we direct	Franchisor or affiliate-owned outlets will have one vote per pastry shop, which is the same voting power as a franchise-owned pastry shop. See Item 11 for more information about the Advertising Cooperative Contribution.
POS Software License Fee	Currently, \$60 per month	Monthly	This amount is due to our designated third party point of sale supplier.
Additional Training	Your attendees' travel, lodging, and dining costs	Before training	We may require that your managing owner and certain designated personal attend mandatory training programs we implement. See Item 11 for more information concerning our additional training requirements.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Supplemental Required Training	Our current per diem rate of \$300 per trainer, plus reimbursement of our related travel, lodging, and dining costs	Before training	In the event we determine you are not operating the Pastry Shop in accordance with our Standards, we may mandate that your managing owner and your staff attend and successfully complete our remedial training requirements.
Additional Training Requested by Franchisee	Our current per diem rate of \$300 per trainer, plus reimbursement of our related travel, lodging, and dining costs	Before training	Applicable if you request that we provide additional training either at our training facility or at your Pastry Shop location.
Nonsufficient Funds Fee	Currently \$100; we can increase each year by an amount not to exceed the 10% of the then-current fee	As invoiced	Payable only if you have insufficient funds in your bank account for us to process electronic funds transfer
Interest/Late Fee	18% per year or the maximum lawful rate.	As invoiced	We may charge interest on all overdue amounts.
Transfer Fee (payable if you are an individual transferring to a business entity for convenience of operations)	Up to \$500	With transfer application	There is no charge if you transfer within the first 12 months of operation. See Item 17 for more information about conditions on transfer.
Transfer Fee (payable if your Owners are transferring among themselves or transferring a minority ownership interest to one or more third parties)	\$2,500	With transfer application	See Item 17 for more information about conditions on transfer.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Transfer Fee (payable if you are assigning your interest in the Franchise Agreement or transferring all or substantially all of the assets in the Franchised Business to an existing LE MACARON FRENCH PASTRIES® franchisee)	35% of the then-current initial franchise fee plus reimbursement of our costs, currently the transfer fee is \$15,750 for the transfer of traditional pastry shops or permanent kiosks and \$7,875.	With transfer application	See Item 17 for more information about conditions on transfer.
Transfer Fee (payable if you are assigning your interest in the Franchise Agreement, transferring all or substantially all of the assets of the Franchised Business, or your Owners are transferring a controlling interest)	50% of the then-current initial franchise fee plus reimbursement of our costs, currently the transfer fee is \$22,500 for the transfer of traditional pastry shops or permanent kiosks and \$11,250 for mobile kiosks	With transfer application	See Item 17 for more information about conditions on transfer.
Renewal Fee	10% of the then-current initial franchise fee; currently the renewal fee is \$4,500 for traditional pastry shops or permanent kiosks and \$1,500 for mobile kiosks	Upon renewal	See Item 17 for more information about conditions on renewal.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Supplier Approval/Tests	Reasonable cost of inspection, if applicable, and reasonable cost of test	As invoiced	Before approving a supplier or vendor, we may require you to pay the cost of testing the supplier's products and inspecting its facilities. These costs include the salary expense for the individual(s) performing the evaluation, and the related travel, lodging, and dining costs.
Indemnification	An amount equal to the value of all losses and expenses that we incur	On demand	
Audit Fee	Cost of audit	On demand	Audit costs must be reimbursed only if the audit was necessary because of your failure to report to us or the audit shows an understatement of revenues by 2% or more.
Insurance Premium Reimbursement	Reimbursement of insurance premium plus reasonable administrative fee, not to exceed \$500	On demand	Payable only if you fail to obtain or maintain required insurance and we obtain it on your behalf. If this occurs, you must reimburse us the amount of the insurance premium and we also have the right to charge you the administrative fee, described below.
Administrative Fee	Not to exceed \$100 per hour	As invoiced	You must pay an administrative fee for all time spent by our personnel in connection with addressing and resolving your failure to comply with this Agreement, for example, failing to timely provide financial information, lease information, insurance information, <i>etc.</i>
Enforcement Costs	Will vary	On demand	Payable only if you do not comply with the Franchise Agreement.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Customer Complaint Reimbursement	Amount of refund or payment	As invoiced	If as a result of a complaint from one of your customers, we refund the customer's money or make any other payment to the customer, you must reimburse us the amount of the payment.
Relocation Fee	25% of the then-current initial franchise fee; currently the relocation fee is \$11,500	Upon relocation	See Item 12 for more information regarding relocation requirements.
De-identification Fee	Will vary	On demand	If you fail to de-identify the Pastry Shop premises upon termination or expiration of the Franchise Agreement, we may enter onto the Pastry Shop premises and take all actions necessary, at your expense, to de-identify the premises as a LE MACARON FRENCH PASTRIES® Pastry Shop.

Area Development Agreement

Type of Fee	Amount	Due Date	Remarks
Assignment of Franchise Rights	\$2,500	Before you sign the Franchise Agreement	Payable only if you assign your right to enter into a franchise agreement to an affiliated entity.
Transfer Fee (payable if you are an individual transferring to a business entity for convenience of operations)	Up to \$500	With transfer application	There is no charge if you transfer within the first 12 months of operation. See Item 17 for more information about conditions on transfer.
Transfer Fee (payable if your Owners are transferring among themselves or transferring a minority ownership interest to one or more third parties)	\$2,500	With transfer application	See Item 17 for more information about restrictions and conditions of transfer.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee (payable if you are assigning your interest in the Development Agreement, transferring all or substantially all of the assets of any developed Pastry Shop, or your Owners are transferring a controlling interest)	\$20,000 plus reimbursement of our out-of-pocket costs, including reasonable attorneys' fees	Before transfer	See Item 17 for more information about restrictions and conditions of transfer.

Notes:

Note 1. All fees are imposed by and are payable to us, and are non-refundable, unless otherwise noted. We do not impose or collect any other fees or payment for any third party.

Note 2. Gross Sales is the total selling price of all services and products and all income of every other kind and nature related to your LE MACARON FRENCH PASTRIES® Pastry Shop (including income related to delivery and catering operations, if applicable) and the full value of food and beverage provided to your employees as an incident to their employment whether for cash or credit and regardless of collection in the case of credit. Gross Sales does not include (i) sales (or similar) taxes that you collect from your customers if you transmit them to the appropriate taxing authority; (ii) proceeds from isolated sales of trade fixtures that are not part of the products and services you offer and that do not have any material effect on the operation of your LE MACARON FRENCH PASTRIES® Pastry Shop; (iii) tips or gratuities paid directly by Pastry Shop customers to your employees or paid to you and then turned over to these employees by you in lieu of direct tips or gratuities, or (iv) returns to shippers or manufacturers. Gross Sales also does not include proceeds from the sale of gift certificates or stored value cards (all proceeds from the sale of gift certificates and stored value cards belong to us), but it does include the redemption value of gift certificates and stored value cards at the time purchases are made. You are responsible for the accurate reporting of gift certificate and stored value card sales and the corresponding impact on Gross Sales.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR INITIAL ESTIMATED INVESTMENT
Traditional Pastry Shop or Permanent Kiosk

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	\$33,000 - \$45,000	Lump sum	When you sign the Franchise Agreement	Us
Opening Assistance Fee (1)	\$5,000	Lump sum	When you sign the Franchise Agreement	Us
Lease Deposit, Utility Deposits, and Rent for 3 months (2)	\$15,000 - \$30,000	As arranged	As invoiced	Lessor
Design and Architectural Fees (3)	\$6,000 - \$12,000	As arranged	As invoiced	Approved Architects
Leasehold Improvements (4)	\$5,000 - \$100,000	As arranged	As invoiced	Contractor
Furniture and Fixtures (5)	\$15,000 - \$25,000	As arranged	As invoiced	Suppliers
Equipment (6)	\$17,000 - \$50,000	As arranged	As invoiced	Suppliers
Exterior and Interior Signage and Graphics	\$1,000 – \$8,000	As arranged	As required by sign vendor	Sign vendor
Initial Macaron Inventory (plus other food and beverage products and initial supplies) (7)	\$6,500 - \$42,000	As arranged	As invoiced	LMC and Designated Suppliers
Liquor License (8)	Varies	As Arranged	As Invoiced	Government Agencies, Lawyers, Other Third Parties
Travel and related expenses while training (9)	\$1,000 - \$1,500	Lump sum	As incurred	Airlines, hotels and restaurants

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Grand Opening Marketing (10)	\$3,000 to \$4,000	As arranged	As invoiced	Suppliers
POS Software and Hardware (11)	\$1,000 - \$1,500	As arranged	As invoiced	Suppliers
Professional Services (12)	\$1,000 - \$2,500	As arranged	As invoiced	Accountants, Lawyers, etc.
Insurance (13)	\$1,500 - \$3,500	As arranged	As invoiced	Insurance Broker
Government permits and licenses	\$500 - \$1,500	As incurred	As incurred	Governmental agencies
Additional Funds—3 months (14)	\$20,000 - \$30,000	As incurred	As incurred	Not applicable
TOTAL (15)	\$131,500 - \$361,500			

Mobile Kiosk

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	\$33,000 - \$45,000	Lump sum	When you sign the Franchise Agreement	Us
Opening Assistance Fee (1)	\$5,000	Lump sum	When you sign the Franchise Agreement	Us
Lease Deposit, Utility Deposits, and Rent for 3 months (2)	\$4,000 - \$10,000	As arranged	As invoiced	Lessor
Leasehold Improvements (4)	\$200 - \$1,500	As arranged	As invoiced	Contractor
Kiosk and Equipment (5 and 6)	\$30,000 - \$36,000	As arranged	As invoiced	Suppliers
Initial Macaron Inventory (plus other food and beverage products and initial supplies) (7)	\$5,000 - \$15,000	As arranged	As invoiced	LMC and Designated Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Travel and related expenses while training (9)	\$1,000 - \$1,500	Lump sum	As incurred	Airlines, hotels and restaurants
Grand Opening Marketing (10)	\$1,000	As arranged	As invoiced	Suppliers
POS Software and Hardware (11)	\$800 - \$1,000	As arranged	As invoiced	Suppliers
Professional Services (12)	\$1,000 - \$2,500	As arranged	As invoiced	Accountants, Lawyers, etc.
Insurance (13)	\$200 - \$500	As arranged	As invoiced	Insurance Broker
Government permits and licenses	\$150 - \$500	As incurred	As incurred	Governmental agencies
Additional Funds—3 months (14)	\$3,000 - \$5,000	As incurred	As incurred	Not applicable
TOTAL (15)	\$84,350 - \$147,000			

Area Development Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee (1)	\$99,000 (for three franchises)	Lump sum	When you sign the Area Development Agreement	Us
TOTAL	\$99,000 (for three franchises)			

Notes:

Note 1. The initial franchise fee, opening fee, and development fee are considered fully earned and nonrefundable upon payment. The low range of the Initial Franchise Fee represents the proportionate share of the Development Fee that applies to and satisfies the Initial Franchise Fee if you purchase the right to develop three franchises. The high range for the Initial Franchise Fee is the applicable fee if you purchase only one franchise. The high range for the Opening Assistance Fee includes the fee for your first franchise and the low range includes the reduced fee for your second or subsequent franchise. See Item 5 for more information on each of these fees.

Note 2. For a traditional pastry shop location, you must purchase or lease commercial retail space with 800 to 1,000 commercial square feet of space. Commercial real estate costs vary greatly depending on the

geographic location of the space and whether it is located downtown, in airports, in enclosed malls, or in dense specialty shopping areas. The figures in the chart reflect a security deposit equal to one month's rent, utility deposits, plus base rent for the first three months, but do not include payment of common area maintenance charges or any other charges that may be imposed. As rental rates vary greatly by area, we strongly urge you to consult with a commercial realtor in your area before you purchase a franchise. For either type of kiosk, you will have to arrange for on-premises storage. Landlords typically include this as part of your rent payment.

Note 3. Design and architectural costs vary widely, depending upon the location, design, configuration and condition of the premises, the condition and configuration of existing interior elevations, and floor plans. The figure in the chart represents the estimated cost of designing a shell location that does not yet include an adequate Pastry Shop floor plan, interior elevations, and construction drawings.

Note 4. You may use a qualified general contractor of your choosing that we approve. Construction and remodeling costs vary widely, depending upon the location, design, configuration and condition of the premises, the condition and configuration of existing services, and facilities such as mechanical, electrical and plumbing, and the terms of your lease. The figure in the chart represents the estimated cost of building out a vanilla shell location that does not yet include an HVAC system, floor drains, restroom, ceiling, electrical panel or natural gas service. You may receive a tenant finish-out allowance from the Landlord which has not been accounted for in this figure.

Note 5. The figures in the chart represent the estimated costs of purchasing required furniture, fixtures, decor items, interior graphics, and audio/visual system required for your LE MACARON FRENCH PASTRIES® Pastry Shop. For the permanent kiosk and mobile kiosk chart, this range represents the cost of designing, manufacturing, and delivering your kiosk.

Note 6. The figures in the chart represent the estimated costs of purchasing required freezers, refrigerators, refrigerated display cases, automatic espresso machine, a gelato refrigerated display case, and other related equipment required for your LE MACARON FRENCH PASTRIES® Pastry Shop. For mobile kiosks, this range includes the costs of freezers.

Note 7. See Item 5 for more information about the initial macaron products inventory. The figures in the chart represent the estimated cost of purchasing the mandatory macaron products, plus additional food and beverage inventory and other miscellaneous items. The high range estimates that, for Pastry Shops located further from our distribution center, the purchase of inventory will be for larger amounts than for those Pastry Shops located geographically nearer.

Note 8. We may grant some Pastry Shops the right to sell certain approved alcoholic beverages. For these locations, we are unable to estimate the cost of your liquor license because of wide variations in costs depending on factors like location, the availability of liquor licenses, the ability to move a license, and the market value of liquor licenses.

Note 9. See Item 11 for more information about our initial training program. The figures in the chart represent the estimated out of pocket costs (including travel to Sarasota, Florida and to and from the training site, one double-occupancy hotel room, and dining expenses) for two individuals to attend training.

Note 10. We will consult with you and outline a marketing/public relations plan for your Pastry Shop's Grand Opening. Such initial marketing and promotional activities will be conducted within 90 days of opening.

Note 11. See Item 11 for more information about our POS computer hardware and software requirements. The figure in the chart for traditional pastry shops and permanent kiosks represents the cost of acquiring one POS system and the first annual maintenance and support services fee. The figure in the chart for mobile kiosks represents the cost of acquiring a card reader and a more space-efficient POS system.

Note 12. The low figure assumes that you will operate the Franchised Business as a sole proprietor. The high figure represents the cost of hiring an attorney to assist with entity formation and in reviewing the franchise offering. The cost of professional services can vary widely.

Note 13. See Item 8 for more information about insurance requirements. The figures in the chart represent an estimated down payment of your annual premiums, equal to one month's payment, plus the first two monthly premium charges.

Note 14. The figures in the chart represent the additional funds, or working capital, you will likely need to operate the Pastry Shop during the initial three-month period. You may need these funds to pay fixed costs such as employee salaries, payroll taxes, telephone charges, license and permit fees, to purchase supplies, and to pay other expenses. We estimate the start-up phase to be three months from the date you open for business. The figures in the chart do not include any allowance for debt service or for a salary for you. These figures are estimates only, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience, business acumen, market conditions, and any extra, additional, or more costly options you may choose. In compiling these estimates, we relied on the operating experience of our affiliates and franchisees. You should review these figures carefully with your business advisor before purchasing a LE MACARON FRENCH PASTRIES® franchise.

Note 15. All amounts are non-refundable unless otherwise noted. If you develop multiple Pastry Shops under our Area Development Agreement, we anticipate that your initial investment for each Pastry Shop developed will be the same as is reflected in the above chart, subject to applicable inflationary increases.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Approved or Designated Suppliers; Purchases According to Specifications

You must purchase the POS computer hardware and software from our approved suppliers. See Item 11 for more information about computer hardware and software requirements. You must purchase your supply of macarons, assorted pastries, chocolates, gelato, and gift boxes from us or from our designated supplier. Currently, our designated supplier for macarons sold at your Pastry Shop is our affiliate, LMC. You also must purchase from us or from our designated suppliers your requirement of private label merchandise, business cards, stationery, and other items that bear our Marks.

We also may establish designated or approved suppliers for: (1) fixtures, furniture, equipment, signs, items of décor, audio/visual system, (2) non-macaron food products and ingredients developed by or for us pursuant to a special recipe, formula, or specifications, (3) all coffee, tea, and other alcoholic or non-alcoholic beverages, (4) uniforms, shirts, and all merchandise, private label products, and other items intended for retail sale (whether or not bearing our Marks), (5) advertising, point-of-purchase materials and other printed promotional materials, (6) gift certificates and stored value cards, (7) stationery, business cards, contracts, and forms, and (8) bags, packaging, and supplies bearing our Marks. In addition to approved suppliers, we may require you to buy your requirements of food, ingredients, beverages, and supplies from approved or designated third party distributors. Information concerning approved and designated suppliers will be communicated to you via the Manual. Kiosks must be purchased from our designated supplier.

Currently, LMC is our designated supplier for all macarons as well as for other assorted pastries. Except for our officers' interest in LMC, none of our officers own an interest in any privately-held supplier, or a material interest in any publicly-held supplier. Occasionally, our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise System.

If you propose to purchase from an unapproved source any items for service for which we have identified designated or approved supplier(s), you must request our approval. We may require, as a condition of

granting approval that our representatives be permitted to inspect the supplier's facilities, and that information, specifications, and samples as we reasonably require be delivered to us or to an independent, certified laboratory for testing. We may charge a fee for testing, which will not exceed the reasonable cost of the inspection and the actual cost of the test. We will notify you within 30 days of your request as to whether you may purchase products from the proposed supplier. If we agree to evaluate a supplier, we will provide the supplier with our specifications and Standards and our criteria for supplier approval. Our specifications for products and criteria for supplier approval are generally issued through written communication. We will initially be involved in direct negotiations on behalf of the franchise System, for certain key proprietary items specific to the brand.

You may purchase items and services for which we have not identified approved suppliers from any supplier, if the items and services meet our specifications. These specifications may include brand requirements. If brand requirements have been identified, you may purchase and use only approved brands.

Pastry Shop Premises and Lease

You must acquire a site for your Pastry Shop that meets our site selection criteria and that we accept. If you occupy the Pastry Shop according to a commercial lease, the lease must contain terms that we specify. (See Lease Rider attached as Attachment F to the Franchise Agreement.)

You must construct, equip and improve the Pastry Shop in compliance with our current design standards and trade dress. You must purchase and install, at your expense all fixtures, furnishings, equipment, decor, and signs from approved third party suppliers.

Insurance

You must obtain and maintain insurance policies protecting you and us and our affiliates as additional insureds on a primary non-contributory basis. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Pastry Shop is located and with an A.M. Best rating of "A" or better.

These policies must include the coverage that we require, which currently includes the following:

Type of Insurance Coverage	Minimum Limit
Special Form Property Insurance	Must include Income and Extra Expense, and Off-Premise Utility Services Endorsement
Commercial General Liability, including products and contractual	\$1,000,000 per occurrence, \$2,000,000 aggregate
Liquor Liability Coverage (if applicable)	\$1,000,000 per occurrence
Tenant's Legal Liability	\$300,000 per occurrence
Employee Dishonesty/Crime	\$2,500 per occurrence
Employment Practices Liability Insurance	\$1,000,000 per occurrence
Owned, Hired & Non-Owned Vehicle Insurance	\$1,000,000 per occurrence
Umbrella Liability Insurance	\$1,000,000
Workers Compensation Insurance	\$1,000,000 or statutory for the state in which workers are employed
Business Interruption Insurance	12 Months sustained loss
Maximum Deductibles	\$1,000
Notice of Cancellation	30 days

We have the right to establish and modify the minimum coverages required, and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, and other relevant changes in circumstances. All insurance policies must include a waiver of subrogation in favor of us and our affiliates, and each company's directors, officers, shareholders, partners, members, managers, agents, representatives, independent contractors, servants, and employees.

Revenue Derived from Franchisee Purchases and Leases

We and our affiliates will derive revenue from franchisee purchases and leases to the extent that franchisees purchase products or services from us or our affiliates.

We did not derive any revenue on account of franchisee purchases or leases during our fiscal year ended December 31, 2018; however, LMC, derived \$2,004,029.76 in revenue from franchisee purchases during its fiscal year ending December 31, 2018.

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that your purchases and leases from us or our designated sources will be approximately 85% to 95% of your total initial investment (not including the initial franchise fee) and approximately 85% to 95% of your ongoing purchases and leases in the operation of the Franchised Business.

Description of Purchasing Cooperatives; Purchasing Arrangements

We may negotiate purchase arrangements with primary suppliers or distributors for the benefit of franchisees. If we negotiate a purchase agreement, you must participate in the purchasing program. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers. We do not provide you any material benefits (for example, additional renewal rights or rights to acquire additional franchises) based on your purchase of particular products or services or use of particular suppliers.

Presently there are no purchasing or distribution cooperatives in existence for the franchise System.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section(s) in Franchise Agreement	Section(s) in Area Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 3.1 and 3.3	Not applicable	Items 8 and 11
b. Pre-opening purchases/leases	Sections 3.4, 6.5, 6.6, and 10.1	Not applicable	Items 5, 6, 7, 8, and 11
c. Site development and other pre-opening requirements	Sections 3.4 and 5.3	Article 4	Items 1, 7, 8, and 11
d. Initial and ongoing training	Sections 5.1 and 5.5	Not applicable	Items 6, 7, and 11
e. Opening	Sections 3.5 and 5.2	Section 4.5	Items 7 and 11

Obligation	Section(s) in Franchise Agreement	Section(s) in Area Development Agreement	Disclosure Document Item
f. Fees	Sections 4.1, 4.2, 4.8, 4.9, 4.12, 9.3 and 9.4	Article 3	Items 5, 6, 8, and 11
g. Compliance with standards and policies/Manuals	Article 8	Not applicable	Items 8, 11, 14, and 16
h. Trademarks and proprietary information	Article 7	Not applicable	Items 11, 13, and 14
i. Restrictions on products/services offered	Sections 6.4, 6.5 and 6.8	Not applicable	Items 8 and 16
j. Warranty and customer service requirements	Not applicable	Not applicable	Item 16
k. Territorial development and sales quotas	Not applicable	Not applicable	Item 12
l. Ongoing product/service purchases	Sections 6.5, 6.6 and 8.2	Not applicable	Items 8, 11, and 16
m. Maintenance, appearance and remodeling requirements	Sections 6.7 and 6.10	Not applicable	Item 8
n. Insurance	Section 11.2	Section 7.2	Items 7 and 8
o. Advertising	Article 9	Not applicable	Items 6, 8, and 11
p. Indemnification	Section 11.3	Section 7.3	Item 6
q. Owner's participation/management/staffing	Sections 6.2, 6.3, and 6.7	Not applicable	Items 1, 11, and 15
r. Records and reports	Sections 10.4, 10.5, and 10.6	Not applicable	Item 11
s. Inspections and audits	Sections 6.9 and 10.7	Not applicable	Items 6 and 11
t. Transfer	Article 12	Article 8	Items 6, 12, and 17
u. Renewal or extension of rights	Section 2.2	Section 4.4	Items 6, 12, and 17
v. Post-termination obligations	Section 15.2	Section 2.2	Item 17
w. Noncompetition covenants	Section 15.1 and 15.2	Article 10	Item 17
x. Dispute resolution	Article 19	Article 14	Item 17
y. Guaranty	Attachment D-1	Attachment D	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing, and we do not guarantee your notes, leases, or other obligations.

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, Le Macaron Development LLC is not required to provide you with any assistance.

Before you open your LE MACARON FRENCH PASTRIES® Pastry Shop, we or our designee will:

1. Accept or refuse to accept your site within 30 days of receiving all requested information. You will be required to submit a location that we accept within three months of signing the franchise agreement and you will be required to commence operations within three months of our acceptance (Franchise Agreement, Sections 3.1 and 3.2.).
2. Admit two Owners or management-level individuals to our initial training program, described below (Franchise Agreement, Section 5.1.). We do not assist you in hiring any employees or training non-management level employees.
3. With respect to the first Pastry Shop you develop, we will make available one individual to provide you with one day of opening assistance; there is no fee for the service, and we will cover all travel, lodging, dining and wages costs for the individual who provides assistance (Franchise Agreement, Section 5.2.1.).
4. We will loan you one copy of our Manuals (Franchise Agreement, Section 8.1.). The Table of Contents of our Confidential Operations Manual is attached to this disclosure document as Exhibit E. Our Confidential Operations Manual is 361 pages.
5. Provide such pre-opening consultation and advice as we deem appropriate, which will include advice with regard to the site selection, design layout, floor plans and specifications, construction drawings, equipment, and may include advice with regard to the development and operation of the Pastry Shop, furnishings, fixtures, purchasing and inventory control, and such other matters as we deem appropriate (Franchise Agreement, Section 5.3.).
 - With respect to equipment, signs, fixtures, opening inventory, and supplies, we will provide you with a list of approved suppliers and written specifications, if applicable. You will purchase from us and we will deliver to you your opening inventory of macarons as well as other food products and beverages.
 - It is your responsibility to conform any initial plans, layouts, or designs provided to you to local ordinances and building codes and obtain required permits. We do not assist you with the actual construction, remodeling, or decoration of the Premises, though we do anticipate providing guidance and specifications regarding each.

During the operation of your LE MACARON FRENCH PASTRIES® Pastry Shop, we will:

1. Provide such ongoing consultation and advice as we deem appropriate, which may include information about new product development, trade dress updates, instruction concerning the operation and management of a Pastry Shop, mystery shops and guest feedback programs, advertising and marketing advice, and financial and accounting advice (Franchise Agreement, Section 5.4.).

2. Communicate to you information about our approved and designated suppliers (Franchise Agreement, Section 6.6.).

Advertising

Our advertising program for the products and services offered by LE MACARON FRENCH PASTRIES® Pastry Shops currently consists of dissemination of promotional materials at the Pastry Shop level. Our advertising materials currently are created in-house.

We will maintain control over all promotional and marketing materials to be used in your Pastry Shop. You may, at your option, submit to us proposed materials for our consideration. You must submit the materials no later than 10 days prior to the date of publication or initial use. We will review your request and we will let you know whether the materials are approved within 10 days of our receipt. Materials that are not approved within this 10-day period are considered not approved.

Grand Opening Marketing

Before the Pastry Shop opens for business, we will agree on a budget of at least \$3,000 for a traditional pastry shop or permanent kiosk location or of at least \$1,000 for a mobile kiosk, and a marketing/public relations plan for your initial advertising. You must conduct the marketing and public relations campaign according to the marketing plan and budget and our Standards within 90 days after beginning operations. As part of this campaign, you may be required to retain a public relations firm, which we may designate.

Marketing Fee

We do not require that you contribute to an advertising fund. As described in Item 6, however, we may impose and collect up to 1% of Gross Sales as a Marketing Fee which compensates us for certain marketing and promotional activities such as the creation and production of promotional materials. Currently, however, we collect only 0.5% of Gross Sales as a Marketing Fee. While there is no contractual obligation that we provide you with a minimum amount of notice before increasing the Marketing Fee, we anticipate providing at least 30 days' prior written notice. While we have no contractual obligation to do so, it is our intent to spend Marketing Fee monies, or an equivalent amount, on regional and national brand development.

Marketing Fee monies will not be held in a trust or escrow account, nor do we have any contractual obligation to account for Marketing Fee monies separately, and we will not have any fiduciary obligations to you with respect to the Marketing Fee. We will determine the use of the Marketing Fee monies and we need not provide you with a periodic accounting on how Marketing Fee monies are spent. If Marketing Fee monies are not spent in the fiscal year in which they accrue then, as these amounts are general operating funds, we may spend such monies as we deem appropriate. We will not be required to spend any particular amount on marketing, advertising, or promotion in your Pastry Shop's market area, nor any pro rata amount based upon your Marketing Fee payment. To date, we have not used Marketing Fee amounts to solicit new franchise sales.

Local Marketing

In each calendar year during the term of the Franchise Agreement, we require you to spend a minimum of 1% of Gross Sales to promote the Pastry Shop in your market area. Per our request, you must also submit receipts documenting the local marketing activities. We have the right to direct all marketing programs, with the final decision over creative concepts, materials, and media used in the programs and their placement.

Advertising Cooperative and Advertising Council

We can designate any geographic area in which two or more affiliate-owned or franchised LE MACARON FRENCH PASTRIES® Pastry Shops are located as a region for an advertising cooperative ("Cooperative").

If we do, the Cooperative must be organized and governed as we determine. Any Cooperatives we authorize will be for the exclusive purpose of administering advertising programs and developing promotional materials for use by members in local marketing. If a Cooperative is established for an area in which any Pastry Shop is located (whether franchised or company or affiliate-owned), you must become a member of the Cooperative and participate in the Cooperative by contributing the amounts required by the Cooperative's governing documents, and you must abide by the Bylaws of the Cooperative. The Cooperative will have the right to establish its own fees and will operate by majority vote. You must also submit to the Cooperative and to us all statements and reports that we, or the Cooperative, may require. Cooperative contributions will be maintained and administered under the Cooperative's governing documents, and the Cooperative will be operated solely as a conduit for the collection and expenditure of advertising contributions. Cooperative contributions will be credited against your total marketing requirement.

We have the sole right to form, change, dissolve, and merge Cooperatives and to create and amend any organizational and governing documents of any Cooperative. As no Cooperatives have yet been established for the franchise System, governing documents are not available for your review. Once established, we may terminate and/or dissolve the Cooperative at any time. The Cooperative will not be terminated, however, until all monies in the Cooperative have been expended for authorized purposes or returned to contributing Pastry Shops (whether franchised or company or affiliate-owned), without interest, on the basis determined by a majority vote of its members. Each Cooperative must prepare annual, unaudited financial statements, which will be made available to contributing Cooperative members.

No advertising council has been established for the franchise System.

Computer and Electronic Cash Register Systems

You must purchase, install and maintain an electronic point of sale cash register system to record sales and transaction data (such as item ordered, price and date of sale). Currently, we have approved a POS System that must be used in any traditional pastry shop and permanent kiosk locations. For mobile kiosks, we may either designate a specific POS System or allow you to use a more space-efficient system with a simple card reader. We have the right to approve other POS Systems for use in the Pastry Shop. You will use the POS System as a cash register system, to process credit card transactions, interface with QuickBooks to produce accounting and financial reports, and time maintenance system and a daily sales reporting system. You must connect the POS System to a high speed communications device which is capable of accessing the Internet via a third party network. We will have the right to independently access all information and financial data recorded by the system for daily polling, audit and sales verification. There is no contractual limitation on our right to access or use any information stored in your POS System. Updates or replacement of the POS System, both hardware and software, may be required. If we require such updates or replacement we estimate your cost may range from \$1,200 to \$2,500. There is no contractual limitation on the frequency or cost of these obligations.

For a traditional pastry shop and permanent kiosk location, the approximate cost to purchase the POS System ranges from \$1,000 to \$1,500. For mobile kiosks, the approximate cost to purchase the POS System and associated hardware and software ranges from \$800 to \$1,000. We do not require that you sign a computer maintenance agreement with the manufacturer of the POS System or any third party supplier. An optional maintenance agreement may range from \$1,200 to \$2,400 annually. The monthly license fee for the POS system is currently \$60 per month.

At our request, you must, install and maintain interactive multi-media equipment, devices, and facilities that we require, including approved music systems, wi-fi and other wireless Internet and communications systems, and interactive displays, including plasma or LCD screens.

You must (a) use any proprietary software programs, System documentation manuals, and other proprietary materials that we require in connection with the operation of the Pastry Shop; (b) input and maintain in your computer such data and information as we prescribe; and (c) purchase new or upgraded software programs, System documentation manuals, and other proprietary materials at then-current prices whenever we adopt new or upgraded programs, manuals and materials system-wide. You must enter into all software license agreements, “terms of use” agreements, and software maintenance agreements, in the form and manner we prescribe, and pay all fees imposed thereunder.

System Website

We own the domain name <http://www.lemacaron-us.com> and use it as our primary website for information about us and our franchised businesses. You must provide information to us about your business to post on the website to promote your business. You may not establish your own website, social networking site, or other electronic media. At our option, we may establish one or more additional websites to advertise, market, promote and operate the LE MACARON FRENCH PASTRIES® businesses and the franchise opportunity.

Training

At least 30 days before the opening date of your Pastry Shop, your Managing Owner and one additional person, which may be your Key Person (if applicable), must attend and complete our initial training program to franchisor’s satisfaction.

Our initial training program is offered on an as needed basis and is currently held at our affiliate’s Pastry Shop located in Sarasota, Florida. We have the right to designate alternate training locations. The initial program will be held over a minimum period of three days including classroom and on-the-job training. Our Chief Executive Officer, Rosalie Guillem, oversees our training program and is one of our key instructors. She has over 10 years’ experience in the pastry shop industry and over 20 years’ experience in management. She has been with us since our inception in June 2010. Gregory Guillem, our Franchise Business Consultant, is also an instructor. He has been with us since 2014 and has been in the industry since 2012, when he opened his own LE MACARON FRENCH PASTRIES shop. Gregory currently owns two shops and has 7 years of experience in operations and shop management. We provide the training materials at no charge, but you must pay all training-related expenses, including salary, travel, lodging and dining expenses for all of your managerial employees who attend training. The subjects covered and other information relevant to our initial training program are described below.

INITIAL TRAINING PROGRAM

Subject	Classroom Training Hours	On-the-Job Training Hours	Location
Le Macaron French Pastries Pastry Shops – History and Philosophy	1	-	Sarasota, Florida
Store Setup and Merchandising	2	2	Sarasota, Florida
Setting Up and Using the POS System	2	-	Sarasota, Florida
Product Knowledge	1	2	Sarasota, Florida
Store Operations and Customer Service	2	3	Sarasota, Florida
Inventory Management	1	2	Sarasota, Florida

Subject	Classroom Training Hours	On-the-Job Training Hours	Location
Quality Control and Sanitation	1.5	1	Sarasota, Florida
Marketing Advertising, PR and Social Media	2	0	Sarasota, Florida
Human Resources and Hiring	2.5	0	Sarasota, Florida
Finance Accounting and Reporting	2	0	Sarasota, Florida
Social Orders	1	0	Sarasota, Florida
TOTAL	18	10	

Our initial training program is subject to change, without notice, to reflect updates in the materials, methods, and manuals and changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the trainees. Instruction materials consist of our Operations Manuals and instruction given by our trainers.

With respect to the first Pastry Shop you develop, we will make available one individual to provide you with one day of opening assistance; there is no fee for the service, and we will cover all travel, lodging, dining and wages costs for the individual who provides assistance.

At our request, your managing owner, key person, and other of your managerial employees that we designate must attend additional courses, seminars, and training programs that we may reasonably require. We may charge a reasonable tuition for these additional courses, seminars or other training programs. You are responsible for all training-related costs and expenses including salary, travel, lodging, and dining costs for all of your managerial employees who attend training. Our current per diem rate is \$300 per trainer, plus reimbursement of our related travel, lodging, and dining costs.

Confidential Operations Manuals

After you sign the Franchise Agreement, we will loan you a copy of our Manuals. A copy of the table of contents of the Manuals is attached as Exhibit E. We consider the contents of the Manuals to be proprietary, and you must treat them as confidential, and you may not make any copies of the Manuals.

Site Selection and Opening

When you sign the Franchise Agreement, we will agree on a “Site Selection Area” within which you may locate the Pastry Shop. You must acquire an acceptable site for the Pastry Shop by no later than the Control Date identified in the Franchise Agreement (which is generally three months after the date you sign the Franchise Agreement) (“Control Date”). If you fail to acquire an acceptable site by the control Date we may terminate the Franchise Agreement. For each proposed site that you identify, you must deliver to us a franchise site application in a form that we prescribe, including information about the site as we may reasonably request to perform our evaluation. We will accept or refuse to accept your proposed site within 30 days of receiving all requested information about the site. The criteria that we use to evaluate the site include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms.

We anticipate that a LE MACARON FRENCH PASTRIES® Pastry Shop will open for business four to six months after the Franchise Agreement is signed or a franchisee pays consideration for the franchise. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business

include the time necessary to locate a location which we will accept; to obtain any financing you need; to obtain required permits and governmental agency approvals; to fulfill local ordinance requirements; to complete construction, remodeling, alteration, and improvement of the Pastry Shop, including the installation of fixtures, equipment, and signs; to complete our initial training program and to complete the hiring and training of personnel. Delay in construction may be caused by inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages and similar factors.

When the site is selected, we will mutually agree on an “Opening Date” for the Pastry Shop, which will be no later than three months after site selection. If you fail to open the Pastry Shop by the Opening Date, we can terminate the Franchise Agreement.

ITEM 12 TERRITORY

Except for the territorial protection described below, 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.

Franchise Agreement

You will operate the Pastry Shop at a location that we have accepted, and you may relocate the Pastry Shop, only with our prior written consent. We will consent to relocation if your lease expires or terminates through no fault of yours, or if the Pastry Shop premises is destroyed or materially damaged by fire, flood, or other natural catastrophe and you are not in default of the Franchise Agreement or any other agreement with us. We may also charge you our then-current relocation fee.

When the Pastry Shop location is identified, we will mutually agree on a “Protected Area,” which will be identified in Attachment B to the Franchise Agreement. Your Protected Area may be defined by using zip codes, city or county lines, or other identifiable demarcation, but will exclude venues within the Protected Area that we consider “Captive Markets”. Captive Markets include any facility serving a captive marketplace, such as department stores, supermarkets, shopping malls (defined as enclosed or open retail centers with gross leasable area in excess of 350,000 square feet), amusement/theme parks, airports, train stations, travel plazas, casinos, nightclubs, restaurants, public facilities, college and school campuses, arenas, stadiums, ballparks, hospitals, office buildings, convention centers, airlines (in-flight services), military bases, and any other mass gathering events or locations, and facilities of any kind for which food and/or beverage service rights are contracted to a third party or parties (including designated roadways and adjacent facilities). If your Pastry Shop is located within a Captive Market, all or part of your Designated Area may, however, include a Captive Market venue.

During the term of the Franchise Agreement, we will not own or operate, or grant anyone else the right to operate, a LE MACARON FRENCH PASTRIES® Pastry Shop within the Protected Area, except in Captive Markets. We reserve to ourselves all other rights, including the right to own and operate and to grant others the right to own and operate LE MACARON FRENCH PASTRIES® Pastry Shops outside the Protected Area, regardless of their proximity to the Protected Area, and in Captive Markets located within and outside the Protected Area. We also have the right to distribute products and services identified by the Marks, such as pre-packaged product, through alternative channels of distribution including grocery stores, supermarkets, convenience stores, restaurants, and via mail order, catalog sales, and/or the Internet, and to make deliveries or cater, or permit other franchisees to make deliveries or cater, to residents within your Protected Area. Currently, our ultimate parent, MM, is in the initial stages of planning to sell to restaurants, wholesale, miniature macarons prepared by LMC under a different trademark. Nothing in the Franchise Agreement prohibits us from (a) owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (*i.e.*, a mark other than LE MACARON FRENCH PASTRIES®), whether or not the business is the same as or competitive with LE

MACARON FRENCH PASTRIES® Pastry Shops; or (b) owning, operating, or franchising one or more businesses offering products or services other than macarons under the name LE MACARON FRENCH PASTRIES® or some derivative of the Marks. We have the right to advertise our products and services through any channels both within and outside of your Protected Area. We are not required to compensate you if we exercise any of the rights specified above inside your Protected Area.

There are no circumstances that permit us to modify your territorial rights under the Franchise Agreement. We do not grant you any options or rights of first refusal to acquire additional franchises. We do not require that you meet a minimum sales quota.

Delivery and Catering

We grant you the right to offer both delivery and catering services, currently, within and outside of your Protected Area, but not within the Protected Area of another System franchisee. You are not currently required to maintain a vehicle with logo identification to make deliveries and/or cater, and we suggest that you use a courier service for your delivery and/or catering needs which adds minimal additional costs to the business or may be a pass-through charge to the customer. We may set guidelines and standards, such as additional equipment or vehicles, in connection with providing catering and delivery services, and may also modify the geographic area in which you provide such services, in particular, if the area you service is granted as a Protected Area to another franchisee. You may not solicit or accept orders outside of your Protected Area without our prior consent.

Area Development Agreement

Under the Area Development Agreement, we grant you the right to develop and operate three LE MACARON FRENCH PASTRIES® Pastry Shops at sites in a specified, non-exclusive, Development Area. You may develop, at your discretion, whichever type of Pastry Shop. The Development Area will also be identified on Attachment B to the Area Development Agreement, and may be described in terms of cities, counties, states, or some other designation. We do not grant you any options or rights of first refusal to acquire additional development areas.

During the term of the Area Development Agreement, as the Development Area is not exclusive, we may own or operate, or grant anyone else the right to operate, a LE MACARON FRENCH PASTRIES® Pastry Shop within the Development Area or outside of the Development Area. We reserve the right to distribute products and services identified by the Marks, such as pre-packaged product, through alternative channels of distribution including grocery stores, supermarkets, convenience stores, restaurants, and via mail order, catalog sales, and/or the Internet, and to make deliveries or cater, or permit other franchisees to make deliveries or cater, to residents within your Development Area. Nothing in the Area Development Agreement prohibits us from (a) owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (*i.e.*, a mark other than LE MACARON), whether or not the business is the same as or competitive with LE MACARON FRENCH PASTRIES® Pastry Shops; or (b) owning, operating, or franchising one or more businesses offering products or services other than macarons under the name LE MACARON or some derivative of the Marks. We are not required to compensate you if we exercise any of the rights specified above inside your Development Area.

If you fail to meet any of your obligations under the Area Development Agreement, including the development obligations, we may (i) terminate or reduce the size of the Development Area, or (ii) reduce the number of Pastry Shops which you may establish under the Development Schedule. There are no other circumstances that permit us to modify your territorial rights under the Area Development Agreement.

ITEM 13 TRADEMARKS

Our affiliate, LM LLC, has obtained the following registration on the United States Patent and Trademark Office's ("USPTO") Principal Register:

Mark	Registration Number	Registration Date	International Class
LE MACARON FRENCH PASTRIES (Stylized Design)	4,185,363	August 7, 2012	030
LE MACARON FRENCH PASTRIES (Standard Characters)	4,512,794	February 21, 2014	035
LE MACARON (Standard Characters)	4,512,795	February 21, 2014	035

LM LLC has granted us the right to use the Marks in connection with the franchising of LE MACARON FRENCH PASTRIES® Pastry Shops and the operation of affiliate-owned Pastry Shops. Our agreement with LM LLC is perpetual unless otherwise terminated by mutual agreement. In our reorganization in 2015, in 2016 the Marks are ultimately to be assigned to Maxymac, LLC and licensed to us in a similar license agreement as that which, as of the issuance date of this disclosure document, is in place between LM LLC and us. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

There is no presently effective determination of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which is relevant to their ownership, use, or licensing.

We are aware of the potentially infringing trademark rights of a pastry shop in Key Biscayne, Florida, operating under the name "Le Macaron by le Boudoir." The length of time during which this pastry shop has been operating under the trademark is unknown, although our research indicates that the shop likely opened in 2011. We do not anticipate taking any action with respect to this company's use of the trademark.

We know of no other superior prior rights or infringing use that could materially affect your use of the Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

You may use only the Marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols, "®", "™", or "SM", as appropriate. You may use the Marks only in connection with the operation and promotion of the Pastry Shop, and only in the manner we prescribe. You may not contest ownership or validity of the Marks or any registration of the Marks, or our right to use or to sublicense the use of the Marks. You must sign all documents that we require in order to protect the Marks and to maintain their validity and enforceability.

You may not use the Marks or any part of the Marks in your corporate name, and may not use them to incur any obligation or indebtedness on our behalf.

You may not use the Marks or any part or derivative of the Mark on the Internet, except as expressly permitted in writing. This prohibition includes use of the Marks or any derivative of the Marks as part of any URL or domain name, as well as their registration as part of any user name on any gaming website or social networking website or as part of any unauthorized email address.

You must promptly notify us of any suspected unauthorized use of, or any challenge to the validity of the Marks or Copyrighted Works, or any challenge to our ownership of, or license to use and to license others to use, or your right to use, the Marks or Copyrighted Works. We have the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Marks or Copyrighted Works, including any settlement of the proceeding. We or our affiliate has the right, but is not obligated, to take action against uses by others that may constitute infringement of the Marks or Copyrighted Works. We have the right, but not the contractual obligation, to defend you against any third-party claim, suit, or demand arising out of your use of the Marks or Copyrighted Works. Unless we exercise this right, however, you must pay the cost of the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Marks or Copyrighted Works, you must sign all documents that we require and do all things that we consider necessary to carry out the defense or prosecution, which may include becoming a nominal party to any legal action.

We have the right to designate one or more new, modified or replacement Marks for your use and to require you to use the new, modified or replacement Marks in addition to or in lieu of any previously designated Marks. You must comply with the directive, at your expense, within 60 days following your receipt of written notice of the change.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents that are material to the franchise, nor do we have any pending patent applications. We do claim copyright protection and proprietary rights in the original materials used in the System, including our recipes and procedures, manuals, bulletins, correspondence and communications with our franchisees, training, advertising, and promotional materials, the content and designed of our website, and other written materials relating to the operation of LE MACARON FRENCH PASTRIES® Pastry Shops and the System (the “Copyrighted Works”).

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use, or licensing of the copyrights. You may not use any of our Copyrighted Works on the Internet without our written permission. This includes display of the Copyrighted Works on commercial websites, gaming websites, and social networking websites.

You and those key employees who have access to the Manual and any other confidential information must maintain the confidentiality of all information contained in the Manual and other information that we consider confidential, proprietary or trade secret information. Confidential Information means all trade secrets, the Standards, and other elements of the System; all customer information; all information contained in the Manuals; our proprietary recipes and Standards and specifications for product preparation, packaging and service; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, and all other information that we designate (collectively, “Confidential Information”).

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

The Franchised Business must be supervised on-premises by a “Managing Owner”. If the franchisee is an individual or general partnership, the Managing Owner will be the individual franchisee or one of the

general partners. The Managing Owner must hold at least a 20% equity interest in the franchise. The Managing Owner must successfully complete our initial training program and must devote full time efforts to the day-to-day management and operation of the Franchised Business. If your Managing Owner ceases to serve in, or no longer qualifies for, the position, you must designate a replacement Managing Owner within 30 days. Your replacement Managing Owner must successfully complete our initial training program before assuming responsibility.

If the franchisee operates multiple LE MACARON FRENCH PASTRIES® Pastry Shops, then, in addition to the Managing Owner, you must appoint an individual to serve as your “Key Person”. Your Key Person is not required to hold any equity interest in the franchise, but must have completed our initial training program to our satisfaction. Your Key Person must devote his or her full time efforts to the day-to-day Pastry Shop operations and management, and may not engage in any other business or activity that requires substantial management responsibility or time commitment. We must approve your Key Person as meeting our qualifications for the position. If your Key Person ceases to serve in, or no longer qualifies for, the position, you must designate a replacement Key Person within 30 days. Your replacement Key Person must successfully complete our initial training program before assuming responsibility.

If the franchisee is a business entity, each Owner must sign a Guaranty and Personal Undertaking substantially in the form attached as Attachment D-1 to the Franchise Agreement. If you develop multiple Pastry Shops each Owner must sign a Guaranty and Personal Undertaking substantially in the form attached as Attachment D to the Area Development Agreement. Any individual who attends our initial training program, including your Key Person, must sign a confidentiality and non-competition agreement substantially in the form attached as Attachment D-2 to the Franchise Agreement.

The term “Owner” means each individual or entity holding a beneficial ownership in the franchisee. If the holder of a beneficial ownership in franchisee is an entity, the term also includes each individual and entity holding a beneficial ownership in franchisee’s chain of ownership. The term “Owner” includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all product items that we require, and only those product items that we have approved. You shall order the prepared macarons from our designated supplier and serve them at your store according to our Standards and procedures for preparation, presentation and service as communicated to you from time to time via the Manual or other written directives. You shall prepare, package, and serve all other product items according to our recipes, Standards and procedures for preparation, presentation and service as communicated to you from time to time via the Manual or other written directives. Our Standards and procedures may include, without limitation, adherence to recipes (including use of prescribed ingredients and prescribed measure of ingredients), use of containers and paper goods bearing the Marks, packaging procedures, product holding times and other Standards for displaying for sale menu items and other merchandise. We may add, eliminate, or modify authorized goods and services, in our sole discretion. There are no contractual limitations on our rights to make these changes.

You must participate in all market research programs that we require, which includes test-marketing new products, purchasing a reasonable quantity of new products for test-marketing, promoting the sale of the new products. You must provide us with timely reports and test results for all such programs.

You may not cobrand with another concept. You may not distribute LE MACARON FRENCH PASTRIES® products, private label products, or any other products through the Internet such as online ordering, or wholesale channels, such as supermarkets, convenience restaurants or other retailers, or through food service providers such as restaurants or airlines through in-flight services.

We have the right to establish maximum, minimum or other retail pricing requirements to the extent permitted by law.

You may not permit in the Pastry Shop any vending, gaming machines, payphones, automatic teller machines, Internet kiosks or other mechanical or electrical devices, except for those we require or approve.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provisions	Section in Franchise Agreement	Summary
a. Length of the franchise term	Sections 2.1	An initial term of 10 years for traditional pastry shop and permanent kiosk locations. An initial term of 5 years for mobile kiosks.
b. Renewal or extension of the term	Section 2.2	If you are in good standing, you can renew for three additional consecutive five-year terms.

Provisions	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Section 2.2	Your renewal right permits you to remain as a franchisee after the initial term of your Franchise Agreement expires. However, to remain a franchisee, you must meet all required conditions to renew, including signing our then-current form of franchise agreement, which may be materially different than the form attached to this disclosure document, and your Owners must sign our then-current form of guaranty and personal undertaking. Other requirements are: you must (a) timely provide us with notice of your intent to renew; (b) have complied with your obligations during the term and not be in default of the franchise agreement or any other agreements; (c) satisfied all monetary obligations to us our affiliates, and third party suppliers; (d) demonstrate that you have the right to remain in possession of the Pastry Shop premises or have secured an alternate location that we accept; (e) must, at our request, renovate or modernize your Pastry Shop to comply with our then-current Standards for a new LE MACARON FRENCH PASTRIES® Pastry Shop; (f) comply with the then-current qualifications and training requirements; (g) pay the Renewal Fee and (h) each Owner must sign a general release.
d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Sections 13.1, 13.2, 13.3, 13.4, 13.5, and 13.6	We can terminate if you materially default under your Franchise Agreement, any other individual Franchise Agreement, or any other agreement between you and us, or our affiliates. In the event of the death or permanent incapacity of an Owner, we may terminate if you fail to adhere to the applicable transfer requirements. Any default under any agreement between you and LMD or its Affiliates, which you fail to cure provides an independent basis for termination of this Agreement.

Provisions	Section in Franchise Agreement	Summary
g. “Cause” defined – curable defaults	Sections 13.3, 13.4 and 13.5	You have 10 days to cure (a) failure to obtain or maintain required insurance coverage, (b) failure to pay amounts due us, (c) failure to pay any amounts we have advanced on your behalf, (d) failure to pay your creditors, (e) violation of the terms concerning the use and protection of the Marks or Copyrighted Works, or (f) violation of any provision concerning the preparation, service, appearance or quality of product items. You have 30 days to cure non-compliance with laws and defaults not listed in Section 13.2 of the Franchise Agreement. You have six months to transfer the interest of an Owner in the event of death or permanent incapacity.
h. “Cause” defined – non-curable defaults	Sections 13.1 and 13.2	Bankruptcy, foreclosure, insolvency, trademark misuse, failure to successfully complete training, failure to acquire a site by the Control Date, failure to open the Pastry Shop by the Opening Date, abandonment of the Pastry Shop, failure to maintain license required to operate or the right to occupy the Pastry Shop, conviction of a felony, unapproved transfers, violation of confidentiality and non-competition covenants, misrepresentations in in your franchise application, failure to comply with regard to Crisis Management Events, knowingly understating your Gross Sales, knowingly maintaining false books or records, knowingly understate payment, health or safety violations, offering unauthorized products or services, purchasing from unapproved suppliers, within any rolling 12-month period fail to pass two or more quality assurance inspections, and/or fail to participate in any advertising or marketing program, or receipt of three or more repeated written notices of defaults, even if cured, loss or revocation of liquor license or suspension of license for more than 90 days during any 5-year period.

Provisions	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/nonrenewal	Article 14	You must (a) cease use of the Marks, Copyrighted Works and Confidential Information, (b) cancel all fictitious names, (c) de-identify the Pastry Shop, (d) pay all amounts due to us, and (e) return the Manuals and Confidential Information to us. We may, at our option, assume all telephone numbers for the Pastry Shop. We may, at our option, assume your lease and purchase certain Pastry Shop assets. You must, at our option, cancel or assign to us your rights to any e-mail addresses, URLs, domain names, Internet listings or accounts related to the Franchised Business. See also "r" below.
j. Assignment of contract by franchisor	Section 12.1	There is no restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 12.2, 12.3, 12.4, and 12.7	Includes transfer (a) of a change in ownership of the entity which owns the franchisee, (b) of interest among Owners or transfer of non-controlling interest, (c) of the Franchise Agreement, controlling interest, or all or substantially all of the assets of the Pastry Shop, and (d) of interest via a public or private offering.
l. Franchisor approval of transfer by franchisee	Section 12.4	Transfers require our prior written consent, which will not be unreasonably withheld. However, transfers that do not result in a change of control of you may, subject to certain conditions described in the Franchise Agreement, may be completed without our prior written consent.

Provisions	Section in Franchise Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 12.4	You must timely provide us with a written request for our consent, all of your monetary obligations must be current, and you must be in compliance with the Franchise Agreement and all other agreements with us or our Affiliates. You and your Owners must sign a general release and pay the transfer fee, and if applicable our resale program fee. The new franchisee must (a) meet our then-current qualifications, (b) complete training, (c) sign a new franchise agreement in our then-current form which may be materially different than the form in this disclosure document, (d) at our discretion, refurbish the Pastry Shop to our then-current Standards, and (e) sign a guaranty and personal undertaking. Additional requirements apply to business entities. (See also “r” below).
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 12.8	We can match any offer for your business.
o. Franchisor’s option to purchase your business	Section 14.4	We have the option to purchase some or all of your equipment, inventory, interior and exterior signs, leasehold improvements, furnishings and fixtures on expiration or termination of your Franchise Agreement, at their then-current fair market value.
p. Death or disability or franchisee	Section 12.9	Same requirements as for transfer in “m” above, except under some circumstances there is no transfer fee and we do not have right of first refusal. If your interest is not transferred within six months following your (or a major member, partner or shareholder’s) death or legal incapacity, your Franchise Agreement may be terminated.

Provisions	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 15.1	Neither you nor your Owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any shop that offers macarons as a menu item at any location within the U.S., its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks; no diversion of any present or prospective customer of ours to a competitor; no solicitation of ours or any of our Affiliate's management employees.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.2	Neither you nor your Owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in a shop that offers macarons as a menu item at your former Pastry Shop location or within a 10-mile radius of your former Pastry Shop or within a 10-mile radius of any other LE MACARON FRENCH PASTRIES® Pastry Shop for a period of two years following expiration, termination or transfer. If you are a multi Pastry Shop operator, this restriction does not affect your right to continue to operate your remaining Pastry Shops for which you have a valid Franchise Agreement with us.
s. Modification of the agreement	Sections 18.1 and 18.2	Must be in writing and signed by all parties
t. Integration/merger clause	Sections 18.1	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any other representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 19.2	Claims, controversies or disputes from or relating to the Franchise Agreement must be mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or Confidential Information.

Provisions	Section in Franchise Agreement	Summary
v. Choice of forum	Sections 19.2 and 19.3	Mediation at the AAA offices in the city in which Franchisor maintains its principal place of business at the time the mediation is initiated. Venue for any other proceeding is the court in which Franchisor maintains its principal place of business at the time the action is initiated (subject to applicable state law).
w. Choice of law	Section 19.1	Subject to applicable state law, the Franchise Agreement is to be interpreted and construed under Florida law (without giving effect to any conflict of laws) except that any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between us and you will not apply unless its jurisdictional requirements are met independently.

Area Development Agreement

Provision	Section in Area Development Agreement	Summary
a. Length of the Agreement term	Section 2.1	The period beginning on the effective date and ending on the earlier of: (i) the date on which you have completed your development obligations, or (ii) 12:00 midnight CST on the last day specified in the Development Schedule described in <u>Attachment B</u> of the Area Development Agreement.
b. Renewal or extension of the term	Section 4.4	Unless we consent in writing, you may not open more than the total number of Pastry Shops comprising your development obligation. You do not have the right to renew your Area Development Agreement.
c. Requirements for Developer to renew or extend	Not applicable	Not applicable
d. Termination by Developer	Not applicable	Not applicable
e. Termination by the franchisor without cause	Not applicable	Not applicable

Provision	Section in Area Development Agreement	Summary
f. Termination by the franchisor with “cause”	Sections 9.1, 9.2., 9.3, 9.4, 9.5, and 9.6	We can terminate if you materially default under your Area Development Agreement, an individual Franchise Agreement, or any other agreement between you and us or our affiliates. In the event of the death or permanent incapacity of an Owner, we may terminate if you fail to adhere to the applicable transfer requirements. Any default under any agreement between you and LMD or its Affiliates, which you fail to cure provides an independent basis for termination of this Agreement.
g. “Cause” defined - curable defaults	Sections 9.3, 9.4 and 9.5	You have 10 days to cure a failure to (a) to obtain or maintain required insurance coverage, (b) pay amounts due us, (c) pay amounts due to your creditors, or (d) pay any amounts we advance on your behalf. You have 30 days to cure any other curable default, and in the case of a breach or default in the performance of your obligations under any Franchise or other agreement between you and us, the notice and cure provisions of the Franchise Agreement or other agreement will control. You have six months to transfer the interest of an Owner in the event of death or permanent incapacity.
h. “Cause” defined – non-curable defaults	Sections 9.1 and 9.2	Non-curable defaults include your bankruptcy and other financial insolvency-related events, final judgment and creditor execution against your business assets or foreclosure on your business assets. Non-curable defaults also include failure to complete the Development Schedule, conviction of a felony or certain types of crimes or offenses likely to have an adverse effect on the System, any attempted transfer in violation of the Area Development Agreement, violation of confidentiality and/or non-competition covenants, material misrepresentations in your franchise application, or three or more written notices of default are issued within any rolling 12-month period.
i. Developer’s obligation on termination/non-renewal	Sections 2.2 and 10.2	You will have no further right to develop or operate additional LE MACARON FRENCH PASTRIES® Pastry Shops which are not, at the time of termination, the subject of a then existing Franchise Agreement between you and us. If you

Provision	Section in Area Development Agreement	Summary
		have no existing Pastry Shops at the time of termination or non-renewal you must honor all post-termination obligations.
j. Assignment of contract by franchisor	Section 8.1	There are no restrictions on our right to assign.
k. “Transfer” by Developer – defined	Section 8.2, 8.3, 8.4, 8.5, and 8.8	Includes transfer to a business entity for convenience, transfer among Owners, transfer of a non-controlling interest in developer, transfer of the Area Development Agreement, transfer of a controlling interest in you, the sale or transfer of all or substantially all of the assets of any Pastry Shop developed under the Area Development Agreement, the assignment of your right to enter into a Franchise Agreement to a business entity under common control with you, and private or public offerings of interest in you.
l. Franchisor approval of transfer by Developer	Section 8.4	Transfers that do not result in a change of control of you may, subject to certain conditions described in the Area Development Agreement, be completed without our prior written consent. All other transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for franchisor approval of transfer	Section 8.4	You must be in compliance with the Area Development Agreement and all other agreements with us or our Affiliates. You must submit a written request which includes the proposed transfer terms to us at least 30 days prior to the proposed transfer for our consideration and consent. You and your Owners must sign a general release, and all of your monetary obligations to us must be satisfied on or before the date of transfer. You or the new developer must refurbish each Pastry Shop as we determine necessary to meet the then-current System image requirements. You or the new developer must pay the related Transfer Fee. The new developer must: meet our current qualifications; sign our then-current form of area development agreement which may be materially different from your Area Development Agreement; and sign our then-current form of guaranty and personal undertaking.

Provision	Section in Area Development Agreement	Summary
		Additional requirements apply to business entities. (See also “r” below.)
n. Franchisor’s right of first refusal to acquire Developer’s business	Section 8.9	We may match any offer to purchase your business.
o. Franchisor’s option to purchase Developer’s business	Not applicable	Not applicable
p. Death or disability of Developer	Section 8.10	Same requirements as for a transfer in “m” above. If your interest is not transferred within six months following your (or a major member, partner or shareholder’s) death or legal incapacity, your Area Development Agreement may be terminated.
q. Non-competition covenants during the term of the Agreement	Section 10.1	Neither you nor your Owners may have any involvement in any pastry business (other than a LE MACARON FRENCH PASTRIES® Pastry Shop operated under a valid Franchise Agreement with us) located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.
r. Non-competition covenants after the Agreement is terminated or expires	Section 10.2	Except for the LE MACARON FRENCH PASTRIES® Pastry Shops you have developed and continue to operate under a valid Franchise Agreement with us, neither you nor your Owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in a shop that offers macarons as a menu item at your former Pastry Shop location or within a 10-mile radius of your former Pastry Shop or within a 10-mile radius of any other LE MACARON FRENCH PASTRIES® Pastry Shop for a period of two years following expiration, termination or transfer.
s. Modification of the Area Development Agreement	Sections 13.1 and 13.2	Must be in writing and signed by all parties

Provision	Section in Area Development Agreement	Summary
t. Integration/merger clause	Section 13.1	Only the terms of the Area Development Agreement and other related written agreements are binding (subject to applicable state law). Any other representations or promises outside of the disclosure document and Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 14.2	Claims, controversies or disputes from or relating to the Area Development Agreement must be mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or Confidential Information.
v. Choice of forum	Sections 14.2 and 14.3	Mediation at the AAA offices in the city in which we maintain our principal place of business at the time the mediation is initiated. Venue for any other proceeding is the court in which we maintain our principal place of business at the time the action is initiated (subject to applicable state law).
w. Choice of law	Section 14.1	Subject to applicable state law, the Area Development Agreement is to be interpreted and construed under Florida law (without giving effect to any conflict of laws) except that any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between us and you will not apply unless its jurisdictional requirements are met independently.

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote the 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.

AVERAGE YEARLY SALES (2017) BY QUARTILES

The following charts include historical financial information, in the form of averages and medians, for the 24 LE MACARON FRENCH PASTRIES® Pastry Shops that were open and operating during the full 2018 calendar year and which did not experience any full ownership transfers. Separate charts for shops owned by franchisees and shops owned by our affiliate entities include the high and low gross sales and the average and median gross sales. A combined chart that includes both franchised and affiliate-owned shops divides the 24 Pastry Shops into four, and the average and median Yearly Sales of each quarter, or quartile, is included in such chart:

Franchised and Affiliate-Owned Shops

Yearly Average Sales¹	Quartile Median	Number of Pastry Shops in Quartile
<u>All Shops: \$473,877</u> Affiliate: \$628,564 Franchised: \$396,533	<u>All Shops: \$412,623</u> Affiliate: \$628,564 Franchised: \$389,169	<u>All Shops: 6 (2 met or surpassed the average)</u> Affiliate: 2 (2 met or surpassed the average) Franchised: 4 (0 met or surpassed the average)
<u>All Shops: \$333,049</u> Affiliate: \$339,956 Franchised: \$329,596	<u>All Shops: \$328,300</u> Affiliate: \$339,956 Franchised: \$328,300	<u>All Shops: 6 (2 met or surpassed the average)</u> Affiliate: 2 (1 met or surpassed the average) Franchised: 4 (1 met or surpassed the average)
<u>All Shops: \$257,237</u> Affiliate: \$253,303 Franchised: \$258,024	<u>All Shops: \$251,406</u> Affiliate: \$253,303 Franchised: \$249,510	<u>All Shops: 6 (2 met or surpassed the average)</u> Affiliate: 1 (0 met or surpassed the average) Franchised: 5 (2 met or surpassed the average)
<u>All Shops: \$174,227</u> Affiliate: N/A Franchised: \$174,227	<u>All Shops: \$166,144</u> Affiliate: N/A Franchised: \$166,144	<u>All Shops: 6 (3 met or surpassed the average)</u> Affiliate: 0 Franchised: 6 (3 met or surpassed the average)

Affiliate-Owned Shops

Yearly Average Sales¹	Median	High/Low Sales	Number of Affiliate-Owned Shops
\$387,408	\$355,644	Highest/Lowest: \$776,664/\$253,303	5

Franchised Shops

Yearly Average Sales¹	Median	High/Low Sales	Number of Franchised Shops
\$275,789	\$290,749	Highest/Lowest: \$430,146/\$130,000	19

Please carefully read all of the information in this Item 19, as well as all of the notes following the charts in conjunction with your review of this historical data.

Note 1. “Sales” are calculated as all income of every other kind and nature related to the LE MACARON FRENCH PASTRIES® Pastry Shop included in this representation (including income related to delivery and catering operations, if applicable, the full value of food and beverage provided to employees as an incident to their employment, sales tax).

Some Pastry Shops have earned this amount. Your individual results may differ. There is no assurance you will earn as much. Financial results are likely to differ from the result state in the financial performance representation.

Actual results vary from LE MACARON FRENCH PASTRIES® Pastry Shop to Pastry Shop, and we cannot estimate the results of any particular franchise. This Item 19 consists of historical performance figures for the System. Historical order information may not correspond to future order information due to a variety of factors.

We recommend that you make your own independent investigation and evaluation of the potential performance of your Pastry Shop, and consult with your attorney and other advisors before signing any franchise agreement. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Rosalie Guillem, Le Macaron Development LLC, 2300 Bee Ridge Road, #401, Sarasota, Florida 34239, 972-717-4059, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2016 TO 2018

Outlet Type	Year	Outlets at the Start of the Year	Outlets at End of Year	Net Change
Franchised ¹	2016	29	31	+2
	2017	31	37	+6
	2018	37	42	+5
Company-Owned ¹	2016	6	9	+3
	2017	9	9	0
	2018	9	9	0
Total Outlets	2016	35	40	+5
	2017	40	46	+6
	2018	46	51	+5

Note 1: The company-owned locations are operated by one or more of our affiliates.

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2016 TO 2018

State	Year	Number of Transfers
Florida	2016	0
	2017	5
	2018	2
Texas	2016	0
	2017	0
	2018	1
Totals	2016	0
	2017	5
	2018	3

Table No. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2016 TO 2018

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Arizona	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
	2018	1	0	0	0	0	0	1
California	2016	0	3	0	0	0	0	3
	2017	3	1	0	0	0	1	3
	2018	3	3	0	0	0	0	6
Florida	2016	20	9	4	0	1	3	24
	2017	24	4	0	0	0	2	26
	2018	26	3	3	0	0	0	26
Georgia	2016	1	0	0	0	0	0	1
	2017	1	1	0	0	0	0	2
	2018	2	0	1	0	0	0	1
Illinois	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
New York	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
North Carolina	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Nevada	2016	2	0	2	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Ohio	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
Pennsylvania	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
Puerto Rico	2016	2	0	0	0	0	1	1
	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
Texas	2016	0	0	0	0	0	0	0
	2017	0	3	0	0	0	0	3
	2018	3	0	0	0	0	0	3
Totals	2016	29	13	6	0	1	4	31

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
	2017	31	10	0	0	0	4	37
	2018	37	9	4	0	0	0	42

Table No. 4
STATUS OF COMPANY-OWNED OUTLETS¹
FOR YEARS 2016 TO 2018

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Florida	2016	6	1	1	0	0	8
	2017	8	0	0	0	0	8
	2018	8	0	0	0	0	8
Nevada	2016	0	1	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
Totals ¹	2016	6	2	1	0	0	9
	2017	9	0	0	0	0	9
	2018	9	0	0	0	0	9

Note 1: The company-owned locations are operated by one or more of our affiliates.

Table No. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2018

State	Franchise Agreements Signed But Outlets Not Open	Projected New Franchised Outlets in Next Fiscal Year	Projected New Company-owned Outlets in Next Fiscal Year
California	2	5	0
Florida	2	4	0
Georgia	1	5	0
New York	0	5	0
Illinois	1	0	0
New Hampshire	1	1	0
Pennsylvania	0	2	0
South Carolina	1	3	0
Texas	1	5	0
Totals	9	30	0

Attached to this disclosure document as Exhibit D is a list that reflects the name, business address, and business telephone number of each of our franchisees as of December 31, 2018. Exhibit D also reflects the

name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had a franchise agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has ceased to communicate with us during the ten week period before the issuance of this disclosure document.

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

Two franchisees have signed confidentiality agreements during the last three years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Le Macaron Development, LLC. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Currently, there are no trademark specific franchisee associations.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit A to this disclosure document are the following financial statements:

1. Our unaudited balance sheet as of March 31, 2019, and our unaudited profit and loss statement for the period beginning January 1, 2019 through March 31, 2019. **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/HER OPINION WITH REGARD TO THE CONTENT OR FORM;** and
2. Our audited balance sheets as of December 31, 2018, December 31, 2017, and December 31, 2016 as well as the related statements of income and cash flows for the years then ended.

Our fiscal year end is December 31.

ITEM 22 CONTRACTS

Attached to this disclosure document are the following contracts and their attachments:

Attached as Exhibit B is our current form of Area Development Agreement with all Attachments.

Attached as Exhibit C is our current form of Franchise Agreement with all Attachments.

ITEM 23 RECEIPTS

Attached as Exhibit H are detachable duplicate Receipts. Please sign and date both copies of the Receipt. Keep one signed copy of the Receipt for your file and return to us the other signed copy of the Receipt. The Receipt contains the names of our franchise sellers or brokers.

LE MACARON DEVELOPMENT LLC
STATE SPECIFIC APPENDIX TO DISCLOSURE DOCUMENT

LE MACARON DEVELOPMENT LLC

STATE SPECIFIC APPENDIX TO DISCLOSURE DOCUMENT

FOR THE STATE OF CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

The California Corporations Code, Section 31125, requires that we give you a disclosure document, approved by the Department of Business Oversight, prior to solicitation of a proposed material modification of your Franchise Agreement. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act.

Item 3 of the Disclosure Document is supplemented by the following:

Neither the franchisor nor any person identified in Item 2 of the Disclosure Document is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A., 78a *et. seq.*, suspending or expelling such persons from membership in such association or exchange.

Item 5 of the Disclosure Document is supplemented by the following:

Payment of all initial fees is postponed until after all of the franchisor's initial obligations are complete and franchise is open for business.

Item 17 of the Disclosure Document is supplemented by the following:

California Business and Professions Code, Section 20000 through 20043 provides rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Area Development Agreement or Franchise Agreement contain a provision that is inconsistent with the law, the law will control.

You must sign a release if you renew or transfer your franchise. California Corporations Code voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Area Development Agreement and Franchise Agreement contain a covenant not to compete that extends beyond expiration or termination of the agreements. This provision may not be enforceable under California law.

The Area Development Agreement and Franchise Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 *et seq.*).

The Area Development Agreement and Franchise Agreement require application of the laws of Florida. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in the county where Franchisor maintains its principal business address at the time of arbitration and each party to the arbitration is responsible for their own costs and expenses of arbitration, including legal and filing fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Item 19 of the Disclosure Document is supplemented by the following:

While the earnings claims figures do reflect certain costs of goods sold, they do not reflect all 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 franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

OUR WEBSITE CAN BE FOUND AT www.lemacaron-us.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

FOR THE STATE OF ILLINOIS

Item 5 is supplemented by the following:

Based on our current financial condition, the Illinois Attorney General's Office has imposed a financial assurance requirement that requires us to defer your obligation to pay the initial fees due to us under the Franchise Agreement until we have completed all of our pre-opening obligations to you and you have commenced doing business. If we enter into an Area Development Agreement with you, we will defer collection of the Development Fee such that each portion of the Development Fee attributable to the Pastry Shop to be opened will not be due and payable to us until that respective Pastry Shop is open for business and we have completed our pre-opening obligations.

Item 17 is supplemented by the following:

Section 705/4 of the Illinois Franchise Disclosure Act of 1987 ("Act") provides that any provision in the Franchise Agreement or Area Development Agreement which designates venue outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois; however, the Franchise Agreement and Area Development Agreement may provide for arbitration in a forum outside of Illinois.

Illinois law shall apply to and govern any claim between the parties under the Franchise Agreement that alleges violation of the Act.

The conditions under which your franchise can be terminated and your rights on renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

Item 21 of the disclosure document is supplemented by the following:

A copy of our unaudited balance sheet as of April 30, 2015, and unaudited income statement for the period January 1, 2015 through April 30, 2015, are provided on the following page.

FOR THE STATE OF MARYLAND

Item 5 of the Disclosure Document is supplemented by the following:

The Maryland Office of the Attorney General (Securities Division) has determined that due to our financial condition, we must defer the payment of the below initial fee and other initial payments payable to us until we have fulfilled all of our material pre-opening obligations to you. Accordingly, notwithstanding anything to the contrary contained in the Development Agreement, Franchise Agreement or this Disclosure Document, you must pay us the initial fee and other initial payments payable to us at the time we have fulfilled all of our material pre-opening obligations to you.

FOR THE STATE OF NEW YORK

1. All references made herein to a Disclosure Document shall be amended to Offering Prospectus.
2. The following paragraphs are added to the Franchise Disclosure Document Cover Page:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

WE REPRESENT THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

3. Item 3 is supplemented by the following:

Neither we, our predecessors, any person identified in Item 2, nor an affiliate offering franchises under our principal trademark has an administrative, criminal or civil action pending against it, him, or her alleging a felony; a violation of franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, neither we, our predecessors any person identified in Item 2, or an affiliate offering franchises under our principal trademark has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

Neither we, our predecessors, any person identified in Item 2, nor an affiliate offering franchises under our principal trademark 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, unfair or deceptive practices or comparable allegations.

Neither we, our predecessors, any person identified in Item 2, nor an affiliate offering franchises under our principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under 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.

4. Item 4 is supplemented by the following:

Except as disclosed above, neither we nor any of our affiliates, predecessors, officers, or general partners have, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of ours held this position in such company or partnership.

5. Item 17 is supplemented by the following:

All rights you enjoy and any causes of action arising in your favor from the provisions of the New York General Business Law, Article 33 and the regulations issued under the Law shall remain in force. This means that any language in the Franchise Agreement that states you waive or surrender your rights under the Act is without effect in New York. Any provision purporting to require you to agree to a waiver or estoppel which would relieve a person of his/her legal obligations to you under the Act is unlawful in New York.

You have the right to terminate the Franchise Agreement on any grounds available by law.

Any provision in a Franchise Agreement that grants a franchisor the right to assign the Agreement without the prior approval of a franchisee shall be modified to permit an assignment to an assignee who, in the good faith judgment of the franchisor is willing and able to assume the franchisor's obligations under the Agreement.

Our choice of law provisions should not be considered a waiver of any right conferred on either us or on you by the Franchise Sales Act of New York (New York General Business Law, Article 33).

FOR THE STATE OF VIRGINIA

Item 5 is supplemented by the following:

"The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee, opening assistance fee, and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement. If we enter into an Area Development Agreement with you, we will defer collection of the Development Fee until we have completed our pre-opening obligations to you and the first Pastry Shop opens for business.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for Le Macaron Development LLC is supplemented by the following:

"Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause", as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

EXHIBIT A
LE MACARON DEVELOPMENT LLC
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

Le Macaron Development LLC
Balance Sheet
As of March 31, 2019

	Mar 31, 19
ASSETS	
Current Assets	
Checking/Savings	
Wells Fargo CK 1- 6018	126,466.02
Wells Fargo CK 3- 4407	1,453.04
Total Checking/Savings	127,919.06
Accounts Receivable	
Accounts Receivable	
Allowance for Doubtful Accounts	-40,478.24
Accounts Receivable - Other	238,322.52
Total Accounts Receivable	197,844.28
Total Accounts Receivable	197,844.28
Other Current Assets	
Due from French Delice LLC	2,918.86
Due from Lemac Partern Holding	138.75
Due from Las Vegas	4,071.16
Due from Lemac-Central	17,703.44
Due from Lemac East	1,320.00
Due From Maxymac LLC	21,064.50
Due from Rosalie	1,206.96
Prepaid Commissions	257,117.00
Secured Credit Card	500.00
Total Other Current Assets	306,040.67
Total Current Assets	631,804.01
Fixed Assets	
Accumulated Depreciation	-62,128.17
Computer Equipment	3,705.01
Furniture and Equipment	6,064.54
Vehicle	62,268.40
Total Fixed Assets	9,909.78
Other Assets	
Loan Receivable Le Macaron NV	
Allowance for doubtful accounts	-200,000.00
Loan Receivable Le Macaron NV - Other	200,000.00
Total Loan Receivable Le Macaron NV	0.00
Total Other Assets	0.00
TOTAL ASSETS	641,713.79
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	182,419.41
Total Accounts Payable	182,419.41
Other Current Liabilities	
Current Portion Accura ST Note	9,308.04
Deferred Revenue	638,889.00
Due to Marcel Lignon	20,000.00
Gift Card Program	4,348.08
Total Other Current Liabilities	672,545.12
Total Current Liabilities	854,964.53
Long Term Liabilities	

Substantially All Disclosures Required by Generally Accepted Accounting Principles Omitted

Le Macaron Development LLC
Balance Sheet
As of March 31, 2019

	Mar 31, 19
Note Payable Acura	6,797.87
Total Long Term Liabilities	6,797.87
Total Liabilities	861,762.40
Equity	
Members' Equity	
MAXYMAC LLC	-220,048.61
Total Members' Equity	-220,048.61
Retained Earnings	-54,363.95
Net Income	54,363.95
Total Equity	-220,048.61
TOTAL LIABILITIES & EQUITY	641,713.79

No CPA Assurance Provided

Le Macaron Development LLC
Profit & Loss
January through March 2019

	Jan - Mar 19
Ordinary Income/Expense	
Income	
Franchise Income	88,025.00
Royalty Income	143,733.07
Services Income	424.61
Total Income	232,182.68
Gross Profit	232,182.68
Expense	
Advertising and Promotion	50,192.54
Association Fees	547.00
Automobile Expense	822.98
Bank Service Charges	2,017.36
Commission Expense	
Commissions Paid in the U.S.	40,500.00
Total Commission Expense	40,500.00
Computer and Internet Expenses	2,459.93
Depreciation Expense	3,245.67
Dues and Subscriptions	1,319.99
Insurance Expense	2,231.00
Interest Expense	362.28
License Fee Expense	138.75
Meals and Entertainment	1,473.74
Office Expense	2,362.21
Office Supplies	705.27
Payroll Expenses	
Salaries Expense	34,965.53
Taxes	4,486.38
Total Payroll Expenses	39,451.91
Pest Control	176.55
Postage and Delivery	32.65
Professional Fees	
Accounting Fees	12,579.04
Legal Fees	11,069.50
Total Professional Fees	23,648.54
Telephone & Internet Expense	839.45
Travel Expense	3,131.77
Utilities	639.24
Website Development	1,519.90
Total Expense	177,818.73
Net Ordinary Income	54,363.95
Net Income	54,363.95

Substantially All Disclosures Required by Generally Accepted Accounting Principles Omitted

Le Macaron Development, LLC

Financial Statements

Years ended December 31, 2018 and 2017

Le Macaron Development, LLC
Financial Statements
Years ended December 31, 2018 and 2017
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Independent Auditor's Report

www.agllp-cpa.com

To the Member
Le Macaron Development, LLC
Sarasota, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Le Macaron Development, LLC (a Florida limited liability company), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations, changes in member's deficit and cash flows for the years then ended, and related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting policies generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Le Macaron Development, LLC as of December 31, 2018 and 2017, and the results of its operations, changes in member's equity (deficit) and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The attached supplemental schedule, Schedule I – Other General and Administrative Expenses, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

A+G LLP

A&G LLP
Dallas, Texas
April 30, 2019

Balance Sheets

As of December 31,	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 86,322	\$ 96,444
Accounts receivable, net	181,454	151,670
Deferred franchise costs	173,117	32,000
Due from affiliates	27,359	24,859
Prepaid expense and other current assets	500	500
Total current assets	468,752	305,473
Property and equipment, net	13,155	26,687
Total assets	481,907	332,160
Liabilities and Member's Deficit		
Current liabilities:		
Accounts payable	191,580	184,647
Accrued expenses	1,241	2,333
Deferred revenue	520,914	276,000
Gift card liability	4,348	4,348
Due to affiliates	20,000	54,500
Current portion of long-term debt	9,308	8,900
Total current liabilities	747,391	530,728
Long-term debt, net of current portion	8,929	18,276
Total liabilities	756,320	549,004
Member's deficit	(274,413)	(216,844)
Total liabilities and member's deficit	\$ 481,907	\$ 332,160

Statements of Operations

For the years ended December 31,

2018

2017

Revenues:

Franchise fee revenue	\$ 227,511	\$ 367,980
Royalty revenue	347,630	466,552
Other revenue	1,868	1,917
Total revenues	<u>577,009</u>	<u>836,449</u>

General and administrative expenses:

Advertising and marketing	230,071	85,499
Commissions	67,799	81,500
Depreciation	13,532	12,690
Personnel cost	188,778	233,202
Professional fees	89,123	161,215
Travel	28,711	37,958
Other general and administrative expenses	57,728	99,355
Total general and administrative expenses	<u>675,742</u>	<u>711,419</u>

Income (loss) from operations (98,733) 125,030

Other income (expense):

Interest expense	(1,036)	(716)
Total other expense	<u>(1,036)</u>	<u>(716)</u>

Net income (loss) \$ (99,769) \$ 124,314

Statements of Changes in Member's Deficit

For the years ended December 31,

2018**2017**

Balance at beginning of year	\$ (216,844)	\$ (514,955)
Contributions from member	62,500	173,797
Distributions to member	(20,300)	-
Net income (loss)	(99,769)	124,314
Balance at end of year	\$ (274,413)	\$ (216,844)

Statements of Cash Flows

For the years ended December 31,

2018

2017

Operating Activities

Net income (loss)	\$	(99,769)	\$	124,314
Adjustments to reconcile net income to net cash provided (used) by operating activities:				
Depreciation		13,532		12,690
Provision for doubtful accounts		-		40,478
Changes in operating assets and liabilities:				
Accounts receivable		(29,784)		(110,966)
Deferred franchise costs		(141,117)		72,000
Accounts payable		6,933		(37,008)
Accrued expenses		(1,092)		(16,767)
Deferred revenue		244,914		(161,980)
Due from/to affiliates		25,500		(11,796)
Net cash provided (used) by operating activities		19,117		(76,035)

Financing Activities

Payments on long-term debt		(8,939)		(9,258)
Contributions from member		-		149,426
Distributions to member		(20,300)		-
Net cash provided (used) by financing activities		(29,239)		140,168

Net increase (decrease) in cash and cash equivalents **(10,122)** 64,133

Cash and cash equivalents, beginning of year **96,444** 32,311

Cash and cash equivalents, end of year **\$ 86,322** \$ 96,444

Supplemental Disclosure of Cash Flow Information

Interest paid	\$	1,036	\$	716
Due to parent payable converted to contributions from member	\$	-	\$	24,371

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

1. Organization and Operations

Le Macaron Development, LLC is a Florida limited liability company operating under the laws of the State of Florida. References in these financial statement footnotes to “Company”, “we”, “us” and “our” refer to the business of Le Macaron Development, LLC. The Company was formed on June 15, 2010.

The Company was formed for the purpose of granting franchises for the establishment and operation of a LE MACARON FRENCH PASTRIES™ Pastry Shop (“Pastry Shop”) using the Company’s proprietary business format and system (the “System”). A Pastry Shop is identified by the LE MACARON FRENCH PASTRIES™ service mark and other proprietary trademarks, service marks, our trade dress, catch phrases, and other indicia of origin that we designate to identify businesses operating according to the System (our “Marks”).

On February 15, 2015, the Company’s members entered into a venture formation agreement and converted the Company to a single member limited liability company of its new parent, Maxymac, LLC.

In February 2015 the Marks and other intellectual property related to the brand were assigned to Maxymac, LLC and are licensed to the Company under a royalty free perpetual license agreement (the “License”). The license grants the Company the right to use the Marks and the proprietary information related to the System, such as the know-how and the manuals, for the purpose of licensing them to franchisees in the United States.

The Company began offering Pastry Shop franchises in August 2012, however since June 2010 the Company had granted six licenses for the use of the principal trademark in connection with Pastry Shops. These licenses expired in 2013.

The Company’s affiliate, Le Macaron Confectionary, LLC (“LMC”) operates a wholesale production facility from which franchisees must purchase their macaron inventory. Additionally, LMC may also supply other ingredients, food, and beverage items to franchisees.

Management has evaluated our ability to continue as a going concern as of December 31, 2018. Due to the positive cash flows from our operations we have concluded that there is not significant doubt about our ability to continue as a going concern.

2. Significant Accounting Policies

Basis of Accounting

The Company uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Under this method, revenue is recognized when earned and expenses are recognized as incurred.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Estimates are used for the following, among others: revenue recognition, allowance for doubtful accounts and useful lives for depreciation of long-lived assets. Actual results could differ from those estimates.

Comparative Financial Statements

Certain prior period amounts have been reclassified to conform to current year presentation.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

2. Significant Accounting Policies (continued)

Fair Value of Financial Instruments

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents, trade receivables and trade payables, and debt instruments. The carrying values of cash and cash equivalents, trade receivables and trade payables are considered to be representative of their respective fair values due to the short-term nature of these instruments. Based on market rates for similar loans, at December 31, 2018 and 2017, the fair value of the long-term debt approximates their carrying amount.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Non-recurring fair value measurements include the assessment of property, plant and equipment for impairment. As there is no corroborating market activity to support the assumptions used, the Company has designated these estimates as Level 3.

Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

Accounts Receivable

The balance in accounts receivable consists of royalties and other fees due from franchisees, less an allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts aged longer than thirty days are considered past due. No interest is charged on outstanding receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts.

Deferred Franchise Costs

Deferred franchise costs consists of commissions and other direct costs relating to initial franchise fees, development agreements and license fees for which revenue has not been recognized are deferred until the related revenue is recognized.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective asset:

	<u>Estimated Useful Life</u>
Computer equipment	5 Years
Furniture and fixtures	3 to 7 Years
Transportation equipment	5 Years

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

2. Significant Accounting Policies (continued)

Maintenance and repair costs are expensed in the period incurred. Expenditures for purchases and improvements that extend the useful lives of property and equipment are capitalized.

Impairment of Long-Lived Assets

The Company assesses potential impairment of its long lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that the Company considers important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the Company's overall business, and significant industry or economic trends. When the Company determines that the carrying value of the long-lived assets may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. If the carrying value is not recoverable, an impairment is recognized in the amount by which the carrying amount exceeds the fair value of the asset. During the years ended December 31, 2018 and 2017, no impairment charges were recognized related to long-lived assets.

Note Receivable

Note receivable consists of amounts due from related party, less an allowance for doubtful notes. Management determines the allowance for doubtful notes by identifying troubled accounts and by using historical experience applied to an aging of accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful notes.

Gift Card Liability

The Company authorizes the franchisees to sell gift cards. All proceeds from the sale of gift cards belong exclusively to the Company. The proceeds of such sale are remitted to the Company and a liability is established for the cash value of the gift card. The Company reimburses the franchisees the redeemed value of the gift cards accepted as payment for products sold at the franchise units and the Company's liability is reduced. The Company has not recognized any revenue related to gift cards.

Revenue Recognition

The Company recognizes revenue in accordance with FASB ASC 952-605-25, *Accounting for Franchise Fee Revenue*.

Franchise fee revenues are recognized at the earlier date of the opening of a franchise or when the Company has performed substantially all initial services required by the franchise agreement. These services consist primarily of training, providing an operating manual, and pre-opening consultation and advice. Initial fees for which required services have not been substantially performed are classified as deferred revenue as a liability on the balance sheet.

The Company also receives continuing royalty and other fees from its franchisees and recognizes this revenue in the period earned.

Advertising

All costs associated with advertising and marketing are expensed in the period incurred.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

2. Significant Accounting Policies (continued)

Income Tax Status

The Company is taxed as a single member limited liability company for federal income tax purposes. Consequently, federal income taxes are not provided for or payable by the Company. The Company's net income or loss is allocated to the sole member who is taxed individually on Company's earnings. The Company recognizes tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 "Revenue from Contracts with Customers (Topic 606)." ASU 2014-09 supersedes the current revenue recognition guidance, including industry-specific guidance. The guidance introduces a five-step model to achieve its core principal of the entity recognizing revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In March 2016, the FASB issued ASU 2016-08, "Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)." ASU 2016-08 provides specific guidance to determine whether an entity is providing a specified good or service itself or is arranging for the good or service to be provided by another party. In April 2016, the FASB issued ASU 2016-10, "Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing." ASU 2016-10 provides clarification on the subjects of identifying performance obligations and licensing implementation guidance. In December 2016, the FASB issued ASU 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers." ASU 2016-20 provides corrections or improvements on 13 issues that affect narrow aspects of the guidance issued in Topic 606.

The requirements for these standards relating to Topic 606 will be effective for interim and annual periods beginning after December 15, 2018 (January 1, 2019 for the Company). Early adoption is permitted for interim and annual periods beginning after December 15, 2016. The Company expects to adopt these standards upon their effective date. We do not believe the new revenue recognition standard will materially impact the recognition of continuing royalty revenue from franchisees. We believe adoption of the new revenue recognition standard will impact our accounting for franchise fee revenue charged to franchisees. We are currently unable to estimate the impact on our financial statements.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows: Classification of Certain Cash Receipts and Payments." ASU 2016-15 provides guidance on eight specific cash flow issues with the objective of reducing diversity in practice. The guidance is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted for any entity in any interim or annual period. We are currently evaluating the impact of the guidance, but do not believe it will materially impact our financial statements.

3. Certain Significant Risks and Uncertainties

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents. The Company maintains its deposits in one financial institution.

Certain of the company's former agreements may be subject to certain state and federal regulatory requirements. The complexity of these regulations results in many areas of uncertainty and requires interpretation. If the Company's interpretations do not prevail, judgments could be assessed that would have an adverse effect on the Company's operations and which losses, if any, cannot be estimated at this time.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

4. Accounts Receivable

Accounts receivable consisted of the following at December 31:

	2018	2017
Accounts receivable	\$ 221,932	\$ 192,148
Less: allowance for doubtful accounts	(40,478)	(40,478)
Accounts receivable, net	<u>\$ 181,454</u>	<u>\$ 151,670</u>

For the years ended December 31, 2018 and 2017, bad debt expense was \$0 and \$40,478, respectively.

The allowance for doubtful accounts activity was as follows:

	2018	2017
Balance, beginning of year	\$ 40,478	\$ 21,103
Provision for doubtful accounts	-	40,478
Write-offs, net of recoveries	-	(21,103)
Balance, end of year	<u>\$ 40,478</u>	<u>\$ 40,478</u>

5. Notes Receivable

Notes receivable consisted of the following at December 31:

	2018	2017
Notes receivable:	\$ 200,000	\$ 200,000
Less: allowance for doubtful notes	(200,000)	(200,000)
Notes receivable, net	<u>\$ -</u>	<u>\$ -</u>

For the years ended December 31, 2018 and 2017, the Company recognized interest income was \$0.

The allowance for doubtful notes activity was as follows:

	2018	2017
Balance at beginning of year	\$ 200,000	\$ 200,000
Provision for doubtful notes	-	-
Write-offs, net of recoveries	-	-
Balance at end of year	<u>\$ 200,000</u>	<u>\$ 200,000</u>

For the years ended December 31, 2018 and 2017, bad debt expense related to notes receivables was \$0.

6. Property and Equipment

The major classes of property and equipment consisted of the following at December 31:

	2018	2017
Computer equipment	\$ 6,065	\$ 6,065
Furniture and fixtures	3,705	3,705
Transportation equipment	62,268	62,268
Less: accumulated depreciation	(58,883)	(45,351)
Property and equipment, net	<u>\$ 13,155</u>	<u>\$ 26,687</u>

For the years ended December 31, 2018 and 2017, depreciation expense was \$13,532 and \$12,690, respectively.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

7. Long-Term Debt

	2018	2017
Note payable, secured by transportation equipment, in monthly installments of \$831, including interest at 4.49%, due in December 2020	\$ 18,237	\$ 27,176
Less: current portion of long-term debt	(9,308)	(8,900)
Long-term debt, net of current portion	<u>\$ 8,929</u>	<u>\$ 18,276</u>

Future maturities of long-term obligations for the years following December 31, 2018 are as follows:

Year ended December 31, 2019	9,308
Year ended December 31, 2020	8,929
	<u>\$ 18,237</u>

8. Related Party Transactions

Related Party Royalties

During the years ended December 31, 2018 and 2017, certain members of the parent company owned and operated five and five franchised outlets. During the years ended December 31, 2018 and 2017, the Company recognized royalty revenue in the amount of \$0 and \$49,570 from these outlets, respectively.

During the years ended December 31, 2018 and 2017, parent company owned and operated three and three franchised outlets. During the years ended December 31, 2018 and 2017, the Company recognized royalty revenue in the amount of \$0 and \$48,607 from these outlets, respectively.

Transactions with Affiliates

The Company and its affiliates frequently advance funds and pay expenses on behalf of one another for payment of general and administrative expenses.

Amounts due from affiliates consisted of the following at December 31:

	2018	2017
Lemaceast, LLC	\$ 1,320	\$ 1,320
Lemac Partern Holding, LLC	139	139
French Delice, LLC	2,919	2,919
Lemcaron Las Vegas, LLC	4,071	4,071
Lemac Central, LLC	17,703	15,203
Macarons & Chocolats LLC	1,207	1,207
Due from affiliates	<u>\$ 27,359</u>	<u>\$ 24,859</u>

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

8. Related Party Transactions (continued)

Amounts due to affiliates consisted of the following at December 31:

	2018	2017
Le Macaron Confectionary, LLC	\$ -	\$ 54,500
Marcel Lignon	20,000	-
Due to affiliates	<u>\$ 20,000</u>	<u>\$ 54,500</u>

The related party payable accounts are unsecured, bear no interest, and are due on demand.

Amounts included in accounts receivable consisted of the following at December 31:

	2018	2017
Lemacaron Celebration, LLC	\$ 16,585	\$ 16,585
Lemacaron Las Vegas, LLC	39,801	39,801
Lemacaron Sarasota, LLC	21,584	21,584
Lemacaron Winter Park, LLC	11,783	11,783
Receivable from affiliates	<u>\$ 89,753</u>	<u>\$ 89,753</u>

9. Provision for Income Taxes

The Company is a single member LLC and, as such, is treated as a division of Maxymac, LLC for federal income tax purposes. Because of its status, the Company is disregarded as a separate entity for income tax purposes, therefore the Company itself does not file an income tax return separate and apart from its parent, Maxymac, LLC.

The Company's parent, Maxymac, LLC files income tax returns in the U.S. federal jurisdiction and the states in which it operates. The Company is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Company believes it is no longer subject to income tax examinations for years prior to 2014.

In accordance with FASB ASC 740-10, *Income Taxes*, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2018 and 2017.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

10. Commitments and Contingencies

Litigation

In March 2016 a terminated franchisee ("Plaintiffs") filed suit in the United States District Court (the "Court") for the Middle District of Florida (Tampa Division) alleging violations of the Florida Deceptive and Unfair Trade Practices Act and Florida Franchise Law and asserting claims for fraud, breach of contract, breach of the covenant of good faith and fair dealing, and tortious interference with prospective business relationships. In the suit the Plaintiffs' are seeking compensatory and punitive damages in an amount to be determined at trial, but in excess of \$75,000, declaratory relief, and attorneys' fees. The Company filed its counterclaim in May 2016, asserting claims for breach of contract and violations of the Lanham Act, as well as a claim for accounting. The Company filed a motion to dismiss Plaintiffs' claims for lack of subject-matter jurisdiction, or, in the alternative, motion to dismiss for failure to provide a more definite statement and for failure to state a claim. The Court dismissed the matter for lack of subject-matter jurisdiction on May 11, 2017.

On May 11, 2017, the Company filed in the Circuit Court of the 12th Judicial Circuit in and for Sarasota County, Florida. The Company terminated the terminated franchisee's franchise agreement for failure to pay to LMD over \$200,000 in funds that were loaned to the terminated franchisee under a promissory note. The Company brought suit for breach of contract under the promissory note; breach of contract under the franchise agreements, development agreement, and related personal guaranties; accounting; trademark infringement; unfair competition; violation of the Florida Deceptive and Unfair Trade Practices Act; account stated; quantum meruit; and unjust enrichment. The terminated franchisee filed an answer with affirmative defenses and counterclaims, including, counterclaims for fraud in the inducement, violation of the Florida Deceptive and Unfair Trade Practices Act and Florida Franchise Law, breach of contract, and breach of covenant of good faith and fair dealing. As of April 30, 2019 a trial date had been set for May 13, 2019 and the Company and the terminated franchisee were in the discovery phase of litigation.

11. Summary of Franchises

Following is a summary of changes in the number of franchises during the years ended December 31:

	2018	2017
Outlets in operation at beginning of year	46	40
Outlets opened during the year	9	10
Outlets terminated or closed during the year	(4)	(4)
Outlets in operation at end of year	51	46
Franchised outlets	42	37
Company-owned outlets	9	9

12. Subsequent Events

The Company has evaluated subsequent events through the date of the report which was the date the financial statements were available to be issued.

Le Macaron Development, LLC

Supplemental Financial Information

Years ended December 31, 2018 and 2017

Schedule I - Other General and Administrative Expenses

For the years ended December 31,

2018**2017**

Association fees	\$	6,380	\$	10,582
Bad debt expense		-		40,478
Bank charges		5,650		6,699
Insurance expense		948		5,344
Licenses and permits		439		139
Meals and entertainment		7,188		11,272
Office expense		9,888		8,217
Postage and delivery		403		1,100
Repairs		93		453
Supplies		17,726		3,300
Telephone		9,013		11,771
Total other general and administrative expenses	\$	57,728	\$	99,355

Le Macaron Development, LLC

Financial Statements

Years ended December 31, 2017 and 2016

Le Macaron Development, LLC
Financial Statements
Years ended December 31, 2017 and 2016
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Independent Auditor's Report

www.agllp-cpa.com

To the Member
Le Macaron Development, LLC
Sarasota, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Le Macaron Development, LLC (a Florida limited liability company), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, changes in member's equity (deficit) and cash flows for the years then ended, and related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting policies generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Le Macaron Development, LLC as of December 31, 2017 and 2016, and the results of its operations, changes in member's equity (deficit) and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The attached supplemental schedule, Schedule I – Other General and Administrative Expenses, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

A+G LLP

A&G LLP
Dallas, Texas
April 27, 2018

Balance Sheets

As of December 31,	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 96,444	\$ 32,311
Accounts receivable, net	151,670	81,182
Deferred franchise costs	32,000	104,000
Due from affiliates	24,859	21,130
Prepaid expense and other current assets	500	13,500
Total current assets	305,473	252,123
Property and equipment, net	26,687	39,377
Total assets	332,160	291,500
Liabilities and Member's Deficit		
Current liabilities:		
Accounts payable	184,647	221,655
Accrued expenses	2,333	19,100
Deferred revenue	276,000	437,980
Gift card liability	4,348	4,348
Due to affiliates	54,500	62,567
Due to parent	-	24,371
Current portion of long-term debt	8,900	8,510
Total current liabilities	530,728	778,531
Long-term debt, net of current portion	18,276	27,924
Total liabilities	549,004	806,455
Member's deficit	(216,844)	(514,955)
Total liabilities and member's deficit	\$ 332,160	\$ 291,500

Statements of Operations

For the years ended December 31,

2017

2016

Revenues:

Franchise fee revenue	\$ 367,980	\$ 359,980
Royalty revenue	466,552	275,911
Other revenue	<u>1,917</u>	<u>1,603</u>
Total revenues	836,449	637,494

General and administrative expenses:

Advertising and marketing	85,499	140,897
Commissions	81,500	131,900
Depreciation	12,690	14,643
Personnel cost	233,202	261,029
Professional fees	161,215	484,690
Travel	37,958	34,384
Other general and administrative expenses	<u>99,355</u>	<u>102,649</u>
Total general and administrative expenses	711,419	1,170,192

Income (loss) from operations	125,030	(532,698)
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Other expense

Interest expense	<u>(716)</u>	<u>(1,803)</u>
Total other expense	(716)	(1,803)

Net income (loss)	\$ 124,314	\$ (534,501)
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Statements of Changes in Member's Equity (Deficit)

For the years ended December 31,

2017

2016

Balance at beginning of year	\$	(514,955)	\$	19,546
Contributions from member		173,797		-
Net income (loss)		124,314		(534,501)
Balance at end of year	\$	(216,844)	\$	(514,955)

Statements of Cash Flows

For the years ended December 31,

2017

2016

Operating Activities

Net income (loss)	\$	124,314	\$	(534,501)
Adjustments to reconcile net income to net cash used by operating activities:				
Depreciation		12,690		14,643
Provision for doubtful accounts		40,478		21,103
Changes in operating assets and liabilities:				
Accounts receivable		(110,966)		(35,594)
Deferred franchise costs		72,000		(3,100)
Prepaid expense and other current assets		13,000		(6,005)
Accounts payable		(37,008)		212,201
Accrued expenses		(16,767)		13,203
Deferred revenue		(161,980)		174,020
Gift card liability		-		1,372
Due from/to affiliates		(11,796)		26,170
Due to parent		-		24,371
Net cash used by operating activities		(76,035)		(92,117)

Investing Activities

Net cash used by investing activities	-	-
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Financing Activities

Payments on long-term debt	(9,258)	(8,170)
Contributions from member	149,426	-
Net cash provided (used) by financing activities	140,168	(8,170)

Net increase (decrease) in cash and cash equivalents **64,133** (100,287)

Cash and cash equivalents, beginning of year **32,311** 132,598

Cash and cash equivalents, end of year \$ **96,444** \$ 32,311

Supplemental Disclosure of Cash Flow Information

Interest paid	\$	716	\$	1,803
Due to parent payable converted to contributions from member	\$	24,371	\$	-

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

1. Organization and Operations

Le Macaron Development, LLC is a Florida limited liability company operating under the laws of the State of Florida. References in these financial statement footnotes to “Company”, “we”, “us” and “our” refer to the business of Le Macaron Development, LLC. The Company was formed on June 15, 2010.

The Company was formed for the purpose of granting franchises for the establishment and operation of a LE MACARON FRENCH PASTRIES™ Pastry Shop (“Pastry Shop”) using the Company’s proprietary business format and system (the “System”). A Pastry Shop is identified by the LE MACARON FRENCH PASTRIES™ service mark and other proprietary trademarks, service marks, our trade dress, catch phrases, and other indicia of origin that we designate to identify businesses operating according to the System (our “Marks”).

On February 15, 2015, the Company’s members entered into a venture formation agreement and converted the Company to a single member limited liability company of its new parent, Maxymac, LLC.

In February 2015 the Marks and other intellectual property related to the brand were assigned to Maxymac, LLC and are licensed to the Company under a royalty free perpetual license agreement (the “License”). The license grants the Company the right to use the Marks and the proprietary information related to the System, such as the know-how and the manuals, for the purpose of licensing them to franchisees in the United States.

The Company began offering Pastry Shop franchises in August 2012, however since June 2010 the Company had granted six licenses for the use of the principal trademark in connection with Pastry Shops. These licenses expired in 2013.

The Company’s affiliate, Le Macaron Confectionary, LLC (“LMC”) operates a wholesale production facility from which franchisees must purchase their macaron inventory. Additionally, LMC may also supply other ingredients, food, and beverage items to franchisees.

Management has evaluated our ability to continue as a going concern as of December 31, 2017. Due to the positive cash flows from our operations we have concluded that there is not significant doubt about our ability to continue as a going concern.

2. Significant Accounting Policies

Basis of Accounting

The Company uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Under this method, revenue is recognized when earned and expenses are recognized as incurred.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Estimates are used for the following, among others: revenue recognition, allowance for doubtful accounts and useful lives for depreciation of long-lived assets. Actual results could differ from those estimates.

Comparative Financial Statements

Certain prior period amounts have been reclassified to conform to current year presentation.

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

2. Significant Accounting Policies (continued)

Fair Value of Financial Instruments

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents, trade receivables and trade payables, and debt instruments. The carrying values of cash and cash equivalents, trade receivables and trade payables are considered to be representative of their respective fair values due to the short-term nature of these instruments. Based on market rates for similar loans, at December 31, 2017 and 2016, the fair value of the long-term debt approximates their carrying amount.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Non-recurring fair value measurements include the assessment of property, plant and equipment for impairment. As there is no corroborating market activity to support the assumptions used, the Company has designated these estimates as Level 3.

Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

Accounts Receivable

The balance in accounts receivable consists of royalties and other fees due from franchisees, less an allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts aged longer than thirty days are considered past due. No interest is charged on outstanding receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts.

Deferred Franchise Costs

Deferred franchise costs consists of commissions and other direct costs relating to initial franchise fees, development agreements and license fees for which revenue has not been recognized are deferred until the related revenue is recognized.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective asset:

	<u>Estimated Useful Life</u>
Computer equipment	5 Years
Furniture and fixtures	3 to 7 Years
Transportation equipment	5 Years

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

2. Significant Accounting Policies (continued)

Maintenance and repair costs are expensed in the period incurred. Expenditures for purchases and improvements that extend the useful lives of property and equipment are capitalized.

Impairment of Long-Lived Assets

The Company assesses potential impairment of its long lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that the Company considers important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the Company's overall business, and significant industry or economic trends. When the Company determines that the carrying value of the long-lived assets may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. If the carrying value is not recoverable, an impairment is recognized in the amount by which the carrying amount exceeds the fair value of the asset. During the years ended December 31, 2017 and 2016, no impairment charges were recognized related to long-lived assets.

Note Receivable

Note receivable consists of amounts due from related party, less an allowance for doubtful notes. Management determines the allowance for doubtful notes by identifying troubled accounts and by using historical experience applied to an aging of accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful notes.

Gift Card Liability

The Company authorizes the franchisees to sell gift cards. All proceeds from the sale of gift cards belong exclusively to the Company. The proceeds of such sale are remitted to the Company and a liability is established for the cash value of the gift card. The Company reimburses the franchisees the redeemed value of the gift cards accepted as payment for products sold at the franchise units and the Company's liability is reduced. The Company has not recognized any revenue related to gift cards.

Revenue Recognition

The Company recognizes revenue in accordance with FASB ASC 952-605-25, *Accounting for Franchise Fee Revenue*.

Franchise fee revenues are recognized at the earlier date of the opening of a franchise or when the Company has performed substantially all initial services required by the franchise agreement. These services consist primarily of training, providing an operating manual, and pre-opening consultation and advice. Initial fees for which required services have not been substantially performed are classified as deferred revenue as a liability on the balance sheet.

The Company also receives continuing royalty and other fees from its franchisees and recognizes this revenue in the period earned.

Advertising

All costs associated with advertising and marketing are expensed in the period incurred.

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

2. Significant Accounting Policies (continued)

Income Tax Status

The Company is taxed as a single member limited liability company for federal income tax purposes. Consequently, federal income taxes are not provided for or payable by the Company. The Company's net income or loss is allocated to the sole member who is taxed individually on Company's earnings. The Company recognizes tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 "Revenue from Contracts with Customers (Topic 606)." ASU 2014-09 supersedes the current revenue recognition guidance, including industry-specific guidance. The guidance introduces a five-step model to achieve its core principal of the entity recognizing revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In March 2016, the FASB issued ASU 2016-08, "Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)." ASU 2016-08 provides specific guidance to determine whether an entity is providing a specified good or service itself or is arranging for the good or service to be provided by another party. In April 2016, the FASB issued ASU 2016-10, "Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing." ASU 2016-10 provides clarification on the subjects of identifying performance obligations and licensing implementation guidance. In December 2016, the FASB issued ASU 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers." ASU 2016-20 provides corrections or improvements on 13 issues that affect narrow aspects of the guidance issued in Topic 606.

The requirements for these standards relating to Topic 606 will be effective for interim and annual periods beginning after December 15, 2018 (January 1, 2019 for the Company). Early adoption is permitted for interim and annual periods beginning after December 15, 2016. The Company expects to adopt these standards upon their effective date. We do not believe the new revenue recognition standard will materially impact the recognition of continuing royalty revenue from franchisees. We believe adoption of the new revenue recognition standard will impact our accounting for franchise fee revenue charged to franchisees. We are currently unable to estimate the impact on our financial statements.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows: Classification of Certain Cash Receipts and Payments." ASU 2016-15 provides guidance on eight specific cash flow issues with the objective of reducing diversity in practice. The guidance is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted for any entity in any interim or annual period. We are currently evaluating the impact of the guidance, but do not believe it will materially impact our financial statements.

In August 2014, FASB issued Accounting Standards Update No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (ASU 2014-15). ASU 2014-15 requires management to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. In doing so, companies will have reduced diversity in the timing and content of footnote disclosures compared to footnote disclosures under today's guidance. ASU 2014-15 is effective for the Company in 2016 with early adoption permitted. The Company has included the required disclosure in Note 1.

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

3. Certain Significant Risks and Uncertainties

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents. The Company maintains its deposits in one financial institution.

Certain of the company's former agreements may be subject to certain state and federal regulatory requirements. The complexity of these regulations results in many areas of uncertainty and requires interpretation. If the Company's interpretations do not prevail, judgments could be assessed that would have an adverse effect on the Company's operations and which losses, if any, cannot be estimated at this time.

4. Accounts Receivable

Accounts receivable consisted of the following at December 31:

	2017	2016
Accounts receivable	\$ 192,148	\$ 102,285
Less: allowance for doubtful accounts	(40,478)	(21,103)
Accounts receivable, net	<u>\$ 151,670</u>	<u>\$ 81,182</u>

For the years ended December 31, 2017 and 2016, bad debt expense was \$40,478 and \$21,103, respectively.

The allowance for doubtful accounts activity was as follows:

	2017	2016
Balance, beginning of year	\$ 21,103	\$ -
Provision for doubtful accounts	40,478	21,103
Write-offs, net of recoveries	(21,103)	-
Balance, end of year	<u>\$ 40,478</u>	<u>\$ 21,103</u>

5. Notes Receivable

Notes receivable consisted of the following at December 31:

	2017	2016
Notes receivable:	\$ 200,000	\$ 200,000
Less: allowance for doubtful notes	(200,000)	(200,000)
Notes receivable, net	<u>\$ -</u>	<u>\$ -</u>

For the years ended December 31, 2017 and 2016, the Company recognized interest income was \$0.

The allowance for doubtful notes activity was as follows:

	2017	2016
Balance at beginning of year	\$ 200,000	\$ 200,000
Provision for doubtful notes	-	-
Write-offs, net of recoveries	-	-
Balance at end of year	<u>\$ 200,000</u>	<u>\$ 200,000</u>

For the years ended December 31, 2017 and 2016, bad debt expense related to notes receivables was \$0.

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

6. Property and Equipment

The major classes of property and equipment consisted of the following at December 31:

	2017	2016
Computer equipment	\$ 6,065	\$ 6,065
Furniture and fixtures	3,705	3,705
Transportation equipment	62,268	62,268
Less: accumulated depreciation	(45,351)	(32,661)
Property and equipment, net	\$ 26,687	\$ 39,377

For the years ended December 31, 2017 and 2016, depreciation expense was \$12,690 and \$14,643, respectively.

7. Long-Term Debt

	2017	2016
Note payable, secured by transportation equipment, in monthly installments of \$831, including interest at 4.49%, due in December 2020	\$ 27,176	\$ 36,434
Less: current portion of long-term debt	(8,900)	(8,510)
Long-term debt, net of current portion	\$ 18,276	\$ 27,924

Future maturities of long-term obligations for the years following December 31, 2017 are as follows:

Year ended December 31, 2018	\$ 8,900
Year ended December 31, 2019	9,308
Year ended December 31, 2020	8,968
	<u>\$ 27,176</u>

8. Related Party Transactions

Related Party Royalties

During the years ended December 31, 2017 and 2016, certain members of the parent company owned and operated five and six franchised outlets. During the years ended December 31, 2017 and 2016, the Company recognized royalty revenue in the amount of \$49,570 and \$34,009 from these outlets, respectively.

During the years ended December 31, 2017 and 2016, parent company owned and operated three and two franchised outlets. During the years ended December 31, 2017 and 2016, the Company recognized royalty revenue in the amount of \$48,607 and \$0 from these outlets, respectively.

Transactions with Parent

The Company and its parent frequently advance funds and pay expenses on behalf of one another for payment of general and administrative expenses. As of December 31, 2017 and 2016, the Company had an amount due to Maxymac, LLC of \$0 and \$24,371, respectively.

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

8. Related Party Transactions (continued)

Transactions with Affiliates

The Company and its affiliates frequently advance funds and pay expenses on behalf of one another for payment of general and administrative expenses.

Amounts due from affiliates consisted of the following at December 31:

	2017	2016
Lemaceast, LLC	\$ 1,320	\$ 1,320
Lemac Partern Holding, LLC	139	139
French Delice, LLC	2,919	2,600
Lemcaron Las Vegas, LLC	4,071	4,071
Lemac Central, LLC	15,203	13,000
Macarons & Chocolats LLC	1,207	-
Due from affiliates	<u>\$ 24,859</u>	<u>\$ 21,130</u>

Amounts due to affiliates consisted of the following at December 31:

	2017	2016
Le Macaron Confectionary, LLC	\$ 54,500	\$ 59,500
Macarons & Chocolats LLC	-	3,067
Due to affiliates	<u>\$ 54,500</u>	<u>\$ 62,567</u>

The related party payable accounts are unsecured, bear no interest, and are due on demand.

9. Provision for Income Taxes

The Company is a single member LLC and, as such, is treated as a division of Maxymac, LLC for federal income tax purposes. Because of its status, the Company is disregarded as a separate entity for income tax purposes, therefore the Company itself does not file an income tax return separate and apart from its parent, Maxymac, LLC.

The Company's parent, Maxymac, LLC files income tax returns in the U.S. federal jurisdiction and the states in which it operates. The Company is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Company believes it is no longer subject to income tax examinations for years prior to 2013.

In accordance with FASB ASC 740-10, *Income Taxes*, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2017 and 2016.

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

10. Commitments and Contingencies

Litigation

In March 2016 a terminated franchisee ("Plaintiffs") filed suit in the United States District Court (the "Court") for the Middle District of Florida (Tampa Division) alleging violations of the Florida Deceptive and Unfair Trade Practices Act and Florida Franchise Law and assert claims for fraud, breach of contract, breach of the covenant of good faith and fair dealing, and tortious interference with prospective business relationships. In the suit the Plaintiffs' are seeking compensatory and punitive damages in an amount to be determined at trial, but in excess of \$75,000, declaratory relief, and attorneys' fees. The Company filed its counterclaim in May 2016, asserting claims for breach of contract and violations of the Lanham Act, as well as a claim for accounting. The Company filed a motion to dismiss Plaintiffs' claims for lack of subject-matter jurisdiction, or, in the alternative, motion to dismiss for failure to provide a more definite statement and for failure to state a claim. The Court dismissed the matter for lack of subject-matter jurisdiction on May 11, 2017.

On May 11, 2017, the Company filed in the Circuit Court of the 12th Judicial Circuit in and for Sarasota County, Florida. The Company terminated the terminated franchisee's franchise agreement for failure to pay to LMD over \$200,000 in funds that were loaned to the terminated franchisee under a promissory note. The Company brought suit for breach of contract under the promissory note; breach of contract under the franchise agreements, development agreement, and related personal guaranties; accounting; trademark infringement; unfair competition; violation of the Florida Deceptive and Unfair Trade Practices Act; account stated; quantum meruit; and unjust enrichment. The terminated franchisee filed an answer with affirmative defenses and counterclaims, including, counterclaims for fraud in the inducement, violation of the Florida Deceptive and Unfair Trade Practices Act and Florida Franchise Law, breach of contract, and breach of covenant of good faith and fair dealing. As of April 27, 2018 a trial date had not been set and the Company and the terminated franchisee were in the discovery phase of litigation.

11. Summary of Franchises

Following is a summary of changes in the number of franchises during the years ended December 31:

	2017	2016
Outlets in operation at beginning of year	40	35
Outlets opened during the year	10	15
Outlets terminated or closed during the year	(4)	(10)
Outlets in operation at end of year	46	40
Franchised outlets	37	31
Company-owned outlets	9	9

12. Subsequent Events

The Company has evaluated subsequent events through the date of the report which was the date the financial statements were available to be issued.

Le Macaron Development, LLC

Supplemental Financial Information

Years ended December 31, 2017 and 2016

Schedule I - Other General and Administrative Expenses

For the years ended December 31,

2017

2016

Association fees	\$	10,582	\$	15,719
Bad debt expense		40,478		21,103
Bank charges		6,699		5,761
Insurance expense		5,344		6,662
Licenses and permits		139		589
Meals and entertainment		11,272		12,004
Office expense		8,217		11,937
Penalties		-		2,653
Postage and delivery		1,100		3,488
Repairs		453		1,276
Supplies		3,300		8,794
Telephone		11,771		12,663
Total other general and administrative expenses	\$	99,355	\$	102,649

EXHIBIT B
AREA DEVELOPMENT AGREEMENT



**LE MACARON DEVELOPMENT LLC
AREA DEVELOPMENT AGREEMENT**

**AREA DEVELOPMENT AGREEMENT
SUMMARY PAGES**

EFFECTIVE DATE: _____

DEVELOPER: _____

ADDRESS FOR NOTICES: _____

TELEPHONE NUMBER: _____

FACSIMILE NUMBER: _____

E-MAIL ADDRESS: _____

DEVELOPMENT FEE: \$99,000

DEVELOPMENT AREA: Refer to Attachment B

**NUMBER OF PASTRY SHOPS
TO BE DEVELOPED** Three (3)

**INITIAL FRANCHISE FEE FOR
PASTRY SHOPS/KIOSKS/CARTS TO
BE DEVELOPED:** \$33,000 each, credited in whole from the Development
Fee paid under this Agreement

TRANSFER FEE: \$500 (transfer to a business entity, refer to Section 8.2.);
or
\$2,500 (transfer of non-controlling interest, refer to
Section 8.3.); or
\$2,500 (assignment of your right to enter into a Franchise
Agreement to a Business Entity under common control
with you, refer to Section 8.5.); or
\$20,000, plus reimbursement of Le Macaron's costs
(transfer of Development Agreement, all or substantially
all of your assets, or controlling interest, refer to Section
8.4.)

**LE MACARON DEVELOPMENT LLC
ADDRESS FOR NOTICE**

Le Macaron Development LLC
2300 Bee Ridge Road, #401
Sarasota, Florida 34239
Attention: Chief Executive Officer

Franchisor Initials

Developer Initials

**LE MACARON DEVELOPMENT LLC
AREA DEVELOPMENT AGREEMENT
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ATTACHMENTS

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LE MACARON DEVELOPMENT LLC AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the “**Agreement**”) is made and entered into as of the Effective Date reflected in the Summary Pages (“**Effective Date**”), by and between Le Macaron Development LLC, a Florida limited liability company with its principal office in Sarasota, Florida (“**LMD**”), and the Developer identified in the Summary Pages (“**you**”).

A. LMD has acquired the license to use and to sublicense the use of a distinctive business format and system relating to the establishment and operation of a pastry shop, featuring a variety of signature macarons and other assorted French pastries, such as croissants, pains au chocolat, French madeleines, éclairs, pies, napoleons, and cakes, as well as chocolates, gelato, an assortment of domestic and European coffees, non-alcoholic (and in certain cases alcoholic) beverages, and other related items under the name “LE MACARON FRENCH PASTRIES” (the “**System**”).

B. The distinguishing characteristics of the System include, without limitation, distinctive interior and exterior design, décor, color scheme, graphics, fixtures and furnishings, our proprietary recipes, the right to sell LMD’s Private Label Products, procedures for preparing, packaging, and serving pastry items, operation and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that LMD designates for developing, operating, and managing a LE MACARON FRENCH PASTRIES® Pastry Shop, which may be in the form of a traditional pastry shop, permanent kiosk, or mobile kiosk (each a “**Pastry Shop**”), all of which LMD may change, improve, and further develop (collectively, the “**Standards**”).

C. The Pastry Shop is identified by the LE MACARON FRENCH PASTRIES® service mark, and other proprietary trademarks, service marks, logos, emblems, trade dress, catch phrases, and other indicia of origin, as are now designated and may hereafter be designated by LMD in writing for use in connection with identifying businesses operating according to the System (the “**Marks**”).

D. You desire the right to develop multiple Pastry Shops under the System and Marks, and LMD desires to grant you such rights, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual premises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT

1.1. Grant of Pastry Shop Area Development Rights

1.1.1. LMD hereby grants to you, and you hereby accept, the right and obligation, to develop the number and type of Pastry Shops in the Development Area (identified in the Summary Pages and Attachment B) within the timeframe set forth in the Development Schedule (identified in Attachment B). Each Pastry Shop to be developed shall be developed and operated pursuant to a separate franchise agreement to be entered into between you and LMD in accordance with Section 4.1.

1.1.2. This Agreement grants you no right or license to use any of the Marks; your right to operate a Pastry Shop and license to use the Marks derives solely from the Franchise Agreements that you will enter into under this Agreement.

1.1.3. The development rights granted under this Agreement belong solely to you: you may not share them, divide them, subfranchise or sublicense them, or transfer them, except in accordance with the transfer provisions of this Agreement.

1.2. Development Area

1.2.1. The Development Area is not exclusive to you and, during the term of this Agreement, LMD may own or operate, or grant to other persons or entities the right to develop, own, and/or operate, a LE MACARON FRENCH PASTRIES® Pastry Shop within the Development Area.

1.2.2. LMD reserves for itself all other rights in and to use the Marks including the right to: **(a)** distribute products and services identified by the Marks, such as pre-packaged products and Private Label Products, through alternative channels of distribution including grocery stores, supermarkets, convenience stores, restaurants, and via mail order, catalog sales, and/or the Internet; and **(d)** make deliveries or cater, or permit other franchisees to make deliveries or cater, to residents within your Development Area. LMD is not required to compensate you if it exercise any of the rights specified in this Section 1.2.2.

1.2.3. Nothing in this Agreement prohibits or restricts LMD from **(a)** owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (*i.e.*, a mark other than LE MACARON), whether or not the business is the same as or competitive with LE MACARON FRENCH PASTRIES® Pastry Shops; or **(b)** owning, operating, or franchising one or more businesses offering products or services other than macarons under the name “LE MACARON FRENCH PASTRIES” or some derivative of the Marks.

2. TERM OF AREA DEVELOPMENT AGREEMENT

2.1. Term. Unless sooner terminated, the term (the “**Term**”) of this Agreement begins on the Effective Date and, unless otherwise negotiated, terminated or extended as provided in this Agreement, expires on the earlier of: **(a)** the date on which you have completed your development obligations under this Agreement, or **(b)** 12:00 midnight CST on the last day of the last Development Period identified in Attachment B.

2.2. Effect of Termination or Expiration. Upon termination or expiration of this Agreement, all territorial protection afforded under this Agreement ends, and you have no further right to develop any LE MACARON FRENCH PASTRIES® Pastry Shops for which a Franchise Agreement has not been signed. Termination or expiration of this Agreement does not affect any rights or obligations under any then-existing Franchise Agreement.

3. FEES

3.1. Development Fee. Upon execution of this Agreement, you shall pay to LMD a Development Fee in the amount set forth in the Summary Pages (the “**Development Fee**”). When each Franchise Agreement is signed, LMD will credit the applicable portion of the Development Fee towards the initial franchise fee due on your behalf. The Development Fee is fully earned by LMD when paid and is not refundable, in whole or in part, under any circumstances.

3.2. Initial Franchise Fee. For each Franchise Agreement signed under this Agreement, you shall pay to LMD an Initial Franchise Fee in the amount set forth in the Summary Pages, notwithstanding any contrary provision of the Franchise Agreement.

4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1. Separate Franchise Agreements. The Franchise Agreement for the first Pastry Shop to be developed under this Agreement is the form attached as Attachment E. The Franchise Agreement for the second and each additional Pastry Shop to be developed is the form of LMD’s then-current Franchise Agreement, the terms of which may be materially different from the terms of Attachment E.

4.2. Development Schedule. Recognizing that time is of the essence, you agree to satisfy the Development Schedule set forth in Attachment B. Your failure to adhere to the Development Schedule is a default Section 9.2. of this Agreement.

4.3. Manner for Exercising Area Development Rights.

4.3.1. Before exercising any development right granted hereunder, you shall apply to LMD for a franchise to operate a Pastry Shop. If LMD, in its sole discretion, determines that you have met each of the

following operational, financial, and legal conditions, then LMD will grant you a franchise for each respective Pastry Shop:

(a) Operational Conditions: You are in compliance with the Development Schedule and this Agreement, and you or your Affiliates are in compliance with any other agreement between them and LMD or its Affiliates. You are conducting the operation of your existing Pastry Shops, if any, and are capable of conducting the operation of the proposed Pastry Shop in accordance with the terms and conditions of this Agreement, the respective Franchise Agreements, and the Standards, specifications, and procedures set forth and described in the Manuals (as defined in the Franchise Agreement).

(b) Financial Conditions: You and your Owners satisfy LMD's then-current financial criteria for developers and Owners of LE MACARON FRENCH PASTRIES® Pastry Shops. You and your Owners have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreements with LMD. You are not in default, and have not been in default during the rolling 12 months preceding your request for financial approval, of any monetary obligations owed to LMD or its Affiliates under any Franchise Agreement or any other agreement between you or your Affiliates and LMD or its Affiliates. You acknowledge and agree that it is vital to LMD's interest that each of its franchisees must be financially sound to avoid failure of a Pastry Shop and that such failure would adversely affect the reputation and good name of LE MACARON FRENCH PASTRIES® pastry shops and the System.

(c) Legal Conditions: You have submitted to LMD, in a timely manner, all information and documents requested by LMD as a basis for the issuance of individual franchises or pursuant to any right granted to you by this Agreement or by any Franchise Agreement.

4.4. Development Schedule. Acknowledging that time is of the essence, you agree to exercise your development rights according to Section 4.3., and the Development Schedule reflected in Attachment B. You may, subject to the terms and conditions of this Agreement and with LMD's prior written consent, which may be withheld in its sole discretion, develop more than the total minimum number of Pastry Shops which you are required to develop during any Development Period. Any Pastry Shops in excess of the minimum number of Pastry Shops required to be developed shall be applied to satisfy your development obligation during the next succeeding Development Period, if any.

4.4.1. If during the Term of this Agreement, you cease to operate any Pastry Shop developed under this Agreement for any reason, you shall develop a replacement Pastry Shop. The replacement Pastry Shop shall be developed within a reasonable time (not to exceed 120 days) after you cease to operate the original Pastry Shop. If, during the Term of this Agreement, you transfer your interest in a Pastry Shop in accordance with the terms of the applicable Franchise Agreement for the Pastry Shop, the transferred Pastry Shop shall continue to be counted in determining whether you have complied with the Development Schedule so long as it continues to be operated as a LE MACARON FRENCH PASTRIES® Pastry Shop. If the transferred Pastry Shop ceases to be operated as a LE MACARON FRENCH PASTRIES® Pastry Shop during the Term of this Agreement, you shall develop a replacement Pastry Shop within a reasonable time (not to exceed 120 days) thereafter.

4.4.2. Your failure to adhere to the Development Schedule (including any extensions thereof, approved by LMD in writing) or to any time period for the development of replacement Pastry Shops is a material breach of this Agreement.

4.5. Projected Opening Dates. You acknowledge that the Projected Opening Date for each Pastry Shop to be developed hereunder is reasonable. Subject to your compliance with Section 4.3., hereof, you shall execute a Franchise Agreement for each Pastry Shop at or prior to the applicable execution date set forth in the Summary Pages, which shall be a date no later than 12 months prior to the Projected Opening Date for the applicable Pastry Shop.

4.5.1. No later than 13 months prior to expiration of a Development Period expiration date, you shall request to sign a Franchise Agreement for each Pastry Shop to be developed during the Development Period.

4.5.2. Upon receiving your request, LMD shall deliver to you its then-current form of franchise disclosure document, and execution copies of its then-current form of franchise agreement.

4.5.3. No later than the Franchise Agreement execution date identified in the Development Schedule (but no sooner than as permitted by law), you shall sign and return a signed copy of the Franchise Agreement and payment of the initial franchise fee (less any applicable Development Fee credit) due thereunder.

4.5.4. LMD shall approve and countersign the Franchise Agreement if:

(a) You are in compliance with this Agreement and all other agreements between you or your Affiliates and LMD including, without limitation, all Franchise Agreements signed under this Agreement. If this condition is not met, LMD may require you to cure any deficiencies before it approves and countersigns the Franchise Agreement.

(b) You have demonstrated to LMD, in LMD's discretion, your financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement.

(c) You, your Owners, each of your Affiliates, and their respective Owners, who then has a then-currently effective Franchise Agreement or Area Development Agreement with LMD, has signed a general release, in a form prescribed by LMD, of any and all claims that the party has, had, or claims to have against LMD and/or its Affiliates and their respective officers, directors, members, managers, shareholders, agents and employees, whether the claims are known or unknown, arising out of or relating to this Agreement, any Franchise Agreement, the relationship created by this Agreement or any Franchise Agreement, and the offer and sale of the LE MACARON FRENCH PASTRIES® franchise opportunity.

5. DEVELOPER'S OBLIGATIONS

5.1. Satisfaction of Development Schedule. You shall execute a Franchise Agreement for each Pastry Shop contemplated under this Agreement in accordance with Section 4.1., and the Development Schedule, and shall establish and operate each Pastry Shop in accordance with the terms and conditions of the respective Franchise Agreement. You agree to develop each type of Pastry Shop in accordance with the timelines identified in the Development Schedule.

5.2. Compliance with Laws. You shall fully comply with all federal, state and local laws, rules, and regulations when exercising your rights and fulfilling your obligations under this Agreement.

5.3. Developer May Not Exceed The Area Development Obligation. Unless LMD otherwise authorizes in writing, you may not construct, equip, open and operate more than the total number of LE MACARON FRENCH PASTRIES® Pastry Shops reflected in the Development Schedule.

6. CONFIDENTIALITY

6.1 Nondisclosure of Confidential Information. You shall maintain the confidentiality of all Confidential Information. You shall use Confidential Information only in connection with the development and operation of the Pastry Shops, and you shall divulge Confidential Information only to your management employees, and only on a need to know basis. This obligation shall survive expiration or termination of this Agreement.

7. INDEPENDENT CONTRACTOR, INSURANCE AND INDEMNIFICATION

7.1 Independent Contractor. The parties acknowledge and agree that you are operating the business contemplated under this Agreement as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, or agency relationship between the parties.

Neither party has any fiduciary obligations to the other, or will be liable for the debts or obligations of the other. Neither party has the right to bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed in writing by the parties. You shall conspicuously identify yourself and the business contemplated under this Agreement in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of LMD, and shall place a conspicuous notice, in the form and at such place as LMD prescribes, notifying the public of such independent ownership.

7.2. Insurance Obligations.

7.2.1. You shall maintain in full force and effect at all times during the Term of this Agreement, at your expense, an insurance policy or policies protecting you, LMD and its Affiliates, and their respective directors, officers, shareholders, partners, members, managers, agents, representatives, independent contractors, servants, and employees, against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense arising or occurring upon or in connection with the operation of the business contemplated under this Agreement.

7.2.2. Such policy or policies shall: **(a)** be written by insurer(s) licensed and admitted to write coverage in the state in which the Franchised Business is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide; **(b)** name LMD and its directors, officers, shareholders, partners, members, managers, agents, representatives, independent contractors, servants, and employee as additional insureds on a primary non-contributory basis; and **(c)** comply with LMD's written requirements at the time such policies are obtained, and provide at least the types and minimum amounts of coverage specified below or as described within LMD's written notice to you.

7.2.3. Such policies shall include, at the minimum, the following policies: **(a)** special form property insurance, including business income, extra expense, and off-premises utility services endorsement; **(b)** comprehensive general liability insurance, including products and contractual, in an amount of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate; **(c)** tenant's legal liability in an amount not less than \$300,000 per occurrence; **(d)** employee dishonesty/crime insurance in an amount not less than \$2,500 per occurrence; **(e)** employment practices liability insurance in an amount not less than \$1,000,000 per occurrence; **(f)** automobile liability coverage, including coverage of owned, hired and non-owned vehicles with coverage in amounts not less than \$1,000,000 per occurrence; **(g)** an umbrella liability policy of not less than \$1,000,000; **(h)** worker's compensation an amount not less than \$1,000,000 or statutory for the state in which workers are employed; **(i)** business interruption coverage for a minimum of 12 months sustained loss; and **(j)** maximum deductibles of \$1,000.

7.2.4. In connection with any and all insurance that you are required to maintain under Section 7.2, you and your insurers shall agree to waive their rights of subrogation against LMD, and you shall provide evidence of such waiver in accordance with this Section 7.2

7.2.5. Your obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance which may be maintained by LMD, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 7.3 of this Agreement.

7.2.6. All public liability and property damage policies shall contain a provision that LMD and its Affiliates, although named as an additional insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to LMD, or its Affiliates, directors, officers, shareholders, partners, members, managers, agents, representatives, independent contractors, servants, or employees by reason of your negligence.

7.2.7. At least 10 days prior to the time you are first required to carry insurance, and thereafter at least 30 days prior to the expiration of any policy, you shall deliver to LMD a certificate of insurance evidencing your compliance with this Article 7. Each certificate of insurance shall expressly provide that

no less than 30 days' prior written notice shall be given to LMD in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates.

7.2.8. If you fail to procure or maintain these minimum insurance requirements, LMD or its designee has the right (but is not required) to procure such insurance on your behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to LMD. If this occurs, you shall reimburse LMD the cost of the premium and pay a reasonable administrative fee not to exceed \$500, upon demand.

7.3. Indemnification. You shall indemnify and hold harmless to the fullest extent by law, LMD, its Affiliates and their respective directors, officers, managers, employees, shareholders, and agents, (collectively the “**Indemnitees**”) from any and all “**losses and expenses**” (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with your operation of the business contemplated under this Agreement (an “**event**”), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to you). For the purpose of this Section 7.3, the term “**losses and expenses**” shall be deemed to include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to LMD's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. You shall give LMD prompt notice of any event of which you are aware, for which indemnification is required, and, at your expense and risk, LMD may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that LMD will seek your advice and counsel. Any assumption by LMD shall not modify your indemnification obligation. LMD may, in its sole and absolute discretion, take such actions as it deems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in LMD's sole and absolute discretion, necessary for the protection of the Indemnities or the System.

8. TRANSFER OF INTEREST

8.1. Transfer by LMD. LMD may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of LMD's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of LMD's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that LMD and/or its Affiliates may sell their assets, the Marks, Copyrighted Works or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of LMD's name, the Marks (or any variation thereof), Copyrighted Works and System and/or the loss of association with or identification of Le Macaron Development LLC as the franchisor under this Agreement. You specifically waive any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. You agree that LMD has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's

or business' facilities, and to operate, franchise or license those businesses and/or facilities as LE MACARON FRENCH PASTRIES® Pastry Shops operating under the Marks or any other marks following LMD's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to any LE MACARON FRENCH PASTRIES® Pastry Shop developed under this Agreement).

8.2. Transfer by Individual Developer to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first 12 months of this Agreement by signing LMD's standard form of assignment and assumption agreement if **(a)** the Business Entity is formed solely for purposes of continuing your development rights and obligations, and **(b)** you provide to LMD a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed. LMD will not charge you a fee for this from of transfer during the timeframe stated above; otherwise, for any transfer to a business entity for convenience after the first 12 months of this Agreement, in addition to compliance with this Section 8.2., you must pay LMD the applicable transfer fee set forth on the Summary Pages.

8.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if: **(a)** you have provided to LMD advance notice of the transfer, **(b)** Attachment C to this Agreement has been amended to reflect the new ownership; **(c)** each new Owner has signed a Guaranty and Personal Undertaking in the form of Attachment D; and **(d)** you pay to LMD the applicable transfer fee set forth on Summary Pages.

8.4. Transfer of Agreement; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement, the sale or transfer of all or substantially all of or substantially all of the assets of any Pastry Shop developed hereunder, or the sale of a Controlling Interest in you if you are a Business Entity) require LMD's prior written consent. LMD will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

8.4.1. Your written request for consent and delivery of a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and LMD has determined, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of any Franchised Business in operation at the time of transfer.

8.4.2. The transferee has demonstrated to LMD's satisfaction that the transferee meets LMD's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate each Franchised Business; and has sufficient equity capital to operate each Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of each Franchised Business);

8.4.3. All of your accrued monetary obligations and all other outstanding obligations to LMD, its Affiliates, and third party suppliers shall be up to date, fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and LMD, its Affiliates and your suppliers;

8.4.4. You or the transferee shall have agreed to refurbish each Pastry Shop premises identified by LMD so that it meets LMD's image requirements for new LE MACARON FRENCH PASTRIES® Pastry Shops;

8.4.5. You and each Owner has executed a general release, in a form satisfactory to LMD, of any and all claims against LMD and its Affiliates and their respective officers, directors, managers, shareholders, agents and employees in their corporate and individual capacities, including, without

limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising;

8.4.6. Payment of the applicable transfer fee in the amount set forth in the Summary Pages;

8.4.7. The transferee has executed LMD's then-current form of area development agreement, the terms of which may be materially different than the terms of this Agreement and may include, among other things, a different Development Schedule obligation. The term of such area development agreement shall be the remaining term of this Agreement at the time of transfer;

8.4.8. If the transferee is a Business Entity, then the transferee's Owners each shall sign LMD's standard form of Guaranty and Personal Undertaking;

8.4.9. The transferee must comply with LMD's then-current initial training requirements for the operation of each then-existing Pastry Shop; and

8.4.10. If LMD introduced the buyer to you, you have paid all fees due LMD under its then-current franchise resale policy or program.

8.5. Transfer of Franchise Agreements. Notwithstanding Section 8.4 of this Agreement, you may, with LMD's prior written consent, execute and contemporaneously assign your right to enter into a Franchise Agreement pursuant to this Agreement to a Business Entity under common control with you if **(a)** such Business entity executes and complies with the terms and conditions of the Franchise Agreement; and **(b)** you pay LMD the applicable transfer fee in the amount set forth in the Summary Pages.

8.6. Transfers Void. Any purported transfer, by operation of law or otherwise, made without LMD's prior written consent will be considered null and void and will be considered a material breach of this Agreement.

8.7. Security Interest. You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in this Agreement or the franchise without LMD's written consent.

8.8. Private or Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a private or public offering, you shall first obtain LMD's written consent, which consent shall not be unreasonably withheld. You must provide to LMD for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Marks or otherwise) that LMD is participating in an underwriting, issuance or offering of your securities, and LMD's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. LMD may condition its approval on satisfaction of any or all of the conditions set forth in Section 8.4 and on execution of an indemnity agreement, in a form prescribed by LMD, by you and any other participants in the offering. For each proposed offering, you shall pay to LMD a retainer in an amount determined by LMD, which LMD shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

8.9. Right of First Refusal. If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Franchised Business, or if any Owner receives a bona fide offer to purchase his or her equity interests in you, and you or such Owner wishes to accept such offer, you or the Owner must deliver to LMD written notification of the offer and, except as otherwise provided herein, LMD has the option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair

market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by LMD as in the case of an initial offer. If LMD elects to purchase the seller's interest, closing on such purchase must occur by the later of: **(a)** the closing date specified in the third party offer; or **(b)** within 60 days from the date of notice to the seller of LMD's election to purchase. LMD's failure to exercise the option described in this Section 8.9. shall not constitute a waiver of any of the transfer conditions set forth in this Article 8.

8.10. Transfer Upon Death or Incapacitation. Upon the death or permanent incapacity (mental or physical) of any Owner with an interest in this Agreement, in you, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such Owner shall transfer such interest to a third party approved by LMD within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an inter vivos transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 8.10., the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by LMD within six months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, LMD may, at its option, terminate this Agreement, pursuant to Section 9.5.

8.11. Non-Waiver of Claims. LMD's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of LMD's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which LMD's and the transferee are parties, by the transferee.

9. DEFAULT AND TERMINATION

9.1. Termination In the Event of Bankruptcy or Insolvency. You shall be deemed to be in default under this Agreement, and all rights granted to you in this Agreement shall automatically terminate without notice, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against you and you do not oppose it; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); if you are dissolved; if execution is levied against your business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against any Pastry Shop premises or assets or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

9.2. Termination with Notice and Without Opportunity to Cure. LMD has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: **(a)** you fail to meet the Development Schedule; **(b)** you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that LMD believes is reasonably likely to have an adverse effect on the System; **(c)** there is any transfer or attempted transfer in violation of Article 8 of this Agreement; **(d)** you or any Owner fails to comply with the confidentiality or non-competition covenants in Article 6 and Article 10 of this Agreement; or **(e)** you or any Owner has made any material misrepresentations in connection with your developer application; or **(f)** LMD delivers to you

three or more written notices of default pursuant to this Article 9 within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.

9.3. Termination with 10-Day Cure Period. LMD has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 10 days after delivery of written notice: **(a)** failure to obtain or maintain required insurance coverage; **(b)** failure to pay any amounts due to LMD; **(c)** failure to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); or **(d)** failure to pay any amounts for which LMD has advanced funds for or on your behalf, or upon which LMD is acting as guarantor of your obligations.

9.4. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 9, LMD has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within 30 days after delivery of written notice.

9.5. Termination Related to Death or Permanent Incapacity. LMD has the right to terminate this Agreement if an approved transfer as required by Section 8.10 is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

9.6. Cross-Default. Any default under any agreement between you and LMD or its Affiliates, which you fail to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement.

9.7. Additional Remedies. If you are in Default of this Agreement, LMD may, in its sole discretion, elect to reduce the number of Pastry Shops which you may establish pursuant to the Development Schedule. If LMD elects to exercise this remedy as set forth above, you agree to continue to develop Pastry Shops in accordance with your rights and obligations under this Agreement, as modified. LMD's exercise of its remedy under this Section 9.7 shall not constitute a waiver by LMD to exercise LMD's option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

10. COVENANTS

10.1. Non-Competition During Term of Agreement. You and each Owner acknowledge that you and each Owner will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques and trade secrets of LMD and the System. You and each Owner covenant and agree that during the Term of this Agreement, except as otherwise approved in writing by LMD, you and, if applicable, such Owner, shall not, either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, or legal entity:

10.1.1. Divert or attempt to divert any present or prospective customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

10.1.2. Employ or seek to employ any person who is or has been within the previous 30 days employed by LMD or an Affiliate of LMD as a salaried managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment.

10.1.3. Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with any shop that offers macarons as a menu item, other than a LE MACARON FRENCH PASTRIES® Pastry Shop operated pursuant to a then-currently effective franchise agreement with LMD at any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which LMD or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

10.2. Non-Competition After Expiration or Termination of Agreement. Commencing upon the later of: **(a)** a transfer permitted under Article 8 of this Agreement, expiration of this Agreement, or termination of this Agreement (regardless of the cause for termination) or **(b)** a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 10.2, and continuing for an uninterrupted period of two years thereafter, you shall not either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any shop that offers macarons as a menu item, other than a LE MACARON FRENCH PASTRIES® Pastry Shop operated pursuant to a then-currently effective franchise agreement with LMD, and **(i)** is, or is intended to be, located at the location of the former Franchised Business; **(ii)** within a 10-mile radius of the Pastry Shop; or **(iii)** within a 10-mile radius of any other Pastry Shop operating under the System and Marks in existence or under development at the time of such expiration, termination or transfer. If any Owner ceases to be an Owner of the franchisee for any reason during the franchise time, the foregoing covenant shall apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The obligations described in this Section 10.2 shall be tolled during any period of noncompliance.

10.3. Additional Provisions. The parties acknowledge and agree that LMD has the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 10.1 and 10.2, or any portion thereof, without your consent or the consent of any Owner, effective immediately upon delivery of written notice to the affected party; and you and each Owner agree that such person shall comply forthwith with any covenant as so modified, which shall be fully enforceable. You and each Owner expressly agree that the existence of any claims you may have against LMD, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by LMD of the covenants in this Article 10. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by LMD in connection with the enforcement of this Article 10.

10.4. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 10 would result in irreparable injury to LMD for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by LMD in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

10.5. Exception for Publicly Held Companies. The foregoing restrictions shall not apply to your ownership or any Owner's ownership of less than a 5% beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

11. REPRESENTATIONS

11.1. Representations of LMD. LMD represents and warrants that **(a)** LMD is duly organized and validly existing under the law of the state of its formation; **(b)** LMD is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and **(c)** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within LMD's corporate power and have been duly authorized.

11.2. Representations of Developer.

11.2.1. You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify LMD in writing within 10 days of any change in the information set forth in Attachment C. You further represent to LMD that **(a)** you are duly organized and validly existing under the law of the state of your formation; **(b)** you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification; **(c)** your corporate charter or written partnership or

limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the development and operation of the Franchised Business. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any business that is the same as or similar to a LE MACARON FRENCH PASTRIES® Pastry Shop; and **(d)** The execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under its written partnership or limited liability company agreement and have been duly authorized.

11.2.2. You acknowledge that you have conducted an independent investigation of the proposed franchise, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent on your ability as an independent business person.

11.2.3. Except for representations contained in LMD's franchise disclosure document provided to you in conjunction with this franchise offering, you represent that neither LMD nor its agents or representations have made any representations, and you have not relied on representations made by LMD or its agents or representatives, concerning actual or potential gross sales, expenses or profit of a LE MACARON FRENCH PASTRIES® Pastry Shop.

11.2.4. You acknowledge that you have received a complete copy of LMD's franchise disclosure document at least 14 calendar days before you signed this Agreement or paid any consideration to LMD for your franchise rights.

11.2.5. You acknowledge that you have read and that you understand the terms of this Agreement and its attachments, and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

11.2.6. You represent that neither your property nor any interest in your property, nor the property of any of your Owners, directors, officers, shareholders, partners, members, managers, agents, or employees or their respective interests therein, have been blocked pursuant to Executive Order 13224 of September 23, 2001, pertaining to persons who commit, threaten to commit, or support terrorism ("**Blocked Persons**"). You represent and warrant to LMD that you will not accept money from or employ any Blocked Person.

12. NOTICES

12.1. Notices. All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail; by private overnight delivery; or by or by facsimile or other electronic system. Service shall be deemed conclusively made **(a)** at the time of service, if personally served; **(b)** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; **(c)** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; **(d)** 24 hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and **(e)** at the time of transmission by telecopier, if such transmission occurs prior to 5:00 p.m. on a Business Day and a copy of such notice is mailed within 24 hours after the transmission. Notices and demands shall be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

13. CONSTRUCTION

13.1. Entire Agreement. This Agreement and its Attachments represent the entire fully integrated agreement between the parties and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation that LMD made in the franchise disclosure document

(including its exhibits and amendments) that LMD delivered to you in connection with this franchise offering. Except for those changes permitted to be made unilaterally by LMD hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

13.2. No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.

13.3. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

13.4. Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

13.5. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms have the meaning ascribed to them in Attachment A (“**Glossary of Additional Terms**”). All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

13.6. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. As applicable, each Owner shall execute the Guaranty and Personal Undertaking attached as Attachment D. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person’s obligations hereunder and under the applicable Guaranty and Personal Undertaking.

13.7. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

13.8. Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

14. APPLICABLE LAW; DISPUTE RESOLUTION

14.1. Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties’ relationship created hereby shall be construed under and governed by the laws of the State of Florida (without giving effect to any conflict of laws).

14.2. Mediation.

14.2.1. The parties acknowledge that during the Term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, LMD, you, and each Owner agree to submit any claim, controversy or dispute between LMD or its Affiliates (and LMD’s and its Affiliate’s respective owners, officers, directors, managers, agents, representatives and/or employees) and you or your Affiliates (and your Owners, agents, representatives and/or employees) arising out of or related to **(a)** this Agreement or any other agreement between LMD and you, **(b)** LMD’s relationship with you, or **(c)** the validity of this Agreement or any other

agreement between LMD and you, to mediation before bringing such claim, controversy or dispute in a court or before any other tribunal.

14.2.2. The mediation shall be conducted by a mediator agreed upon by LMD and you and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization (“AAA”) in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city in which Franchisor maintains its principal place of business at the time mediation is initiated. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys’ fees incurred by either party), shall be borne by the parties equally.

14.2.3. If the parties are unable to resolve the claim, controversy or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 14.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

14.2.4. Notwithstanding the foregoing provisions of this Section 14.2, the parties’ agreement to mediate shall not apply to controversies, disputes or claims related to or based on amounts owed to LMD pursuant to this Agreement, the Marks or LMD’s Confidential Information. Moreover, regardless of this mediation agreement, LMD and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

14.3. Venue. With respect to any controversies, disputes or claims which are not finally resolved through mediation as provided in Section 14.2, the parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought and maintained exclusively and within the state and federal judicial district court in which LMD maintains its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Nothing in this Agreement contained shall bar LMD’s right to seek injunctive relief from any court of competent jurisdiction; and you agree to pay all costs and reasonable attorneys’ fees incurred by LMD in obtaining such relief.

14.4. Nonexclusivity of Remedy. No right or remedy conferred upon or reserved to LMD 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.

14.5. WAIVER OF JURY TRIAL. LMD AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

14.6. WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

14.7. Attorneys’ Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys’ fees and costs of suit.

14.8. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates noted below, but effective for all purposes as of the Effective Date.

FRANCHISOR

LE MACARON DEVELOPMENT LLC
a Florida limited liability company

DEVELOPER

a/an _____

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

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

CALIFORNIA AMENDMENT TO AREA DEVELOPMENT AGREEMENT

THIS AMENDMENT TO AREA DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____, 20____ is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the “**Area Development Agreement**”) dated _____, 20____, by and between Le Macaron Development LLC (“**LMD**”), a Florida limited liability company, with its principal office in Sarasota, Florida, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. The California Department of Business Oversight requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq., (collectively, the “**Act**”). To the extent that the Area Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

2. Sections 20000 through 20043 of the California Business and Professions Code provide rights to you concerning nonrenewal and termination of the Area Development Agreement. The Federal Bankruptcy Code also provides rights to you concerning termination of the Area Development Agreement upon certain bankruptcy-related events. To the extent the Area Development Agreement contains a provision that is inconsistent with these laws, these laws will control.

3. As a condition to becoming registered to offer and sell franchises in the State of California, LMD has agreed to defer your obligation to pay the Development Fee until LMD has met its material pre-opening obligations and you have commenced operation of the first LE MACARON® Pastry Shop (the “**Fee Deferral Requirement**”). Therefore, notwithstanding anything to the contrary in Section 3.1 of the Area Development Agreement, payment of the Development Fee is due (a) at such time as when LMD has met all of its material pre-opening obligations to you and you have commenced operation of the first LE MACARON® Pastry Shop, or (b) when the Fee Deferral Requirement has been lifted, whichever occurs sooner.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR

LE MACARON DEVELOPMENT LLC
a Florida limited liability company

DEVELOPER

a/an _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

ILLINOIS AMENDMENT TO AREA DEVELOPMENT AGREEMENT

THIS AMENDMENT TO AREA DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____, 20____ is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the “**Area Development Agreement**”) dated _____, 20____, by and between Le Macaron Development LLC (“**LMD**”), a Florida limited liability company, with its principal office in Sarasota, Florida, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987 (“**FDA**”), 815 ILCS 705/1-44. To the extent that this Area Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of this Area Development Agreement. If this Area Development Agreement contains a provision that is inconsistent with the Act, the Act will control.
- b. Any release of claims or acknowledgments of fact contained in the Area Development Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.
- c. If this Area Development Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act.
- d. If this Area Development Agreement requires that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, Illinois law governing claims arising under the Act will control.
- e. If this Area Development Agreement requires a jury trial waiver, to the extent that such provision conflicts with the Illinois Franchise Disclosure Act, the Act will control.
- f. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

2. As a condition to becoming registered to offer and sell franchises in the State of Illinois, LMD has agreed to defer your obligation to pay the Development Fee as follows: 1) the portion of the Development Fee attributable and credited to the initial franchise fee under the franchise agreement for your first Pastry Shop will be deferred until LMD has met its material pre-opening obligations and you have commenced operation of the first LE MACARON® Pastry Shop; 2) the portion of the Development Fee attributable and credited toward the initial franchise fee for your second Pastry Shop will be deferred until LMD has met its pre-opening obligations and you have commenced operation of your second LE MACARON® Pastry Shop; and 3) the portion of the Development Fee attributable and credited toward the initial franchise fee for each subsequent franchise agreement you sign pursuant to this Agreement will be deferred until that respective Pastry Shop has been opened and LMD has met its related pre-opening obligations (the “**Fee Deferral Requirement**”).

Therefore, notwithstanding anything to the contrary in Section 3.1 of the Area Development Agreement, payment of the Development Fee is due (a) at such time as when LMD has met all of its material pre-

opening obligations to you and you have commenced operation of each respective Pastry Shop as described above; or (b) when the Fee Deferral Requirement has been lifted, whichever occurs sooner.

3. Section 14.3 of the Area Development Agreement is hereby deleted and replaced with the following:

“14.3 Arbitration. Except for actions which LMD may bring in any court of competent jurisdiction for failure to pay Royalty Fees or any other amounts due and owing under this Agreement, or for injunctive or other extraordinary relief, you and LMD agree to submit any claim, controversy or dispute (collectively, “**Dispute**”) between LMD or any of its affiliates (and/or their respective shareholders, officers, directors, agents, representatives and/or employees) and you (and/or your owners, guarantors, agents, representatives and/or employees, as applicable) arising out of or related to **(a)** this Agreement or any other agreement between LMD and you, **(b)** LMD’s relationship with you, **(c)** the validity of this Agreement or any other agreement between LMD and you, or **(d)** any System standard, to arbitration.

The parties agree that notwithstanding anything to the contrary in this Agreement, Disputes shall be submitted to binding arbitration in accordance with this Section 14.3. The arbitration shall be conducted through the American Arbitration Association (“**AAA**”) and in accordance with the AAA’s Commercial Arbitration Rules (“**Rules**”). The arbitration shall be conducted by one (1) arbitrator selected by agreement of the parties or (in the event the parties cannot agree) in accord with the Rules. The arbitrator shall apply the Federal Rules of Evidence during the conduct of the sessions with respect to the admissibility of evidence. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1-16. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof and will be final, binding and non-appealable, except as set forth below. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The place of arbitration shall be in the county in which Franchisor maintains its principal business offices at the time of arbitration, unless otherwise mutually agreed between the parties. LMD reserves the right, but has no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with Section 14.7. The arbitrator, in the conduct of the arbitration, shall not have the authority to declare any Mark generic or otherwise invalid and, to the fullest extent permitted by law, each party waves any right to or claim for any punitive, exemplary, incidental or consequential damages against the other. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The parties agree that all Disputes submitted to arbitration shall be conducted on an individual, and not a class wide, basis, and that only LMD (and its affiliates and its and their respective owners, officers, directors, agents and employees, as applicable) and you (and you affiliates and your and their respective owners, guarantors, officers and directors, as applicable) may be the parties to any arbitration proceeding described in this Section 14.3., and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving LMD and/or any other natural person, association, corporation, partnership, limited liability company or other entity.

If any party to an arbitration wishes to appeal any final award by the arbitrator, such party may appeal, within thirty (30) days of such final award, to a different arbitrator appointed in the same manner as set forth above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial de novo or other fact-finding function. The party requesting such appeal must have paid for a court reporter to make a written record of the arbitration hearing and must pay all costs charged by such appeal panel, as well as posting any bond deemed appropriate by the appeal panel. Any party that does not pay for or share

in the payment for a transcript of the arbitration hearing cannot challenge any ruling by the arbitrator on appeal, even if the opposing party does appeal.”

4. In the event of any conflict between the terms of this Amendment and the terms of the Area Development Agreement, the terms of this Amendment shall prevail.
5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR

LE MACARON DEVELOPMENT LLC
a Florida limited liability company

DEVELOPER

a/an _____

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

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

MARYLAND AMENDMENT TO AREA DEVELOPMENT AGREEMENT

THIS AMENDMENT TO AREA DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____, 20__ is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the “**Development Agreement**”) dated _____, 20__, by and between Le Macaron Development LLC (“**LMD**”), a Florida limited liability company, with its principal office in Sarasota, Florida, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. Any provision requiring you to sign a general release of any and all claims against us shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.
2. Any provision requiring you to bring an action against us in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. Section 14-226 of the Maryland Franchise Registration and Disclosure Law, prohibits LMD from requiring a prospective developer to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions which requires a prospective developer to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law, in order to purchase a franchise 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.
4. Notwithstanding anything to the contrary set forth in the Agreement, any general release the Developer is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability LMD may have incurred under the Maryland Franchise Registration and Disclosure Law.
5. Section 14.3 of the Agreement is amended by the addition of the following language to the original language that appears therein:

“This section shall not in any way abrogate or reduce any of your rights as provided for in Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, including the right to submit matters to the jurisdiction of the Courts of Maryland.”
6. As a condition to becoming registered to offer and sell franchises in the State of Maryland, LMD has agreed to defer your obligation to pay the Development Fee until LMD has met its material pre-opening obligations and you have commenced operation of the first LE MACARON® Pastry Shop (the “**Fee Deferral Requirement**”). Therefore, notwithstanding anything to the contrary in Section 3.1 of the Area Development Agreement, payment of the Development Fee is due (a) at such time as when LMD has met all of its material pre-opening obligations to you and you have commenced operation of the first LE MACARON® Pastry Shop, or (b) when the Fee Deferral Requirement has been lifted, whichever occurs sooner.
7. Notwithstanding anything to the contrary set forth in the Development Agreement, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
8. In the event of any conflict between the terms of this Amendment and the terms of the Development Agreement, the terms of this Amendment shall prevail.
9. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Amendment.

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

FRANCHISOR

LE MACARON DEVELOPMENT LLC

a Florida limited liability company

DEVELOPER

a/an _____

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

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

VIRGINIA AMENDMENT TO AREA DEVELOPMENT AGREEMENT

THIS AMENDMENT TO AREA DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____, 20____ is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the “**Area Development Agreement**”) dated _____, 20____, by and between Le Macaron Development LLC (“**LMD**”), a Florida limited liability company, with its principal office in Sarasota, Florida, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. Under Section 13.1-564 of the Virginia Retail Franchising Act, (the “**Act**”), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause”, as that term may be defined in the Act or the laws of Virginia, that provision may not be enforceable.
2. As a condition to becoming registered to offer and sell franchises in the State of Virginia, LMD has agreed to defer your obligation to pay the Development Fee until LMD has met its material pre-opening obligations and you have commenced operation of the first LE MACARON® Pastry Shop (the “**Fee Deferral Requirement**”). Therefore, notwithstanding anything to the contrary in Section 3.1 of the Area Development Agreement, payment of the Development Fee is due (a) at such time as when LMD has met all of its material pre-opening obligations to you and you have commenced operation of the first LE MACARON® Pastry Shop, or (b) when the Fee Deferral Requirement has been lifted, whichever occurs sooner.
3. In the event of any conflict between the terms of this Amendment and the terms of the Area Development Agreement, the terms of this Amendment shall prevail.
4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR

LE MACARON DEVELOPMENT LLC
a Florida limited liability company

DEVELOPER

a/an _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

**LE MACARON DEVELOPMENT LLC
AREA DEVELOPMENT AGREEMENT**

**ATTACHMENT A
GLOSSARY OF ADDITIONAL TERMS**

“Affiliate” means an affiliate of a named person identified as any person or entity that is controlled by, controlling or under common control with such named person.

“Business Entity” means any person with the power to enter into contracts, other than a natural person. The term includes a corporation, limited liability company, limited partnership, and trust.

“Captive Market” means any facility serving a captive marketplace, including department stores, supermarkets, shopping malls, amusement/theme parks, airports, train stations, travel plazas, casinos, nightclubs, restaurants, public facilities, college and school campuses, arenas, stadiums, ballparks, hospitals, office buildings, convention centers, airlines (in-flight service), military bases, and any other mass gathering events or locations, and facilities of any kind for which food and/or beverage service rights are contracted to a third party or parties (including, but not limited to, designated road ways and facilities adjacent thereto). As used herein, the term “shopping malls” includes any retail center (enclosed or open), including “outlet malls,” with an aggregate gross leasable area in excess of 350,000 square feet.

“Confidential Information” means all trade secrets, and other elements of the System; all customer information; all information contained in the Manuals; LMD’s proprietary recipes and Standards and specifications for product preparation, packaging and service; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Area Development Agreement or Franchise Agreement, and all other information that LMD designates.

“Copyrighted Works” means works of authorship which are owned by LMD and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Marks, LMD’s product packaging and advertising and promotional materials, and the content and design of LMD’s Website and advertising and promotional materials.

“Development Period” means each of the time periods indicated on Attachment B during which you shall have the right and obligation to construct, equip, open and thereafter continue to operate LE MACARON FRENCH PASTRIES® Pastry Shops.

“Franchise Agreement” means the form of agreement prescribed by LMD and used to grant to you the right to own and operate a single Pastry Shop, including all attachments, exhibits, riders, guarantees or other related instruments, all as amended from time to time.

“Franchised Business” means a retail pastry shop operating under the LE MACARON FRENCH PASTRIES® trademark and developed pursuant to this Agreement.

“Force Majeure” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which you could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with you by any lender, landlord, or other person shall be an event of Force Majeure under this Agreement, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. Your financial inability to perform or your insolvency shall not be an event of Force Majeure under this Agreement.

“Owner” means each individual or entity holding a beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. It is the intent of the parties that agreements and actions (or forbearances) to be executed or undertaken by Owners under the Area Development Agreement be executed or undertaken by individuals. Therefore, if an Owner is a Business Entity, each Owner in the Business Entity’s chain of ownership will execute the agreements or undertake (or forbear) the actions required under the Area Development Agreement.

“Private Label Products” means products that are produced or manufactured in accordance with LMD’s proprietary specifications and/or formulas or which LMD designates as “Private Label Products.”

**LE MACARON DEVELOPMENT LLC
AREA DEVELOPMENT AGREEMENT**

**ATTACHMENT B
PASTRY SHOP DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE**

The “Development Area” is described as the following non-exclusive geographic area:

The “Development Schedule” is as follows:

Pastry Shop Number	Franchise Agreement Execution Date	Pastry Shop Opening Date
1		
2		
3		

IN WITNESS WHEREOF, the parties hereof have executed this Attachment B as of the dates shown below but effective for all purposes as of the Effective Date.

FRANCHISOR

LE MACARON DEVELOPMENT LLC
a Florida limited liability company

DEVELOPER

a/an _____

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

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

**LE MACARON DEVELOPMENT LLC
AREA DEVELOPMENT AGREEMENT**

**ATTACHMENT C
ENTITY INFORMATION**

If the developer is an entity, you represent and warrant that the following information is accurate and complete in all material respects as of _____.

- (1) Developer is a _____, formed under the laws of the state of _____.
- (2) You shall provide to LMD concurrently with the execution hereof true and accurate copies of the Developer's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.
- (3) You promptly shall provide such additional information as LMD may from time to time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.
- (4) The name and address of each of Owner:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

- (5) The address where the Developer's Financial Records, and other records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

_____.

FRANCHISOR

LE MACARON DEVELOPMENT LLC
a Florida limited liability company

DEVELOPER

a/an _____

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

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

**LE MACARON DEVELOPMENT LLC
AREA DEVELOPMENT AGREEMENT**

**ATTACHMENT D
GUARANTY AND PERSONAL UNDERTAKING**

1. I have read the Area Development Agreement between Le Macaron Development LLC (“**LMD**”) and _____ (the “**Developer**”).
2. I own a beneficial interest in the Developer, and would be considered an “**Owner**” within the definition contained in Area Development Agreement.
3. I understand that, were it not for this Guaranty and Personal Undertaking (“**Guaranty**”), LMD would not have agreed to enter into the Area Development Agreement with the Developer.
4. I will comply with all of the provisions contained in Article 6 of the Area Development Agreement concerning the use of the Confidential Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Area Development Agreement. I further agree not to disclose any of the Confidential Information, except **(a)** to the Developer’s employees on a need to know basis, **(b)** to the Developer’s and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and **(c)** as otherwise may be required by law.
5. I will comply with all of the provisions contained in Article 8 of the Area Development Agreement concerning the assignment of my Area Development Agreement.
6. While I am an “Owner” of the Developer and, for a two-year period after I cease to be an Owner (or two years after termination or expiration of the Area Development Agreement, whichever occurs first), I will not:
 - (a)** Divert or attempt to divert any present or prospective customer of the LE MACARON FRENCH PASTRIES® Pastry Shop to any competitor or do anything to harm the goodwill associated with the Marks and the System;
 - (b)** Employ or seek to employ any person who is or has been within the previous 30 days employed by LMD or an Affiliate of LMD as a salaried managerial employee, or induce such person to leave his or her employment; or
 - (c)** Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any shop that offers macarons as a menu item, other than a LE MACARON FRENCH PASTRIES® Pastry Shop operated pursuant to a then-currently effective franchise agreement. This restriction shall apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which LMD or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. It will apply for two years after I cease to be an Owner (or two years after termination or expiration of the Area Development Agreement, whichever occurs first) to any location that is, or is intended to be, located in the Area Development Territory. This two-year restrictive period will be tolled during any period for which I am not compliant with this covenant.

7. I agree that the provisions contained in Article 14 of the Area Development Agreement will apply to any dispute arising out of or relating to this Guaranty. If LMD brings any legal action to enforce its rights under this Guaranty, I will reimburse LMD its reasonable attorneys' fees and costs.

8. I hereby guarantee the prompt and full payment of all amounts owed by the Developer under the Area Development Agreement.

9. I will pay all amounts due under this Guaranty within 14 days after receiving notice from LMD that the Developer has failed to make the required payment. I understand and agree that LMD need not exhaust its remedies against the Developer before seeking recovery from me under this Guaranty.

10. No modification, change, impairment, or suspension of any of LMD's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Developer has pledged other security or if one or more other persons have personally guaranteed performance of the Developer's obligations, I agree that LMD's release of such security will not affect my liability under this Guaranty.

11. I hereby waive (a) all rights described in California Civil Code Section 2856(a)(1)-(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available to the undersigned by reason of California Civil Code Sections 2787 to 2855, inclusive; and (b) California Civil Code Sections 2899 and 3433.

12. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING LMD, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE AREA DEVELOPMENT AGREEMENT AND/OR THE PERFORMANCE OF ANY PARTY UNDER THE AREA DEVELOPMENT AGREEMENT.**

13. I understand that LMD's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to LMD under applicable law.

14. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after electronically confirmed transmission by facsimile or other electronic system; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to LMD written notice of the change.

Executed on the date set forth below:

GUARANTOR(S)

Dated: _____

Name: _____, Individually

Address for notices: _____

Dated: _____

Name: _____, Individually

Address for notices: _____

**LE MACARON DEVELOPMENT LLC
AREA DEVELOPMENT AGREEMENT**

**ATTACHMENT E
FORM OF FRANCHISE AGREEMENT**

[REFER TO EXHIBIT C OF THIS DISCLOSURE DOCUMENT]

EXHIBIT C
LE MACARON DEVELOPMENT LLC
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT



**LE MACARON DEVELOPMENT LLC
FRANCHISE AGREEMENT**

**LE MACARON FRANCHISE LLC
FRANCHISE AGREEMENT**

SUMMARY PAGES

EFFECTIVE DATE:	_____
FRANCHISEE:	_____
ADDRESS FOR NOTICES:	_____
MANAGING OWNER:	_____
Telephone Number:	_____
Facsimile Number:	_____
Email Address:	_____
KEY PERSON:	_____
Telephone Number:	_____
Facsimile Number:	_____
Email Address:	_____
SITE SELECTION AREA:	_____
CONTROL DATE:	_____
INITIAL FRANCHISE FEE:	\$45,000
OPENING ASSISTANCE FEE:	\$5,000
ROYALTY FEE:	6% of Gross Sales
MARKETING FEE:	Up to 1% of Gross Sales
LOCAL MARKETING EXPENDITURE:	1% of Gross Sales
GRAND OPENING MARKETING:	\$2,500 for Traditional Pastry Shop or Permanent Kiosk \$1,000 for Mobile Kiosk
RENEWAL FEE:	An amount equal to 10% of the then-current initial franchise fee generally charged to new LE MACARON FRENCH PASTRIES® franchisees
TRANSFER FEE:	☐ \$500 (transfer to a business entity, refer to <u>Section 12.2.</u>); or ☐ \$2,500 (transfer of non-controlling interest, refer to <u>Section 12.3.</u>); ☐ 35% of the then-current initial franchise fee, plus reimbursement of LMD's costs (transfer of Franchise Agreement, all or substantially all of your assets, or controlling interest to existing System franchisee or System franchisee affiliate, refer to <u>Section 12.4.</u>); or

Franchisor Initials

Franchisee Initials

☐ 50% of the then-current initial franchise fee, plus reimbursement of LMD's costs (transfer of Franchise Agreement, all or substantially all of your assets, or controlling interest, refer to Section 12.4.)

RELOCATION FEE:

25% of the Initial Franchise Fee imposed on new franchisees at the time of proposed relocation

**FRANCHISOR ADDRESS
FOR NOTICE:**

Le Macaron Development LLC
Attention: Chief Executive Officer
2300 Bee Ridge Road, #401
Sarasota, Florida 34239

Franchisor Initials

Franchisee Initials

**LE MACARON DEVELOPMENT LLC
FRANCHISE AGREEMENT
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STATE SPECIFIC AMENDMENT

ATTACHMENT

Attachment A	Glossary of Additional Terms
Attachment B	The Pastry Shop Location, Protected Area, and Opening Date
Attachment C	Entity Information
Attachment D-1	Guaranty and Personal Undertaking
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Attachment E	ACH Authorization
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Attachment G	Mobile Kiosk Amendment
Attachment H	Franchisee Questionnaire

LE MACARON DEVELOPMENT LLC FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into as of the Effective Date reflected in the Summary Pages (the “**Effective Date**”) by and between Le Macaron Development LLC, a Florida limited liability company with its principal office in Sarasota, Florida (“**LMD**”), and the Franchisee identified in the Summary Pages (referred to in this Agreement as “**you**”).

A. LMD has acquired the license to use and to sublicense the use of a distinctive business format and system relating to the establishment and operation of a pastry shop, featuring a variety of signature macarons and other assorted French pastries, such as croissants, pains au chocolat, French madeleines, éclairs, pies, napoleons, and cakes, as well as chocolates, gelato, an assortment of domestic and European coffees, non-alcoholic (and in certain cases alcoholic) beverages, and other related items under the name “LE MACARON FRENCH PASTRIES” (the “**System**”).

B. The distinguishing characteristics of the System include, without limitation, distinctive interior and exterior design, décor, color scheme, graphics, fixtures and furnishings, our proprietary recipes, the right to sell LMD’s Private Label Products, procedures for preparing, packaging, and serving pastry items, operation and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that LMD designates for developing, operating, and managing a LE MACARON FRENCH PASTRIES® Pastry Shop, including all types of Pastry Shop, including Traditional Pastry Shop, Permanent Kiosk, and Mobile Kiosk location (each a type of “**Pastry Shop**”), all of which LMD may change, improve, and further develop (collectively, the “**Standards**”).

C. The Pastry Shop is identified by the LE MACARON FRENCH PASTRIES® service mark, and other proprietary trademarks, service marks, logos, emblems, trade dress, catch phrases, and other indicia of origin, as are now designated and may hereafter be designated by LMD in writing for use in connection with identifying businesses operating according to the System (the “**Marks**”).

D. You desire to enter into the business of operating a pastry shop under the System and Marks (the “**Franchised Business**”) and LMD desires to grant you such rights, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration for the mutual premises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT

1.1. Grant.

1.1.1. Subject to the provisions of this Agreement, LMD hereby grants you the nonexclusive right (“**Franchise**”) to continuously operate a LE MACARON FRENCH PASTRIES® Pastry Shop at the premises identified (or to be identified) in Attachment B, and to use the Marks in the operation and promotion of the Franchised Business. You hereby undertake the obligation and agree to continually operate the Franchised Business during the term hereof and strictly according to the terms and conditions of this Agreement.

1.1.2. LMD further grants to you the right to cater and deliver in your Protected Area in compliance with catering and delivery guidelines and standards established by LMD from time to time, and you agree to provide catering and delivery services only in accordance with the guidelines and standards set by LMD. If LMD allows you cater and/or deliver outside of your Protected Area, but later revokes this right, you agree to immediately comply with such revocation.

1.1.3. This Agreement grants you no right, among others, to **(a)** sublicense the use of the System or Marks, **(b)** to co-brand with another concept, or **(c)** to distribute LE MACARON FRENCH PASTRIES®

products or Private Label Products through wholesale channels, such as supermarkets, convenience stores or other retailers, or through food service providers such as restaurants or airlines through in-flight services.

1.2. Protected Area. During the term of this Agreement, LMD shall not own or operate, or grant anyone else the right to operate, a LE MACARON FRENCH PASTRIES® Pastry Shop within the Protected Area identified in Attachment B (which excludes Captive Markets).

1.3. Reservation of Rights. LMD reserves to itself all other rights in and to use the Marks, including the right **(a)** to own and operate and to grant others the right to own and operate LE MACARON FRENCH PASTRIES® Pastry Shops outside the Protected Area; **(b)** to operate LE MACARON FRENCH PASTRIES® Pastry Shops and license the use of the Marks and System in Captive Market within and outside the Protected Area; and **(c)** the right to distribute products and services identified by the Marks, such as pre-packaged products and POS Systems, through alternative channels of distribution including grocery stores, supermarkets, convenience stores, restaurants, and via mail order, catalog sales, and/or the Internet.

1.4. Right to Operate Businesses Under Different Marks, and Operation of Other Businesses Under the LE MACARON FRENCH PASTRIES® Brand. Nothing in this Agreement prohibits or restricts LMD from **(a)** owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (*i.e.*, a mark other than LE MACARON FRENCH PASTRIES®), whether or not the business is the same as or competitive with LE MACARON FRENCH PASTRIES® Pastry Shops; or **(b)** owning, operating, or franchising one or more businesses offering products or services other than macarons under the name “LE MACARON FRENCH PASTRIES” or some derivative of the Marks.

2. TERM

2.1. Term. The term of this Agreement begins on the Effective Date and expires, unless earlier terminated, on the 10th anniversary of the Effective Date, regardless of the date on which the Pastry Shop opens to the public for business.

2.2. Renewal. You may renew the franchise granted by this Agreement for three consecutive five-year terms if, at the end of each term, each of the following conditions has been satisfied: **(a)** you have notified LMD of your intent to renew the franchise no less than 12 months and no more than 24 months before the then-current term expiration date; **(b)** you are not in default of any material provision of this Agreement and you have complied with the materials terms and conditions of this Agreement throughout the term; **(c)** you have satisfied all monetary obligations owed to LMD, its Affiliates and third party suppliers; **(d)** you have renovated and refurbished the Pastry Shop premises so that they reflect LMD’s then-current image, trade dress, equipment, and furnishings requirements; **(e)** you have the right to remain in possession of the Pastry Shop premises, or have secured an alternate site with LMD’s prior approval; **(f)** you comply with the then-current qualifications and training requirements; **(g)** you sign LMD’s then-current form of franchise agreement, the terms of which may be materially different than the terms of this Agreement, and each Owner executes a guaranty and personal undertaking in the form LMD prescribes; **(h)** you and each Owner sign a general and full release in favor of LMD and its Affiliates, and their respective, officers, directors, shareholders, members, managers, employees, and agents, of any claims arising out of or for all claims, including those related to the franchise relationship including the offer and sale of the LE MACARON FRENCH PASTRIES® franchise opportunity; and **(i)** the Renewal Fee, in the amount specified in the Summary Pages, has been paid.

2.3. Operation after Expiration of Term. If this Agreement expires and you continue to operate the LE MACARON FRENCH PASTRIES® Pastry Shop after expiration, LMD may, at its option declare you to be holding over. In such event, the terms of this Agreement will govern the parties’ relationship, provided that **(a)** either party may terminate the relationship at any time, for any reason or for no reason, by delivering

to the other party written notice of termination; and **(b)** the royalty fees due and payable during such holdover period shall be 150% of the royalty fees due and payable under this Agreement.

3. SITE SELECTION, CONSTRUCTION; PASTRY SHOP LOCATION

3.1. Site Selection. You must identify and acquire a site for the Pastry Shop by the Control Date (the “**Control Date**”) specified in the Summary Pages and Attachment B. The site must be located within the Site Selection Area (the “Site Selection Area”) identified in Attachment B, must meet LMD’s then-current site selection criteria, and must otherwise be mutually acceptable to you and to LMD. LMD may assist you in site selection, in its sole discretion, which assistance may include making available to you the services of a third party commercial realtor. If LMD requires you to use the services of a commercial realtor, you agree to work with the realtor and pay any fees imposed by the realtor (which LMD may impose and collect on the commercial realtor’s behalf). Ultimate site selection is solely your responsibility. Once you have acquired the site for the Pastry Shop, LMD and you will mutually agree upon a Protected Area and Attachment B will be supplemented accordingly.

3.2. Franchise Site Application. For each proposed site that you identify, you must deliver to LMD such information about the site as LMD may reasonably request to perform its evaluation. This information may include, among other things, a description of the proposed site, demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics (including the purchase price, rental obligations, and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises. You will be required to submit a location that we accept within three months of signing the franchise agreement. LMD will accept or refuse to accept a proposed site within 30 days after the receipt of these documents and any additional information as LMD may reasonably require. LMD’s failure to provide notification within this time period shall not be considered either as acceptance or refusal. **The parties acknowledge and agree that LMD’s site acceptance is not an assurance that the Pastry Shop will achieve a certain sales volume or level of profitability; it means only that the proposed site meets LMD’s minimum criteria for LE MACARON FRENCH PASTRIES® Pastry Shops.**

3.3. Lease. If you will occupy the Pastry Shop premises under a lease with a third-party landlord, LMD has the right to accept the lease terms, and the lease shall not be signed until it has been reviewed and accepted by LMD. **The parties acknowledge and agree that LMD’s acceptance of a lease does not mean that the economic terms of the lease are favorable; it means only that the lease contains the lease terms that LMD requires.** The lease also must contain the terms reflected in Attachment F, including LMD’s option to assume the lease in the event of expiration or termination of this Agreement. The lease must be completed on or before the Control Date, and you shall provide to LMD a fully executed copy of the lease within 10 days after its execution.

3.4. Pastry Shop Design and Build Out. You shall follow LMD’s procedures for Pastry Shop construction and build out, shall construct and build out the Pastry Shop according to LMD’s Standards and specifications for design, décor and layout, and shall equip the Pastry Shop according to LMD’s requirements for fixtures, furnishings, equipment, interior and exterior signage, artwork and graphics. You are solely responsible for obtaining all government approvals, zoning classifications, permits, and clearances related to the Pastry Shop, and for complying with applicable requirements of the Americans with Disabilities Act. During construction, you must maintain general liability and property damage insurance of the type and with the limits LMD requires, protecting you, LMD, and its Affiliates, and their respective directors, officers, shareholders, partners, members, managers, agents, representatives, independent contractors, servants, and employees. Such policy or policies shall be written by a responsible insurer or insurers acceptable to LMD and shall contain a waiver of subrogation in favor of LMD and its Affiliates, and their respective directors, officers, shareholders, partners, members, managers, agents, representatives, independent contractors, servants, and employees. You shall notify LMD in writing when

construction begins, and thereafter shall provide a monthly progress report. LMD and its designees have the right to inspect the site at all reasonable times.

If the Pastry Shop is to be a kiosk location, you agree to purchase the kiosk from LMD's Designated Supplier. The kiosk will be designed, constructed, and equipped, and will include such signage in line with LMD's standards for Pastry Shop kiosks.

3.5. **Opening.** When a site is identified, the parties will mutually agree on an opening date ("**Opening Date**"), which will be no later than three months from the date you take possession of the site, and will be reflected on Attachment B. You may open the Pastry Shop for business only with prior written permission of LMD, which will be granted only if **(a)** all amounts due to LMD under this Agreement have been paid, **(b)** the Pastry Shop has been constructed and equipped according to LMD's Standards and specifications, **(c)** all of your pre-opening and training obligations have been satisfied, **(d)** the Pastry Shop has obtained required permits and governmental agency approvals, **(e)** the Pastry Shop has fulfilled local ordinance requirements, **(f)** LMD has received from you a signed ACH Authorization (Attachment E) by no later than the Control Date, **(g)** LMD has received from you a fully executed copy of your Pastry Shop lease containing the mandatory lease terms described in Attachment E; **(h)** LMD has received from you certificates of insurance as required by Article 11; and **(i)** you are otherwise in good standing under this Agreement.

3.6. **Relocation.** You may relocate the Pastry Shop only with LMD's prior written consent. LMD will grant its consent if your lease expires or terminates through no fault of yours, or if the Pastry Shop premises is destroyed or materially damaged by fire, flood, or other natural catastrophe (an "**Innocent Loss or Casualty**") and you are not in default of this Agreement or any other agreement between you and LMD. Selection of the relocation site and Pastry Shop construction, renovation, and opening shall be governed by this Article 3. If the relocation occurred as a result of the loss of an Innocent Loss or Casualty, the Pastry Shop must be open for business at the new location within six months of closing at the previous location. If the relocation occurred for any other reason, the Pastry Shop must be open for business at the new location within five days of closing at the previous location and you must pay to LMD the Relocation Fee indicated on the Summary Pages, which is due before you begin to search for a new location. You are solely responsible for all relocation costs and expenses, including, as we deem necessary, payment of our then-current relocation fee.

4. FEES

4.1. **Initial Franchise Fee.** Upon execution of this Agreement, you shall pay LMD an Initial Franchise Fee in the amount specified in the Summary Pages. The Initial Franchise Fee is fully earned by LMD when paid and is not refundable.

4.2. **Royalty Fee.** During the term of this Agreement, you shall pay to LMD a nonrefundable and continuing royalty fee in the amount specified in the Summary Pages for the right to use the System and the Marks. If any taxes, fees, or assessments are imposed on your payment of the royalty fee (except taxes imposed on LMD's net taxable income), you must also pay the amount of those taxes, fees, or assessments within 15 days after receipt of LMD's written notice to you.

4.3. **Opening Assistance Fee.** On execution of this Agreement, you shall pay LMD the Opening Assistance Fee in the amount specified in the Summary Pages. The Opening Assistance Fee offsets our costs in supporting your efforts to find and develop a site for the Pastry Shop. The Opening Assistance Fee is non-refundable and fully earned by LMD when paid.

4.4. **Other Payments.** In addition to all other payments provided in this Agreement, you shall pay LMD and its Affiliates promptly when due:

4.4.1. All amounts advanced by LMD or which LMD has paid, or for which it has become obligated to pay on your behalf for any reason whatsoever.

4.4.2. The amount of all sales taxes, use taxes, personal property taxes and similar taxes, which shall be imposed upon you and required to be collected or paid by LMD **(a)** on account of your Gross Sales, or **(b)** on account of initial franchise fees, royalty fees or advertising fees collected by LMD from you (but excluding ordinary income taxes). LMD, in its discretion, may collect the taxes in the same manner as royalty fees are collected and promptly pay the tax collections to the appropriate governmental authority; provided, however, that unless LMD so elects, it shall be your responsibility to pay all sales, use or other taxes now or hereinafter imposed by any governmental authorities on initial franchise fees, royalty fees and advertising fees.

4.4.3. Amounts due relating to your participation in marketing programs pursuant to Sections 9.6., 9.7., and 9.8 of this Agreement.

4.4.4. All amounts due for any reason, including on account of purchases of supplies or services relating to the Franchised Business.

4.5. No Set-Off Rights. You may not set off, deduct or otherwise withhold any fees or other amounts due LMD under this Agreement on grounds of alleged nonperformance by LMD of any of its obligations or for any other reason. Withholding royalty fees or any other amounts due LMD is a material breach of this Agreement.

4.6. Accounting Period. LMD has the right to define applicable accounting periods, for purposes of calculating and paying amounts due under this Agreement. Each period, which may be defined in terms of days, weeks, or months, in LMD's sole discretion, will be considered an **"Accounting Period"** for all purposes under this Agreement. LMD has the right to change or modify the definition of an Accounting Period, in its discretion, for the entire LE MACARON FRENCH PASTRIES® franchise System, generally, or for you, individually, if you fail to comply with this Agreement. LMD shall provide you at least 30 days advance written notice of any change in Accounting Period affecting the LE MACARON FRENCH PASTRIES® franchise System, or at least 30 days advance written notice of any change in Accounting Period affecting you, individually, based on your noncompliance under this Agreement. You shall make all changes necessary to conform to such change or modification.

4.7. Payment Terms. All payments required by this Agreement shall be paid within the time LMD specifies (the **"Due Date"**). If the Due Date is not a Business Day, then payment shall be due on the next Business Day.

4.8. Payment Procedures. LMD shall determine the amount of the royalty fee and other amounts due under this Agreement by accessing and retrieving Gross Sales data from your computer system on, as permitted by Article 10. On each Due Date, LMD will transfer from your commercial bank operating account (**"Account"**) the royalty fee and Fund contributions due and owing. Any overpayment will be credited against future payments due under this Agreement.

4.9. Electronic Fund Transfer. You shall participate in LMD's then-current electronic funds transfer program authorizing LMD to use a pre-authorized bank draft system. You shall: **(a)** comply with LMD's procedures, as specified in the Manual or otherwise in writing; **(b)** perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 4.9; **(c)** give LMD an authorization in the form designated by LMD to initiate debit entries and/or credit correction entries to the Account for payments of the royalty fee and other amounts payable under this Agreement, including any interest charges; and **(d)** make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof. Notwithstanding the provisions of this Article 4, LMD reserves the right to modify, at its option, the method by which you pay the royalty fee and other amounts owed under this Agreement upon receipt of written notice by LMD. Your failure to have sufficient funds in the Account is a material breach of this Agreement.

4.10. Interest; Nonsufficient Funds Charge. Any payments not received by LMD by the Due Date will accrue interest at the rate of 18% per annum or the highest lawful interest rate permitted by the jurisdiction

in which the Pastry Shop operates, whichever is less. If any check, draft, electronic or otherwise, is returned for insufficient funds, you shall pay to LMD a nonsufficient funds charge in the amount of \$100 (which may be increased each year by an amount not to exceed 10% of the then-current amount) and reimburse LMD for all expenses that it incurs on account of such nonsufficient funds.

4.11. Partial Payments; Application of Payments. If you pay less than the amount due, your payment will be considered a partial payment on account. LMD may accept such payment as a partial payment, irrespective of any endorsement or other statement that the payment constitutes full payment. LMD's acceptance of such partial payment will not be considered a waiver of any of its right to demand or receive full payment, and you hereby waive any estoppel defense in this regard. LMD may apply your payments to any indebtedness, in its sole and reasonable discretion, regardless of any designation that accompanies the payment.

4.12. Payment of Taxes. To the extent that any sales, excise, or similar taxes are imposed on payments for goods or services provided by LMD, you shall pay such taxes.

4.13. Administration Fees, Collection Costs and Expenses. If you fail to comply with any of the terms or conditions of this Agreement, LMD has the right to impose, and you shall pay on demand, an administrative fee, in an amount not to exceed \$100 per hour, for all time spent by LMD's personnel in connection with addressing and resolving your failure to comply with the terms of this Agreement (including, for example, your failure to timely provide financial information, a copy of your lease, a copy of your insurance certificate, *etc.*). You also must promptly reimburse LMD for any and all costs and expenses that it incurs in enforcing the terms of this Agreement including, without limitation, fees paid to a collection agency and reasonable attorneys' fees and accountants' fees. Such reimbursement is in addition to and not in lieu of any other remedies available to LMD under this Agreement or at law.

5. TRAINING AND ASSISTANCE

5.1. Initial Training. Before you may open the Pastry Shop for business, LMD will provide, and your Managing Owner must attend and complete to LMD's satisfaction, LMD's initial training program. The initial training program will take place at a location and time that LMD designates. Up to two individuals, including your Managing Owner, may attend LMD's initial training program without charge. At your request, LMD may permit additional individuals to attend the same training program, subject to space availability and payment of a reasonable tuition. You are responsible for all costs and expenses of complying with LMD's training requirements including, without limitation, tuition and registration costs and salary, travel, lodging, and dining costs for all of your employees who participate in the training.

5.2. Pastry Shop Opening Assistance.

5.2.1. If this Agreement is being signed in conjunction with your first LE MACARON FRENCH PASTRIES® Pastry Shop, LMD will make available one individual to provide you with one day of on-site Pastry Shop opening assistance. There is no additional fee for such assistance and we will cover all out of pocket costs we incur in connection with providing such assistance, including salary, travel, lodging and dining costs for the individual providing such assistance. At your request, or if LMD deems necessary, LMD shall provide additional on-site opening assistance, subject to availability of personnel. In such event, LMD has the right to charge (and you agree to pay) a per diem fee per individual providing such assistance per day, and you must reimburse LMD for all out of pocket costs that it incurs in connection with providing such additional assistance, including salary, travel, lodging and dining costs for the individual(s) providing such assistance.

5.2.2. If this Agreement is being signed in conjunction with your second or additional LE MACARON FRENCH PASTRIES® Pastry Shop, there is no mandatory pre-opening assistance requirement or commitment. However, LMD may elect to provide such on-site opening assistance as it deems necessary and appropriate, in its sole discretion. In such event, LMD has the right to charge (and you agree to pay) a per diem fee per individual providing such assistance per day, and you must reimburse

LMD for all out of pocket costs that it incurs in connection with providing such on-site opening assistance, including salary, travel, lodging and dining costs for the individual(s) providing such assistance.

5.3. Pre-Opening Consultation. LMD shall provide such pre-opening consultation and advice as it deems appropriate, which will include advice with regard to the site selection, design layout, floor plans and specifications, construction drawings, equipment, and may include advice with regard to the development and operation of the Pastry Shop, furnishings, fixtures, employee recruiting, selection, and training, purchasing and inventory control, and such other matters as LMD deems appropriate.

5.4. Ongoing Consultation. LMD shall provide such ongoing consultation and advice as it deems appropriate, which may include information about new product development, trade dress updates, instruction concerning the operation and management of a LE MACARON FRENCH PASTRIES® Pastry Shop, advertising and marketing advice, mystery shops and guest feedback programs, and financial and accounting advice. Such consultation and advice may be provided, in LMD's discretion, through Pastry Shop visits by LMD personnel, via meetings, seminars or conferences, and/or through dissemination of electronic or printed materials.

5.5. Additional Training. You shall cause your Managing Owner, Key Person and other employees that LMD designates to attend such additional courses, seminars, and other training programs as LMD may reasonably require. LMD may charge a reasonable tuition for these additional courses, seminars, or other training programs, and you are responsible for all training-related costs and expenses including, without limitation, salary, travel, lodging, and dining costs for all employees who participate in the training.

5.6. Performance by Delegate. You acknowledge and agree that any rights or duties of LMD may be exercised and/or performed by any of LMD's designees, agents, or employees.

6. OPERATION OF THE FRANCHISED BUSINESS

6.1. General Operating Requirements. You understand and acknowledge that every detail of the System is essential to maintain and enhance the goodwill associated with the Marks and the integrity of the brand. Accordingly, you agree as follows:

(a) To operate the Franchised Business according to the highest applicable health standards and ratings, to timely obtain any and all permits, certificates, or licenses necessary for the lawful operation of the Franchised Business, to operate the Franchised Business according to LMD's operating methods, Standards, and specifications, and to maintain, at all times, a high moral and ethical standard in the operation of the Franchised Business.

(b) To accept debit cards, credit cards, stored value cards, or other non-cash systems that LMD specifies periodically to enable customers to purchase pastry items and other authorized goods and services, to install all hardware and/or software necessary to accept such payments, and to implement and follow the Payment Card Industry Data Security Standards and other standards relating to the protection of personal identification and credit card information.

(c) To notify LMD by telephone and confirm in writing within 72 hours of any investigation or violation, actual or alleged, concerning any health, liquor or narcotics laws or regulations, and notify LMD in writing within five days of the commencement of any investigation, action, suit or proceeding, and the issuance of any order, writ, injunction, award, or decree of any court, agency or other government instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

(d) Upon the occurrence of a Crisis Management Event, to immediately inform LMD's Chief Executive Officer (or as otherwise instructed in the Manuals) by telephone, and to cooperate fully with LMD with respect to LMD's response to the Crisis Management Event.

(e) To process and handle all consumer complaints connected with or relating to the Pastry Shop, and promptly notify LMD of all: (i) food related illnesses; (ii) safety or health violations; (iii) claims exceeding \$1,000; and (iv) any other material claims against or losses suffered by the Franchised Business.

You shall maintain any communications with governmental authorities affecting the Pastry Shop during the term of this Agreement and for one year after the expiration or earlier termination hereof. If any customer of the Franchised Business contacts LMD to report a complaint about Franchisee's Pastry Shop, the parties agree that LMD may, in its discretion, compensate the customer in such manner as LMD determines appropriate, and you agree to reimburse LMD the amount of such compensation upon demand by LMD.

6.2. Managing Owner; Key Person.

6.2.1. If you operate one LE MACARON FRENCH PASTRIES® Pastry Shop, the Pastry Shop must be supervised by the Managing Owner. If the franchisee is an individual or general partnership, the Managing Owner will be the individual franchisee or one of the general partners. If the franchisee is a Business Entity, the Managing Owner will be an individual with at least a 20% equity interest in the franchisee. The Managing Owner shall have full control over the day-to-day Pastry Shop management and operations. The Managing Owner must attend and successfully complete LMD's initial training program and all additional training (including food safety training) that LMD requires, to LMD's satisfaction. Unless a Key Person is appointed, as described below, the Managing Owner shall devote his or her full time efforts to Pastry Shop operations, and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. LMD shall have approved the Managing Owner as meeting its then-current qualifications for such position. If the Managing Owner ceases to serve in, or no longer qualifies for, such position, you shall designate another qualified person to serve as your Managing Owner within 30 days after the date the prior Managing Owner ceases to serve or no longer qualifies to serve. Any proposed replacement Managing Owner must successfully complete the initial training program and such other training (including food safety training) required by LMD, and be approved by LMD, before assuming his or her position as Managing Owner and, in no event, later than 90 days after the previous Managing Owner ceased to serve in such position.

6.2.2. If you operate more than one LE MACARON FRENCH PASTRIES® Pastry Shop, or if the Managing Owner will not devote full time efforts to the management and operation of the Pastry Shop governed by this Agreement then, in addition to the Managing Owner, you must appoint an individual to serve as your Key Person. Your Key Person shall have full control over the day-to-day Pastry Shop management and operations. Your Key Person is not required to hold any equity interest in the franchise, but must have completed LMD's initial training program, and all additional training (including food safety training) that LMD requires, to LMD's satisfaction. Your Key Person shall devote his or her full time efforts to Pastry Shop management and operations, and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. LMD shall have approved the Key Person as meeting its then-current qualifications for such position, and shall not have later withdrawn such approval. If the Key Person ceases to serve in, or no longer qualifies for, such position, you shall designate another qualified person to serve as your Key Person within 30 days after the date the prior Key Person ceases to serve or no longer qualifies to serve. Any proposed replacement Key Person must successfully complete the initial training program and such other training (including food safety training) required by LMD, and be approved by LMD, before assuming his or her position as Key Person and, in no event, later than 90 days after the previous Key Person ceased to serve in such position.

6.3. Employee Policy; Uniforms and Employee Appearance. You shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as LMD may establish from time to time in the Manuals or otherwise in writing. You shall cause all employees, while working at the Pastry Shop, to: **(a)** wear uniforms of such color, design, and other specifications as LMD may designate from time to time, and **(b)** present a neat and clean appearance. In no case shall any of your employees wear his or her LE MACARON FRENCH PASTRIES® uniform while working for you at any location other than the Franchised Business.

6.4. Authorized Offerings. You must offer and sell all product items that LMD requires, and only those product items that LMD has approved. You shall order the prepared macarons from our Designated Supplier and serve them at your store according to our Standards and procedures for preparation, presentation and service as communicated to you from time to time via the Manual or other written directives. Such Standards and procedures may include, without limitation, adherence to recipes (including use of prescribed ingredients and prescribed measure of ingredients), use of containers and paper goods bearing the Marks, packaging procedures, product holding times and other standards for displaying for sale product items and other merchandise. LMD may add, eliminate, or modify authorized product items, goods and services, in its sole discretion. There are no contractual limitations on LMD's rights to make these changes. You shall participate in all market research programs that LMD requires, which includes test-marketing new products, purchasing a reasonable quantity of new products for test-marketing, promoting the sale of the new products, and providing LMD with timely reports and test results for all such programs. You shall participate in all telephone, online, and other ordering programs developed for use by LE MACARON FRENCH PASTRIES® Pastry Shops, and pay all third party fees required for such participation.

6.5. Purchase Requirements. You shall purchase and install, at your expense, all fixtures, furnishings, equipment, décor, signs, and other items as LMD may reasonably direct; and shall refrain from installing or permitting to be installed on or about the Pastry Shop premises any fixtures, furnishings, equipment, décor, signs, vending or game machines, payphones, automatic teller machines, Internet kiosks, or other items not approved for use by LMD. In addition, you shall purchase and use only ingredients, containers, packaging materials, and supplies as conform to LMD's Standards and specifications; and shall purchase, use, offer and/or promote the food and beverage products and other ingredients which are produced or manufactured in accordance with LMD's proprietary recipes, specifications and/or formulas or which LMD designates as POS Systems, Private Label Products, or Proprietary Products.

6.6. Purchases from Designated Sources.

6.6.1. You agree to purchase only from LMD or suppliers designated by LMD ("**Designated Suppliers**"): **(a)** fixtures, furniture, equipment, signs, items of décor, **(b)** food products and ingredients developed by or for LMD or pursuant to a special recipe, formula, or specifications, **(c)** all fountain and bottled, and other beverages, **(d)** uniforms, shirts, POS Systems, and all merchandise and items intended for retail sale (whether or not bearing our Marks), **(e)** advertising, point-of-purchase materials and other printed promotional materials, **(f)** gift certificates and stored value cards, **(g)** stationery, business cards, contracts, and form, and **(h)** bags, packaging, and supplies bearing our Marks. In addition to Designated Suppliers, LMD may require you to buy your requirements of food, ingredients and supplies from approved or designated third party distributors ("**Designated Distributors**"), and you shall comply with all such requirements. LMD may receive money or other benefits from Designated Suppliers and Designated Distributors based on your purchases; you agree that LMD has the right to retain and use all such benefits as it deems appropriate, in its sole discretion. You understand and agree that LMD and any Designated Distributor may set such minimum purchase requirements, payment terms, purchase order deadlines, and other such purchase, order, payment and delivery terms as they determine and you agree to abide by such terms set.

6.6.2. You may purchase items and services for which LMD has not identified Designated Suppliers or Designated Distributors from any supplier, so long as the items and services meet LMD's specifications. These specifications may include brand requirements ("**Approved Brands**"), and to the extent that Approved Brands have been identified, you may purchase and use only the Approved Brands.

6.6.3. LMD may from time to time modify the list of Designated Suppliers, Designated Distributors, and/or Approved Brands. You shall promptly comply with all such modifications.

6.6.4. LMD may approve one or more suppliers for any goods or materials and may approve a supplier only as to certain goods or materials. LMD may concentrate purchases with one or more suppliers

or distributors to obtain lower prices and/or the best advertising support and/or services for any group of LE MACARON FRENCH PASTRIES® Pastry Shops or any other group of Pastry Shops franchised or operated by LMD or its Affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by LMD. LMD may establish commissaries and distribution facilities owned and operated by LMD or an Affiliate that LMD may designate as an approved supplier.

6.6.5. If you propose to purchase from a previously unapproved source, you shall submit to LMD a written request for such approval, or shall request the supplier to submit a written request on its own behalf. LMD has the right to require, as a condition of its approval, that its representatives be permitted to inspect the supplier's facilities, and that such information, specifications, and samples as LMD reasonably requires be delivered to LMD and/or to an independent, certified laboratory designated by LMD for testing prior to granting approval. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test shall be paid by you. LMD will notify you within 30 days of your request as to whether you are authorized to purchase such products from that supplier. LMD reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval of any supplier upon the suppliers' failure to meet LMD's criteria for quality and reliability.

6.7. Pastry Shop Premises.

6.7.1. You shall maintain the Pastry Shop (including adjacent public areas) in a clean, orderly condition and in excellent repair and in accordance with LMD's Standards. You shall, at your expense, make such additions, alterations, repairs, and replacements under this Agreement as may be required for that purpose, including, without limitation, such periodic repainting, repairing, and replacing of obsolete or deteriorated signs, furnishings, fixtures, equipment, and decor as LMD may reasonably direct. Upon LMD's request, you shall install and maintain at the Pastry Shop interactive multi-media equipment, devices, and facilities LMD requires, including, without limitation, approved music systems, wi-fi and other wireless Internet and communications systems, and interactive displays, including plasma or LCD screens.

6.7.2. You shall purchase and install, at your expense, all fixtures, furnishings, equipment, decor, signs, and other items as LMD may reasonably direct from time to time in the Manual or otherwise in writing in accordance with LMD's Standards and specifications; and shall refrain from installing or permitting to be installed on or about the Pastry Shop premises, any fixtures, furnishings, equipment, decor, signs, vending or game machines or other items not previously approved in writing as meeting LMD's Standards and specifications.

6.7.3. At LMD's request, you shall make such alterations as may be necessary to reflect new product offerings and marketing incentives, including updating or replacement of menu boards and the purchase and use of new interior signage, graphics, and/or point of sale materials.

6.7.4. At LMD's request, but not more often than once every 60 months (and in addition to any work which you may undertake pursuant to other sections of this Agreement), you shall refurbish the Pastry Shop, at your own expense, to conform to the building design, trade dress, color schemes, and presentation of the Marks in a manner consistent with the then-current public image for new or remodeled LE MACARON FRENCH PASTRIES® Pastry Shops in the System, including, without limitation, replacement or renovation of equipment, remodeling, redecoration, and modifications to existing improvements and reasonable structural changes that LMD may reasonably require or that may be required by law.

6.8. Days and Hours of Operation. You shall cause the Pastry Shop to be open and in normal operation for such hours and days as LMD may specify in the Manual or in other written directives, and only during the hours and on the days that LMD permits.

6.9. Quality Assurance Inspections; Testing. LMD has the right to enter upon the Pastry Shop premises during regular business hours to inspect the Pastry Shop for quality assurance purposes. You shall allow

LMD from time to time to obtain samples of ingredients, products and supplies, without charge therefor, for testing for quality assurance purposes.

6.10. Modification to the System. You shall at your own expense, make such alterations, additions, or modifications to the Pastry Shop as LMD may reasonably require to accommodate changes made by LMD to the System, including, without limitation, changes to product items or market positioning. You have 90 days from receipt of notice regarding re-imaging requirements in which to make the required alterations, additions, or modifications to the Pastry Shop. You shall not implement any modification to the System without LMD's express prior written consent.

6.11. Pricing. To the fullest extent permitted by applicable law, LMD reserves the right to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services.

6.12. Intranet/Extranet System. LMD may, at its option, establish and maintain an intranet or extranet system through which members of the LE MACARON FRENCH PASTRIES® franchise network may communicate and through which LMD may disseminate updates to the Manual and other Confidential Information. LMD will have no obligation to establish or to maintain the intranet indefinitely, and may dismantle it at any time without liability to you. LMD may establish policies and procedures for the intranet's use. LMD expects to adopt and adhere to a reasonable privacy policy. However, you acknowledge that, as administrator of the intranet, LMD can access and view any communication that anyone posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become LMD's property, free of any claims of privacy or privilege that you or any other individual may assert. If you fail to pay when due any amount payable to LMD under this Agreement, or if you fail to comply with any policy or procedure governing the intranet, LMD may temporarily suspend your access to any chat room, bulletin board, listserv, or similar feature the intranet includes until such time as you fully cure the breach.

6.13 Website. LMD may, but shall not be obligated to, establish and maintain from time to time LMD's website to provide information about the System and the goods and services that LE MACARON FRENCH PASTRIES® Pastry Shops provide, even though LMD's website is accessible by persons in your trade area. LMD has sole discretion and control over the design and content of LMD's website.

6.14 Compliance with Law Licenses and Permits. If we approve, in writing, that the Pastry Shop may offer and sell certain specified and approved types of alcoholic beverages, you must secure and maintain in force all required licenses, permits, and certificates relating to your Pastry Shop. If your Pastry Shop is open and operating and a change occurs in applicable state or local law that does not permit alcohol sales on Sundays, it will not be deemed a breach of this Agreement. In the event your liquor license is suspended or revoked, in addition to our right to terminate this Agreement pursuant to Section 13.2, we reserve the right to charge you the Royalty Fee on the Gross Sales you would have received on the lost liquor sales during the license suspension. We will estimate the Gross Sales based on the prior year's Gross Sales for the suspension period.

7. MARKS AND COPYRIGHTS

7.1. LMD's Representations. LMD represents to you that it has obtained from its Affiliate a license to use and to sublicense to you the right to use the Marks in accordance with the terms and conditions of this Agreement.

7.2. Acknowledgments. You expressly acknowledge that LMD or its Affiliate owns all right, title, and interest in and to the Marks and the goodwill associated with the Marks, and that you have no ownership interest in the Marks. You further acknowledge and agree that any and all goodwill associated with the Pastry Shop and identified by the Marks is LMD's property and shall inure directly and exclusively to the benefit of LMD and that, upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Marks. You

understand and agree that any use of the Marks other than as expressly authorized by this Agreement, without LMD's prior written consent, may constitute an infringement of LMD's rights herein and that the right to use the Marks granted herein does not extend beyond the termination or expiration of this Agreement.

7.3. Use of the Marks. You shall use only the Marks designated by LMD, shall use them only in the manner that LMD authorizes and permits, and shall use them with the symbols "®", "™", or "SM", as appropriate. You shall use the Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner prescribed by LMD. You may not contest ownership or validity of the Marks or any registration thereof, or engage in any conduct that adversely affects the ownership or registration of the Marks, or LMD's right to use or to sublicense the use of the Marks. You shall execute all documents that LMD requests in order to protect the Marks or to maintain their validity and enforceability.

7.4. Restriction Against Use in Your Corporate Name. You may not use the Marks or any part thereof in your corporate name, and may not use them to incur any obligation or indebtedness on LMD's behalf.

7.5. Restriction Against Use of the Marks and Copyrighted Works on the Internet. You may not use the Marks or any part or derivative thereof or any of LMD's Copyrighted Works on the Internet, except as expressly permitted in writing. Without limiting the generality of the foregoing, you may not use the Marks or any part or derivative of the Marks as part of any URL or domain name, and may not register as part of any user name on any gaming website or social networking website or as part of any unauthorized email address. You also may not display on any website (including commercial websites, gaming websites, and social networking websites) LMD's Copyrighted Works, which include the design portion of its Marks, or any Proprietary Products, Private Label Products, or other product items or collateral merchandise identified by the Marks.

7.6. Notice. You shall identify yourself as an independent franchise owner of the Franchised Business in conjunction with any use of the Marks or operation of the Franchised Business, including, but not limited to, such use on invoices, order forms, receipts, business stationery, business cards, and contracts, as well as at such conspicuous locations at the Pastry Shop as LMD may designate in writing. The form and content of such notice shall comply with the Standards set forth in the Manuals.

7.7. Infringement. You shall promptly notify LMD of any suspected unauthorized use of, or any challenge to the validity of the Marks, Copyrighted Works, or any challenge to LMD's or its Affiliate's ownership of, LMD's license to use and to license others to use, or your right to use, the Marks or Copyrighted Works licensed under this Agreement. You acknowledge that LMD or its Affiliate has the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Marks or Copyrighted Works, including any settlement thereof. LMD or its Affiliate has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks or Copyrighted Works. LMD has the right, but not the contractual obligation, to defend you against any third-party claim, suit, or demand arising out of your use of the Marks or Copyrighted Works. Unless LMD exercises this right, you must pay the cost of the defense, including the cost of any judgment or settlement. If LMD, in its sole discretion, determines that you have not used the Marks and Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by you. In the event of any litigation relating to your use of the Marks or Copyrighted Works, you shall execute any and all documents and do such acts as may, in the opinion of LMD, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action.

7.8. Changes to the Marks. LMD reserves the right, in its sole discretion, to designate one or more new, modified or replacement Marks for your use and to require your use of any such new, modified or replacement Marks in addition to or in lieu of any previously designated Marks. You must comply with any such directive within 60 days following your receipt of LMD's written notice to you.

8. SYSTEM, MANUALS, AND CONFIDENTIAL INFORMATION

8.1. Manuals. LMD will provide you on loan one copy of the Manuals. You shall operate the Franchised Business in accordance with the Standards, methods, policies, and procedures specified in the Manuals. The Manuals shall at all times remain the sole property of LMD and shall be kept in a secure place at the Pastry Shop. You shall ensure that your copy of the Manuals are kept current at all times, and in the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by LMD shall be controlling.

8.2. System Modification. You acknowledge that the System, the Manuals, and the products and services offered by the Franchised Business may be modified, (such as, but not limited to, the addition, deletion, and modification of product items, operating procedures, other products and services) from time to time by LMD. You agree to comply, at your expense, with all such modifications, including, without limitation, all requirements to implement the modifications, such as replacement or renovation of equipment, remodeling, redecoration and modifications to existing improvements, including structural changes. LMD shall notify you of any such System changes and you shall implement any System changes upon receipt of notice thereof from LMD, and shall complete their implementation within such time as LMD may reasonably specify. For purposes of this Agreement, System changes shall include, without limitation, changes in any of the categories referred to in this Section 8.2.

8.3. Confidentiality. You shall maintain the confidentiality of all Confidential Information. You shall use Confidential Information only in connection with the operation of the Franchised Business, and shall divulge Confidential Information only to your employees and only on a need to know basis.

9. ADVERTISING AND MARKETING

9.1. General. All of your promotional and marketing materials shall be presented in a dignified manner and shall conform to LMD's Standards and specifications related to advertising, marketing, and trademark use. You shall submit to LMD samples of proposed promotional and marketing materials, and notify LMD of the intended media, no later than 10 days before first publication or use. LMD shall use good faith efforts to approve or disapprove proposed promotional and marketing materials within 10 days of their receipt. You may not use the promotional or marketing materials until LMD expressly approves the materials and the proposed media. Once approved, you may use the materials only in connection with the media for which they were approved. LMD may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval.

9.2. Grand Opening Marketing. Before the Pastry Shop opens for business, you must create a budget in the amount specified in the Summary Pages, create a marketing/public relations plan for your initial advertising and present the plan to LMD for approval. Upon LMD's approval, you must conduct the marketing and public relations campaign according to the marketing plan and budget approved by LMD within 90 days of the Pastry Shop's opening date. As part of this campaign, you may be required to retain a public relations firm, which LMD must approve.

9.3. Marketing Fee. You must pay to us a marketing fee (the "**Marketing Fee**") equal to up to 1% of Gross Sales. In consideration for the Marketing Fee, we will provide such advertising, marketing, and promotional services as we deem appropriate. We may collect the marketing fee on such periodic basis as we specify, such as weekly, monthly, or otherwise.

9.4. Local Marketing Expenditure. Each year, or as otherwise required by LMD, you shall expend for Local Marketing purposes that conform to LMD's Standards the amount of the Minimum Local Marketing Expenditure set forth in the Summary Pages. Any amounts contributed to an Advertising Cooperative pursuant to Section 9.5, below, shall be credited toward satisfaction of your Local Marketing Expenditure.

9.5. Advertising Cooperatives.

9.5.1. LMD may, from time to time, form local or regional advertising cooperatives (“**Cooperative**”) to pay for the development, placement, and distribution of advertising for the benefit of Pastry Shops located in the geographic region served by the Cooperative. Any Cooperative established by LMD will be operated solely as a conduit for the collection and expenditure of Cooperative fees for the foregoing purposes.

9.5.2. If LMD forms a Cooperative for the region in which the Pastry Shop is located, you agree to participate in the Cooperative pursuant to the terms of this Section 9.5.

9.5.3. LMD has the exclusive right to create, dissolve, and merge each Cooperative created, in its discretion, and to create and amend the organizational and governing documents related thereto, provided that such documents shall: **(a)** operate by majority vote, with each LE MACARON FRENCH PASTRIES® Pastry Shop (including Pastry Shops owned by LMD or its Affiliates) entitled to one vote; **(b)** entitle LMD to cast one vote (in addition to any votes it may be entitled to on account of its operation of Pastry Shops in the area served by the Cooperative); **(c)** permit the members of the Cooperative, by majority vote, to determine the amount of required contributions; and **(d)** provide that any funds left in the Cooperative at the time of dissolution shall be returned to the members in proportion to their contributions during the 12-month period immediately preceding termination. The Cooperative must prepare annual, unaudited financial statements, which will be made available to all contributing Cooperative members.

9.5.4. You agree to be bound by all organizational and governing documents created by LMD and, at LMD’s request, shall execute all documents necessary to evidence or affirm your agreement. The Cooperative shall begin operating on a date determined in advance by LMD.

9.5.5. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without LMD’s prior approval. All advertising plans and materials must conform to the Standards and must be submitted to LMD for approval according to the procedures set forth in Section 9.1, of this Agreement.

9.6. Loyalty Programs, Prize Promotions, and Promotional Literature.

9.6.1. You shall participate in and offer to your customers: **(a)** all customer loyalty and reward programs; and **(b)** all contests, sweepstakes, and other prize promotions which LMD may develop from time to time. LMD will communicate to you in writing the details of each such program or promotion, and you shall promptly display all point-of-sale advertising and promotion-related information at such places within the Pastry Shop as LMD may designate. You shall purchase and distribute all coupons, clothing, and other collateral merchandise (and only the coupons, clothing, and collateral merchandise) designated by LMD for use in connection with each such program or promotion.

9.6.2. If LMD develops or authorizes the sale of gift certificates and/or stored value cards, loyalty cards, and/or customized promotional receipts, you shall acquire and use all computer software and hardware necessary to process their sale and to process purchases made using them and be solely responsible for the service charges related to such processing. All proceeds from the sale of all gift certificates, stored value cards, loyalty cards, and/or customized promotional receipts belong exclusively to LMD, and you shall remit the proceeds of such sales to LMD according to the procedures that LMD prescribes periodically. LMD shall reimburse or credit to you (at LMD’s option) the redeemed value of gift certificates, stored value cards, loyalty cards, and/or customized promotional receipts accepted as payment for products and services sold by the Pastry Shop. You are responsible for the accurate reporting of gift certificate, stored value card, loyalty cards, and/or customized promotional receipts sales and the corresponding impact on Gross Sales.

9.6.3. You also shall display at the Pastry Shop all promotional literature and information as LMD may reasonably require from time to time. This may include, among other things, displaying signage or other literature containing information about the LE MACARON FRENCH PASTRIES® franchise offering.

9.7. Participation in Marketing Programs. You shall at all times cooperate with LMD and other franchisees of LMD and shall actively participate in any and all sales, public relations, advertising, cooperative advertising and purchasing programs or promotional programs (including, without limitation, product give-away promotions) which may be developed and implement by LMD. Participation may include, without limitation, purchasing (at your expense) and using **(a)** point of sale materials, **(b)** counter cards, displays, and give away items promoting loyalty programs, prize promotions, movie tie-in promotions, and other marketing campaigns and programs, **(c)** product mix and ingredients for product giveaways, and **(d)** equipment necessary to administer loyalty programs and to prepare and print customized purchase receipts, coupons, and similar items.

10. POS SYSTEM; ACCOUNTING AND RECORDS; TAXES

10.1. POS System. You shall acquire and use only the point of sale cash registers and computer systems and equipment that LMD prescribes for use by LE MACARON FRENCH PASTRIES® Pastry Shops (“**POS System**”), and adhere to LMD’s requirements for use. Requirements include, among other things, connection to remote servers, off-site electronic repositories, and high speed Internet connections. LMD may, in its sole discretion, require you to add to your POS System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, and replace or upgrade your POS System and software as LMD prescribes. LMD shall provide you 90 days advance written notice of any change to its POS System requirements. You shall acquire, install and maintain such anti-virus and anti-spyware software as LMD requires, and shall adopt and implement such Internet user policies as LMD may prescribe for purposes of avoiding, blocking, and eliminating viruses and other conditions that interfere with operation of the POS System.

10.2. Software. You shall: **(a)** use any proprietary software programs, System documentation manuals, and other proprietary materials that LMD requires in connection with the operation of the Pastry Shop; **(b)** input and maintain in your computer such data and information as LMD prescribes in the Manual, software programs, documentation, or otherwise; and **(c)** purchase new or upgraded software programs, System documentation manuals, and other proprietary materials at then-current prices whenever LMD adopts such new or upgraded programs, manuals, and materials system-wide. You shall enter into all software license agreements, “terms of use” agreements, and software maintenance agreements, in the form and manner LMD prescribes, and pay all fees imposed thereunder.

10.3. Independent Access. LMD may independently poll Gross Sales and other information input and compiled by your POS System from a remote location. There is no limitation on LMD’s right to access and use this information.

10.4. Maintenance of Records. You shall prepare and preserve for at least five years from the date of preparation complete and accurate books, records, and accounts according to generally accepted accounting principles and in the form LMD prescribes.

10.5. Submission of Financial Statements and Tax Returns. No later than the tenth business day following the end of each Accounting Period, you shall provide to LMD a copy of the Accounting Period’s profit and loss statement. In addition, no later than April 15 of each calendar year, you shall provide to LMD **(a)** a copy of the previous year’s annual profit and loss statements; **(b)** a copy of the previous year’s sales tax returns; and **(c)** a copy of your federal and state income tax returns for the previous year; provided, however, that if you are an individual franchisee, you may submit only those schedules to your personal tax returns which reflect the revenues and expenses of the Franchised Business.

10.6. Submission of Performance Reports. You shall accurately report to LMD the Pastry Shop’s Gross Sales and such other financial information, as LMD may reasonably require, using the procedures and LMD prescribes periodically. Reports shall be due on the date prescribed by LMD, and shall be signed by an authorized representative, attesting to their accuracy. Within 30 days following the end of each fiscal quarter, you shall provide to LMD a copy of your profit and loss statements prepared according to generally

accepted accounting principles and which accurately reflect your financial information for the applicable Accounting Periods. You also shall provide to LMD such other reports, computer back-up and other information that LMD may reasonably request.

10.7. Audit of Franchisee Records. LMD or its designated agent has the right to audit, examine and copy your books, records, accounts, and business tax returns at any time. If an inspection or audit reveals underpayment of amounts owed to LMD, you shall immediately pay the understated amount with interest as provided in Section 4.9. If an audit or inspection reveals your understatement of Gross Sales by 2% or more for any Accounting Period then, in addition to amounts due on the understatement and interest, you shall promptly reimburse LMD all costs and expenses that it incurred in connection with performing the audit or inspection (including travel, lodging and wage expenses, and attorneys' and accountants' fees).

10.8. Use of Financial Information in Franchise Disclosure Document. You acknowledge and agree that it may be in the best interest of the franchise System to share historical revenue and expense information with prospective franchisees. To that end, you hereby authorize LMD to publish information concerning the Pastry Shop's Gross Sales and other information reported to LMD in its franchise disclosure document.

10.9. Taxes. You shall promptly pay all taxes due and owing based on your operation of the Pastry Shop and the Franchised Business including, without limitation, sales taxes, income taxes, and property taxes.

11. INDEPENDENT CONTRACTOR, INSURANCE AND INDEMNIFICATION

11.1. Independent Contractor. The parties acknowledge and agree that you are operating the Franchised Business as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, employer-employee, joint-employer, or agency relationship between the parties. Neither party has any fiduciary obligations to the other, or will be liable for the debts or obligations of the other. Neither party may bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed between them. You shall conspicuously identify yourself and the Franchised Business in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of LMD, and shall place a conspicuous notice, in the form and at such place as LMD prescribes, notifying the public of such independent ownership. LMD in no way participates in the hiring, disciplining, or discharging of your employees or in setting and paying wages and benefits to your employees, and you acknowledge that LMD has no power, responsibility, or liability with respect to the hiring, disciplining, or discharging of employees or in setting or paying their wages.

11.2. Insurance Obligations.

11.2.1. You shall maintain in full force and effect at all times during the term of this Agreement, at your expense, an insurance policy or policies protecting you, LMD and its Affiliates, and their respective directors, officers, shareholders, partners, members, managers, agents, representatives, independent contractors, servants, and employees, against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense arising or occurring upon or in connection with the operation of the Franchised Business.

11.2.2. Such policy or policies shall: **(a)** be written by insurer(s) licensed and admitted to write coverage in the state in which the Franchised Business is located and with an A.M. Best rating of "A" or better; **(b)** name LMD and its directors, officers, shareholders, partners, members, managers, agents, representatives, independent contractors, servants, and employee as additional insureds on a primary non-contributory basis; and **(c)** comply with LMD's written requirements at the time such policies are obtained, and provide at least the types and minimum amounts of coverage specified below or as described within LMD's written notice to you.

11.2.3. Such policies shall include, at the minimum, the following policies: **(a)** special form property insurance, including business income, extra expense, and off-premises utility services

endorsement; **(b)** comprehensive general liability insurance, including products and contractual, in an amount of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate; **(c)** liquor liability coverage with minimum limits of \$1,000,000 per occurrence (if applicable); **(d)** tenant's legal liability in an amount not less than \$300,000 per occurrence; **(e)** employee dishonesty/crime insurance in an amount not less than \$2,500 per occurrence; **(f)** employment practices liability insurance in an amount not less than \$1,000,000 per occurrence; **(g)** automobile liability coverage, including coverage of owned, hired and non-owned vehicles with coverage in amounts not less than \$1,000,000 per occurrence; **(h)** an umbrella liability policy of not less than \$1,000,000; **(i)** worker's compensation an amount not less than \$1,000,000 or statutory for the state in which workers are employed; **(j)** business interruption coverage for a minimum of 12 months sustained loss; and **(k)** maximum deductibles of \$1,000.

11.2.4. In connection with any and all insurance that you are required to maintain under Section 11.2, you and your insurers shall agree to waive their rights of subrogation against LMD, and you shall provide evidence of such waiver in accordance with this Section 11.2.

11.2.5. Your obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance which may be maintained by LMD, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 11.3 of this Agreement.

11.2.6. All public liability and property damage policies shall contain a provision that LMD and its Affiliates, although named as an additional insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to LMD, or its Affiliates, directors, officers, shareholders, partners, members, managers, agents, representatives, independent contractors, servants, or employees by reason of your negligence.

11.2.7. At least 10 days prior to the time you are first required to carry insurance, and thereafter at least 30 days prior to the expiration of any policy, you shall deliver to LMD a certificate of insurance evidencing your compliance with this Article 11. Each certificate of insurance shall expressly provide that no less than 30 days' prior written notice shall be given to LMD in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates.

11.2.8. If you fail to procure or maintain these minimum insurance requirements, LMD or its designee has the right (but is not required) to procure such insurance on your behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to LMD. If this occurs, you shall reimburse LMD the cost of the premium upon demand plus the administrative fee described in Section 4.12., above.

11.3. Indemnification. You shall indemnify and hold harmless to the fullest extent by law, LMD, its Affiliates and their respective directors, officers, employees, shareholders, and agents, (collectively the "**Indemnitees**") from any and all "**losses and expenses**" (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with **(a)** injury of any kind (including monetary, mental, or physical—including death) to any person (including your employees) or damages to any property of whatsoever kind and nature arising out of or in any manner connected with the Franchised Business; **(b)** the Franchised Business and your operation thereof, including, but in no way limited to, losses and expenses arising as a result of product liability or the maintenance and operation of related vehicles; **(c)** any of your employees', contractors', agents', or representatives' acts, omissions, and claims; or **(d)** your activities under or any breach of this Agreement, where the foregoing include, without limitation, those losses and expenses alleged to be caused in whole or in part by any act, omission, negligence, or strict liability of the Indemnitees (each an "**event**"), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative

negligence or contributory negligence attributable to you). For the purpose of this Section 11.3, the term “**losses and expenses**” shall be deemed to include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to LMD's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. You shall give LMD prompt notice of any event of which you are aware, for which indemnification is required, and, at your expense and risk, LMD may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that LMD will seek your advice and counsel. Any assumption by LMD shall not modify your indemnification obligation. LMD may, in its sole and absolute discretion, take such actions as it deems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in LMD's sole and absolute discretion, necessary for the protection of the Indemnitees or the System.

12. TRANSFER OF INTEREST

12.1. Transfer by LMD. LMD may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of LMD's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of LMD's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that LMD and/or its Affiliates may sell their assets, the Marks, the Copyrighted Works, or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of LMD's name, the Marks (or any variation thereof), the Copyrighted Works and System and/or the loss of association with or identification of Le Macaron Development LLC as the franchisor under this Agreement. You specifically waive any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. You agree that LMD has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as LE MACARON FRENCH PASTRIES® Pastry Shops operating under the Marks, the Copyrighted Works or any other marks following LMD's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to the Franchised Business).

12.2. Transfer by Individual Franchisee to Business Entity for Convenience. If you are an individual, you may, without charge, transfer your interest in this Agreement to a Business Entity for convenience of operation within the first 12 months of this Agreement by signing LMD's standard form of assignment and assumption agreement if **(a)** the Business Entity is formed solely for purposes of operating the Franchised Business, and **(b)** you provide to LMD a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed. Otherwise, for any transfer to a Business Entity for convenience after the first 12 months of this Agreement, in addition to the other requirements stated in this Section 12.2., you agree to pay to LMD the transfer fee set forth in the Summary Pages.

12.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if: **(a)** you have provided to LMD advance notice of the transfer, **(b)** Attachment C has been amended to reflect the new ownership;

(c) each new Owner has signed a Guaranty and Personal Undertaking in the form of Attachment D-1; and
(d) you pay to LMD a transfer fee in the amount set forth in the Summary Pages.

12.4. Transfer of Agreement; Transfer of the Franchised Business; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement, the sale or transfer of all or substantially of the assets of the Pastry Shop, and the sale of a Controlling Interest in you if you are a Business Entity) require LMD's prior written consent. LMD will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

12.4.1. Your written request for consent in writing and delivery of a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and LMD's determination, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of the Franchised Business.

12.4.2. The transferee has demonstrated to LMD's satisfaction that the transferee meets LMD's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business; has obtained any required or necessary visa or other legal means to come to and remain in the United States (as applicable); and has sufficient equity capital to operate the Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of the Franchised Business);

12.4.3. All of your accrued monetary obligations and all other outstanding obligations to LMD, its Affiliates, and third party suppliers shall be up to date, fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and LMD, its Affiliates and your suppliers;

12.4.4. You or the transferee shall have agreed to refurbish the Pastry Shop premises so that it meets LMD's image requirements for new LE MACARON FRENCH PASTRIES® Pastry Shops;

12.4.5. You and each Owner have executed a general release, in a form satisfactory to LMD, of any and all claims against LMD and its Affiliates and their respective officers, directors, shareholders, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising;

12.4.6. Payment of the Transfer Fee in the amount set forth in the Summary Pages;

12.4.7. The transferee's execution of LMD's then-current form of franchise agreement, the terms of which may be materially different than the terms of this Agreement and may include, among other things, a different percentage royalty fee and different advertising obligations. The term of such agreement shall be the remaining term of this Agreement at the time of transfer;

12.4.8. If the transferee is a Business Entity, then the transferee's Owners each shall sign LMD's standard form of Guaranty and Personal Undertaking;

12.4.9. If the transferee is a LE MACARON FRENCH PASTRIES® System franchisee, or an affiliate of a System franchisee, at the time of transfer, transferee must be in full compliance with the terms of all agreements between transferee and LMD or transferee and LMD's affiliates;

12.4.10. The transferee shall have complied with LMD's then-current initial training requirements;
and

12.4.11. If LMD introduced the buyer to you, you have paid all fees due LMD under its then-current franchise resale policy or program.

12.5. Transfers Void. Any purported transfer, by operation of law or otherwise, made without LMD's prior written consent will be considered null and void and will be considered a material breach of this Agreement.

12.6. Security Interest. You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in the franchise without LMD's consent.

12.7. Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a public or private offering, you shall first obtain LMD's written consent, which consent shall not be unreasonably withheld. You must provide to LMD for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Marks or otherwise) that LMD is participating in an underwriting, issuance or offering of your securities, and LMD's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. LMD may condition its approval on satisfaction of any or all of the conditions set forth in Section 12.4 and on execution of an indemnity agreement, in a form prescribed by LMD, by you and any other participants in the offering. For each proposed offering, you shall pay to LMD a retainer in an amount determined by LMD, which LMD shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

12.8. Right of First Refusal. If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Franchised Business in connection with the transferee's execution of a LE MACARON FRENCH PASTRIES® Franchise Agreement, or if any Owner receives a bona fide offer to purchase his or her equity interests in you, and you or such Owner wishes to accept such offer, you or the Owner must deliver to LMD written notification of the offer and, except as otherwise provided herein, LMD shall have the option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by LMD as in the case of an initial offer. If LMD elects to purchase the seller's interest, closing on such purchase must occur by the later of: **(a)** the closing date specified in the third party offer; or **(b)** within 60 days from the date of notice to the seller of LMD's election to purchase. LMD's failure to exercise the option described in this Section 12.8, shall not constitute a waiver of any of the transfer conditions set forth in this Article 12.

12.9. Transfer Upon Death or Incapacitation. Upon the death or permanent incapacity (mental or physical) of any person with an interest in this Agreement, in you, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by LMD within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an inter vivos transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 12.9, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by LMD within six months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, LMD may, at its option, terminate this Agreement, pursuant to Section 13.5.

12.10. Non-Waiver of Claims. LMD's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of LMD's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which LMD's and the transferee are parties, by the transferee.

13. DEFAULT AND TERMINATION

13.1. Termination In the Event of Bankruptcy or Insolvency. You will be in default under this Agreement, and all rights granted to you in this Agreement shall automatically terminate without notice, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed and against you and you do not oppose it; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); if you are dissolved; if execution is levied against your business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Pastry Shop premises or assets or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

13.2. Termination with Notice and Without Opportunity to Cure. LMD has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: **(a)** your Managing Owner or Key person fails to successfully complete training; **(b)** you fail to acquire a site by the Control Date, **(b)** you fail to open the Pastry Shop for business by the Opening Date; **(c)** you abandon the Franchised Business (which will be presumed if you cease operations for three consecutive days or more); **(d)** you lose any license required to operate the Franchised Business or you lose your right to occupy the Pastry Shop premises; **(e)** you or any Owner or Key Person is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that LMD believes is reasonably likely to have an adverse effect on the System; **(f)** there is any transfer or attempted transfer in violation of Article 12 of this Agreement; **(g)** you or any Owner fails to comply with the confidentiality or non-competition covenants in Section 15.1 of this Agreement; or **(h)** you or any Owner has made any material misrepresentations in connection with your franchise application; **(i)** you fail to comply with notification requirements set forth in Sections 6.1(c) or (d) concerning investigations and Crisis Management Events; **(j)** you understate any payment to LMD by 2% or more, or understate any such payment in any amount, twice in any two-year period; **(k)** if an imminent threat or danger to public health or safety results from the operation of the Franchised Business; **(l)** you knowingly maintain false books or records or submit any false reports or statements to LMD; or **(m)** you offer unauthorized products or services from the Pastry Shop premises or in conjunction with the Marks or Copyrighted Works; **(n)** purchase items for which LMD has identified approved or designated supplier or distributor from an unapproved source; **(o)** failure to pass two or more quality assurance inspections within any rolling 12-month period; **(p)** you violate LMD policies for Pastry Shop operations, without authorization or permission, on two or more occasions within any rolling 12-month period, **(q)** if you fail to participate in any advertising or marketing program pursuant to Sections 9.5., 9.6., 9.7., or 9.8. on two or more occasions within any rolling 12-month period, **(r)** LMD delivers to you three or more written notices of default pursuant to this Article 13 within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured, or **(s)** your loss or revocation of your liquor license or suspension totaling 90 days or more over any five-year period.

13.3. Termination with 10-Day Cure Period. LMD has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 10 days after delivery of written notice: **(a)** failure to obtain or maintain required

insurance coverage; **(b)** failure to pay any amounts due to LMD; **(c)** you fail to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); **(d)** you fail to pay any amounts for which LMD has advanced funds for or on your behalf, or upon which LMD is acting as guarantor of your obligations; **(e)** your violation of any provision of this Agreement concerning the use and protection of the Marks or Copyrighted Works; or **(f)** your violation of any provision of this Agreement concerning the preparation, service, appearance or quality of LE MACARON FRENCH PASTRIES® products.

13.4. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 13, LMD has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within 30 days after delivery of written notice.

13.5. Termination Related to Death or Permanent Incapacity. LMD has the right to terminate this Agreement if an approved transfer as required by Section 12.9 is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

13.6. Cross-Default. Any default under any agreement between you and LMD or its Affiliates, which you fail to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement.

13.7. Step In Rights. To prevent any interruption of the business of the Pastry Shop, You hereby authorize LMD, and LMD shall have the right, but not the obligation, to operate the Pastry Shop on your behalf for as long as LMD deems necessary and practical, and without waiver of any other rights or remedies LMD may have under this Agreement, in the event that: **(a)** your Managing Owner or Key Person is absent or incapacitated by reason of illness, death or disability and, therefore, in LMD's sole determination, you are not able to operate the Pastry Shop in full compliance with this Agreement, or **(b)** any allegation or claim is made against your or any of your Owners, or the operation of the Pastry Shop, involving or relating to fraudulent, deceptive or illegal practices or activities. If LMD undertakes to operate the Pastry Shop pursuant to this Section 13.7., LMD shall have the right to collect and pay from the revenues of the Pastry Shop all operating expenses including, without limitation, royalty fees, Fund contributions, and employee salaries, and further shall be entitled to collect, as compensation for its efforts, a reasonable management fee. You shall indemnify and hold harmless LMD from any and all claims arising from the alleged acts and omissions of LMD and its representatives.

13.8. Additional Remedies. In addition to, or in lieu of, termination of this Agreement, in its sole discretion, LMD may: **(a)** require the Pastry Shop be closed during any cure period relating to a default based on public health and safety concerns; and/or **(b)** grant its Affiliates the right to suspend the provision of products or services until you cure your default(s) under this Agreement..

14. OBLIGATIONS UPON TERMINATION OR EXPIRATION

14.1. Cease Use of Marks; Copyrighted Works; Cancellation of Fictitious Name; Assignment of E-mail Addresses, URLs, Domain Names, Internet Listings, Phone Numbers. You shall immediately cease all use of the Marks, Copyrighted Works, and Confidential Information. You shall cancel any assumed name registration containing the Marks. You shall, at LMD's option and request, assign to LMD all rights to all phone numbers, e-mail addresses, URLs, domain names, Internet listings, and Internet accounts related to the Franchised Business. You hereby appoint LMD as your attorney-in-fact with full power and authority for the sole purpose of assigning these rights to LMD. This appointment shall be deemed to be coupled with an interest and shall continue in full force and effect until the termination or expiration of this Agreement.

14.2. Assignment of Lease; De-Identification. At LMD's request, you shall assign to LMD or its designee your interest in the lease, including your interest in all leasehold improvements, without additional compensation. If LMD does not request assignment of the lease before or as of the date of expiration or termination of this Agreement, then within 10 days after termination or expiration of this Agreement, you will modify the Pastry Shop premises (including, without limitation, the changing of the color scheme and other distinctive design features, and the changing of and assigning to LMD of, the telephone numbers) as

may be necessary to distinguish the appearance of the Pastry Shop from that of other LE MACARON FRENCH PASTRIES® Pastry Shops, and shall make such specific additional changes to the Pastry Shop as LMD may reasonably request for that purpose. If you fail de-identify the Pastry Shop premises within a reasonable time, you hereby grant a license to LMD's personnel and designees to enter upon the Pastry Shop premises and take all actions necessary to de-identify the premises as a LE MACARON FRENCH PASTRIES® Pastry Shop including, without limitation, removing all signage, advertising materials, trade dress, displays, proprietary equipment, and Proprietary Products, and any other items which display the Marks or reflect LMD's trade dress. LMD may charge a reasonable fee for its services; you agree to pay the fee on demand and to reimburse LMD for all de-identification related costs that it incurred.

14.3. Return of Manuals and Other Confidential Information. You shall immediately deliver to LMD the Manuals and all other manuals, records, correspondence, files, and any instructions containing Confidential Information relating to the operation of the Franchised Business which are in your possession; and all copies thereof (all of which are acknowledged to be the property of LMD).

14.4. LMD's Right to Purchase Fixtures and Tangible Assets. LMD has the option to purchase your interest (if any) in any or all of the Pastry Shop's leasehold improvements, furniture, fixtures, equipment, inventory, supplies, and interior and exterior signs for a purchase price equal to the lesser of your cost or then-current fair market value, to be determined by a qualified independent third party of LMD's choosing, and may set off against the purchase price any amounts that you owe to LMD. LMD shall exercise its option by written notice to you delivered before or within 30 days after the date of expiration or termination of this Agreement.

15. COVENANTS

15.1. Non-Competition During Term of Agreement. You and each Owner acknowledge that you and each Owner will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques and trade secrets of LMD and the System. You and each Owner covenant and agree that during the term of this Agreement, except as otherwise approved in writing by LMD, you and, if applicable, such Owner, shall not, either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, or legal entity:

15.1.1. Divert or attempt to divert any present or prospective customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

15.1.2. Employ or seek to employ any person who is or has been within the previous 30 days employed by LMD or an Affiliate of LMD as a salaried managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment.

15.1.3. Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any shop that offers macarons as a menu item, other than a LE MACARON FRENCH PASTRIES® Pastry Shop operated pursuant to a then-currently effective franchise agreement with LMD at any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which LMD or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

15.2. Non-Competition After Expiration or Termination of Agreement. Commencing upon the later of: **(a)** a transfer permitted under Article 12 of this Agreement, expiration of this Agreement (without renewal), or termination of this Agreement (regardless of the cause for termination) or **(b)** a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 15.2, and continuing for an uninterrupted period of two years thereafter, you shall not either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, persons,

or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any shop that offers macarons as a menu item, other than a LE MACARON FRENCH PASTRIES® Pastry Shop operated pursuant to a then-currently effective franchise agreement with LMD, and **(i)** is, or is intended to be, located at the location of the former Franchised Business; **(ii)** within a 10-mile radius of the Pastry Shop; or **(iii)** within a 10-mile radius of any other Pastry Shop operating under the System and Marks in existence or under development at the time of such expiration, termination or transfer. If any Owner ceases to be an Owner of the franchisee for any reason during the franchise time, the foregoing covenant shall apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The obligations described in this Section 15.2 shall be tolled during any period of noncompliance.

15.3. Additional Provisions. The parties acknowledge and agree that LMD has the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 15.1 and 15.2, or any portion thereof, without your consent or the consent of any Owner, effective immediately upon delivery of written notice to the affected party; and you and each Owner agree that such person shall comply forthwith with any covenant as so modified. You and each Owner expressly agree that the existence of any claims you may have against LMD, whether or not arising from this Agreement, shall not constitute a defense to LMD's enforcement of the covenants in this Article 15. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by LMD in connection with the enforcement of this Article 15.

15.4. Covenants from Individuals. Each individual who attends LMD's training program shall be required to sign a confidentiality and non-competition agreement substantially in the form attached as Attachment D-2 to this Agreement. You shall be responsible for ensuring compliance with such agreement.

15.5. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 15 would result in irreparable injury to LMD for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by LMD in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

15.6. Exception for Publicly Held Companies. The foregoing restrictions shall not apply to your ownership or any Owner's ownership of less than a 5% beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

15.7. Improvements. If you, your employees, or Owners develop any new concept, process or improvement in the operation or promotion of a LE MACARON FRENCH PASTRIES® Pastry Shop (an "**Improvement**"), you agree to promptly notify LMD and provide LMD with all necessary related information, without compensation. Any such Improvement shall become LMD's sole property and LMD shall be the sole owner of all related patents, patent applications, and other intellectual property rights. You and your Owners hereby assign to LMD any rights you or your Owners may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners agree to assist LMD in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide LMD with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint LMD as agent and attorney-in-fact for you and for them to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this Section 15.7 are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to LMD a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on you or your Owners' rights therein.

16. REPRESENTATIONS

16.1. Representations of LMD. LMD represents and warrants that **(a)** LMD is duly organized and validly existing under the law of the state of its formation; **(b)** LMD is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and **(c)** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within LMD's corporate power and have been duly authorized.

16.2. Representations of Franchisee.

16.2.1. You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify LMD in writing within 10 days of any change in the information set forth in Attachment C. You further represent to LMD that **(a)** you are duly organized and validly existing under the law of the state of your formation; **(b)** you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification; and **(c)** your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of the Franchised Business. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any business that is the same as or similar to a LE MACARON FRENCH PASTRIES® Pastry Shop; and the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized.

16.2.2. You acknowledge that you have conducted an independent investigation of the LE MACARON FRENCH PASTRIES® franchise opportunity, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent on your ability as an independent business person.

16.2.3. Except for representations contained in LMD's franchise disclosure document provided to you in conjunction with this franchise offering, you represent that neither LMD nor its agents or representatives have made any representations, and you have not relied on representations made by LMD or its agents or representatives, concerning actual or potential Gross Sales, expenses or profit of a LE MACARON FRENCH PASTRIES® Pastry Shop.

16.2.4. You acknowledge that you have received a complete copy of LMD's franchise disclosure document at least 14 calendar days before you signed this Agreement or paid any consideration to LMD for your franchise rights.

16.2.5. You acknowledge that you have read and that you understand the terms of this Agreement and its Attachments, and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

16.2.6. You represent that neither your property nor any interest in your property, nor the property of any of your Owners, directors, shareholders, partners, members, managers, agents, or employees, or their respective interests therein, have been blocked pursuant to Executive Order 13224 of September 23, 2001, pertaining to persons who commit, threaten to commit, or support terrorism ("**Blocked Persons**"). You represent and warrant to LMD that you will not accept money from or employ any Blocked Person.

17. NOTICES

17.1. Notices. All notices or demands will be in writing and shall be served in person, by Express Mail, by certified mail; by private overnight delivery; or by facsimile or other electronic system. Service shall be deemed conclusively made **(a)** at the time of service, if personally served; **(b)** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; **(c)** upon the earlier of actual receipt or three calendar days after deposit

in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; **(d)** 24 hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and **(e)** at the time of transmission by facsimile, if such transmission occurs prior to 5:00 p.m. on a Business Day and a copy of such notice is mailed within 24 hours after the transmission. Notices and demands shall be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

18. CONSTRUCTION

18.1. Entire Agreement. This Agreement and any other agreements executed by the parties concurrently with the parties' execution of this Agreement represent the entire fully integrated agreement between the parties and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation that LMD made in the franchise disclosure document (including its exhibits and amendments) that LMD delivered to you in connection with this franchise offering. Except for our unilateral rights under this Agreement, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

18.2. No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.

18.3. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

18.4. Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

18.5. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms have the meaning ascribed to them in Attachment A ("**Glossary of Additional Terms**"). All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

18.6. Persons Bound. This Agreement will be binding on the parties and their respective successors and assigns. Each Owner shall execute the Guaranty and Personal Undertaking attached as Attachment D-1. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the Guaranty and Personal Undertaking.

18.7. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

18.8. Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable

deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

19. APPLICABLE LAW; DISPUTE RESOLUTION

19.1. Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties' relationship created hereby shall be construed under and governed by the laws of the State of Florida (without giving effect to any conflict of laws).

19.2. Mediation.

19.2.1. The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, LMD, you, and each Owner agree to submit any claim, controversy or dispute between LMD or its Affiliates (and LMD's and its Affiliate's respective owners, officers, directors, agents, representatives and/or employees) and you or your Affiliates (and your Owners, agents, representatives and/or employees) arising out of or related to **(a)** this Agreement or any other agreement between LMD and you, **(b)** LMD's relationship with you, or **(c)** the validity of this Agreement or any other agreement between LMD and you, to mediation before bringing such claim, controversy or dispute in a court or before any other tribunal.

19.2.2. The mediation shall be conducted by a mediator agreed upon by LMD and you and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("AAA") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city in which Franchisor maintains its principal place of business at the time the mediation is initiated. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

19.2.3. If the parties are unable to resolve the claim, controversy or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 19.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

19.2.4. Notwithstanding the foregoing provisions of this Section 19.2, the parties' agreement to mediate shall not apply to controversies, disputes or claims related to or based on amounts owed to LMD pursuant to this Agreement, the Marks, Copyrighted Works or LMD's Confidential Information. Moreover, regardless of this mediation agreement, LMD and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

19.3. Venue. With respect to any controversies, disputes or claims which are not finally resolved through mediation as provided in Section 19.2, the parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought and maintained exclusively within the state and federal in the county in which LMD maintains its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Nothing in this Agreement contained shall bar LMD's right to seek injunctive relief from any court of competent jurisdiction; and you agree to pay all costs and reasonable attorneys' fees incurred by LMD in obtaining such relief.

19.4. Nonexclusivity of Remedy. No right or remedy conferred upon or reserved to LMD 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.

19.5. WAIVER OF JURY TRIAL. LMD AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY,

BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

19.6. WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

19.7. Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

19.8. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates noted below, but effective for all purposes as of the Effective Date.

FRANCHISOR

LE MACARON DEVELOPMENT LLC
a Florida limited liability company

FRANCHISEE

a/an _____

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

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

CALIFORNIA AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, 20__ is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, 20__, by and between Le Macaron Development LLC (“**LMD**”), a Florida limited liability company, with its principal office in Sarasota, Florida, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment

1. The California Department of Business Oversight requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq., (collectively, the “**Act**”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

2. Sections 20000 through 20043 of the California Business and Professions Code provide rights to you concerning nonrenewal and termination of the Franchise Agreement. The Federal Bankruptcy Code also provides rights to you concerning termination of the Franchise Agreement upon certain bankruptcy-related events. To the extent the Franchise Agreement contains a provision that is inconsistent with these laws, these laws will control.

3. The Franchise Agreement requires you to execute a general release of claims upon renewal or transfer of the Franchise Agreement. 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 is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). California Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (California Business and Professions Code 2000 through 20043).

4. Section 4.1 of the Franchise Agreement is deleted and replaced with the following:

“4.1. Initial Franchise Fee. You will pay to Le Macaron an Initial Franchise Fee in the amount specified in the Summary Pages on the first business day following the date Le Macaron has completed its pre-opening obligations to you under the Franchise Agreement and the LE MACARON® Pastry Shop opens for business. You acknowledge and agree that the Initial Franchise Fee is fully earned by Le Macaron when paid and is not refundable.”

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR

LE MACARON DEVELOPMENT LLC
a Florida limited liability company

FRANCHISEE

a/an _____

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

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

ILLINOIS AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, 20__ is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, 20__, by and between Le Macaron Development LLC (“**LMD**”), a Florida limited liability company, with its principal office in Sarasota, Florida, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987 (“**FDA**”), 815 ILCS 705/1-44. To the extent that this Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of this Franchise Agreement. If this Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.
- b. Any release of claims or acknowledgments of fact contained in the Franchise Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.
- c. If this Franchise Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act.
- d. If this Franchise Agreement requires that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, Illinois law governing claims arising under the Act will control.
- e. If this Franchise Agreement requires a jury trial waiver, to the extent that such provision conflicts with the Illinois Franchise Disclosure Act, the Act will control.
- f. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

2. As a condition to becoming registered to offer and sell franchises in the State of Illinois, LMD has agreed to defer your obligation to pay the Initial Franchise Fee, Opening Assistance Fee, and other initial payments due to LMD (collectively the “**Initial Fees**”) until LMD has met its material pre-opening obligations to you (the “**Fee Deferral Requirement**”) and you have commenced operation of the LE MACARON® Pastry Shop. Therefore, notwithstanding anything to the contrary in Section 4.1. of the Franchise Agreement, payment of the Initial Fees is due (a) at such time as when LMD has met all of its material pre-opening obligations to you and you have commenced operation of the LE MACARON® Pastry Shop, or (b) when the Fee Deferral Requirement has been lifted, whichever occurs sooner.

3. Section 19.3 of the Franchise Agreement is hereby deleted and replaced with the following:

“19.3 Arbitration. Except for actions which LMD may bring in any court of competent jurisdiction for failure to pay Royalty Fees or any other amounts due and owing under this Agreement, or for injunctive or other extraordinary relief, you and LMD agree to submit any claim, controversy or dispute (collectively, “**Dispute**”) between LMD or any of its affiliates (and/or their respective shareholders, officers, directors, agents, representatives and/or employees) and you (and/or your owners, guarantors, agents, representatives and/or employees, as applicable) arising out of or related to **(a)** this Agreement or any other agreement between LMD and you, **(b)** LMD’s

relationship with you, **(c)** the validity of this Agreement or any other agreement between LMD and you, or **(d)** any System standard, to arbitration.

The parties agree that notwithstanding anything to the contrary in this Agreement, Disputes shall be submitted to binding arbitration in accordance with this Section 19.3. The arbitration shall be conducted through the American Arbitration Association (“**AAA**”) and in accordance with the AAA’s Commercial Arbitration Rules (“**Rules**”). The arbitration shall be conducted by one (1) arbitrator selected by agreement of the parties or (in the event the parties cannot agree) in accord with the Rules. The arbitrator shall apply the Federal Rules of Evidence during the conduct of the sessions with respect to the admissibility of evidence. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1-16. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof and will be final, binding and non-appealable, except as set forth below. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The place of arbitration shall be in the county in which Franchisor maintains its principal business offices at the time of arbitration, unless otherwise mutually agreed between the parties. LMD reserves the right, but has no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with Section 19.7. The arbitrator, in the conduct of the arbitration, shall not have the authority to declare any Mark generic or otherwise invalid and, to the fullest extent permitted by law, each party waves any right to or claim for any punitive, exemplary, incidental or consequential damages against the other. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The parties agree that all Disputes submitted to arbitration shall be conducted on an individual, and not a class wide, basis, and that only LMD (and its affiliates and its and their respective owners, officers, directors, agents and employees, as applicable) and you (and you affiliates and your and their respective owners, guarantors, officers and directors, as applicable) may be the parties to any arbitration proceeding described in this Section 19.3., and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving LMD and/or any other natural person, association, corporation, partnership, limited liability company or other entity.

If any party to an arbitration wishes to appeal any final award by the arbitrator, such party may appeal, within thirty (30) days of such final award, to a different arbitrator appointed in the same manner as set forth above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial de novo or other fact-finding function. The party requesting such appeal must have paid for a court reporter to make a written record of the arbitration hearing and must pay all costs charged by such appeal panel, as well as posting any bond deemed appropriate by the appeal panel. Any party that does not pay for or share in the payment for a transcript of the arbitration hearing cannot challenge any ruling by the arbitrator on appeal, even if the opposing party does appeal.”

4. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR

LE MACARON DEVELOPMENT LLC

a Florida limited liability company

FRANCHISEE

a/an _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

MARYLAND AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, 20__ is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, 20__, by and between Le Macaron Development LLC (“**LMD**”), a Florida limited liability company, with its principal office in Sarasota, Florida, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. Any provision requiring you to sign a general release of any and all claims against us shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.
2. Any provision requiring you to bring an action against us in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. Section 14-226 of the Maryland Franchise Registration and Disclosure Law, prohibits LMD from requiring a prospective franchisee to assent to any 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 Act.
4. Notwithstanding anything to the contrary set forth in the Agreement, any general release the Franchisee is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability LMD may have incurred under the Maryland Franchise Registration and Disclosure Law.
5. As a condition to becoming registered to offer and sell franchises in the State of Maryland, LMD has agreed to defer your obligation to pay the Initial Franchise Fee, Opening Assistance Fee, and other initial payments due to LMD (collectively the “**Initial Fees**”) until LMD has met its material pre-opening obligations to you (the “**Fee Deferral Requirement**”). Therefore, notwithstanding anything to the contrary in Section 4.1. of the Franchise Agreement, payment of the Initial Fees is due (a) at such time as when LMD has met all of its material pre-opening obligations to you, or (b) when the Fee Deferral Requirement has been lifted, whichever occurs sooner.
6. Section 19.3 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

“This section shall not in any way abrogate or reduce any of your rights as provided for in Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, including the right to submit matters to the jurisdiction of the Courts of Maryland.”
7. Notwithstanding anything to the contrary set forth in the Franchise Agreement, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
8. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.
9. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Amendment.

[The Signature Page Follows]

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

FRANCHISOR

LE MACARON DEVELOPMENT LLC

a Florida limited liability company

FRANCHISEE

a/an _____

By: _____
Rosalie Guillem, Chief Executive Officer

Date: _____

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

VIRGINIA AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, 20__ is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, 20__, by and between The Le Macaron Development LLC (“**LMD**”), a Florida limited liability company, with its principal office in Sarasota, Florida, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. Under Section 13.1-564 of the Virginia Retail Franchising Act, (the “**Act**”), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause”, as that term may be defined in the Act or the laws of Virginia, that provision may not be enforceable.

2. As a condition to becoming registered to offer and sell franchises in the State of Virginia, LMD has agreed to defer your obligation to pay the Initial Franchise Fee, Opening Assistance Fee, and other initial payments due to LMD (collectively the “**Initial Fees**”) until LMD has met its material pre-opening obligations to you (the “**Fee Deferral Requirement**”). Therefore, notwithstanding anything to the contrary in Section 4.1. of the Franchise Agreement, payment of the Initial Fees is due (a) at such time as when LMD has met all of its material pre-opening obligations to you, or (b) when the Fee Deferral Requirement has been lifted, whichever occurs sooner.

3. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR

LE MACARON DEVELOPMENT LLC
a Florida limited liability company

FRANCHISEE

a/an _____

By: _____
Rosalie Guillem, Chief Executive Officer

Date: _____

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

**LE MACARON DEVELOPMENT LLC
FRANCHISE AGREEMENT**

ATTACHMENT A

GLOSSARY OF ADDITIONAL TERMS

“Account” means your commercial bank operating account.

“Affiliate” means an affiliate of a named person identified as any person or entity that is controlled by, controlling or under common control with such named person.

“Business Day” means each day other than a Saturday, Sunday, U.S. holiday or any other day on which the Federal Reserve is not open for business in the United States.

“Business Entity” means any person with the power to enter into contracts, other than a natural person. The term includes a corporation, limited liability company, limited partnership, and trust.

“Captive Market” means any facility serving a captive marketplace, including department stores, supermarkets, shopping malls, amusement/theme parks, airports, train stations, travel plazas, casinos, nightclubs, restaurants, public facilities, college and school campuses, arenas, stadiums, ballparks, hospitals, office buildings, convention centers, airlines (in-flight service), military bases, and any other mass gathering events or locations, and facilities of any kind for which food and/or beverage service rights are contracted to a third party or parties (including, but not limited to, designated road ways and facilities adjacent thereto). As used herein, the term “shopping malls” includes any retail center (enclosed or open), including “outlet malls,” with an aggregate gross leasable area in excess of 350,000 square feet.

“Confidential Information” means all trade secrets, the Standards, and other elements of the System; all customer information; all information contained in the Manuals; LMD’s proprietary recipes and Standards and specifications for product preparation, packaging and service; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, and all other information that LMD designates.

“Control Date” means the date specified in the Summary Pages which is the date you must acquire a site acceptable to LMD for the development of the Pastry Shop.

“Copyrighted Works” means works of authorship which are owned by LMD and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Marks, LMD’s menus, bulletins, correspondence and communications with our franchisees, training, advertising and promotional materials, and the content and design of LMD’s website.

“Crisis Management Event” means any event that occurs at or about the Pastry Shop premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

“Force Majeure” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot or other civil disturbance; epidemics; or other similar forces which could not, by the exercise of reasonable diligence, have been avoided; provided, however, that neither an act or failure to act by a government authority, nor the performance, nonperformance, or exercise of rights by your lender, contractor, or other person qualifies as a Force Majeure unless the act, failure to act, performance, non-performance, or exercise of rights resulted from a Force Majeure. Your financial inability to perform or your insolvency is not a Force Majeure.

“Gross Sales” means the total selling price of all services and products and all income of every other kind and nature related to your LE MACARON FRENCH PASTRIES® Pastry Shop (including income related to delivery and catering operations and special events and the full value of food and beverage provided to your employees as an incident to their employment (except you may credit the value of any discounts against Gross Sales during the week in which the meals are provided), whether for cash or credit and regardless of collection in the case of credit. Gross Sales does not include **(i)** sales (or similar) taxes that you collect from your customers if you transmit them to the appropriate taxing authority; **(ii)** proceeds from isolated sales of trade fixtures that are not part of the products and services you offer and that do not have any material effect on the operation of your LE MACARON FRENCH PASTRIES® Pastry Shop; **(iii)** tips or gratuities paid directly by Pastry Shop customers to your employees or paid to you and then turned over to these employees by you in lieu of direct tips or gratuities; or **(iv)** returns to shippers or manufacturers. Gross Sales also does not include proceeds from the sale of gift certificates or stored value cards (all proceeds from the sale of gift certificates and stored value cards belong to LMD), but it does include the redemption value of gift certificates and stored value cards at the time purchases are made.

“Key Person” means an individual who the franchisee has designated, and LMD has approved, who has full control over multiple day-to-day Pastry Shop management and operations, has completed LMD’s initial training program, and all additional training (including food safety training) that LMD requires, to LMD’s satisfaction, and devotes his or her full time efforts to Pastry Shop operations.

“Managing Owner” means the Owner designated to devote full time efforts to the day-to-day management and operations of the Franchised Business. If the franchisee is a Business Entity the Managing Owner must have no less than 20% equity interest in the Business Entity.

“Manual” means the compilation of information and knowledge that is necessary and material to the System. The term “Manual,” as used in this Agreement, includes all publications, materials, drawings, memoranda, videotapes, CDs, DVDs, MP3s, and other electronic media that LMD from time to time may loan to you. The Manual may be supplemented or amended from time to time by letter, electronic mail, bulletin, videotape, CD, DVD, MP3, or other communications concerning the System to reflect changes in the image, specifications, and Standards relating to developing, equipping, furnishing, and operating a LE MACARON FRENCH PASTRIES® Pastry Shop.

“Owner” means each individual or entity holding a beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. It is the intent of the parties that agreements and actions (or forbearances) to be executed or undertaken by Owners under the Franchise Agreement be executed or undertaken by individuals. Therefore, if an Owner is a Business Entity, each Owner in the Business Entity’s chain of ownership will execute the agreements or undertake (or forbear) the actions required under the Franchise Agreement.

“Private Label Products” means products that are produced or manufactured in accordance with LMD’s proprietary specifications and/or formulas or which LMD designates as “Private Label Products.”

“Proprietary Products” means recipes and menu items that incorporate LMD’s trade secrets and proprietary information and products and ingredients that are manufactured according to our proprietary specifications.

“You” means the franchisee identified above and its successors and assigns.

**LE MACARON DEVELOPMENT LLC
FRANCHISE AGREEMENT**

ATTACHMENT B

**THE SITE SELECTION AREA, CONTROL DATE, PASTRY SHOP PREMISES,
OPENING DATE AND THE PROTECTED AREA**

Section 3.1. The Site selection Area is: _____

Section 3.1. The Control Date is: _____

IN WITNESS WHEREOF, the parties have executed this Attachment B on _____.

FRANCHISOR

FRANCHISEE

LE MACARON DEVELOPMENT LLC

a Florida limited liability company

a/an _____

By: _____

Rosalie Guillem, Chief Executive Officer

By: _____

Name: _____

Title: _____

Date: _____

Date: _____

As of the date set forth below, the Pastry Shop premises has been determined and, as such, Attachment B is supplemented as follows:

Section 1.1.1. The Pastry Shop is to be located at: _____

Section 3.5. The Opening Date is: _____

Section 1.2. The Protected Area is: _____

but excludes all Captive Markets within such area. A "**Captive Market**" is a facility serving a captive marketplace, such as department stores, supermarkets, shopping malls (defined as enclosed or open retail centers with gross leasable area in excess of 350,000 square feet), amusement/theme parks, airports, train stations, travel plazas, casinos, nightclubs, restaurants, public facilities, college and school campuses, arenas, stadiums, ballparks, hospitals, office buildings, convention centers, airlines (in-flight services), military bases, and any other mass gathering events or locations, and facilities of any kind for which food and/or beverage service rights are contracted to a third party or parties (including designated roadways and adjacent facilities).

If the Protected Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Protected Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

IN WITNESS WHEREOF, the parties have executed this Attachment B on _____.

FRANCHISOR

FRANCHISEE

LE MACARON DEVELOPMENT LLC

a Florida limited liability company

a/an _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

**LE MACARON DEVELOPMENT LLC
FRANCHISE AGREEMENT**

ATTACHMENT C

ENTITY INFORMATION

If the franchisee is an entity, you represent and warrant that the following information is accurate and complete in all material respects as of _____.

(1) Franchisee is a _____, formed under the laws of the state of _____.

(2) You shall provide to LMD concurrently with the execution hereof true and accurate copies of the franchisee's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.

(3) You promptly shall provide such additional information as LMD may from time to time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.

(4) The name and address of each of Owner:

NAME	ADDRESS	PERCENTAGE INTEREST

(5) The address where the Franchisee's Financial Records, and other records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

_____.

FRANCHISOR

LE MACARON DEVELOPMENT LLC
a Florida limited liability company

FRANCHISEE

a/an _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

**LE MACARON DEVELOPMENT LLC
FRANCHISE AGREEMENT**

ATTACHMENT D-1

GUARANTY AND PERSONAL UNDERTAKING

1. I have read the Franchise Agreement between Le Macaron Development LLC (“**LMD**”) and _____ (the “**Franchisee**”).
2. I own a beneficial interest in the Franchisee, and would be considered an “**Owner**” within the definition contained in Franchise Agreement.
3. I understand that, were it not for this Guaranty and Personal Undertaking (the “**Guaranty**”), LMD would not have agreed to enter into the Franchise Agreement with the Franchisee.
4. I will comply with of the provisions contained in Article 7 of the Franchise Agreement concerning the Franchisee’s use of LMD’s Marks and Copyrighted Works (as that term is defined in the Franchise Agreement). I understand that, except for the license granted to the Franchisee, I have no individual right to use the Marks or Copyrighted Works and I have no ownership interest in the Marks or Copyrighted Works.
5. I will comply with all of the provisions contained in Article 8 of the Franchise Agreement concerning the use of the Confidential Manuals and Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Franchise Agreement. I further agree not to disclose any of the Confidential Information, except **(a)** to the Franchisee’s employees on a need to know basis, **(b)** to the Franchisee’s and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and **(c)** as otherwise may be required by law.
6. I will comply with all of the provisions contained in Article 12 of the Franchise Agreement concerning the transfer of my ownership interest in the Franchisee.
7. While I am an Owner of the Franchisee and, for a two-year period after I cease to be an Owner (or two years after termination or expiration (without renewal) of the Franchise Agreement, whichever occurs first), I will not:
 - (a)** Divert or attempt to divert any present or prospective customer of the LE MACARON FRENCH PASTRIES® Pastry Shop to any competitor or do anything to harm the goodwill associated with the Marks and the System;
 - (b)** Employ or seek to employ any person who is or has been within the previous 30 days employed by LMD or an Affiliate of LMD as a salaried managerial employee, or induce such person to leave his or her employment; or
 - (c)** Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any shop that offers macarons as a menu item, other than a LE MACARON FRENCH PASTRIES® Pastry Shop operated pursuant to a then-currently effective franchise agreement. This restriction shall apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which LMD or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. It will apply for two years after I cease to be an Owner (or two years after termination or expiration of the Franchise Agreement, whichever occurs first) to any location that **(i)** is, or is intended to be, located at the location of the former Franchised Business; **(ii)** within a 10-mile radius of the Pastry Shop; or **(iii)** within a 10-mile radius of any other Pastry Shop operating under the System and Marks in existence or under development at the time I cease being an Owner (or termination or expiration of the Franchise

Agreement, whichever occurs first). The above two-year restriction will be tolled during any period of my noncompliance.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Guaranty. If all or any portion of a covenant in this Guaranty is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which LMD is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Guaranty.

9. I understand and acknowledge that LMD has the right, in its sole discretion, to reduce the scope of any covenant set forth in this Guaranty, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. I agree that the provisions contained in Article 19 of the Franchise Agreement will apply to any dispute arising out of or relating to this Guaranty. If LMD brings any legal action to enforce its rights under this Guaranty, I will reimburse LMD its reasonable attorneys' fees and costs.

11. I hereby guarantee the prompt and full payment of all amounts owed by the Franchisee under the Franchise Agreement.

12. I will pay all amounts due under this Guaranty within 14 days after receiving notice from LMD that the Franchisee has failed to make the required payment. I understand and agree that LMD need not exhaust its remedies against the Franchisee before seeking recovery from me under this Guaranty.

13. No modification, change, impairment, or suspension of any of LMD's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that LMD's release of such security will not affect my liability under this Guaranty.

14. I hereby waive **(a)** all rights described in California Civil Code Section 2856(a)(1)-(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available to the undersigned by reason of California Civil Code Sections 2787 to 2855, inclusive; and **(b)** California Civil Code Sections 2899 and 3433.

15. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING LMD, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE.**

16. I understand that LMD's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to LMD under applicable law.

17. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after electronically confirmed transmission by facsimile or other electronic system; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to LMD written notice of the change.

Intending to be legally bound, I have executed this Guaranty and Personal Undertaking on the date set forth below:

GUARANTORS

Dated: _____

Name: _____

Address: _____

Dated: _____

Name: _____

Address: _____

**LE MACARON DEVELOPMENT LLC
FRANCHISE AGREEMENT**

ATTACHMENT D-2

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees of Franchisee)**

In accordance with the terms of this Confidentiality and Non-Competition Agreement (“**Confidentiality Agreement**”) and in consideration of my being a _____ of _____ (the “**Franchisee**”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. _____ doing business as _____ (the “**Franchisee**”), has acquired the right and franchise from Le Macaron Development LLC (“**LMD**”) to establish and operate a Franchised Business (the “**Franchised Business**”) and the right to use in the operation of the Franchised Business LMD’s trade names, trademarks, service marks, including the service mark LE MACARON FRENCH PASTRIES® (the “**Marks**”) and the system developed by LMD and/or its affiliates for operation and management of Franchised Businesses (the “**System**”), as they may be changed, improved, and further developed from time to time in LMD’s sole discretion.
2. LMD possesses certain proprietary and confidential information relating to the operation of the System, which includes the Manuals, recipes, trade secrets, and copyrighted materials, methods, and other techniques and know-how (the “**Confidential Information**”).
3. Any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which LMD specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Confidentiality Agreement.
4. As _____ of the Franchisee, LMD and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, LMD’s operations manual (the “**Manual**”) and other general assistance during the term of this Confidentiality Agreement.
5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.
6. The Confidential Information is proprietary, involves trade secrets of LMD, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by LMD as confidential. Unless LMD otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.
7. Except as otherwise approved in writing by LMD, I shall not, while in my position with the Franchisee and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for one (1) year thereafter, either directly or indirectly, for myself or through, on behalf of, or in conjunction with any other person, partnership, corporation, or other limited liability company own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any shop that offers macarons as a menu item within a radius of 10-mile radius of any LE MACARON FRENCH PASTRIES® Pastry Shop, as those terms are defined in the Franchise Agreement. This restriction does not apply to my ownership of less than five percent beneficial interest in the outstanding securities of any publicly-held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Confidentiality Agreement. If all or any portion of a covenant in this Confidentiality Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which LMD is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Confidentiality Agreement.

9. I understand and acknowledge that LMD has the right, in its sole discretion, to reduce the scope of any covenant set forth in this Confidentiality Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. LMD is a third-party beneficiary of this Confidentiality Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Confidentiality Agreement will cause LMD and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or LMD may apply for the issuance of an injunction preventing me from violating this Confidentiality Agreement, and I agree to pay the Franchisee and LMD all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Confidentiality Agreement is enforced against me. Due to the importance of this Confidentiality Agreement to the Franchisee and LMD, any claim I have against the Franchisee or LMD is a separate matter and does not entitle me to violate, or justify any violation of this Confidentiality Agreement.

11. This Confidentiality Agreement shall be construed under the laws of the State of Florida. The only way this Confidentiality Agreement can be changed is in writing signed by both the Franchisee and me.

12. With respect to all claims, controversies and disputes, I irrevocably consent to personal jurisdiction and submit myself to the jurisdiction of the federal and state courts located in Sarasota County, Florida. I acknowledge that this Confidentiality Agreement has been entered into in the state of Florida, and that I am to receive valuable information emanating from LMD's headquarters in Sarasota, Florida. In recognition of the information and its origin, I hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Florida as set forth above. Notwithstanding the foregoing, I acknowledge and agree that LMD or the Franchisee may bring and maintain an action against me in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

(Signatures on following page)

THE PARTIES HERETO, INTENDING TO BE LEGALLY BOUND, HAVE EXECUTED THIS CONFIDENTIALITY AGREEMENT AS OF THE DATES NOTED BELOW.

[EMPLOYEE]

ACKNOWLEDGED BY FRANCHISEE

Signature:_____

By:_____

Name:_____

Name:_____

Address:_____

Title:_____

Title:_____

Date:_____

Date:_____

LE MACARON DEVELOPMENT LLC
FRANCHISE AGREEMENT

ATTACHMENT E

ACH AUTHORIZATION
AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Please complete and sign this form.

FRANCHISEE INFORMATION

Franchisee Name or Legal Entity

LE MACARON FRENCH PASTRIES® Pastry Shop Number & Location

Name and Email of Person to Receive ACH Debit Advice

Authorization Agreement

I (we) hereby authorize Le Macaron Development LLC ("Company") to make ACH withdrawals from my (our) account at the financial institution named below. I also authorize the Company to initiate direct deposits into this account in the event that a debit entry is made in error. I (we) acknowledge that the origination of ACH transactions to or from my (our) account must comply with the provisions of U.S. law.

I agree to indemnify the Company for any loss arising in the event that any withdrawals from my (our) account shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

This agreement will remain in effect until the Company has received advanced written notice of cancellation from me (us) in such time and in such manner as to afford the Company a reasonable opportunity to act on it, and in no event shall such notice period be less than thirty (30) days.

PAYOR/FRANCHISEE ACCOUNT INFORMATION

Name of Financial
Institution:

ABA Routing Number:

Account Number:

Checking

☐

Savings

☐

PAYOR/FRANCHISEE SIGNATURE

Authorized Signature
(Primary):

Date:

Authorized Signature (Joint):

Date:

Account holder(s), please sign here: *(Joint accounts require the signature of all persons having authority over the account)*

Please attach a voided check at right, fax and mail to:

Le Macaron Development LLC Attn: CEO

ATTACH CHECK HERE

2300 Bee Ridge Road, #401, Sarasota, Florida 34239

**LE MACARON DEVELOPMENT LLC
FRANCHISE AGREEMENT**

**ATTACHMENT F
FRANCHISE AGREEMENT**

LEASE RIDER

THIS LEASE RIDER (the “**Rider**”) is made and entered into as of the ____ day of _____, 20____, by and between _____ (“**Landlord**”), with its principal offices at _____ and _____ (“**Franchisee**” or “**Tenant**”), with its principal offices at _____, and Le Macaron Development LLC (“**Franchisor**”), with its principal offices at 2300 Bee Ridge Road, #401, Sarasota, Florida 34239.

In consideration of, and as an inducement to the execution of the Franchise Agreement between Franchisor and its franchisee, each of the undersigned agree as follows:

(a) Landlord acknowledges that Tenant is a franchisee of Franchisor and that the pastry shop located at the Premises (“**Unit**”) is operated under the LE MACARON FRENCH PASTRIES® franchise system, pursuant to a franchise agreement (“**Franchise Agreement**”) between Tenant and Franchisor. Landlord consents to Tenant’s use at the Premises of such marks and signs, decor items, color schemes, and related components of the LE MACARON FRENCH PASTRIES® System as Franchisor may prescribe for the Unit. During the term of the Franchise Agreement, the Premises may be used only for the operation of the Unit.

(b) Landlord agrees to furnish to Franchisor copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant. Without limiting the foregoing, in the event of any default by Tenant, Landlord shall give Franchisor written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give Franchisor further written notice of such failure (“**Franchisor Notice**”). Following Franchisor’s receipt of the Franchisor Notice, Franchisor shall have the right (but not the obligation) to cure Tenant’s default before Landlord shall exercise any of Landlord’s remedies arising as a consequence of Tenant’s default. Any such cure shall be effected within 15 days following Franchisor’s receipt of the Franchisor Notice. Such cure by Franchisor shall not be deemed to be an election to assume the terms, covenants, obligations, and conditions of the Lease.

(c) If Franchisor cures Tenant’s default, or if Franchisor notifies Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord’s receipt of Franchisor’s notice thereof), Landlord agrees, upon Franchisor’s written request, to assign to Franchisor any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises and shall cooperate with Franchisor in order to pursue such action to a conclusion.

(d) If Franchisor cures Tenant’s default, or notifies Landlord of the termination of the Franchise Agreement, Franchisor shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations, and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six months from the first date of any cure by Franchisor; or

2. At any time within or at the conclusion of such six-month period, assume the terms, covenants, obligations, and conditions of the Lease for the remainder of the term, together with any

applicable renewal options. In such event, Landlord and Franchisor shall enter into an agreement to document such assumption. Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided.

(e) If, during the six-month period set forth in section (d)(1) above, or at any time after the assignment contemplated in section (d)(2), Franchisor shall notify Landlord that the franchise for the Unit is being granted to another LE MACARON FRENCH PASTRIES® Pastry Shop franchisee, Landlord shall permit the assignment of the Lease to said franchisee without the payment of any fee or other cost requirement, provided that, said franchisee meets Landlord's reasonable financial qualifications. Landlord shall not unreasonably withhold consent to such assignment. Thereafter, Franchisor shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section (e).

(f) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(g) Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the LE MACARON FRENCH PASTRIES® System and Marks (including, without limitation, remove all signs, advertising materials, displays, fixtures, proprietary equipment and inventory, and any other items which display the Marks or are indicative of LE MACARON FRENCH PASTRIES® trade dress) or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor. Tenant hereby releases, acquits, and discharges Franchisor and Landlord, their respective subsidiaries, affiliates, successors, and assigns and the directors, officers, shareholders, partners, members, managers, agents, representatives, independent contractors, servants, and employees of each of them, from any and all claims, demands, accounts, actions, and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction, or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to the Addendum.

(h) Landlord shall subordinate any lien in favor of Landlord created by the Lease to Franchisor. Landlord's rights to collect on any liens that Landlord files or attaches to Tenant's property rights shall be subordinate and inferior to Franchisor's lien rights against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Tenant and on the premises operated by Tenant under the Lease.

(i) All notices sent pursuant to this Addendum shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be 2300 Bee Ridge Road, #401, Sarasota, Florida 34239, Attention: CEO, which address may be changed by written notice to Landlord in the manner provided in the Lease.

(Signature on following page)

.

FRANCHISOR:

LE MACARON DEVELOPMENT LLC

By: _____
Name: _____
Title: _____

LANDLORD:

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

**LE MACARON DEVELOPMENT LLC
FRANCHISE AGREEMENT**

ATTACHMENT G

MOBILE KIOSK AMENDMENT

This Mobile Kiosk Amendment to Franchise Agreement (“**Amendment**”) is made and entered into as of _____, 20____, by and between Le Macaron Development, LLC, a Florida limited liability company (“**Franchisor**”) and _____, a/an _____ (“**Franchisee**”).

BACKGROUND

- A. Franchisor and Franchisee, simultaneously with the execution of this Amendment, are entering into a franchise agreement (“**Franchise Agreement**”) under which Franchisee has been granted the right to establish and operate a LE MACARON FRENCH PASTRIES® pastry shop.
- B. Franchisee has elected to operate a transportable, branded kiosk, which may be a cart-style kiosk or mobile kiosk, ranging from approximately 30 to 50 square feet of space (a “**Mobile Kiosk**”).
- C. Now, Franchisor and Franchisee, acknowledging that, due to the difference between the operation of a Traditional Pastry Shop or Permanent Kiosk versus a Mobile Kiosk, the terms of the Franchise Agreement are hereby amended in accordance with the terms and conditions of this Amendment.

AGREEMENT

In consideration of the mutual premises contained in this Amendment and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Term. Section 2.1 of the Franchise Agreement is amended to replace the term “10th anniversary of the Effective Date” with “5th anniversary of the Effective Date.”
2. Summary Pages. The Renewal Fee and the Transfer Fee items in the Summary Pages are deleted and replaced with the following:

RENEWAL FEE: \$1,500

TRANSFER FEE: ☐ \$500 (transfer to a business entity, refer to Section 12.2.); or
☐ \$2,500 (transfer of non-controlling interest, refer to Section 12.3.);
☐ \$7,875, plus reimbursement of LMD’s costs (transfer of Franchise Agreement, all or substantially all of your assets, or controlling interest to existing System franchisee or System franchisee affiliate, refer to Section 12.4.); or
☐ \$11,250, plus reimbursement of LMD’s costs (transfer of Franchise Agreement, all or substantially all of your assets, or controlling interest, refer to Section 12.4.)

3. Relocation. In Section 3.6 of the Franchise Agreement, the final two sentences are deleted and replaced with the following:

“If you relocation occurred for any other reason, the Pastry Shop must be open for business at the new location by a mutually agreed-upon date, or if no date is agreed on, then no later than 14 days of closing at the previous location, and you must pay to LMD the Relocation Fee indicated on the Summary Pages, which is due before you begin to search for a new

location. You are solely responsible for all relocation costs and expenses, including, as we deem necessary, payment of our then-current relocation fee”

4. Product Offerings. Franchisee understands and agrees that a Mobile Kiosk location will not offer the full range of menu items provided by Traditional Pastry Shops or Permanent Kiosks and that Franchisor reserves the right to set and modify the menu items to be provided by the Mobile Kiosk.

5. Capitalization. Any capitalized terms not defined in this Amendment will have the meaning ascribed to them in the Franchise Agreement.

6. Miscellaneous. All other provisions of the Franchise Agreement remain in full force and effect. Furthermore, all references in the Franchise Agreement to Franchisee’s “Pastry Shop” also applies to Franchisee’s Mobile Kiosk, as though they were the same term. If any discrepancy or conflict arises between the provisions of this Amendment and the provisions of the Franchise Agreement, the provisions of this Amendment will control.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the dates set forth below to be made effective as of the above-written date.

FRANCHISOR

LE MACARON DEVELOPMENT LLC
a Florida limited liability company

FRANCHISEE

a/an _____

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

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

**LE MACARON DEVELOPMENT LLC
FRANCHISE AGREEMENT**

ATTACHMENT H

FRANCHISEE QUESTIONNAIRE

As you know, Le Macaron Development LLC (“**we**” or “**us**”) and you are preparing to enter into a Franchise Agreement for the operation of a LE MACARON FRENCH PASTRIES® Pastry Shop franchise. The purposes of this Questionnaire are to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. You cannot sign or date this Questionnaire the same day as the Receipt for the franchise disclosure document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee. Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- | | |
|-----------------|--|
| Yes____ No ____ | 1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it? |
| Yes____ No ____ | 2. Have you received and personally reviewed the franchise disclosure document we provided? |
| Yes____ No ____ | 3. Did you sign a receipt for the franchise disclosure document indicating the date you received it? |
| Yes____ No ____ | 4. Do you understand all the information contained in the franchise disclosure document and Franchise Agreement? |
| Yes____ No ____ | 5. A) Have you reviewed the franchise disclosure document and Franchise Agreement with a lawyer, accountant, or other professional advisor? |
| Yes____ No ____ | B) Have you discussed the benefits and risks of operating a LE MACARON FRENCH PASTRIES® Pastry Shop franchise with your professional advisor? |
| Yes____ No ____ | C) Did you discuss the benefits and risks of operating a LE MACARON FRENCH PASTRIES® Pastry Shop franchise with an existing LE MACARON FRENCH PASTRIES® Pastry Shop franchisee? |
| Yes____ No ____ | 6. Do you understand the risks of operating a LE MACARON FRENCH PASTRIES® franchise? |
| Yes____ No ____ | 7. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities, and efforts and those of the person you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms, and the marketplace? |
| Yes____ No ____ | 8. Do you understand we are not obligated to provide assistance to you in finding and securing a location for your LE MACARON FRENCH PASTRIES® Pastry Shop? |

- Yes____ No ____ 9. Do you understand that we are not responsible for any construction delays?
- Yes____ No ____ 10. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be brought in the judicial district in which our principal place of business is located, if not resolved informally or by mediation?
- Yes____ No ____ 11. Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement, and not any punitive, exemplary, incidental, indirect, special, consequential, or other damages (including, without limitation, loss of profits)?
- Yes____ No ____ 12. Do you understand that your Managing Owner must successfully complete the training program prior to the Opening Date; and that if he or she fails, in our sole judgment, to satisfactorily complete our training program, and you fail to cure such default within 90 days following written notice from us, we may terminate the Franchise Agreement?
- Yes____ No ____ 13. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?
- Yes____ No ____ 14. A) Do you understand that the U.S. Government has enacted anti-terrorist legislation that prevents us from carrying on business with any suspected terrorist or anyone associated directly or indirectly with terrorist activities?
- Yes____ No ____ B) Is it true that you have never been a suspected terrorist or associated directly or indirectly with terrorist activities?
- Yes____ No ____ C) Do you understand that we will not approve your purchase of a LE MACARON FRENCH PASTRIES® Pastry Shop franchise if you are a suspected terrorist or associated directly or indirectly with terrorist activity?
- Yes____ No ____ D) Is it true that you are not purchasing a LE MACARON FRENCH PASTRIES® Pastry Shop franchise with the intent or purpose of violating any anti-terrorism law or for obtaining money to be contributed to a terrorist organization?
- Yes____ No ____ 15. Is it true no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a LE MACARON FRENCH PASTRIES® Pastry Shop franchise that is not contained in the franchise disclosure document or that is contrary to, or different from, the information contained in the franchise disclosure document?
- Yes____ No ____ 16. Is it true no employee or other person speaking on our behalf made any statement or promise regarding the actual, average, or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a LE MACARON FRENCH PASTRIES® Pastry Shop franchise will generate, that is not contained in the franchise disclosure document or that is contrary to, or different from, the information contained in the franchise disclosure document?
- Yes____ No ____ 17. Is it true no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in our Franchise Agreement, concerning advertising, marketing, media support,

marketing penetration, training, support services, or assistance that is contrary to, or different from, the information contained in the franchise disclosure document?

Yes ____ No ____

18. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise for the pastry shop, meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding?

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits us from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions of the Franchise Agreement which requires a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise 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.

THIS COMPLIANCE QUESTIONNAIRE MAY BE COMPLETED AND SIGNED WITH FULL FORCE AND EFFECT USING ELECTRONIC FIELD INPUTS AND SIGNATURES:

FRANCHISEE

OWNER(S)/GUARANTOR(S)

a/an _____

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

_____, Individually
Date: _____

_____, Individually
Date: _____

EXHIBIT D
TO LE MACARON DEVELOPMENT LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES

**LE MACARON DEVELOPMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FRANCHISEES WITH OUTLETS OPEN
AS OF DECEMBER 31, 2018**

State	Name	Address	Telephone Number
Arizona	Sandine Chagnot X-Key LLC	Scottsdale Quarter 15323 N Scottsdale Rd, #145 Scottsdale, AZ 85254	(480) 948-1099
California	Nora Mazirt	2907 Carlsbad Boulevard, Carlsbad CA 92008	(858) 231-8216
	Cyrille Lemoine Cylem LLC*	154 South Coast Highway Laguna Beach, California CA 92651	(949) 715-5282
	Jerome & Melanie Petit	1025 Prospect Street La Jolla CA 92307	(858) 999-1543
	Manuella Borga	541 South Spring Street, Suite 127, Los Angeles CA 90013	(213) 623-3606
	Hassia & Karim Kateb Floceviclem LLC	Paseo Nuevo 819 A State Street Santa Barbara, CA 93101	(805) 570-3383
	Vincent Damon	1301 Montana Avenue, Santa Monica, CA 90403	(310) 710-0508
Florida	Reginald Thompson R & S Great Adventures LLC*	3540 Saint Johns Ave Avondale FL	(912)712 5094
	Thierry Galvan TeaLogan LLC	Mizner Park 331 Plaza Real Boca Raton, FL 33432	(561)245-7281
	Sabrina Ducastel*	27001 US Highway 19 North Suite 2002 Clearwater, Florida 33761	(727) 315-4901
	Axyus LLC Mr. Degonse	520 East Atlantic Avenue Delray Beach, FL 33483	(581) 266-3860
	Patrizia Rizzo	3535 NW 83 Avenue suite 107 Doral, FL 33166	(786) 800-5531
	Florence Del Fondo Le Macaron Coconut Point LLC	23191 Fashion Drive, Suite 103 Estero, FL 33928	(239) 949-2251
	Henry Kotak Jelli Investments LLC	10801 Corkscrew, Suite 183 Estero, FL 33928	(239) 949-7001
	Reginald Thompson R & S Great Adventures LLC*	4663 River City Dr. Jacksonville, FL 32246	(912)712 5094

State	Name	Address	Telephone Number
	Hassan Afoukal	Village at Gulfstream Park 600 Silks Run, Unit 1230 Hallandale Beach, FL 33009	(754) 210-7922
	Reginald Thompson R & S Great Adventures LLC*	The Avenues Mall 10300 Southside Blvd Jacksonville, FL 32904	(904) 256-4128
	Reginald Thompson R & S Great Adventures LLC*	3538 Bay Island Circle, Jacksonville Beach FL 32250	(904) 669-8539
	Stephane Diaz Diaz Sappa LLC	3174 NW Federal Highway Jensen Beach, Florida 34957	(772) 985-2878
	Jean-Marie Liberato Macaron KeysLLC	423 A Duval Street Key West, FL 33040	(305) 363-9928
	Kyung Mee Joo Le Macaron Lake Mary	1140 Townpark Ave #1280 Lake Mary, FL 32746	(407) 333-0506
	Valerie and Fabrice Chauvet	1700 W New Haven Ave, Suite 535 Melbourne, Florida 32904	(321) 676-0933
	Annick Belmos	777 E Merritt Island Cswy, Merritt Island, FL 32952	(321) 336-8080
	Eric Petit Hep USA LLC	Dolphin Mall 11401 NW 12th St Miami, FL 33172	(786) 597-3630
	Carmen Bratu Bolero Dessert LLC	9100 Strada Plaza, Unit 2115 Naples, FL 34108	(239) 260-7066
	Le Macaron Palm Beach, LLC Jason Rawding*	302 S County Rd, Palm Beach, Florida 33480	(561) 249-3028
	Gabriel Tayou Moon Delice LLC	The Shops at Pembroke Gardens 5609 SW 145 th Terrace Pembroke Pines, Florida 33027	(954) 367-7643
	Sabine Leger-Juskowiak* The Jusko Team LLC	8 Cathedral Pl, St. Augustine, FL 32084	(407) 800-6379
	Sabine Leger-Juskowiak* The Jusko Team LLC	130 St George Street St. Augustine, FL 32084	(407) 800-6379
	Florida MFP, LLC Michel Pourcel and Fabienne Keribin	Tyrone Square Mall 6901 22 nd Avenue North St. Petersburg, Florida 33710	(813) 345-3478
	Lucien Martin LeMacaron Citrus Park LLC	8021 Citrus Park Town Center Mall Suite 7977 Tampa, FL 33625	(813) 920-4248
	Valerie Lucas MacLucas LLC	Wiregrass Mall 120 Paseo Drive Wesley Chapel, Florida 33543	(813) 625-5381
	Le Macaron CityPlace, LLC Jason Rawding	CityPlace 600 S Rosemary Ave, Suite 166 West Palm Beach, FL 33401	(561) 360-2551

State	Name	Address	Telephone Number
Georgia	Reginald Thompson R & S Great Adventures LLC*	204 West Broughton Street, Savannah, GA 31401	(912)712 5094
Illinois	Julien Gouillet and Jeanne-Marie Dru	958 West Armitage Avenue Chicago, IL 60614	(773)904-7097
New York	Frank Kelly & Sandra Ortiz Sweet Delights, Inc.	202 Market St Yonkers, NY 10710	(914) 423-4305
North Carolina	Hortense Bamba Gigi's Macaron, LLC	15119 Callow Forest Dr Charlotte, NC 28273	(704) 936-8788
Ohio	Marina Amaral	Liberty Center, 7100 Foundry Row, Liberty Township, OH 45069	(513)755-5400
Pennsylvania	Luke Freshwater*	100 Robinson Centre Drive, Pittsburgh, PA 15205	(703) 398-4585
Texas	Jose Pereria and Mervis Ruiz Ruiz	10611 Fry Road, Suite B2-100, Cypress, TX 77433	(281) 213-4440
	Julio & Ana Maria Rodriguez	2201 Interstate 35E, Denton, TX 76205	(972) 836-7028
	Jonathan & Denise Hanley The Ohanley Group LLC*	2601 Preston Rd, Kiosk 5512, Frisco, Texas 75035	(469) 237-8161

*Area Developers

**FRANCHISEES WITH OUTLETS THAT OPENED
DURING THE PERIOD BEGINNING
JANUARY 1, 2019 THOROUGH MAY 31, 2019**

State	Name	Address	Telephone Number
California	Shaun Sakai	12478 N Mainstreet Rancho Cucamonga, CA 91739	(909) 922-8500
Ohio	Amaral Marina	7529 Bales St, Liberty Township, OH 45069	(513) 755-5400

**FRANCHISEES
WITH FRANCHISE AGREEMENT SIGNED BUT
OUTLET NOT OPENED AS OF DECEMBER 31, 2018**

State	Name	Address	Telephone Number
California	Jemellee Saikali*	7643 Cloudy Bay Ct, Rancho Cucamonga, CA 91739	(909)561-3592
	Mohit Anchlia	16201 Macy Lane, CA 92127	(858) 336-5230
Florida	Alcida Veronica Salaban	10500 NW 78th Terrace Doral FL, 33178	(786) 856-9568

State	Name	Address	Telephone Number
	Jean Paul Collomp*	94 Rue des Bulins Mont Saint Dinon 76130, France Store to be located in Florida	0609630306 (France Phone Number)
	Reichmann & Rousseau*	39 Rue de Reims Vichy 03200 Store to be located in Florida	0680920363 (France Phone Number)
Georgia	Lisa Amundsen*	12160 Clairmeade Trail, Alpharetta, GA 30009	(678) 522-3349
Illinois	Julien Gouillet and Jeanne- Marie Dru	958 West Armitage Avenue, Chicago, IL 60614	(773)904-7097
South Carolina	KCT Group LLC* Sebastian Strom	2025 Purcell lane Charleston SC 29492	(615) 400-0380
New Hampshire	Andrea and Laszlo Pap Torok Coffee of the town LLC	11 Indian Rock Rd Windham, NH 03087	(603) 275-5847
Texas	Marlo Holding LLC* Marlon Baungartner and Valerie Chouquet	14 Rue de Champigny 94370 Sucy en Brie Store to be located in Texas	+33 6 71 07 36 01 (France Phone Number)

*Area Developer

**FRANCHISEES WITH FRANCHISE AGREEMENT SIGNED DURING THE PERIOD
JANUARY 1, 2019 THROUGH MARCH 31, 2019 BUT OUTLET NOT OPEN
AS OF MARCH 31, 2019**

State	Name	Address	Telephone Number
Alabama	Auburtin Michele	108 Forest Creek Drive Madison AL 35758	(258)684-0913
Florida	Marie Anthony Suarez	International Plaza - 2223 N Westshore Blvd. Tampa, FL 33607	(786)877-5444
Florida	Discourt Valerie Chauvet Fabrice	2270 Town center Av, Viera, FL 32940	(321) 831-5388
Missouri	James R.McKibben	6618 Nottingham Ave St Louis MO 63109	(314)327-9614
Texas	Zamira Farhat Entreprises, Inc. Zamira Farhat	2125 E Garrison Street, Eagle Pass TX 78852	(830) 773-6014

**LIST OF FRANCHISEES WHO LEFT THE SYSTEM
AS OF DECEMBER 31, 2018**

The following is a list of Franchisees who were terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their franchise agreement as of December 31, 2018, or who have not communicated with us within the last 10 weeks.

Transferred to new Franchisees:

FRANCHISEE	CITY	STATE	PHONE NUMBER
Nicholas Kaiser Frenchchic Macarons LLC	Hallandale	FL	(754) 210-7922
Fabrice Tedeschi* Lonama & Co LLC	Jacksonville	FL	(904) 256-4128
Fabien Daure ¹	Denton	TX	(940)-208-9092

Note 1. This franchisee sold their franchises in order to move back to France.

Terminated:

FRANCHISEE	CITY	STATE	PHONE NUMBER
Emmanuel Arrebot	Coconut Grove	FL	(305) 456-5864
Jean-Paul Guis A MA GUIs LLC	Miami	FL	(786) 717-6110
Pascal Disch NinaJune LLC	Tampa	FL	813.288.2024
Sally Tio S & K Enterprise Group, LLC	Atlanta	GA	(404) 963-5495

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

EXHIBIT E
TO LE MACARON DEVELOPMENT LLC
FRANCHISE DISCLOSURE DOCUMENT

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Le Macaron French Pastries® Operations Manual

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EXHIBIT F
TO LE MACARON DEVELOPMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

California

Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

Hawaii

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Office of Attorney General
500 S. Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

Franchise Section
Securities Division
302 W. Washington St., Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-7042

Michigan

Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa St.
G. Mennen Williams Bldg., 1st Floor
Lansing, Michigan 48913
(517) 373-7117

Minnesota

Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
(651) 296-4026

New York

Bureau of Investor Protection and Securities
Department of Law
120 Broadway, 23rd Floor
New York, New York 10271
(212) 416-8211

North Dakota

Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor
Bismarck, North Dakota 58505-0510

Rhode Island

Securities Division
Department of Business Regulation
1511 Pontiac Avenue, Building 69-1
Cranston, Rhode Island 02920

South Dakota

Department of Labor and Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 Main Street, 9th Floor
Richmond, Virginia
(804) 371-9051

Washington

Director
Department of Financial Institutions
Securities Division – 3rd Floor
150 Israel Road S.W.
Tumwater, Washington 98501

Wisconsin

Franchise Administrator
Division of Securities
Department of Financial Institutions
201 W. Washington Avenue
Madison, Wisconsin 53703

EXHIBIT G
TO LE MACARON DEVELOPMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

California

Commissioner of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013

Florida

Rosalie Guillem – Registered Agent
2300 Bee Ridge Road, #401
Sarasota, Florida 34239

Indiana

Indiana Secretary of State
302 W. Washington St., Room E-111
Indianapolis, Indiana 46204

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Maryland

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

Michigan

Michigan Department of Attorney General
Consumer Protection Division
525 W. Ottawa Street
G. Mennen Williams Bldg., 1st Floor
Lansing, Michigan 48913

New York

Secretary of State of the State of New York
One Commerce Plaza
99 Washington Avenue
Albany, New York 11231

Virginia

Clerk, State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

Wisconsin

Commissioner of Securities
201 W. Washington Avenue
Madison, Wisconsin 53703

EXHIBIT H
TO LE MACARON DEVELOPMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Le Macaron Development LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, franchisor or an affiliate in connection with the proposed franchise sale.

Applicable state laws in (a) Michigan requires us to provide you the disclosure document at least 10 business 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 and (b) New York and Rhode Island require us to provide you the disclosure document at the earlier of the first personal meeting or 10 business 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.

If Le Macaron Development LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state administrator listed in Exhibit F. Le Macaron Development LLC's agents for service of process are listed in Exhibit G.

Issuance Date: May 2, 2019

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Rosalie Guillem	2300 Bee Ridge Road, #401, Sarasota, Florida 34239	941-586-1558

I received a disclosure document dated _____. This disclosure document included the following Exhibits and Attachments:

Exhibit A Financial Statements	Exhibit E Table of Contents of Manual
Exhibit B Area Development Agreement with all Attachments	Exhibit F List of State Administrators
Exhibit C Franchise Agreement with all Attachments	Exhibit G Agents for Service of Process
Exhibit D List of Current Franchisees	Exhibit H Receipts

Dated: _____

Dated: _____

Printed Name

Printed name

Signed individually and as an officer of

_____(a Corporation)

_____(a Partnership)

_____(a Limited Liability Company)

Signed, individually and as an officer of

_____(a Corporation)

_____(a Partnership)

_____(a Limited Liability Company)

[Keep this page for your records]

RECEIPT

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Exhibit D List of Current Franchisees	Exhibit H Receipts

Dated: _____

Dated: _____

Printed Name

Printed name

Signed individually and _____ as an officer of
_____ (a Corporation)
_____ (a Partnership)
_____ (a Limited Liability Company)

Signed, individually and as an officer of
_____ (a Corporation)
_____ (a Partnership)
_____ (a Limited Liability Company)

[Return to Le Macaron Development LLC at 2300 Bee Ridge Road, #401, Sarasota, Florida 34239 or send a scanned copy via email to lemacaronfranchise@gmail.com]