FRANCHISE DISCLOSURE DOCUMENT
MAKENNA KOFFEE FRANCHISE, LLC
A California limited liability company
153 Cochran Street #310
Simi Valley, California 93065
Telephone: (805) 422-4455
Email: Makennakoffee@gmail.com
URL: www.makennakoffee.com

Makenna Koffee Franchise, LLC offers franchises for the establishment and operation of area representative businesses that will solicit and screen prospective franchisees for, and assist us in providing certain services to, Makenna Koffee franchisees who operate Makenna Koffee Shops. Makenna Koffee Shops offer a wide assortment of specialty coffee beverages, teas, smoothies, energy drinks, pastry items and related merchandise for retail on-premises and off-premises consumption under the trade name and service mark "Makenna Koffee."

The total investment necessary to begin operation of a Makenna Koffee area representative business is from $74,700 to $116,600. This includes $5,000 that must be paid to the franchisor or its affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no governmental agency has recommended or 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 Lance Clauson, Makenna Koffee Franchise, LLC, 153 Cochran Street #310, Simi Valley, California 93065, and (805) 422-4455.

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

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

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

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS JUNE 19, 2025.

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. Out-of-State Dispute Resolution. The Franchise Agreement and Area Development Agreement require you to resolve disputes with us by litigation only in California. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to participate in litigation with us in California than in your home state.

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

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

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

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FRANCHISE DISCLOSURE DOCUMENT
(AREA REPRESENTATIVE)
MAKENNA KOFFEE FRANCHISE, LLC
TABLE OF CONTENTS

EXHIBITS

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

Makenna Koffee Franchise, LLC

Makenna Koffee Franchise, LLC, a California limited liability company ("Franchisor"), was organized on April 7, 2024, and is the franchisor for Makenna Koffee Shops, that offer a wide assortment of specialty coffee beverages, energy drinks, teas, smoothies, pastry items and related merchandise for retail on-premises and off-premises consumption under the trade name and service mark "Makenna Koffee." Franchisor also offers franchises for area representative businesses that will solicit and screen prospective franchisees for, and assist in providing certain services to, Makenna Koffee franchisees. To simplify the language in this Disclosure Document, "Franchisor," "we" and "us" means Makenna Koffee Franchise, LLC. "You" or "Area Representative" means the business entity, person or persons who sign the Area Representative Agreement.

Franchisor's Parents, Predecessors and Affiliates

We have no predecessors or parent companies. Our affiliate, Makenna Koffee Company, LLC, a California limited liability company (the "Operating Company"), was organized on August 28, 2019. The Operating Company operates one Makenna Koffee Shop located at 153 Cochran Street #310, Simi Valley, California 93065, which opened for business on November 12, 2019 (the "Simi Valley Makenna Koffee Shop"). Our affiliate, Newhall Ranch MKC, LLC, a California limited liability company ("Newhall"), was organized on March 16, 2023. Newhall operates one Makenna Koffee Shop located at 23881 Newhall Ranch Road, Valencia, California 91355, which opened for business on January 6, 2024 (the "Newhall Company-Owned Makenna Koffee Shop") (the Simi Valley Company-Owned Makenna Koffee Shop and the Newhall Makenna Koffee Shop are collectively referred to as the "Company-Owned Makenna Koffee Shops"). The Operating Company also operates one Makenna Koffee mobile unit at 5235 Cochran Street, Simi Valley, California 93063, which opened for business on August 20, 2021. Our principal business address and the principal business address of the Operating Company, and Newhall is 153 Cochran Street #310, Simi Valley, California 93065.

Neither we, the Operating Company, nor Newhall have ever offered franchises in this business or in any other line of business. We do not operate any Makenna Koffee Shops. We have offered franchises for Makenna Koffee Shops for sale since June 24, 2024 and have offered franchises for area representative business for sale since the date of this Disclosure Document, and neither we, the Operating Company, nor Newhall conduct any other business activities. We do not do business under any other names.

The Operating Company is an Approved Supplier of certain Makenna Koffee Branded Products and other non-branded products, currently, coffee beans, bakery products, syrups, flavored powders, hats, shirts and servicing products, such as cups, straws, sleeves, plates, utensils and other related items.

The Makenna Koffee Franchise

We and our affiliate have developed the Makenna Koffee system for coffee shops that use the trade name "Makenna Koffee" and other related trademarks, service marks, logos and commercial symbols (collectively, the "Makenna Koffee Marks"). A Makenna Koffee Shop is a fast casual beach-themed coffee shop (a "Makenna Koffee Shop") that offers a wide assortment of specialty coffee beverages, energy drinks, teas, smoothies, pastry items and related merchandise for retail on-premises and off-premises consumption. We offer 2 separate franchises for sale under a separate franchise disclosure document (a "Unit Franchise Disclosure Document"), under a Franchise Agreement attached to the Unit Franchise Disclosure Document (the "Unit Franchise Agreement") as Exhibit A and under a Multi-Unit Development Agreement attached to the Unit Franchise Disclosure Document (the "Multi-Unit Development Agreement") as Exhibit B.

Area Representative Business.

We offer franchises for Makenna Koffee Area Representative businesses ("Area Representative Businesses") under this Disclosure Document. As a Makenna Koffee area representative (an "Area Representative"), you will solicit, recruit, screen and interview prospective franchisee candidates ("Candidates") to purchase a designated number (the "Development Obligation") of Makenna Koffee Shop franchises ("Franchises") for Makenna Koffee Shops ("Franchisee-Owned Makenna Koffee Shops") to be located in a specified geographic area (the "Development Area") within a fixed schedule (a "Development Schedule"), assist the candidates ("Candidates") we accept to become Makenna Koffee franchisees ("Franchisees"), identify and secure sites for the Franchisee-Owned Makenna Koffee Shops in the Development Area, and provide operational, training and field support to these Franchisees, both before and after they open their Franchisee-Owned Makenna Koffee Shops. Franchisees will develop, own and operate their Franchisee-Owned Makenna Koffee Shops under Unit Franchise Agreements and Multi-Unit Development Agreements with us.

You, as an Area Representative, will not be a party to our Unit Franchise Agreements or Multi-Unit Development Agreements with Franchisees. Area Representatives (i) solicit Candidates to purchase Franchises from us for Franchisee-Owned Makenna Koffee Shops to be opened in the Development Area in compliance with a Development Schedule ("Sales Services"); (ii) perform site acquisition and development services ("Site Services") for Franchisee-Owned Makenna Koffee Shops to be located in the Development Area; and (iii) provide support and other services ("Support Services") for Franchisees whose Franchisee-Owned Makenna Koffee Shops are located in the Development Area. We will pay you a percentage of the initial franchise fee paid to us for each Franchisee-Owned Makenna Koffee Shop that opens in the Development Area as a result of your Sales Services (a "Sales Commission"). We will also pay you a percentage of the "Royalty Fees" of each Franchisee-Owned Makenna Koffee Shop that we collect from Franchisees for whom you perform Site Services and Support Services (a "Royalty Commission"). Franchisees will pay us 6% of weekly Gross Sales as "Royalty Fees." If you, as an Area Representative, solicit another person to become an Area Representative of ours (an "Additional Area Representative"), we will pay you a percentage of the "Royalty Fees" we collect from each Franchisee-Owned Makenna Koffee Shop each month in the Additional Area Representative's Development Area through Sales Services provided by the Additional Area Representative (an "Area Representative Referral Fee").

You will use our then-current form of Unit Franchise Disclosure Document, Unit Franchise Agreement and Multi-Unit Development Agreement when soliciting the sale of Franchises. We may from time to time modify or amend in any respect the form of Unit Franchise Disclosure Document, Unit Franchise Agreement, the Multi-Unit Development Agreement and other related agreements, including, without limitation, modifying the amount of the fees to be paid by the Franchisees to us. The use of our then-current form of Unit Franchise Disclosure Document, Unit Franchise Agreement or Multi-Unit Development Agreement may result in the reduction of the Sales Commissions, Royalty Commissions and/or Area Representative Referral Fee we will pay you. You must sign our current Area Representative Agreement in the form attached to this Disclosure Document as Exhibit A. Your Development Obligation and your Development Area will be defined in your Area Representative Agreement.

As an Area Representative, you must own and operate one or more Makenna Koffee Shops in the Development Area ("Area Representative-Owned Makenna Koffee Shops") under a Unit Franchise Agreement. If you intend to open more than one Area Representative-Owned Makenna Koffee Shops in the Development Area, you must sign our then-current Multi-Unit Development Agreement and pay us our then-current development fees for the Area Representative-Owned Makenna Koffee Shops you will develop in the amount set forth in our Multi-Unit Development Agreement. You must sign our then-current Unit Franchise Agreement for each Area Representative-Owned Makenna Koffee Shops you will own and operate and pay us our then-current initial franchise fee for each Area Representative-Owned Makenna Koffee Shop in the amount set forth in our Unit Franchise Agreement. When you open your own Area Representative-Owned Makenna Koffee Shops in the Development Area, your Area Representative-Owned Makenna Koffee Shops will count towards the satisfaction of your Development Obligation. The first Makenna Koffee Shop opened under the Development Schedule must be an Area Representative-Owned Makenna Koffee Shop. You must open your first Area Representative-Owned Makenna Koffee Shop within 9 months after you sign your Area Representative Agreement and before you sell any Franchisee-Owned Makenna Koffee Shops.

References in this Disclosure Document to "Franchised Makenna Koffee Shop" include both "Franchisee-Owned Makenna Koffee Shops" and "Area Representative-Owned Makenna Koffee Shops" unless otherwise stated.

Competition.

The market for Makenna Koffee Shops is developed and continues to evolve. As of October 2023, there were more than 40,000 coffee shops in the United States and the number of coffee shops has been increasing. The market for our Area Representative Businesses is also evolving and may differ significantly from the market conditions where we sell or have sold Franchised Makenna Koffee Shops. We have limited experience in the markets where we sell or have sold franchises for Franchised Makenna Koffee Shops. Therefore, you should consider this and other factors in evaluating whether to invest in our franchise system as an Area Representative and as a Franchisee.

Industry-Specific Regulations.

You must comply with all local, state, and federal laws that apply to your Area Representative Business, including non-discrimination, employment, and sexual harassment laws. In addition, you must comply with all applicable laws in the Development Area that govern the pre-sale registration, disclosure and sale of franchises and franchisor/franchisee relationships. You must not provide any prospective Franchisee with any documents or information in connection with your offer or sale of any Franchise in the Development Area other than documents and information included in our Unit Franchise Disclosure Document. These requirements and other laws, regulations and requirements applicable to pre-sale registration, disclosure and sale of franchises may adversely affect your ability to sell Franchises for Franchisee-Owned Makenna Koffee Shops in the Development Area. We urge you to consult with competent local counsel regarding all of the laws and regulations that may be applicable to you, the pre-sale registration, disclosure and other requirements for the sale of franchises in your jurisdiction. State and federal laws also may change and affect pre-sale registration, disclosure and other requirements for the sale of Franchises for Franchisee-Owned Makenna Koffee Shops.

ITEM 2
BUSINESS EXPERIENCE

President & Chief Executive Officer — Lance Clauson

Mr. Clauson has been our President and Chief Executive Officer since our formation on March 16, 2023. Mr. Clauson has been the owner of Skinny Wimp Moving Co. since December 2012 in Simi Valley, California.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5
INITIAL FEES

You must pay us an initial fee of $5,000 (the "Area Representative Fee") when you sign your Area Representative Agreement. The Area Representative Fee is fully earned by us when paid and is not refundable under any circumstances. The Area Representative Fee is currently uniform for all parties applying to purchase a franchise for an Area Representative Business. We may, however, reduce, defer or waive the Area Representative Fee if and when we determine it is warranted by a unique or compelling situation.

ITEM 6
OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Transfer Fee	$5,000	Prior to Transfer	Payable when you transfer your Area Representative Agreement.
Renewal Fee	$5,000	Prior to Renewal	Payable when you renew your Area Representative Agreement.
Additional Training Fees	Our then current training fee, currently $1,500 per person per day	Upon demand	We may require you to attend additional training programs, at our discretion. You are responsible for the travel, meal, lodging, and other expenses you and your supervisorial or managerial employees incur in order to attend the additional training.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Audit	Cost of audit	On demand	For costs incurred by us for each financial audit, provided the audit determines underreporting of 2% or greater during any designated audit period. Includes fees incurred by us including audit, legal, travel and reasonable accommodations.
Cyber Event Expenses	Actual fees, costs, and expenses	On demand	You must reimburse us for all of our costs and expenses incurred in responding to and remedying any cyber event caused solely by you.
Annual Conference Fee	Our then current conference fee, not greater than $1,500	Prior to attending the annual conference.	We may charge you a fee if we hold an Annual Conference.
Cost and Attorneys' Fees	Actual fees, costs, and expenses	Upon demand.	If we incur legal expenses to enforce any provision of your Area Representative Agreement, we can recover our attorneys' fees, expenses and court costs.
Late Fees	Interest on the amount due from the date it was due until paid, at the rate of 10% per annum, calculated weekly, or the maximum rate permitted by law, (currently 10% in California) whichever is less.	Accrues immediately after due date if you fail to pay any obligation in full when due.	Interest is payable on the entire overdue amount beginning with the date payment is due until you pay the arrearage, late charges and interest in full.
Reimbursement of money we pay on your behalf	Actual fees, costs, and expenses	Upon demand.	Covers any payments you fail to make that we make on your behalf.
Indemnification	Will vary under circumstances.	Upon demand.	You must indemnify, defend and hold us free and harmless from all claims arising out of your acts or omissions.

Except as otherwise described in this Disclosure Document, all fees are uniformly imposed by, and payable to us, and are non-refundable. Interest begins from the date of the underpayment.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT LOW	AMOUNT HIGH	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Area Representative Fee (Note 1)	$5,000	$5,000	Lump Sum	When you Sign your Area Representative Agreement	Us
Computer Hardware and Software; Office Equipment (Note 2)	$0	$3,000	As Arranged	As Arranged	Suppliers
Premises (3 Months' Rent) (Note 3)	$0	$3,600	As Arranged	As Incurred	Lessor
Office Supplies (Note 4)	$0	$1,000	As Arranged	As Incurred	Suppliers
Training Expenses (Note 5)	$2,000	$5,000	As Arranged	As Arranged	Suppliers
Professional Fees (Note 6)	$10,000	$15,000	As Arranged	As Incurred	Professionals
Business Licenses	$2,000	$3,000	As Required.	As Incurred	Applicable governmental authority
Insurance (initial deposit) (Note 7)	$700	$1,000	As Arranged	As Arranged	Insurance Company
Solicitation Advertising – 3 months (Note 8)	$5,000	$30,000	As Arranged	As Arranged	Various Vendors
Additional Operating Funds – 3 months (Notes 9)	$50,000	$50,000	Lump sums	As needed.	Various Vendors
Total (Note 10)	$74,700	$116,600			

Unless otherwise noted above, all fees are uniformly imposed by and payable to us by electronic funds transfer or other automatic payment mechanism we designate and are non refundable. You authorize us to debit from your designated primary business checking or savings operating account for each week any funds due and payable to us and all other sums that you owe to us or our affiliates. We currently do not offer financing for any purpose, but reserve the right to do so in the future. We do not guarantee your note, lease or other obligation. We do not require, recommend or anticipate that you will obtain a designated office or other space out of which to operate your Area Representative Business; instead, we expect that you will operate from your home or space already available to you at no additional costs. As such, we have not included any real estate or office build out costs in this Item 7.

<u>NOTES</u>

1. Please see Item 5 of this Disclosure Document for a description of the Area Representative Fee. We do not provide direct or indirect financing for the Area Representative Fee. The Area Representative Fee is fully earned by us when paid and is not refundable under any circumstances.

2. You must purchase, use and maintain computer hardware and software that we designate (the "Computer System") if you do not already own a Computer System. In addition, you must purchase, lease or license all computer software we designate and other customary office equipment you will require for your office.

3. You may operate your Area Representative Business from your home. If you do not wish to operate your Area Representative Business from your home, we must approve your office location, which must be located within your Development Area. A typical new Area Representative Business' office would require 300-500 square feet of space. Rent is estimated to be $500 to $1,200 per month depending on size, condition and location of leased premises. We assume the landlord will require the first and last month's rent and a security deposit equal to 1 month's rent. Payments will be made directly to the landlord according to the terms of the lease.

4. You must purchase basic office supplies for your Area Representative Business if you do not already have such supplies.

5. You must complete our Initial Training Programs to our satisfaction before you can begin operating your Area Representative Business. These estimates include the costs of travel, living, payroll and other expenses during our Initial Training Programs. The amount you spend will depend, in part, on the distance you must travel and the type of accommodations you choose, and upon whether we offer the Initial Training Programs remotely on the Internet.

6. These estimates only include expenses for the legal review of this Disclosure Document and your Area Representative Agreement and for the setup of your accounting systems; however, if your activities under your Area Representative Agreement constitute the sale of a sub-franchise under any applicable law in the Development Area, you may have to register a franchise disclosure document as a sub-franchisor in the Development Area before you provide any Sales Services in the Development Area. If this is the case, your legal fees may exceed these estimates by $5,000 to $15,000. In addition, you must use our standard form Unit Franchise Disclosure Document, Unit Franchise Agreement and Multi-Unit Development Agreement for the sale of Franchisee-Owned Makenna Koffee Shops in the Development Area as templates for your franchise disclosure documents and agreements and must revise the templates, as necessary, at your expense, to include all

applicable disclosures. You must submit your franchise disclosure documents and agreements to us for our review and approval before any filing or use of the documents. You must also pay all registration and filing fees for your franchise disclosure document.

7 You are required to maintain certain insurance coverage. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. This estimate is for the cost of an initial deposit in order to obtain the minimum required insurance and we estimate this deposit to be equal to the amount of three months of monthly insurance premium payments.

8. You must recruit, screen, and interview all Candidates for Franchisee-Owned Makenna Koffee Shops to be located in the Development Area at your expense. These estimates include initial costs for advertising for Candidates in the Development Area and for registration fees and other expenses for franchise trade shows that you will attend as an exhibitor, at your expense.

9. You must, at all times, maintain adequate reserves and working capital sufficient for you to fulfill all your obligations under your Area Representative Agreement and to cover the risks and contingencies of your Area Representative Business for at least 3 months. The estimates provided above include estimated employee wages, pre-opening training expenses and other miscellaneous expenses incurred before you begin operating your Area Representative Business and during the first 3 months of operations. These amounts are the minimum recommended levels to cover operating expenses for 3 months.

10. We have relied on our experience in the sale of Franchises in developing these estimates. Your actual costs may vary significantly from the estimates provided in this Item 7. You should review these figures carefully with a business advisor before making any decision to purchase the Area Representative Business.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Designated and Approved Suppliers. We have no designated or approved suppliers for your Area Representative Business. However, we may specify designated or approved suppliers for various goods or services for your Area Representative Business in the future, which may include us or our affiliates. We do not provide material benefits to you or Unit Franchisees based on your or their use of designated or approved sources. We may negotiate purchase arrangements, including price terms, with suppliers for the benefit of our Franchisees and Area Representatives in the future. There are no purchasing or distribution cooperatives. We and our affiliates currently receive no payments or rebates from any supplier, nor do we or our affiliates currently receive any special discount on purchases from any supplier for ourselves or themselves, in connection with purchases from our Area Representatives or Unit Franchisees; however, we or our affiliates may receive such payments, rebates and/or special discounts from suppliers in the future.

The cost of the items that you must purchase from us, our affiliates or from suppliers designated by us represents between 0% and 3% of your total purchases along with the establishment of your Area Representatives Business. The cost of the items that you must purchase from us, our affiliates or from suppliers designated by us represents between 0% and 3% of your total purchases in operating your Area Representatives Business.

Neither we nor our owners are the owners of any approved suppliers for the Area Representative Business.

Computer Hardware and Software. You must purchase computers, monitors and software, a router and other network accessories, a printer, fax machine and scanner, a high-speed Internet connection and all upgrades or replacement computer equipment and software necessary to operate the Area Representative Business.

Insurance Requirements. You must obtain and maintain insurance coverage during the term of your Area Representative Agreement from a responsible carrier or carriers we find acceptable. The types of coverage include: (i) commercial general liability insurance policy ($1,000,000 combined single limit, $2,000,000 aggregate); (ii) all-risk property insurance policy, including theft; (iii) comprehensive automobile liability insurance, including owned, non-owned, and hired vehicles ($1,000,000 combined single limit); (iv) worker's compensation insurance or similar insurance offering statutory coverage (not less than $1,000,000 per occurrence); (v) employment practices liability insurance; and (vi) any insurance which may be required by statute or rule of the state or locality in which the Area Representative Business will be operated. You must name us and any other party we may designate as additional insureds on your professional and general liability insurance policies at your own expense.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION(S) IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Section 7.2	Items 11 & 12
b. Pre-opening purchases/leases	Section 7.2, 7.4	Item 8, 11 & 16
c. Site development and other pre-opening requirements	Section 7.2	Items 7, 11 & 16
d. Initial and ongoing training	Sections 5.2, 5.3, 5.4, 7.3	Items 6 & 11
e. Opening	Section 7.2	Item 11
f. Fees	Sections 4, 12.4.7	Items 5, 6 & 11
g. Compliance with standards and policies /operating manual	Sections 5.4, 6.1.- 6.5, 6.7, 7.1 – 7.19	Item 11
h. Trademarks and proprietary information	Sections 9, 11	Items 11, 13 & 14
i. Restrictions on products/services offered	Sections 2.1, 14.1	Items 8 & 16
j. Warranty and customer service requirements	Not Applicable	Item 6

OBLIGATION	SECTION(S) IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
k. Territorial development and sales quotas	Sections 2.1-2.2	Item 12
l. Ongoing product/service purchases	Not Applicable	Item 16
m. Maintenance, appearance and remodeling requirements	Not Applicable	Items 7 & 16
n. Insurance	Section 7.16	Items 7 & 8
o. Advertising	Section 7.17	Items 6 & 11
p. Indemnification	Sections 6.7, 16.2	Items 6, 11 & 13
q. Owner's participation/management/ staffing	Sections 7.1, 7.14	Item 15
r. Records and reports	Section 7.12	Items 6 & 11
s. Inspections and audits	Section 7.9	Item 6
t. Transfer	Sections 12.2, 12.4. 12.5	Items 6 & 17
u. Renewal	Not Applicable	Items 6 & 17
v. Post-termination obligations	Article 14	Items 6 & 17
w. Non-competition covenants	Sections 15.2, 15.4, 15.5	Item 17
x. Dispute resolution	Article 17	Item 17
y. Taxes & Permits	Section 7.22	Items 1, 6 & 7
z. Computer hardware and software	Section 7.10	Items 6, 7 & 11
aa. Sales Services	Section 7.4	Item 16
bb. Site Services	Section 7.5	Item 16
cc. Support Services	Sections 7.6 and 7.7	Item 16
dd. Inspections	Section 7.9	Item 16

ITEM 10
FINANCING

Neither we nor our affiliates offer direct or indirect financing. We do not arrange financing with any sources. We do not guarantee your notes, leases or other obligations.

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

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

Before you Open your Area Representative Business.

We have the following obligations to you before you begin operating your Area Representative Business:

1. Initial Training Programs. We will provide you with our Initial Training Programs for Area Representatives and our Initial Training Programs for Franchisees (the "Initial Training Programs") on-site at our corporate offices and in a Makenna Koffee Shop in Simi Valley, California, or on the Internet, at no additional cost to you. Our Initial Training Programs will include basic requirements for the sale of Franchises in the Development Area and for the operation of a Makenna Koffee Shop, including applicable laws regarding pre-sale registration and disclosure for franchise sales, and our Initial Training Programs for the operation of Makenna Koffee Shops. You must pay all expenses, including salaries, travel costs, food, lodging and similar costs, as necessary to attend the Initial Training Programs. (Area Representative Agreement, Section 5.2 and 7.3).

2. Unit Franchise Disclosure Documents. We will provide you with copies of our Unit Franchise Disclosure Document, Unit Franchise Agreement and Multi-Unit Development Agreement at our expense. You will be given the opportunity to review the Unit Franchise Disclosure Document, Unit Franchise Agreement and Multi-Unit Development Agreement before you sign your Area Representative Agreement. (Area Representative Agreement, Section 5.5).

3. Consultation and Advice. We will provide consultation and advice in response to your inquiries about specific administrative and operating issues. We may make recommendations that we deem appropriate, whether by telephone, in writing, electronically or in person, to assist your efforts in opening your Area Representative Business; however, you and you alone will establish all requirements, consistent with our policies, regarding employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision and discipline of your employees. (Area Representative Agreement, Section 5.3).

4. Manuals. We will make our current Area Representative Manuals (the "Manuals") available to you online. (Area Representative Agreement, Section 5.5). You will be given the opportunity to review the Manuals before you sign your Area Representative Agreement. Our Manuals contain a total of 20 pages.

Post-Opening Obligations. We have the following obligations to you during the operation of your Area Representative Business:

1. Unit Franchise Disclosure Document. We will prepare our Unit Franchise Disclosure Document in accordance with applicable laws in the Development Area, will register our Unit Franchise Disclosure Document with applicable governmental authorities, if and as required by applicable law in the Development Area and will provide you with copies of our Unit Franchise Disclosure Documents, Unit Franchise Agreements and Multi-Unit Development Agreements at our expense. (Area Representative Agreement, Section 5.1).

2. Approval of Candidates. We will approve or disapprove Candidates to become Franchisees by written notice to you within 30 days after the later of: (i) our receipt of a complete application, financial statement, and other materials regarding the Candidate as we request; or (ii) a personal interview or other personal analysis of the Candidate made by, or on behalf of, us in the granting of Franchises. We may refuse to grant a Franchise for a Franchisee-Owned Makenna Koffee Shop to any Candidate for any reason, in our sole discretion, even if the Candidate satisfies our current criteria. In addition, we may reduce, or eliminate the payment of, an initial franchise fee for any Candidate for any reason, in our sole discretion. The grant of a Franchise for a Franchisee-Owned Makenna Koffee Shop is only effective when a Unit Franchise Agreement is signed by us and a Candidate. (Area Representative Agreement, Section 6.5).

3. Leads. We will turn over all inquiries or leads we receive for prospective Franchisees in the Development Area to you. (Area Representative Agreement, Section 7.4).

4. Site Approval. We will notify you of our approval or rejection of proposed sites for Franchisee-Owned Makenna Koffee Shops within 30 days after our receipt of all available information regarding a proposed site from you. (Area Representative Agreement, Section 7.5).

5. Inspections. We will have (i) the right to inspect and re-inspect each Franchisee-Owned Makenna Koffee Shop to ascertain each Franchisee's compliance with our Unit Franchise Agreement and Manuals; (ii) the sole right to send notices of default to Franchisees; (iii) the sole right to terminate a Unit Franchise Agreement; (iv) the sole right to determine if a Franchisee has timely and adequately cured a default if the Unit Franchise Agreement permits the Franchisee to cure; and (v) the sole right to enforce a Unit Franchise Agreement. (Area Representative Agreement, Section 7.9).

6. Sales Commissions. We will pay you 40% of the Initial Franchise Fees we collect for each Franchise you sell in the Development Area through Sales Services you provide as a Sales Commission if (i) the Franchisee executes a Unit Franchise Agreement with us and pays us an Initial Franchise Fee, unless we reduce or eliminate payment of an Initial Franchise Fee; however, we will not be deemed to have received any Initial Franchise Fees paid into an escrow, if applicable, until those fees have actually been received by us; (ii) the sale of the Franchise is not a resale of any existing Franchisee-Owned Makenna Koffee Shop or any interest in an existing Franchisee-Owned Makenna Koffee Shop; and (iii) you have complied with all of your obligations under your Area Representative Agreement with respect to the sale and have verified the same to us in writing in a form we require. Sales Commissions will be based on amounts we actually collect from Franchisees, not on payments accrued, due, or owing, and will be paid to you on the fifteenth day of each calendar month on Initial Franchise Fees we collect during the preceding calendar month. We will not pay you any Sales Commissions on any initial franchise fee you pay to us for any Area Representative-Owned Makenna Koffee Shops that you own. If a Unit Franchise Agreement for a Franchise you sold in the Development Area terminates under circumstances resulting in the return of all or part of an Initial Franchise Fee to a Franchisee within one year after the execution date of the Unit Franchise Agreement, we may deduct the amount returned to the Franchisee from any future amounts owed to you in the same proportion that you shared in the Initial Franchise Fee, in addition to all other remedies available to us. We will have no obligation to initiate collection action against any Franchisee who is delinquent in the payment of Initial Franchise Fees. (Area Representative Agreement, Section 8.1). You will use our then-current form of Unit Franchise Disclosure Document and Unit Franchise Agreement when soliciting the sale of Franchises. We may from time to time modify or amend in any respect the form of Unit Franchise Disclosure Document, Unit Franchise Agreement and other related agreements, including, without limitation, modifying the amount of the fees to be paid by the Franchisees to us. The use of our then-current form of Unit Franchise Disclosure Document and Unit Franchise Agreement may result in the

reduction of the Sales Commissions Royalty Commissions and/or Area Representative Referral Fees we will pay you. (Area Representative Agreement, Section 8.4).

7. Royalty Commissions and Area Representative Referral Fees. Franchisees will pay us 6% of weekly Gross Sales as Royalty Fees. We will pay you 34% of the Royalty Fees of each Franchisee-Owned Makenna Koffee Shop that we collect from Franchisees for whom you perform Site Services and Support Services as a Royalty Commission if you provide the Franchisee with the Site Services and Support Services required under your Area Representative Agreement. If you, as an Area Representative, solicit an Additional Area Representative, we will pay you 5% of the Royalty Fees we collect from each Franchisee-Owned Makenna Koffee Shop each month in the Additional Area Representative's Development Area through Sales Services provided by the Additional Area Representative as an Area Representative Referral Fee. Royalty Commissions and Area Representative Referral Fees will be based on amounts we actually collect from Franchisees, not on payments accrued, due, or owing, and will be paid to you on the 15th day of each calendar month on Royalty Fees we collected during the preceding calendar month. We will not pay you any Royalty Commissions or Area Representative Referral Fees on any royalties you pay to us for any Area Representative-Owned Makenna Koffee Shops that you own. If a Unit Franchise Agreement for a Franchise you sold in the Development Area through Sales Services terminates under circumstances resulting in the return of Royalty Fees to a Franchisee within one year after the execution date of the Unit Franchise Agreement, we may deduct the amount returned to the Franchisee from any future amounts owed to you in the same proportion that you shared in the Royalty Fees, in addition to all other remedies available to us. We will have no obligation to initiate collection action against any Franchisee who is delinquent in the payment of Royalty Fees. (Area Representative Agreement, Section 8.2). We will not pay you any commissions on renewal fees or transfer fees we collect nor will you be entitled to any additional fees, payments or compensation that are not expressly provided for in Area Representative Agreement. All payments to you will immediately and permanently cease after the expiration or termination of your Area Representative Agreement; however, you will be paid all amounts that have been earned by, and accrued to, you through the effective date of expiration or termination. (Area Representative Agreement, Section 8.3).

For the purpose of calculating Royalty Commissions and Area Representative Referral Fees, "Gross Sales" at Franchisee-Owned Makenna Koffee Shops means the total of all revenues derived from retail and wholesale sales of any nature or kind whatsoever from the Franchisee-Owned Makenna Koffee Shop, including in-store dining, carry-out, drive-thru, online orders, third-party delivery sales, voucher sales, gift cards, sales or other income derived from catering and related services provided by Franchisee, as well as the proceeds from any business interruption insurance related to the non-operation of the Franchisee-Owned Makenna Koffee Shop, and whether evidenced by cash, services, property, barter, or other means of exchange, including orders taken in or from the Franchised Shop although filled elsewhere whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived from business conducted or which started in, on, from or through each Franchisee-Owned Makenna Koffee Shop, whether such business is/was conducted in compliance with or in violation of the terms of a Franchise Agreement for a Franchisee-Owned Makenna Koffee Shop. Gross Sales also includes the total gross amount of revenues and sales from whatever source derived from business conducted within and/or outside a Development Area that is related to a Franchisee-Owned Makenna Koffee Shop within the Development Area, outside the Development Area, and/or otherwise. Gross Sales do not include the amount of bona fide refunds paid to customers and the amount of any sales or use taxes actually paid to any Governmental Authority and the retail price of any coupons, gift certificates, and vouchers when they are redeemed. (Area Representative Agreement, Section 8.2).

8. Consultation and Advice. We will provide regular consultation and advice in response to your inquiries about specific administrative and operating issues. We may make recommendations that we deem appropriate, whether by telephone, in writing, electronically or in person, to assist your efforts; however, you and you alone will establish all requirements, consistent with our policies, regarding employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision and discipline of your employees. (Area Representative Agreement, Section 5.3).

9. Manuals. We will continue to provide you with access to our Manuals during the term of your Franchise Agreement which may include audio, video, compact disks, computer software, other electronic media and/or written materials We may periodically revise the Manuals and will provide you with an electronic copy or other access to all updates and supplements. (Area Representative Agreement, Section 5.5). You must operate your Area Representative Business in compliance with the terms of your Area Representative Agreement and the Manuals. You alone will exercise day-to-day control over all operations, activities and elements of the Area Representative Business, including over your employees. Under no circumstance will we do so or be deemed to do so. The various requirements, restrictions, prohibitions, specifications and procedures of the Makenna Koffee System with which you must comply under the Area Representative Agreement and the Manuals do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Area Representative Business, but only constitute standards to which you must adhere when exercising your control over the day-to-day operations of your Area Representative Business consistent with our policies. (Area Representative Agreement, Section 7.1).

Site Selection and Length of Time to Begin Operating Your Area Representative Business.

You may operate your Area Representative Business out of your home. We do not impose any standards or have any requirements for your home office other than requiring your home office to be located in your Development Area. You have the unrestricted right to relocate your home office at any time; however, you must notify us of this move, in writing, at least 30 days prior. You may, if you choose to do so, establish a separate office in a commercial facility. If you elect to lease commercial office space, it must be centrally located within your Development Area and you must seek our approval prior to executing a lease and/or relocating. You are responsible for all costs, liabilities, and expenses and for locating, selecting, procuring, obtaining and developing this space. (Area Representative Agreement, Section 7.2).

You must commence operation of the Area Representative Business within 60 days after you sign your Area Representative Agreement. (Area Representative Agreement, Section 7.2). Factors that may affect the length of time between the signing of your Area Representative Agreement and commencing the operation of your Area Representative Business include obtaining financing, completion of training, obtaining insurance, and complying with local laws and regulations. (Area Representative Agreement, Section 7.2).

Advertising

You are not required to participate in, or contribute to, any local or regional advertising cooperative, advertising council or any advertising fund. There is no requirement that you conduct any local advertising in your Development Area or that you spend any minimum amount on such local advertising; however, you must solicit prospective Unit Franchisees within your Development Area. (Area Representative Agreement, Section 7.17). Your recruiting duties will include, without limitation, engaging in advertising for prospects and attending franchise trade shows, both with our prior written approval. (Area Representative Agreement, Section 7.4). All solicitation advertising must be in media that we approve and must be conducted in a dignified manner and conform to the standards and requirements that we specify. You may not use any advertising or promotional plans or materials unless and until you have received written approval from us. (Area Representative Agreement, Section 7.17).

There is no obligation for us to maintain any advertising program or to spend any amount on advertising in your Development Area. We may advertise using print, radio and television, with local, regional and national coverage. We may employ both an in-house advertising department and national or regional advertising agencies. There is no council of area representatives that advises us on advertising policies. There are no area representative advertising cooperatives.

Internet.

We have registered the Internet domain name www.makennakoffee.com and have established a website using this domain name. You acknowledge that the domain name is our sole property. You may not use, in any manner, any computer medium or electronic medium (for example, any Internet home page, e-mail address, website, domain name, URL, bulletin board, newsgroup or other Internet related medium or activity) that contains the Makenna Koffee Marks, or any other words, symbols or terms confusingly similar to the Makenna Koffee Marks without our express prior written consent. We may include on our Internet website interior pages that identify your Area Representative Business. (Area Representative Agreement, Article 10).

Computer Hardware and Software Systems.

You must purchase and use the computer system and software that we develop or select, including all future updates, supplements and modifications (the "Computer System"). The Computer System includes computers, including monitors, and certain required hardware and software programs. The Computer System is used to record and analyze business and accounting information for the operation of your Area Representative Business. We reserve the right to designate changes or enhancements to the Computer System used in connection with the Area Representative Business, the computer hardware, software and other equipment. At such time as we designate the change or enhancement to the Computer System, you may be required to make certain payments to us or our designated suppliers. You will have 3 months to install and commence using the changed or enhanced Computer System. You must acquire the right to use hardware, software, peripheral equipment and accessories, and arrange for installation, maintenance and technical support services of the initial, changed or enhanced Computer System all at your cost. (Area Representative Agreement, Section 7.10). The initial cost to purchase the Computer System will range from $500 to $3,000 if you do not already own a Computer System. All hardware and computer network maintenance and maintenance and upgrades of other software are your responsibility and must be done in a timely manner. There are no contractual limitations on the frequency or cost of upgrades or changes in the Computer System hardware or software that we may impose. We anticipate that the cost of maintenance and/or upgrades will range from $250 to $1,000 per year. We reserve the right to specify different hardware and software systems in the future, including proprietary software that we develop exclusively for the Makenna Koffee System. (Area Representative Agreement, Section 7.10).

We reserve the right to independently access all information collected or compiled by or in accordance with your use of the software used in the operation of your Area Representative Business. (Area Representative Agreement, Section 7.10). There are no contractual limitations on this right. You must utilize the software that we designate in connection with your operation of the Area Representative Business throughout the term of the

Area Representative Agreement and any extensions or renewals thereof. We do not recommend any specific computer hardware or software to our area representatives. However, occasionally we may review certain software packages, and, to the extent these items appear to meet the needs of our area representatives, we may provide software vendors with the means to contact our area representatives for informational purposes (e.g., at national area representative meetings). Such referrals do not constitute a recommendation on our part. We have no obligation to upgrade and/or update any hardware or software during the term of your Area Representative Agreement. If you collect information or data regarding the Area Representative Business electronically, we have and reserve the right to inspect and copy those records. (Area Representative Agreement, Section 7.10).

Initial Training Programs.

We will provide you with our Initial Training Programs that will include basic requirements for the sale of Franchises in the Development Area, including applicable laws regarding pre-sale registration and disclosure for franchise sales, and our policies and procedures for the operation of Makenna Koffee Shops. The Initial Training Programs will be offered online on the Internet and at Company-Owned Makenna Koffee Shops. You must attend and complete the Initial Training Programs to our satisfaction. The Initial Training Programs will consist of approximately 4 weeks of training that must be completed prior to commencing the operation of your Area Representative Business. You must pay all travel, living, compensation, and other expenses incurred by you and your supervisorial or managerial personnel to attend the Initial Training Programs. We will not provide the Initial Training Programs if you or your affiliate currently owns or operates an Area Representative Business. (Area Representative Agreement, Sections 5.2 and 7.3).

INITIAL TRAINING PROGRAMS

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Basic Requirements for the Sale of Franchises in the Development Area, including Applicable Laws Regarding Pre-Sale Registration and Disclosure for Franchise Sales; Site Acquisition and Development Services for Unit Franchisees	20	30	Online on the Internet, Simi Valley, CA, and at Company-Owned Makenna Koffee Shops
Vibe and Customer Service	6	6	Online on the Internet.
Quality Control	10	6	Online on the Internet, Simi Valley, CA, and at Company-Owned Makenna Koffee Shops
Barista Training	30	40	Online on the Internet, Simi Valley, CA, and at Company-Owned Makenna Koffee Shops
Management Training	5	5	Online on the Internet, Simi Valley, CA, and at Company-Owned Makenna Koffee Shops
TOTAL	71	87	

The primary instructional material for the Initial Training Programs will be the Manuals. There will be no additional charge for training material. Initial training will be conducted under the direction and supervision of Lance Clauson, whose experience with us and in the subjects taught is described in Item 2 of this Disclosure Document. The level of experience of our trainers will, at a minimum, include each trainer's satisfactory completion of our Initial Training Programs. Training will be conducted as often as necessary to ensure that our area representatives complete training before their Makenna Koffee Shop opens for business.

Additional Training.

To assist you in operating your Area Representative Business, we may offer additional training programs and/or refresher courses to you and/or other supervisorial or managerial personnel at our expense. You must pay all travel, meal, lodging, and payroll expenses to attend our additional training programs. (Area Representative Agreement, Sections 5.4 and 7.3).

Annual Conference.

We may hold an Annual Conference for our Area Representatives and Franchisees at a location to be selected by us. We will determine the topics and agenda for the conference to serve the purpose among other things, of updating area representatives on new developments affecting area representatives, exchanging information between area representatives and our personnel regarding Area Representative Business and Franchised Makenna Koffee Shop operations and programs, and recognizing area representatives for their achievements. If we hold an Annual Conference, you must attend it and pay our then-current registration fee if we charge one. Annual Conferences are generally held for 3 days, and will be held at any location we designate. All expenses, including your and your supervisorial and managerial personnel's transportation to and from the Annual Conference, and lodging, meals, salaries and wages during the Annual Conference, are your sole responsibility. (Area Representative Agreement, Section 7.25).

ITEM 12
TERRITORY

Exclusive Rights.

The rights granted to you under the Area Representative Agreement are exclusive. Provided that you are not in default under your Area Representative Agreement or any other agreement between you and us, we will not grant any other party the right or obligation to provide Sales Services, Site Services or Support Services for Makenna Koffee Shops in your Development Area. With this exception, you are not granted any protected or exclusive rights. We will designate a geographic area as your Development Area. We retain all rights that are not expressly granted to you under the Area Representative Agreement. We reserve the right to engage in all activities that the Area Representative Agreement does not expressly prohibit. We are not restricted from using other channels of distribution. The Area Representative Agreement does not grant you an option, right of first refusal or other rights to acquire additional franchises in the Development Area or contiguous territories.

We and others are not restricted from soliciting or communicating with candidates or in the case of Makenna Koffee Shops, accepting orders from consumers inside the Development Area. You do not receive any compensation on account of these activities occurring in the Development Area. You are not restricted from soliciting or communicating with candidates outside Development Area.

Adherence to Development Obligation.

You must adhere to the Development Obligation during each Development Period. Your failure to comply with the Development Obligation during any Development Period will constitute a default under your Area Representative Agreement and will entitle us to terminate your Area Representative Agreement, unless the default results from an event of force majeure, in which case, we may extend the Development Period.

Closures, Replacement, Relocations and Assignments.

If a Franchisee ceases to operate a Franchisee-Owned Makenna Koffee Shop for which you provided Sales Services and Site Services for any reason, that Franchisee or another Franchisee must develop another Franchisee-Owned Makenna Koffee Shop (a “Replacement Makenna Koffee Shop”) for you to satisfy the Development Obligation. A Franchisee may not cease operations of any Franchisee-Owned Makenna Koffee Shop or obtain a Replacement Makenna Koffee Shop without our prior written consent. The Replacement Makenna Koffee Shop must be opened within 12 months after the date the Franchisee-Owned Makenna Koffee Shop that it will replace closes. Franchises subject to relocation or an assignment will count in determining whether you have satisfied the Development Obligation so long as the Franchisee-Owned Makenna Koffee Shop continues to operate in the Development Area as a Makenna Koffee Shop.

ITEM 13
TRADEMARKS

Under the terms of the Area Development Agreement, you will be granted a license to use the “Makenna Koffee” trademark and other marks that we designate. We reserve the right to supplement and modify the marks that you may or may not use in connection with the operations of your Area Representative Business. You may only use the Makenna Koffee Marks as authorized by us in writing and under the terms of your Area Representative Agreement. You may not use the Makenna Koffee Marks in the name of any Corporate Entity that you establish.

Principal Trademarks Registered with the United States Patent and Trademark Office

The principal trademarks identified in the schedule below are a part of the Makenna Koffee Marks, our System, are registered with the United States Patent and Trademark Office (the “USPTO”) and, unless otherwise designated by us, will be used by you in the operations of the Franchised Business. As to these marks all required affidavits have been filed with the USPTO.

Mark	Registration Number	Registration Date
MAKENNA KOFFEE	6,393,843	June 22, 2021
Makenna KOFFEE COMPANY	7,767,833	April 22, 2025

Mark	Registration Number	Registration Date
HAWAIIAN HONEY	7,290,648	January 23, 2024
MAUI MILK	7,289,895	January 23, 2024
MAUI LATTE	7,281,324	January 23, 2024

The Operating Company has applied to register the following mark on the Principal Register of the USPTO:

Mark	Serial Number	Application Date
SANDY BLONDE	97,581,982	September 7, 2022

The Operating Company does not yet have a federal registration for the trademark in the table immediately above. Therefore, this mark does not have as many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

The Operating Company also claims common law rights to the trade and service marks we license to you. The Operating Company intends to file all required affidavits when they become due in the future, as prescribed by law.

The Operating Company has granted us an exclusive and perpetual license to use the Makenna Koffee Marks. The license does not limit our right to use or license the use of any of the trademarks in any manner material to the franchise. No other agreements are currently in effect which limit our use of the trademarks in any manner material to the franchise. The exclusive license may only be terminated for cause by the Operating Company, but we do not anticipate any issue with your use of the Makenna Koffee Marks because the Operating Company's members are principals of ours. If the license is terminated, you may have to switch to a different trademark, which may increase your expenses. There are no currently effective material determinations of the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any opposition or cancellation proceeding, or any pending litigation involving the trade name Makenna Koffee or the Makenna Koffee Marks.

You must use the trade name Makenna Koffee without any suffix or prefix attached to it to identify the Makenna Koffee Shop. If the area representative is an entity, you may not use the Makenna Koffee Marks, or our trade name, or any words or symbols which are confusingly phonetically or visually similar to the Makenna

Koffee Marks, as all or part of the area representative's name. You must obtain a fictitious or assumed business name registration as we require or under applicable law. You must identify yourself as the owner of your Makenna Koffee Shop by placing your name on all checks, Invoices, receipts, contracts, stationary and other documents that bear the Makenna Koffee trade name, trademarks, or service marks.

You must notify us of any infringement of, challenge to, or unauthorized use of the licensed name or Makenna Koffee Marks which comes to your attention, including any claim, suit or demand against you. We may take actions we deem appropriate to protect our name or Makenna Koffee Marks, but we are not obligated by the Franchise Agreement to do so.

We have the sole right to control any litigation involving our trade name or Makenna Koffee Marks and to compromise or settle any claim, in our discretion, at our sole cost and expense, using lawyers of our own choosing, and you must cooperate fully in defending any claim, and you may participate at your own expense in the defense or settlement. You may not make any demand against any alleged infringer, prosecute any claim or settle or compromise any claim by a third party without our prior written consent. You agree in the Franchise Agreement not to contest, directly or indirectly, our ownership, right, title, or interest in its names or Makenna Koffee Marks, or contest our sole right to register, use, or license others to use those names and Makenna Koffee Marks.

We may add to, delete, or modify any or all of the Makenna Koffee Marks. You must modify or discontinue the use of a Mark, at your expense, if we modify or discontinue it. We will not compensate you if we modify or discontinue the Makenna Koffee Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any rights to, or licenses in any patent or copyrights material to the Makenna Koffee System. We may copyright advertising materials and design specifications, our Manuals, and other written materials and items. We have not applied to the USPTO for the issuance of any patents. You must keep as confidential our Manuals and any supplements to the Manuals. Our Manuals may take the form of written materials and/or digitally distributed and stored materials and made available to you for use in connection with the Franchised Business. The Manuals contain both mandatory and recommended specifications, standards, procedures, rules and other information pertinent to pre-sale registration, disclosure and sale of franchises and franchisor/franchisee relationships, the Makenna Koffee System and the Area Representative's obligations under the Area Representative Agreement, marketing systems, training, and confidential methods of operation. You must use all reasonable and prudent means to maintain the Manuals and the information maintained in the Manuals as confidential and prevent any unauthorized copies, recordings, reproduction, or distribution of the Manuals or the information contained in the Manuals. You must also restrict access to the Manuals to management level employees who sign a confidentiality agreement with you and are required by you to maintain the confidentiality of the Manuals and refrain from distributing or disclosing the Manuals and the information contained in the Manuals. You must provide us with immediate notice if you learn of any unauthorized use of the Manuals or of the information contained in the Manuals, or any infringement or challenge to the proprietary or confidentiality of the information contained in the Manuals. We will take any and all action(s), or refrain from taking action, that we determine, in our discretion, to be appropriate. We may control any action or legal proceeding we choose to bring. We need not participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright or patent. If any third party establishes to our satisfaction, in our discretion, that it possesses rights superior to ours, then you must modify or discontinue your use of these materials in accordance with our written instructions.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE AREA REPRESENTATIVE BUSINESS

You must designate a Principal Owner acceptable to us who will be involved in the day-to-day operations of the Area Representative Business. Your Principal Owner must own a minimum of a 50% ownership interest in Area Representative and must devote his or her full time to the Area Representative Business. You may, at your option and subject to our written consent, designate a Manager to supervise your Area Representative Business operations under the Area Representative Agreement. Your Manager does not have to own an equity interest in you or the franchise. Even if we permit you to designate a Manager to supervise your operations under the Area Representative Agreement, your Principal Owner remains ultimately responsible for the Manager's performance. The Manager must devote his or her full time and best efforts to the supervision of your operations under the Area Representative Agreement.

We may require each of your owners, Managers and other supervisorial and managerial personnel who will have access to any confidential information to sign a Confidentiality and Non-Disclosure Agreement in substantially the form of Exhibit B. None of the provisions in the Confidentiality and Non-Disclosure Agreement are intended to prohibit or restrict any activity which prohibition or restriction violates your employees' rights to engage in protected concerted activity under the National Labor Relations Act.

You must notify us promptly if your Principal Owner or Manager cannot continue to serve or no longer qualifies as a Principal Owner or a Manager. You will have 30 days from the date of the notice (or from any date that we independently determine the Principal Owner or Manager no longer meets our training and operating standards) to take corrective action. During that 30 day period, you must provide for interim management of your operations in compliance with the Area Representative Agreement.

If you are an entity, all present and future Owners of the equity or your voting rights, including spouses (and family members who live in the same household, excluding minor children) must execute a written guarantee in a form we prescribe, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of your obligations to us and to our Affiliates. Upon each transfer or assignment of your interest in the Franchise Agreement, or other change in your ownership interests, and at any other time we request, these holders must re-execute a written guarantee in a form we prescribe.

All employees you hire or employ at your Area Representative Business will be your employees and your employees alone, and will not, for any purpose, be deemed to be our employees or subject to our direct or indirect control, most particularly with respect to any mandated or other insurance coverage, taxes or contributions, or requirements regarding withholdings, levied or fixed by any governmental authority. You will file your own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers' compensation insurance payments for your employees and operations. We will not have the power to hire or fire your employees. Our authority under the Area Representative Agreement to train and approve your supervisorial or managerial personnel for qualification to perform certain functions at your Area Representative Business does not directly or indirectly vest us with the power to hire, fire or control any of your personnel. You and you alone will be solely responsible for all hiring and employment decisions and functions relating to the

Area Representative Business, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether you have received advice from us on these subjects or not. Any guidance we may give you regarding employment policies should be considered merely examples. You will be responsible for establishing and implementing your own employment policies, and should do so in consultation with local legal counsel experienced in employment law.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

During the term of your Area Representative Agreement, you may only sell our Franchises and may not engage in any Competitive Business, whether within or outside the Development Area, without our prior written consent, which we may withhold in our discretion. "Competitive Business" means any business that engages in the sale of licenses or franchises for retail stores that prepare, offer and sell any combination of specialty coffee beverages, teas, smoothies, energy drinks or pastry items, as their primary menu items. Your responsibilities under your Area Representative Agreement will include the following:

1. Sales Services. You will recruit, screen, and interview all prospects, which will include engaging in advertising for prospects and attending franchise trade shows, both with our prior written approval.

2. Site Services. You will provide each Franchisee with our site selection criteria and assist each Franchisee to obtain an acceptable site for a Franchisee-Owned Makenna Koffee Shop. You will not have the right to approve any site for a Franchisee-Owned Makenna Koffee Shop. You will present all sites for Franchisee-Owned Makenna Koffee Shop to us for our prior approval. We will notify you of our approval or rejection of a proposed site for a Franchisee-Owned Makenna Koffee Shop within 30 days after our receipt of all information we request regarding a proposed site.

3. Pre-Opening and Opening Support Services. You will provide the Initial Training Programs and on-site training and assistance to each Franchisee in accordance with our then-current standards for Franchisee-Owned Makenna Koffee Shops in the Development Area. You will provide advice to Franchisees in the Development Area regarding the standards and specifications for selecting suppliers for purchasing items used in connection with their Franchisee-Owned Makenna Koffee Shops.

4. Ongoing Support Services. You will provide regular consultation and advice to Franchisees in the Development Area in response to Franchisees' inquiries about specific administrative and operating issues that Franchisees bring to our or your attention.

5. Dealings with Franchisees. You will at all times give prompt, courteous, and efficient service to Franchisees in the Development Area and will, in all dealings with Franchisees, prospects, and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You will in all respects comply with the terms and conditions of each Franchise Agreement that is in effect between each Franchisee and us. You will not be in any way a party to, or third party beneficiary of, any Franchise Agreement nor will you have any other right, title or interest in the Franchise Agreements. (Area Representative Agreement, Section 7.9).

6. Inspections. You will exercise your best efforts and reasonable diligence to ensure that all Franchisees in the Development Area comply with the terms of their Franchise Agreements with us. You will ascertain

through at least 2 quality assurance field audits, reviews and inspections each calendar year that each Franchisee in the Development Area is in compliance with the terms and conditions of its Franchise Agreement and will promptly notify all Franchisee in writing, with a copy and evaluation report to us, of any deficiencies. Your inspections and reports are advisory only and we will have (i) the right to inspect and re-inspect each Franchisee-Owned Makenna Koffee Shop to ascertain each Franchisee's compliance with its Franchise Agreement; (ii) the sole right to send notices of Default to Franchisees; (iii) the sole right to terminate a Franchise Agreement; (iv) the sole right to determine if a Franchisee has timely and adequately cured a default if the Franchise Agreement permits the Franchisee to cure; and (v) the sole right to enforce a Franchise Agreement. If you believes that any Franchisee in the Development Area is in default under its Franchise Agreement with us, you will notify us in writing of the default within 3 days after you come to that conclusion. If, as a result of our investigation, we determine that a Franchisee is in default, we may take any action we deem appropriate, including no action. Our right to exercise our discretion on the occurrence of a default by a Franchisee will entitle us to determine the specific enforcement methods appropriate for each default or Franchisee and the right to take any or no enforcement action.

7. Compliance with Applicable Laws. You must secure and maintain in force all required licenses, permits, and certificates for your activities under your Area Representative Agreement and must operate the Area Representative Business in full compliance with all applicable laws.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 3.1	The Initial Term will commence on the date you sign your Area Representative Agreement and will expire on the Expiration Date identified in Exhibit B of your Area Representative Agreement.
b. Renewal or extension of the term	Section 3.2	Your renewal rights may be exercised only if all conditions precedent set forth in Article 3 of your Area Representative Agreement are satisfied prior to the expiration date of your Area Representative Agreement.
c. Requirements for Area Representative to renew or extend	Section 3.4	You must notify us you wish to renew no less than 180 days prior to the expiration date of your Area Representative Agreement; you must have performed all of your obligations under your Area Representative Agreement and all other agreements between us and be in good standing on the date of your renewal notice, on the date of our execution of a Renewal Amendment and

PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
		on the expiration date of your initial term; (ii) you must demonstrate your financial ability to implement and complete your renewal development obligation; (iii) you must execute the Renewal Amendment to your Area Representative Agreement and delivered it to us; (iv) you must execute and deliver a General Release to us; (v) you must pay us a renewal fee when you issue your renewal notice to us.
d. Termination by Area Representative	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 and 13.3	We can terminate if you materially default under your Area Representative Agreement (subject to state law).
g. "Cause" defined - curable defaults	Section 13.3	You have 30 days to cure non-compliance with laws and defaults not listed in Sections 13.1 and 13.2 (subject to state law).
h. "Cause" defined -non-curable defaults	Sections 13.1 and 13.2.	Non-curable defaults include: bankruptcy, foreclosure, insolvency, conviction of a felony or a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the Makenna Koffee System, the Makenna Koffee Marks, the goodwill associated therewith, or our interest therein, failure to comply with your Development Obligation, termination of any agreement between us due to a your default, if any purported assignment or transfer of any direct or indirect interest in your Area Representative Agreement, in the Area Representative Business, or in all or substantially all of the Area Representative's business assets is made to any third party without our prior written consent. disclosure of our Manuals, trade secrets or other confidential information, if an approved assignment is not effected within the time provided following death or incapacity of an Owner, failure to comply to comply with the covenants in Article 15 of your Area Representative Agreement, any material misrepresentations in connection with your application to become an Area Representative, if after curing a default you commit the same, similar, or different default, whether or not cured after notice, failure or refusal to

PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
		deliver to us a Guarantee or current financial statements upon our request, or a default of your obligations under your Area Representative Agreement or any other agreement between us which by its nature is not capable of being cured, if you or your Owners use abusive language when communicating with us, our staff or with customers, or denigrate the Makenna Koffee System or portray it, us or our constituents in an unflattering light on the Internet or otherwise, if funding promised or otherwise represented to be made available to you or your Owners on the condition that you sign the Area Representative Agreement is not made available to you or your Owners within 10 business days after you sign the Area Representative Agreement, if, in our business judgment, we have grounds to believe that you or any of your Owners, officers, directors, or key employees has engaged or attempted to engage, through one or more affirmative acts or a failure to act, in any fraudulent, dishonest, unethical, immoral, or similar conduct in connection with the Area Representative Business ,whether such conduct is directed at or reasonably expected to impact the Area Representative Business, the Makenna Koffee System, us or our affiliates, other area representatives, or another third party, or if, in our business judgment, we have grounds to believe that you or any of your Owners, officers, or directors have engaged in any lewd or immoral conduct, whether or not in connection with the operation of the Area Representative Business (subject to state law).
i. Area Representative's obligations on termination/ non-renewal	Sections 14.1 - 14.5	You will have no further right to offer or sell Franchises for Makenna Koffee Shops in the Development Area; you will have no further rights or obligations under the Area Representative Agreement; you will have the right to continue to own and operate all Area Representative-Owned Makenna Koffee Shops you opened before the termination or expiration date of the Area Representative Agreement under Unit Franchise Agreements with Franchisor that remain in good standing and are in full force and effect on the termination or expiration date.

PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
j. Assignment of contract by Franchisor	Section 12.1	We may assign our rights and obligations under the Area Representative Agreement.
k. “Transfer” by Area Representative -definition	Section 12.2	Includes sale or other transfer of any interest under the Area Representative Agreement or change in ownership of the entity that owns it.
l. Franchisor approval of transfer by Area Representative	Section 12.2	Transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for Franchisor approval of transfer	Sections 12.2, 12.4	You must be in compliance with the Area Representative Agreement and all other agreements; the new area representative must qualify, complete training, assume your obligations under the Area Representative Agreement or at our option sign a new Area Representative Agreement on our then-current form, sign a guarantee and a general release, and pay transfer fee; additional requirements apply to business entities.
n. Franchisor’s right of first refusal to acquire area representative’s business	Section 12.3	We can match any offer for your business.
o. Franchisor’s option to purchase area representative’s business	Not Applicable	Not Applicable
p. Death or disability of Area Representative	Section 12.5	Your spouse, heirs or personal representative have 180 days to purchase your interest in the Area Representative Agreement or complete an assignment of the interest to a qualified, approved third party, subject to transfer provisions.
q. Non-competition covenants during the term of the franchise	Section 15.2	You may not engage in any Competitive Business at any location, whether within or outside the Development Area, without our prior written consent, which we may withhold in our discretion.
r. Non-competition covenants after the franchise is terminated or expires	Sections 15.2, 15.4 and 15.5	You may not for a period of 24 months, either directly or indirectly, own, operate, advise, be employed by, or have any financial interest in any Competitive Business within the Development Area, without our prior written consent, which we may withhold in our discretion.

PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
s. Modification of the agreement	Section 19.7	The Manuals are subject to change. You must comply with any changes set forth in the Manuals. All modifications to the Area Representative Agreement must be in writing and signed by both parties.
t. Integration/merger clause	Section 19.7	Only the terms of the Area Representative Agreement and its attachments are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and Area Representative Agreement may not be enforceable. Nothing in this Area Representative Agreement or in any related exhibit is intended to disclaim the representations we made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Not Applicable	None
v. Choice of forum	Section 17.2	All proceedings will be held in Ventura County, California, subject to applicable state law.
w. Choice of law	Section 17.2	California, subject to the exception provide in Section 17 and applicable state law.

ITEM 18
PUBLIC FIGURES

No public figures are involved in the actual management or control of Franchisor.

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 of a particular location or under particular circumstances.

We do not make any representations about an Area Representative's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Lance Clauson, Makenna Koffee Franchise, LLC, 153 Cochran Street #310, Simi Valley, California 93065, and (805) 422-4455, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEM-WIDE UNIT SUMMARY
FOR FISCAL YEARS 2022 TO 2024
(AREA REPRESENTATIVE BUSINESSES)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised				
	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned				
	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets				
	2022	0	0	0
	2023	0	0	0
	2024	0	0	0

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
OTHER THAN FRANCHISOR OR AN AFFILIATE FOR FISCAL YEARS 2022 TO 2024
(AREA REPRESENTATIVE BUSINESSES)

State	Year	Number Of Transfers
All States		
	2022	0
	2023	0
	2024	0
All States		
	2022	0
	2023	0
	2024	0

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR FISCAL YEARS 2022 TO 2024
(AREA REPRESENTATIVE BUSINESSES)

State	Year	Outlets At Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired By Franchisor	Ceased Operations - Other Reasons
All States							
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Total Outlets							
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR FISCAL YEARS 2022 TO 2024
(AREA REPRESENTATIVE BUSINESSES)

State	Year	Outlets At Start of The Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets At End of The Year
All States							
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Totals							
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2024
(AREA REPRESENTATIVE BUSINESSES)

STATE	AREA REPRESENTATIVE AGREEMENTS SIGNED BUT BUSINESSES NOT OPENED	NEW AREA REPRESENTATIVE BUSINESSES IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED BUSINESSES IN THE NEXT FISCAL YEAR
California	0	1	0
Totals	0	1	0

We have no area representatives as of the date of this Disclosure Document. There are no independent franchisee organizations that have asked to be included in this Disclosure Document. During the last 3 fiscal years we have not signed confidentiality clauses with current or former area representatives. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit G are our unaudited interim financial statements for the period January 1, 2025 through March 31, 2025 and audited financial statements as of December 31, 2024. Our fiscal year end is December 31. We have not been franchising for a period of at 3 years and, as such, we are not in a position to disclose our audited financial statements over the past three 3 years.

ITEM 22
CONTRACTS

Attached as Exhibit A is our current form of Area Representative Agreement.
Attached as Exhibit B is our current form of Confidentiality and Non-Disclosure Agreement
Attached as Exhibit C is our current form of Confidentiality Agreement for Prospective Representatives
Attached as Exhibit D is our current form of General Release Agreement.

ITEM 23
RECEIPTS

2 copies of an acknowledgment of your receipt of this Disclosure Document appear as Exhibit I. Please return one copy to us and retain the other for your records.

MAKENNA KOFFEE FRANCHISE, LLC

EXHIBIT A
AREA REPRESENTATIVE AGREEMENT AND EXHIBITS

MAKENNA KOFFEE FRANCHISE, LLC

AREA REPRESENTATIVE AGREEMENT

MAKENNA KOFFEE FRANCHISE, LLC
AREA REPRESENTATIVE AGREEMENT

TABLE OF CONTENTS

EXHIBITS

MAKENNA KOFFEE FRANCHISE, LLC
AREA REPRESENTATIVE AGREEMENT

THIS AREA REPRESENTATIVE AGREEMENT (the "Agreement") is made and entered into as of ____________ (the "Effective Date"), by and between MAKENNA KOFFEE FRANCHISE, LLC, a California limited liability company ("Franchisor"), on the one hand, and the individuals or Entity identified as "Franchisee" on Exhibit A, on the other hand, who are individually referred to in this Agreement as a "Party", and collectively referred to in this Agreement as "Parties", with reference to the following facts:

A. Franchisor and its Affiliate, Makenna Koffee Company LLC, a California limited liability company, have developed the "Makenna Koffee System" for the establishment and operation of fast casual beach-themed coffee shops ("Makenna Koffee Shops") that offer a wide assortment of specialty coffee beverages, teas, smoothies, energy drinks, pastry items and related merchandise for retail on-premises and off-premises consumption under the trade name and service mark "Makenna Koffee" and other related trademarks, service marks, logos and commercial symbols and the trade dress used to identify Makenna Koffee Shops, including the unique and distinctive interior and exterior building designs, color schemes, furniture, fixtures and accessories present in Makenna Koffee Shops (collectively, the "Makenna Koffee Marks"). The Makenna Koffee Marks used to identify the Makenna Koffee System may be modified by Franchisor from time to time. Franchisor continues to develop, use and control the use of the Makenna Koffee Marks in order to identify for the public the source of services and products marketed under the Makenna Koffee Marks and the Makenna Koffee System, and to represent the Makenna Koffee System's high standards of quality, appearance and service.

B. Area Representative desires to acquire from Franchisor, and Franchisor desires to grant to Area Representative, the exclusive right and obligation to (i) solicit and recruit Franchisees to purchase, develop, open and operate Makenna Koffee Shops ("Franchisee-Owned Koffee Shops") in the Development Area for and on behalf of Franchisor; (ii) assist Franchisees to identify and secure sites for their Franchisee-Owned Koffee Shops in the Development Area; and (iii) provide operational, training and field support to these Franchisees, both before and after they open their Franchisee-Owned Koffee Shops.

NOW, THEREFORE, IT IS AGREED:

1. DEFINITIONS

The capitalized terms in this Agreement that are not defined elsewhere in the text of this Agreement are assigned these definitions:

"Additional Area Representative" means a Person who Area Representative solicits to become an Area Representative of Franchisor.

"Affiliate" or "Affiliates" mean any Person that controls, is controlled by, or is under common control with, a Party to this Agreement. Control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of the Person whether by contract or otherwise.

"Applicable Law" means and includes applicable common law and all statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority with jurisdiction over the pre-sale disclosure, registration and sale of Franchises and the operation of Franchised Makenna Koffee Shops that are in effect on or after the Effective Date, as they may be amended from time to time.

“Area Representative Business” means the business to be operated by Area Representative under this Agreement to (i) solicit and recruit Franchisees in the Development Area for and on behalf of Franchisor to develop, open and operate Franchisee-Owned Koffee Shops in the Development Area; (ii) assist Franchisees to identify and secure sites for their Franchisee-Owned Koffee Shops in the Development Area; and (iii) provide operational, training and field support to these Franchisees, both before and after they open their Franchisee-Owned Koffee Shops.

“Area Representative Fee” means the $5,000 fee that Area Representative shall pay Franchisor on the Effective Date for the rights granted to Area Representative under this Agreement.

“Area Representative-Owned Koffee Shops” means the number of Makenna Koffee Shops set forth on Exhibit B that Area Representative, itself, as a franchisee, shall develop, open and operate in the Development Area by the Expiration Date.

“Area Representative Referral Fee” means five percent (5%) of the Royalty Fees collected by Franchisor and to be paid to Area Representative for each Franchise sold in the Additional Area Representative’s Development Area through Sales Services provided by an Additional Area Representative.

"Business Judgment" means that Franchisor is allowed to exercise its judgment however Franchisor believes is appropriate in a given circumstance without limitation, subject to the use of that discretion in any reasonable way as more fully described in Section 19.12.

“Competitive Business” means any business that engages in the sale of licenses or franchises for retail stores that prepare, offer and sell any combination of specialty coffee beverages, teas, smoothies, energy drinks, or pastry items, as their primary menu items.

“Constituents” means past, present and future Affiliates, parents, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, parents, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives and attorneys and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of the foregoing.

“Default” means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

“Development Area” means the geographic area designated on Exhibit D.

“Development Obligation” means the number of Area Representative-Owned Koffee Shops and Franchisee-Owned Koffee Shops that must be open and operating under this Agreement by the Expiration Date as set forth on Exhibit B.

“Development Periods” means each of the periods set forth on Exhibit B during which Area Representative and/or Franchisees who purchase Franchises through Sales Services provided by Area Representative must open Franchised Koffee Shops in the Development Area.

“Development Schedule” means all of the Development Periods set forth on Exhibit B.

"Entity" means any limited liability company, partnership, trust, association, corporation or other entity that is not an individual.

"Equity" means capital stock, membership interests, partnership rights or other equity ownership interests of an Entity.

"Expiration Date" means the fifth anniversary of the Effective Date.

"Force Majeure" means any event (i) that was reasonably unforeseeable as of the Effective Date; (ii) that is beyond the reasonable control, directly or indirectly, of a Party; (iii) that could not reasonably have been prevented or avoided by that Party with the exercise of reasonable efforts and due diligence; (iv) that does not result from the fault or negligence of that Party or its agents, employees or contractors; and (v) that causes performance by that Party to be delayed, in whole or in part, or unable to partially or wholly perform its obligations under this Agreement. Subject to the satisfaction of the foregoing criteria, "Force Majeure" includes (i) acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); (ii) strikes, lockouts or other industrial disturbances; (iii) war, terrorist acts, riot, or other civil disturbance; (iv) unilateral governmental action impacting Franchised Koffee Shops generally; and (v) epidemics, transportation shortages, inadequate supply of labor, material or energy, or a Party foregoing the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency. Neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Area Representative by any lender, Landlord, contractor, or other Person, or Area Representative's financial inability to perform or Area Representative's insolvency, shall be an event of Force Majeure hereunder, except to the extent that the act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. Neither Party will be in Default in the performance of its obligations under this Agreement if the performance is prevented or delayed due to Force Majeure.

"Franchise" means a license granted by Franchisor to a Franchisee to develop, open and operate a Franchisee-Owned Koffee Shop.

"Franchise Agreement" means the Then-Current franchise agreement that Area Representative and/or Franchisees must enter into with Franchisor to obtain the right to develop, open and operate Franchised Koffee Shops in the Development Area, including all exhibits, riders, guarantees and other related instruments.

"Franchisee" means any Person (other than Area Representative) who enters into a Franchise Agreement with Franchisor to develop, open and operate a Franchisee-Owned Koffee Shop in the Development Area through Sales Services provided by Area Representative.

"Franchisee-Owned Koffee Shops" means the number of Makenna Koffee Shops set forth on <u>Exhibit B</u> that Franchisees, through Sales Services provided by Area Representative, shall acquire, develop, open and operate at Traditional Venues and/or Non-Traditional Venues in the Development Area by the Expiration Date.

"Franchised Koffee Shops" means both Area Representative-Owned Koffee Shops and Franchisee-Owned Koffee Shops.

"General Release" means the form of general release prescribed by Franchisor of any and all known and unknown obligations, liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, against Franchisor and its Constituents. A General Release will cover future consequences of acts, omissions events and circumstances predating the date of the General Release, but will not release, in advance, future acts, omissions or events which have not occurred at the time the General Release is executed.

"Good Standing" means Area Representative is in substantial compliance with the requirements of this Agreement and all other agreements then in effect between Franchisor or its Affiliates, and Area Representative, and has substantially cured each curable Default for which Franchisor has issued a notice of Default to Area Representative within the time periods set forth in Article 13.

"Governmental Authority" means all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

"Gross Sales" means the total of all revenues derived from retail and wholesale sales of any nature or kind whatsoever from the Franchised Koffee Shop, including in-store, dining, carry-out, drive-thru, online orders, third-party delivery sales, voucher sales, gift cards, sales or other income derived from catering and related services provided by Franchisee, as well as the proceeds from any business interruption insurance related to the non-operation of the Franchised Koffee Shop, and whether evidenced by cash, services, property, barter, or other means of exchange, including orders taken in or from the Franchised Shop although filled elsewhere whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived from business conducted or which started in, on, from or through each Franchisee-Owned Makenna Koffee Shop, whether such business is/was conducted in compliance with or in violation of the terms of a Franchise Agreement for a Franchisee-Owned Makenna Koffee Shop. Gross Sales also includes the total gross amount of revenues and sales from whatever source derived from business conducted within and/or outside a Development Area that is related to a Franchisee-Owned Makenna Koffee Shop within the Development Area, outside the Development Area, and/or otherwise. "Gross Sales" shall include the full value of beverages and food products Franchisee provides to its employees as incident to their employment (less the value of any discounts against Gross Sales given during the month in which the meals were provided) and all proceeds from the sale of coupons, gift certificates, or vouchers. "Gross Sales" shall exclude the amount of bona fide refunds paid to customers and the amount of any sales or use taxes actually paid to any Governmental Authority and the retail price of any coupons, gift certificates, and vouchers when they are redeemed.

"Incapacity" means any physical, emotional or mental injury, illness or Incapacity that would prevent a Person from performing the obligations set forth in this Agreement or in the Principal Owner's Guarantee attached as Exhibit C for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely.

"Initial Franchise Fee" means the Then-Current initial fee that Franchisees must pay Franchisor for Franchisee-Owned Koffee Shops to be developed, opened and operated in the Development Area.

"Initial Term" means the five (5) year period commencing on the Effective Date and ending on the Expiration Date.

"Initial Training Programs" means Initial Training Program for Area Representatives and the Initial Training Program for Franchisees.

“Initial Training Program for Area Representatives” means the Initial Training Program for Area Representatives as required by this Agreement.

“Initial Training Program for Franchisees” means the Pre-Opening Initial Training Program for Franchisees as required by the Franchise Agreement.

“Losses and Expenses” means and includes 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 a Party’s reputation and goodwill, and all other costs associated with any of the foregoing Losses and Expenses.

“Makenna Koffee Branded Products” means any product now existing or developed in the future that bears any of the Makenna Koffee Marks, including products that are prepared, sold and/or manufactured in strict accordance with Franchisor’s recipes, methods, standards and specifications, including pre-packaged beverage and food products, clothing, souvenirs and novelty items.

“Makenna Koffee Manuals” means Franchisor’s operations manuals, which may include audio, video, compact disks, computer software, other electronic media, materials available on a restricted Website, intranet, or extranet to which Franchisee will have access, written materials and any other written directive related to the Area Representative Business and the Makenna Koffee System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional Makenna Koffee Manuals and written directives established by Franchisor as in effect and amended from time to time.

“Makenna Koffee Trade Secrets” means proprietary and confidential information, including, recipes, pricing, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies and methods and techniques of Franchised Koffee Shops, excluding information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation or that Area Representative can show was already lawfully in Area Representative’s possession before receipt from Franchisor.

“Non-Traditional Venues” means a broad variety of atypical retail sites, including, without limitation, a site, venue or location within a captive market site, another primary business or in conjunction with other businesses or at institutional including, without limitation, toll roads, train stations, amusement parks, and all properties controlled by the amusement park, travel stations, hotels and motels, ships, ports, piers, casinos, stadiums, airports, theatres, big box retailers, building supply stores, warehouse club stores, colleges and universities, schools, hospitals, military and other governmental facilities, office or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, grocery stores, outlet malls, supermarkets and convenience stores, and any site for which the lessor, owner or operator has indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider (<u>for example</u>, a kiosk within a grocery store, other restaurant or movie theater), food courts operated by a master concessionaire, food service fulfillment centers, and any site for which the lessor, owner or operator limits the operation of its food service facilities to a master concessionaire or contract food service provider.

“Owner” means the Persons listed on <u>Exhibit A</u> and each future direct or indirect shareholder, member, general or limited partner, trustee or other Equity owner of Area Representative. If Area Representative is an Entity, each Owner and each Owner’s spouse shall jointly and severally guarantee Area Representative's payment and performance of its obligations under this Agreement under a Guarantee in the form of <u>Exhibit C</u>.

“Person” means any natural person or Entity.

“Principal Owner” means the individual designated by Area Representative on Exhibit A who has been accepted by Franchisor to serve as the primary operator of the Area Representative Business, to serve as the authorized representative of Area Representative, who shall act as Area Representative’s representative in all matters with Franchisor, as Area Representative’s liaison with Franchisor and the Owners, and who shall have the authority to act on behalf of Area Representative during the Term without the participation of any other Owner. The Principal Owner shall own a minimum of a fifty percent (50%) ownership interest in Area Representative throughout the term of this Agreement.

“Renewal Fee” means the $5,000 fee that Area Representative must pay Franchisor for the Renewal Rights for the Renewal Term.

“Renewal Development Obligations” means Area Representative’s obligation to develop, open and operate and/or to solicit and recruit Franchisees to purchase, develop, open and operate the number of additional Franchised Koffee Shops agreed upon by the Parties during the Renewal Term.

“Renewal Rights” means the rights held by Area Representative to renew this Agreement for the Renewal Term upon the expiration of the Initial Term.

“Renewal Term” means the five (5) year period beginning on the Expiration Date and ending on the Renewal Term Expiration Date.

“Renewal Term Expiration Date” means the last day of the Renewal Term.

“Restricted Person” means Area Representative, each of its Owners and Affiliates, and the respective officers, directors, managers, shareholders, members and Affiliates of each of them, and the spouses of each of the foregoing who are individuals.

“Royalty Commissions” means thirty-four percent (34%) of the Royalty Fees collected by Franchisor and to be paid to Area Representative for each Franchise sold in the Development Area through Sales Services provided by Area Representative.

“Royalty Fees” means the fees that each Franchisee who acquired a Franchise through Sales Services provided by Area Representative shall pay Franchisor on the Gross Sales derived from the operation of a Franchisee-Owned Koffee Shop.

"Sales Commissions" means forty percent (40%) of the Initial Franchise Fees paid to and collected by Franchisor for Franchises sold in the Development Area through Sales Services provided by Area Representative.

“Then-Current” means the form of agreement then-currently provided by Franchisor to similarly situated prospective area representatives and Franchisees which may contain terms and conditions that are materially different from this Agreement, or if not then being so provided, then a form of agreement selected by Franchisor in its Business Judgment which previously has been delivered to and executed by an area representative or Franchisee, or, as the context of this Agreement indicates, the fees then-currently charged by Franchisor or its Affiliates, or Franchisor’s specifications, standards or the like.

"Traditional Venues" means Makenna Koffee Shop sites located in the Development Area in a densely populated suburban or urban area on a major thoroughfare or adjacent to or part of a suburban or urban shopping center or strip mall.

"Transfer Fee" means the $5,000 fee that Area Representative must pay Franchisor as a condition precedent to an Assignment of this Agreement.

2. GRANT OF RIGHTS

2.1 Grant of Rights and Obligations. Franchisor hereby grants Area Representative, and Area Representative hereby accepts, the exclusive right and obligation to: (i) facilitate the sale and opening of the number of Franchisee-Owned Koffee Shops set forth on Exhibit B at Traditional Venues and/or Non-Traditional Venues in the Development Area in accordance with the Development Schedule set forth on Exhibit B; (ii) solicit Franchisees to purchase Franchises from Franchisor for Franchisee-Owned Koffee Shops to be located in the Development Area ("Sales Services"); (iii) perform site acquisition and development services ("Site Services") for Franchisees who purchase Franchises from Franchisor for Franchisee-Owned Koffee Shops to be located in the Development Area; and (iv) provide support and other services ("Support Services") to Franchisees who purchase Franchises from Franchisor for Franchisee-Owned Koffee Shops to be located in the Development Area. In addition, with Franchisor's prior written consent, which Franchisor shall not unreasonably withhold, Area Representative shall have the right, but not the obligation, to solicit Franchisees to purchase Franchises from Franchisor for additional Franchised Koffee Shops to be located in the Development Area and to be opened on or before the Expiration Date. Area Representative shall not subcontract, subfranchise, share, divide or partition this Agreement and nothing in this Agreement will be construed as granting Area Representative the right to do so.

2.2 Adherence to Development Obligation. Area Representative shall adhere to the Development Obligation during each Development Period and the Development Schedule. Failure to comply with the Development Obligation during any Development Period shall constitute a Default under this Agreement and shall entitle Franchisor to terminate this Agreement, unless the Default results from an event of Force Majeure, in which case, the Development Period will be extended as provided in Section 2.4.

2.3 Closures, Replacement, Relocations and Assignments. To protect the Makenna Koffee System, the Makenna Koffee Marks, the Makenna Koffee Trade Secrets and their associated goodwill, if, during the Term, a Franchisee ceases to operate any Franchisee-Owned Koffee Shop for any reason, that Franchisee or another Franchisee must develop another Franchisee-Owned Koffee Shop (a "Replacement Makenna Koffee Shop") to satisfy the Development Obligation. A Franchisee may not cease operations of any Franchisee-Owned Koffee Shop or obtain a Replacement Makenna Koffee Shop without Franchisor's prior written consent. The Replacement Makenna Koffee Shop must be opened within twelve (12) months after the date the Franchisee-Owned Koffee Shop that it will replace closes. Franchises subject to relocation or an Assignment shall count in determining whether Area Representative has satisfied the Development Obligation so long as the Franchisee-Owned Koffee Shop continues to operate in the Development Area as a Makenna Koffee Shop.

2.4 Force Majeure. If a Party's performance of an obligation is prevented by an event of Force Majeure, the time period for performing such obligation shall be extended by a period of time equal to the period of delay. Notwithstanding the foregoing, any delay resulting from Force Majeure shall not excuse payment of any fee, charge, amount, and/or any other monetary or financial obligation under this Agreement, and the non-performance of any obligation under this Agreement due to Force Majeure shall not be extended or otherwise excused for more than six (6) months. Upon the occurrence of an event constituting Force Majeure, the Party whose performance is prevented by Force Majeure shall notify the other Party in writing within five (5) days following commencement of the alleged Force Majeure of the specific nature and extent of the Force Majeure, and how it has impacted that Party's performance under this Agreement.

2.5 Exclusive Development Area. Provided that Area Representative is not in Default under this Agreement or any other agreement between Franchisor or its Affiliates and Area Representative, Franchisor shall not grant any other Person the right or obligation to provide Sales Services, Site Services or Support Services in the Development Area during the Term. Franchisor and its Affiliates reserve all other rights not expressly granted to Area Representative with respect to the Makenna Koffee System, the Makenna Koffee Marks, the Development Area, Franchisee-Owned Koffee Shops and Area Representative-Owned Koffee Shops within and outside of the Development Area.

2.6 Rights Reserved by Franchisor. Except as provided in Section 2.5, Franchisor expressly reserves all other rights, including the exclusive, unrestricted right, in its Business Judgment, directly and indirectly, through its employees, Affiliates, representatives, licensees, assigns, agents and others, to (i) develop, own and operate, and to grant franchises to third parties to develop, own and operate, Makenna Koffee Shops outside the Development Area, regardless of their proximity to the Development Area; (ii) develop, own and operate, and grant Franchises to third parties to develop, own and operate any other business, including food businesses, other than a Competitive Business, under marks and systems different from the Makenna Koffee Marks and Makenna Koffee System within and outside the Development Area; (iii) sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, Makenna Koffee Branded Products within and outside the Development Area, through the Internet, mail order catalogs, direct mail advertising and through other distribution methods; (iv) market on the Internet and use the Makenna Koffee Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media; (v) open or operate and franchise or license others to open or operate Makenna Koffee Shops at any Non-Traditional Venue outside of the Development Area regardless of their proximity to any Makenna Koffee Shops developed or under development by Area Representative; (vi) grant area representative rights to third parties to provide Sales Services, Site Services and Support Services for the benefit of Franchisor outside the Development Area; (vii) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Makenna Koffee Shops or franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating; (viii) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any business providing products and services similar to those provided at Makenna Koffee Shops, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses; and (ix) engage in all other activities that this Agreement does not expressly prohibit.

2.7 No Rights to Use the Makenna Koffee Marks or System. This Agreement is not a Franchise Agreement, and, except as provided in Section 7.17, does not grant Area Representative any right to use the Makenna Koffee Marks or the Makenna Koffee System to operate an Area Representative-Owned Koffee Shop or for any other purpose. To protect the Makenna Koffee System, the Makenna Koffee Marks, the Makenna Koffee Trade Secrets and their associated goodwill, Area Representative's rights to use the Makenna Koffee Marks and the Makenna Koffee System will be granted to Area Representative only under the terms of a Franchise Agreement for an Area Representative-Owned Koffee Shop to be owned and operated by Area Representative. Except as provided in this Agreement, Area Representative shall not use the Makenna Koffee Marks or the Makenna Koffee System in any manner or for any purpose, without the prior written consent of Franchisor. Notwithstanding the foregoing, Area Representative shall have the right use the Makenna Koffee Marks and the Makenna Koffee System as necessary to facilitate the sale and opening of the number of Franchisee-Owned Koffee Shops set forth on Exhibit B at Traditional Venues and/or Non-Traditional Venues in the Development Area in accordance with the Development Schedule set forth on Exhibit B, and to provide Sales Services, Site Services and Support Services as set forth in this Agreement.

2.8 Development of Koffee Shops by Area Representative. Area Representative shall, itself, develop, open and operate the number of Area Representative-Owned Koffee Shops at Traditional Venues and/or Non-Traditional Venues in the Development Area as set forth on Exhibit B by the Expiration Date. The first Area Representative Franchised Koffee Shop to be opened under this Agreement must be an Area Representative-Owned Koffee Shop. Area Representative shall (i) execute Franchisor's Then-Current Area Development Agreement for the development and opening of the Area Representative-Owned Koffee Shops, if applicable, (ii) execute Franchisor's Then-Current Franchise Agreement for each Area Representative-Owned Koffee Shop to be owned and operated by Area Representative; (iii) pay Franchisor its Then-Current initial franchise fee for each Area Representative-Owned Koffee Shop as set forth in the Franchise Agreement and (iv) attend and complete the Initial Training Program for Franchisees to Franchisor's satisfaction.

2.9 Conditions that Must Be Satisfied. Area Representative will be granted the right and obligation to develop, own and operate Area Representative-Owned Koffee Shops in the Development Area if, and only if (i) Area Representative has fully performed all of its obligations under this Agreement and all other agreements between the Parties and is in Good Standing on the execution date of an Area Development Agreement and a Franchise Agreement; (ii) Area Representative has demonstrated Area Representative's Then-Current financial ability to develop and open the Area Representative-Owned Koffee Shop in accordance with the terms of Area Representative's Area Development Agreement and Franchise Agreements; (iii) Area Representative has executed a Franchise Agreement for each Area Representative-Owned Koffee Shop and delivered it to Franchisor; (iv) Area Representative has attended and completed the Initial Training Program for Area Representatives to Franchisor's satisfaction; and (v) Area Representative executes and delivers a General Release to Franchisor in a form acceptable to Franchisor. When Area Representative opens an Area Representative-Owned Koffee Shop in the Development Area, the Area Representative-Owned Koffee Shop will count towards the satisfaction of the Development Obligation. Franchisor shall not be required to pay to Area Representative any Sales Commissions, Royalty Commissions or Area Representative Referral Fee on any initial franchise fees or royalties paid to Franchisor by Area Representative for Area Representative-Owned Koffee Shops owned by Area Representative.

2.10 Entity Area Representative. If Area Representative is an Entity, Area Representative shall not use the Makenna Koffee Marks, or Franchisor's trade name, or any words or symbols which are confusingly phonetically or visually similar to the Makenna Koffee Marks, as all or part of Area Representative's name. In addition, if Area Representative is an Entity, Area Representative represents and warrants that the information set forth in Exhibit A is accurate and complete in all respects. Area Representative shall notify Franchisor in writing within ten (10) days of any change in the information set forth in Exhibit A, and shall submit to Franchisor a revised Exhibit A, which shall be certified by Area Representative as true, correct and complete and upon acceptance thereof by Franchisor shall be attached as Exhibit A. Area Representative shall promptly provide any additional information that Franchisor may from time to time request concerning all Persons who may have any direct or indirect financial interest in Area Representative, including providing copies of all amendments to Area Representative's "Entity Documents" as defined in Exhibit A. The Entity Documents of Area Representative shall recite that the issuance and transfer of any interest therein is subject to the restrictions set forth in this Agreement and any Franchise Agreement executed pursuant to this Agreement.

3. INITIAL TERM AND RENEWAL TERM

3.1 Initial Term. The Initial Term shall commence on the Effective Date and shall expire on the Expiration Date.

3.2 Renewal Rights. If Area Representative satisfies the Development Obligation in accordance with the Development Schedule and desires to engage in further development of Makenna Koffee Shops in the Development Area following the Expiration Date, Area Representative shall, no later than one hundred eighty (180) days prior to the Expiration Date, notify Franchisor in writing (the "Renewal Notice") that Area Representative desires to extend the Initial Term and that Area Representative is prepared and able to comply with the Renewal Development Obligation. The Renewal Rights may be exercised by Area Representative only if all conditions precedent set forth in this Article 3 are satisfied prior to the Expiration Date. Subject to Applicable Law, if Area Representative does not elect or qualify to renew the Initial Term in accordance with this Article 3, if Area Representative does not satisfy the Development Obligation in accordance with the Development Schedule or issue the Renewal Notice to Franchisor as required by this Section 3.2, this Agreement shall terminate on the Expiration Date. If Area Representative exercises its rights and qualifies to renew this Agreement, this Agreement shall terminate on the Renewal Term Expiration Date. Except as provided in this Section 3.2, this Agreement is not otherwise renewable.

3.3 Renewal Development Obligations. If Area Representative satisfies the requirements in Section 3.2, Franchisor shall deliver to Area Representative an amendment to this Agreement (the "Renewal Amendment") extending the Initial Term for the Renewal Term on the terms and conditions set forth in this Agreement. Within thirty (30) days after Area Representative's receipt of the Renewal Amendment, Area Representative shall execute the Renewal Amendment and return it to Franchisor. If Area Representative executes the Renewal Amendment and returns it to Franchisor and Area Representative has satisfied the conditions precedent set forth in this Article 3, Franchisor shall execute the Renewal Amendment and return a fully executed copy to Area Representative.

3.4 Conditions to Renewal. Franchisor shall execute the Renewal Amendment if, and only if (i) Area Representative has fully performed all of its obligations under this Agreement and all other agreements between the Parties and is in Good Standing on the date of the Renewal Notice, on the date of Franchisor's execution of the Renewal Amendment and on the Expiration Date; (ii) Franchisor and Area Representative agree on the Renewal Development Obligation no later than sixty (60) days prior to the Expiration Date; (iii) Area Representative has demonstrated Area Representative's Then-Current financial ability to implement and complete the Renewal Development Obligation; (iv) Area Representative has executed the Renewal Amendment and delivered it to Franchisor; (v) Area Representative executes and delivers a General Release to Franchisor in a form acceptable to Franchisor; and (vi) Area Representative has paid Franchisor the Renewal Fee when Area Representative issues the Renewal Notice to Franchisor.

3.5 Notice Required by Law. If Applicable Law requires Franchisor to give notice to Area Representative prior to the expiration of the Initial Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by Applicable Law.

3.6 Effect of Expiration. If the conditions set forth in this Article 3 are not satisfied before the Expiration Date (i) Area Representative shall have no further rights or obligations under this Agreement; (ii) Area Representative shall continue to own and operate all Area Representative-Owned Koffee Shops opened by Area Representative prior to the Expiration Date under Franchise Agreements with Franchisor that remain in full force and effect on the Expiration Date; and (iii) Franchisor, may, but shall not be required to, develop, own and operate, and grant franchises to third parties to develop, own and operate Makenna Koffee Shops at any location within the Development Area, without restriction, subject only to the exclusive rights that may have been granted to Area Representatives or Franchisees for open and operating Franchised Koffee Shops in the Development Area that are in Good Standing.

3.7 Month-to-Month Agreement. If Area Representative does not sign Franchisor's Renewal Amendment prior to the Expiration Date and Area Representative continues to accept the benefits of this Agreement after it expires, then at Franchisor's option, this Agreement may be treated either as (i) expired as of the Expiration Date with Area Representative then operating without a license to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("Month-to-Month Agreement") until one Party provides the other with written notice of such Party's intent to terminate the Month-to-Month Agreement, in which case the Month-to-Month Agreement will terminate thirty (30) days after receipt of the notice to terminate the Month-to-Month Agreement, or such longer notice period as is required by Applicable Law. In the latter case, all of Area Representative's obligations shall remain in full force and effect during the Month-to-Month Agreement as if this Agreement had not expired, and all obligations and restrictions imposed on Area Representative upon expiration of this Agreement shall be deemed to take effect upon termination of the Month-to-Month Agreement. Notwithstanding the foregoing, Area Representative shall not have the right or obligation to perform Sales Services for Franchisor during the term of a Month-to-Month Agreement.

3.8 Term and Expiration Date. If the Parties execute a Renewal Amendment (i) "Term" means both the Initial Term and the Renewal Term; and (ii) "Expiration Date" means both the Expiration Date of the Initial Term and the Renewal Term Expiration Date, unless the context of their use indicates otherwise.

4. PAYMENTS TO FRANCHISOR

On the Effective Date, Area Representative shall pay the Area Representative Fee to Franchisor for the rights granted to Area Representative under this Agreement. The Area Representative Fee is fully earned by Franchisor when paid and is nonrefundable, in whole or in part, under any circumstances.

5. OBLIGATIONS OF FRANCHISOR

5.1 Franchise Disclosure Documents and Registration. During the Term, Franchisor shall prepare Franchise Disclosure Documents in accordance with Applicable Laws in the Development Area, shall register the Franchise Disclosure Documents with applicable Governmental Authorities, if and as required by Applicable Law in the Development Area and shall provide copies of the Franchise Disclosure Documents to Area Representative, all at Franchisor's expense. Neither Area Representative nor any employee or representative of Area Representative shall solicit prospects for the purchase of Franchises until Franchisor has prepared a Franchise Disclosure Document in accordance with Applicable Laws in the Development Area, registered the Franchise Disclosure with applicable Governmental Authorities, if and as required by Applicable Law in the Development Area, and provided Area Representative with a complete copy of its currently effective Franchise Disclosure Document. Area Representative shall immediately cease all franchise sales activities if Franchisor notifies Area Representative that its Franchise Disclosure Document is no longer effective or must be amended or renewed in order to remain effective. If Area Representative's activities under this Agreement require Franchisor to prepare, amend or file information or any disclosure or other documents, then, except as provided in Section 6.6, all requisite disclosure documents, ancillary documents, and registration applications shall be prepared and filed by Franchisor or its designee, and registration secured by Franchisor, before Area Representative may solicit prospects for the purchase of Franchises.

5.2 Initial Training Program for Area Representatives. Following the Effective Date, Franchisor shall provide Area Representative with Franchisor's Initial Training Program for Area Representatives and with Franchisor's Initial Training Program for Area Franchisees at no additional cost to Area Representative. The Initial Training Program for Area Representatives will consist of approximately four (4) weeks of training that Area Representative must complete to Franchisor's reasonable satisfaction before Area Representative may engage in any Sales Services. Franchisor shall determine the contents and manner of conducting the Initial Training Program for Area Representatives; however, the Initial Training Program for Area Representatives shall be structured to provide practical training in the offer and sale of Franchises, site selection and support services for Franchisees and the operation of a Makenna Koffee Shop. Franchisor shall provide all Makenna Koffee Manuals, training guidelines, programs and Franchisor's confidential and proprietary information for the Initial Training Program for Area Representatives. Area Representative must pay all expenses, including salaries, travel costs, food, lodging and similar costs, as necessary to attend the Initial Training Program for Area Representatives.

5.3 Consultation. From time to time before and following the Effective Date, Franchisor may provide Area Representative with consultation and advice on operating issues, standards, policies and operating procedures by telephone, in writing, electronically, in person, or by other means at Franchisor's expense. Area Representative acknowledges and agrees however that the results of Area Representative's efforts to operate the Area Representative Business rest solely with Area Representative. Franchisor may make recommendations that it deems appropriate to assist Area Representative's efforts. However, Area Representative alone shall establish all requirements, consistent with the policies of Franchisor, regarding employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision and discipline of Area Representative's employees.

5.4 Additional Training Programs. Franchisor may, from time to time during the Term, offer Area Representative additional training programs at Franchisor's Business Judgment and expense. Area Representative must pay all travel, meal, lodging, and payroll expenses incurred by Area Representative or its supervisorial or managerial personnel in order to attend Franchisor's additional training programs.

5.5 Makenna Koffee Manuals. Franchisor will provide Area Representative with access, by hard copy or via the Internet one copy of its current Makenna Koffee Manuals during the Term of this Agreement, which may include audio, video, compact disks, computer software, other electronic media and/or written materials. At Franchisor's option, Franchisor may post some or all of the Makenna Koffee Manuals on a restricted Website, intranet, or extranet to which Franchisee will have access. The Makenna Koffee Manuals may change from time to time during the Term. The Makenna Koffee Manuals are, and at all times shall remain, Franchisor's sole property and shall promptly be returned to Franchisor upon expiration, termination or an Assignment of this Agreement. The Makenna Koffee Manuals contain both mandatory and recommended specifications, standards, procedures, rules and other information pertinent to the Makenna Koffee System and Area Representative's obligations under this Agreement. The Makenna Koffee Manuals, as modified by Franchisor from time to time, are an integral part of this Agreement and all provisions now or hereafter contained in the Makenna Koffee Manuals or otherwise communicated to Area Representative in writing are expressly incorporated into this Agreement and made a part of this Agreement. Franchisor reserves the right to modify the Makenna Koffee Manuals from time to time to reflect changes that it may implement in the mandatory and recommended specifications, standards and operating procedures of the Makenna Koffee System.

6. FRANCHISE SALES PROCEDURES

Area Representative shall assist Franchisor in the sale of Franchises for Franchisee-Owned Koffee Shops to be located in the Development Area in accordance with the requirements and procedures set forth in this Article 6.

6.1. Development Obligation. Area Representative shall comply with the Development Obligation within each Development Period. The determination as to whether Area Representative has met its Development Obligation shall be made based on the number of Franchised Koffee Shops that are open and operating in the Development Area at the end of each Development Period. For purposes of the Development Obligation, a Franchised Koffee Shop must be in Good Standing and open and operating in compliance with the terms of a Franchise Agreement in order to be counted toward satisfaction of the Development Obligation.

6.2 Information. Area Representative shall promptly provide all information reasonably required by Franchisor to prepare all Franchise Disclosure Documents and ancillary documents for the offering of Franchises throughout the Development Area and shall execute all documents required by Franchisor for the purpose of appointing Area Representative as a Franchise seller for Franchisor in the Development Area. Area Representative shall promptly review all information pertaining to Area Representative that Franchisor prepares for purposes of complying with Applicable Law for the sale of Franchises in the Development Area and shall verify its accuracy as requested by Franchisor. If Franchisor is not offering new Franchises, is in the process of revising, amending or renewing Franchisor's form of Franchise Disclosure Document or is not lawfully able to offer Area Representative a current Franchise Disclosure Document, Franchisor's failure or inability to do so shall constitute Force Majeure under this Agreement unless Franchisor's inability to provide Area Representative with a Franchise Disclosure Document is due to delays caused directly or indirectly by Area Representative.

6.3 Compliance and Sales Obligations. Area Representative shall comply with all Applicable Laws in the Development Area that govern pre-sale disclosure and the sale of Franchises and franchisor/franchisee relationships. Area Representative shall not make any misleading or untrue statements or any representations inconsistent with Franchisor's Franchise Disclosure Documents in connection with the offer or sale of any Franchises in the Development Area. Further, except as provided in Section 6.6, Area Representative shall not provide any prospect with any document or information in connection with the offer or sale of any Franchise in the Development Area other than documents and information included within the Franchise Disclosure Documents that have been prepared and registered, if necessary, by Franchisor. Area Representative shall make no promises, representations or commitments to any prospect in connection with the offer or sale of Franchises in the Development Area other than promises, representations or commitments specifically included within the Franchise Disclosure Documents that have been prepared and registered, if necessary, by Franchisor.

6.4 Candidates. Area Representative shall submit each qualified prospect ("Candidate") for a Franchisee-Owned Koffee Shop to Franchisor for approval. Each Candidate submitted to Franchisor by Area Representative, if an individual, or each Candidate's Owners, if the Candidate is not an individual, shall be Persons who are of good character, have adequate financial resources, and meet Franchisor's criteria for Franchisees. Additionally, all Candidates must reside, or maintain a principal place of business, in the Development Area. Each application for a Franchisee-Owned Koffee Shop received by Area Representative shall be submitted to Franchisor with all information regarding the Candidate, its Owners, if applicable, the Candidate's proposed franchised location, if known, and all other information then customarily required by Franchisor concerning Candidates, including financial statements and other information as Franchisor may reasonably require. Area Representative shall assist each Candidate in preparing the required financial reports and other information.

6.5 Franchisor's Approval of Candidates. Franchisor shall approve or disapprove Candidates to become Franchisees by written notice to Area Representative within thirty (30) days after the later of: (i) Franchisor's receipt of a complete application, financial statement, and other materials regarding the Candidate as requested by Franchisor; or (ii) a personal interview or other personal analysis of the Candidate made by, or on behalf of, Franchisor in the granting of Franchises. Franchisor may refuse to grant a Franchise for a Franchisee-Owned

Koffee Shop to any Candidate for any reason, in its Business Judgment, even if the Candidate satisfies Franchisor's current criteria. In addition, Franchisor may reduce, or eliminate the payment of, an Initial Franchise Fee for any Candidate for any reason, in its Business Judgment. The grant of a Franchise for a Franchisee-Owned Koffee Shop shall be effected only upon and after the full execution of Franchisor's Then-Current Franchise Agreement by Franchisor and a Candidate.

6.6 Registration as a Sub-Franchisor. If Area Representative's activities pursuant to this Agreement constitute the sale of a sub-franchise under any Applicable Law in the Development Area, Area Representative shall register a Franchise Disclosure Document as a sub-franchisor in the Development Area before Area Representative provides any Sales Services in the Development Area. Area Representative shall use Franchisor's standard form Franchise Disclosure Document, Franchise Agreement and Area Development Agreement for the sale of Franchisee-Owned Koffee Shops and shall revise and add such information regarding Area Representative in Area Representative's Franchise Disclosure Document, as necessary, at Area Representative's expense, to include all applicable disclosures. Area Representative shall submit its Franchise Disclosure Document, Franchise Agreement and Area Development Agreement to Franchisor for Franchisor's review and comments before making any filing or use thereof. Area Representative shall also be responsible for the payment of all registration and filing fees for its Franchise Disclosure Document.

6.7 Indemnity. Area Representative shall indemnify, defend and hold Franchisor and its Affiliates harmless from and against any and all Losses and Expenses resulting or arising from Area Representative's efforts to sell and Area Representative's sales and servicing of Franchises in the Development Area or arising from the negligence or willful misconduct of Area Representative in its participation in any sale or servicing of Franchises, except for claims arising from the negligence or willful misconduct of Franchisor.

7. OBLIGATIONS OF AREA REPRESENTATIVE

To protect the Makenna Koffee System, the Makenna Koffee Marks, the Makenna Koffee Trade Secrets and their associated goodwill:

7.1 Compliance with Makenna Koffee System. Area Representative shall operate the Area Representative Business in compliance with the terms of this Agreement and the Makenna Koffee Manuals. Area Representative acknowledges and agrees that Area Representative alone shall exercise day-to-day control over all operations, activities and elements of the Area Representative Business, including over Area Representative's employees, and that under no circumstance shall Franchisor do so or be deemed to do so. Area Representative further acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications and procedures of the Makenna Koffee System with which Area Representative must comply under this Agreement, the Makenna Koffee Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Area Representative Business, which Area Representative alone controls, but only constitute standards to which Area Representative must adhere when exercising Area Representative's control over the day-to-day operations of the Area Representative Business consistent with the policies of Franchisor.

7.2 Site Selection; Commencement of Business. Area Representative may operate the Area Representative Business from a home office. Area Representative is not required to lease or purchase a separate commercial office in connection with the Area Representative Business. Area Representative may relocate its home office at any time upon thirty (30) days written notice to Franchisor. If Area Representative elects to lease or purchase a separate commercial office in connection with the Area Representative Business, that office must be centrally located within the Development Area. Area Representative is responsible for all costs, liability, expense and the responsibility for locating, selecting, procuring, obtaining and developing this space. Area Representative may not relocate its commercial office without Franchisor's express written consent, not to be unreasonably withheld. Area Representative shall complete the Initial Training Program to Franchisor's satisfaction and begin operation of the Area Representative Business within sixty (60) days after the Effective Date. Area Representative shall at all times faithfully, honestly and diligently perform Area Representative's obligations under this Agreement and will continuously exert its best efforts to promote and enhance the sale, development and opening of Franchised Koffee Shops in the Development Area.

7.3 Initial Training Programs. Area Representative shall attend and complete the Initial Training Program for Area Representatives and the Initial Training Program for Franchisees as required by Area Representative's Franchise Agreement before Area Representative begins operation of the Area Representative Business. Area Representative shall pay all travel, living, meals, compensation, and other expenses, if any, incurred by Area Representative to attend the Initial Training Program for Area Representatives. Area Representative may not open the Area Representative Business until the Initial Training Program for Area Representatives has been completed to the satisfaction of Franchisor. In addition, Area Representative shall attend and complete to Franchisor's satisfaction all additional training programs required by Franchisor. Area Representative shall pay all transportation costs, food, lodging and similar costs incurred in connection with attendance at the additional training programs.

7.4 Sales Services. Area Representative shall use its best efforts to recruit, screen, and interview prospects for Franchisee-Owned Koffee Shops to be located in the Development Area. Recruiting duties shall include, without limitation, engaging in advertising for prospects, attending franchise trade shows, both with Franchisor's prior written approval and other approved sales methods. Franchisor shall turn over to Area Representative all inquiries or leads received by Franchisor for prospects in the Development Area.

7.5 Site Services. Area Representative shall provide each Franchisee with Franchisor's site selection criteria and assist each Franchisee to obtain an acceptable site for a Franchisee-Owned Koffee Shop. Area Representative shall not have the right to approve any site for a Franchisee-Owned Koffee Shop. Area Representative shall present all sites for Franchisee-Owned Koffee Shop to Franchisor for Franchisor's prior approval. Franchisor shall notify Area Representative of its approval or rejection of a proposed site for a Franchisee-Owned Koffee Shop within thirty (30) days after Franchisor's receipt of all available information regarding a proposed site.

7.6 Support Services. Area Representative shall provide regular consultation and advice to Franchisees in response to Franchisees' inquiries about specific administrative and operating issues that Franchisees bring to Franchisor's or Area Representative's attention including, without limitation, mandatory and recommended specifications, standards and operating policies and procedures of the Makenna Koffee System, grand opening and continuing advertising and marketing programs, sales procedures and bookkeeping and accounting programs. Area Representative shall determine the most effective method for communicating the consultation or advice, which may include, without limitation, consultation and advice in person at Franchisee-Owned Koffee Shops or at other locations, by telephone, in writing (in which case Area Representative shall determine the most efficient way to deliver the writing, whether by facsimile, electronically or mail), or by other means. Area Representative shall provide on-going updates of information and programs regarding Makenna Koffee System development in the Development Area and shall provide advice and assistance to each Franchisee in the Development Area in connection with developing and improving the performance of the Franchisee-Owned Koffee Shops in the Development Area. Area Representative shall not collect any money for any reason from Franchisees without Franchisor's prior written consent. The collection of money from a Franchisee by Area Representative shall constitute a Default under this Agreement.

7.7 Pre-Opening Training and Opening Support Services. Area Representative shall provide initial training and on-site training and assistance to each Franchisee and the Franchisee's managerial and supervisorial employees in accordance with Franchisor's Then-Current standards for Franchisee-Owned Koffee Shops in the Development Area. Area Representative shall provide advice to Franchisees regarding the standards and specifications for selecting suppliers for purchasing items used in connection with the Franchisee-Owned Koffee Shop.

7.8 Dealings with Franchisees. Area Representative acknowledges and agrees that Franchisor is delegating the performance of certain duties that Franchisor owes to Franchisees in the Development Area under Franchisor's Franchise Agreements with the Franchisees to Area Representative. Area Representative shall at all times give prompt, courteous, and efficient service to Franchisees in the Development Area and shall, in all dealings with Franchisees, prospects, and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Area Representative shall in all respects comply with the terms and conditions of each Franchise Agreement that is in effect between each Franchisee and Franchisor. Area Representative shall perform its obligations under this Agreement to each Franchisee in the Development Area until Franchisor notifies Area Representative otherwise in writing. Furthermore, Area Representative accepts the risk that, during the Term, Franchisor's form of Franchise Agreement may materially change, which could materially affect the scope or nature or Area Representative's duties, or the cost to Area Representative to discharge its duties, under this Agreement. Area Representative acknowledges and agrees that its rights as an Area Representative exist only by virtue of this Agreement and that Area Representative is not in any way a party to, or third party beneficiary of, any Franchise Agreement nor does Area Representative have any other right, title or interest therein. Similarly, no Franchisee shall be a third party beneficiary of this Agreement nor any other agreement between Franchisor and Area Representative.

7.9 Inspections, Defaults and Audits.

7.9.1 Area Representative shall exercise its best efforts and reasonable diligence to ensure that all Franchisees comply with the terms of their Franchise Agreements with Franchisor. Area Representative shall ascertain through at least two (2) quality assurance field audits, reviews and inspections each calendar year that each Franchisee in the Development Area is in compliance with the terms and conditions of its Franchise Agreement and shall promptly notify Franchisee in writing, with a copy and evaluation report to Franchisor, of any deficiencies. Area Representative's failure to do so shall constitute a Default under this Agreement. Notwithstanding the foregoing, Area Representative acknowledges and agrees that its inspections and reports are advisory only and that Franchisor shall have (i) the right to inspect and re-inspect each Franchisee-Owned Koffee Shop to ascertain each Franchisee's compliance with its Franchise Agreement; (ii) the sole right to send notices of Default to Franchisees; (iii) the sole right to terminate a Franchise Agreement; (iv) the sole right to determine if a Franchisee has timely and adequately cured a Default if the Franchise Agreement permits the Franchisee to cure; and (v) the sole right to enforce a Franchise Agreement.

7.9.2 If Area Representative believes that any Franchisee in the Development Area is in Default under its Franchise Agreement with Franchisor, Area Representative shall notify Franchisor in writing of the Default within three (3) days after Area Representative comes to that conclusion. If, as a result of Franchisor's investigation, Franchisor determines that a Franchisee is in Default, Franchisor may take any action it deems appropriate in its Business Judgment, including no action. Franchisor's right to exercise its Business Judgment on the occurrence of a Default by a Franchisee shall entitle Franchisor to determine the specific enforcement methods appropriate for each Default or Franchisee and the right to take any or no enforcement action.

7.9.3 Franchisor has the right at any time, and without prior notice to Area Representative, to examine or audit, or cause to be examined or audited by a third party, the business records, bookkeeping and accounting records, bank statements, sales and income tax records and returns, and other books, statements, and records of the Area Representative Business and Area Representative. Area Representative shall maintain complete and accurate copies of all such books, statements, records and supporting documents at Area Representative's Office Area Representative must fully cooperate with Franchisor, representatives of Franchisor, and third parties hired by Franchisor to conduct any such examination or audit. In the event Franchisor's examination of Area Representative's records reveals that Area Representative underreported any figure to Franchisor by more than two percent (2%), then Area Representative shall reimburse to Franchisor, all of Franchisor's costs in connection with Franchisor's audit/examination.

7.10 Computer Hardware and Required Software. Area Representative shall purchase, use and maintain computer hardware, peripheral equipment, accessories (the "Computer System") and software (the "Required Software") in accordance with Franchisor's standards and specifications for the Franchised Business as designated by Franchisor throughout the Term of this Agreement at Area Representative's expense. Area Representative shall, at Area Representative's expense, arrange for installation, maintenance and technical support services for the initial, changed or enhanced Computer System.

7.10.1 The Computer System shall at all times and be capable of accessing the Internet for the purpose of implementing software and transmitting and receiving data. The Computer System shall be electronically linked to Franchisor, and Area Representative shall allow Franchisor to poll the Computer System at the times and in the manner established by Franchisor, with or without notice, and to retrieve transaction information that Franchisor deems appropriate. Franchisor may require Area Representative to update, upgrade or replace the Computer System, including hardware and/or software, from time to time, upon written notice. In addition, Area Representative shall purchase, lease or license all computer software designated by Franchisor for the Franchised Business at Area Representative's expense. Area Representative shall maintain and update the Computer System and all computer software as required by Franchisor. Franchisor may modify the Required Software that Area Representative is required to use from time-to-time. Franchisor will notify Area Representative in advance via e-mail or other method of any significant modifications or updates to the Required Software. Area Representative shall, at Area Representative's expense, acquire the right to use the Computer System and Required Software, and arrange for installation, maintenance and technical support services for the initial, changed or enhanced Computer System.

7.10.2 Area Representative shall not use or permit the use of the Computer Systems for any unlawful or non-business related activity. Area Representative shall not install or use, and shall prohibit others from installing and using, unauthorized hardware or other components and devices, software on or with the Computer Systems. Area Representative shall take all commercially reasonable measures to ensure that the Computer Systems are used strictly in accordance with Franchisor's standards, including security protocols and protective measures. Area Representative shall at all times provide Franchisor with all passwords, access keys and other security devices or systems as necessary to permit Franchisor to access the Computer Systems and obtain the data Franchisor is permitted to obtain under the Makenna Koffee Manuals and this Agreement. During the Term, Franchisor may add, control, modify, govern and block any and all network and internet traffic, ports, protocols, and destinations in order to secure the Computer Systems.

7.11 Computer System for Records. Area Representative shall record all transactions of the Area Representative Business using the Computer System and Required Software and any other appropriate Computer System components designated by Franchisor. Area Representative shall maintain accurate, adequate and verifiable books and supporting documentation relating to its accounting information. Area Representative will not install or load any computer software on the hard disks of the Computer System used in connection with the Area Representative Business without Franchisor's prior written consent. All computer and file passwords associated with the Computer System must be supplied as a list to Franchisor by Area Representative, along with any modifications or changes to that list. The passwords to access the Computer System, as well as all computer files and records related to the Area Representative Business, are the exclusive property of Franchisor and Area Representative must provide Franchisor with these files and information upon the termination or expiration of this Agreement.

7.12 Reporting Obligations Area Representative shall retain its business records for a minimum of five (5) years during, and following, the expiration, termination or Assignment of this Agreement. Area Representative shall, as often as required by Franchisor, deliver to Franchisor a written report regarding the Area Representative Business activities in the form and with the detail that Franchisor may from time to time specify, including information about efforts to solicit prospects, the status of pending lease transactions, construction progress and the status of the Franchisee-Owned Koffee Shops in the Development Area. Area Representative shall, as often as required by Franchisor during the Term, deliver to Franchisor quality assurance inspection reports for each Franchisee-Owned Koffee Shop in the Development Area in the form and with the detail as Franchisor may from time to time specify. Area Representative shall comply with Franchisor's instructions regarding the method for preparing and submitting all reports, including electronic submissions, at Area Representative's expense and shall comply with Franchisor's requests for additional information. All reports submitted to Franchisor shall be executed by Area Representative or its duly authorized representative certifying that the information supplied is true and correct.

7.13 Compliance with Applicable Laws. Area Representative shall secure and maintain in force all required licenses, permits, and certificates for Area Representative's activities under this Agreement and shall operate in full compliance with all Applicable Laws. Area Representative acknowledges and agrees that many jurisdictions have enacted laws concerning the advertising, sale, renewal, termination of, and continuing relationship between parties to a franchise agreement, including, without limitation, laws concerning pre-sale disclosure and registration of Persons who engage in the offer or sale of Franchises. Without limiting the generality of the foregoing obligations, Area Representative acknowledges and agrees that Area Representative shall be solely responsible for investigating, and complying with all pre-sale disclosure and registration laws in force in the Development Area.

7.14 Employment Policies. Area Representative shall be solely responsible for all hiring and employment decisions and functions relating to the Area Representative Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees and independent contractors. Area Representative further acknowledges and agrees that any guidance Area Representative receives from Franchisor regarding employment policies should be considered as examples, that Area Representative alone is responsible for establishing and implementing its own employment policies, and that Area Representative understands that Area Representative should do so in consultation with local legal counsel experienced in employment law. Area Representative acknowledges and agrees that Franchisor will not have the power to hire or fire Area Representative's employees. All employees hired by or working for Area Representative shall be the employees of Area Representative, and Area Representative alone, and shall not, for any purpose, be deemed to be employees of Franchisor or subject to Franchisor's direct or indirect control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any Governmental Authority. Area Representative and Franchisor will each file their own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments with respect to their respective employees and operations.

7.15 Notification of Litigation. Area Representative shall notify Franchisor in writing within five (5) days after the commencement of any action, suit, arbitration, proceeding, or investigation, or the issuance of any order, writ, injunction, award, or decree, by any court, agency, or other governmental instrumentality which names Area Representative or otherwise concerns the operation or financial condition of Area Representative, the Area Representative Business, or any Franchisee.

7.16 Insurance. Area Representative shall at all times obtain and maintain in force, at Area Representative’s expense, insurance for the Area Representative Business of the types, in the amounts, and with such terms and conditions that are customary for such businesses and/or that Franchisor may from time to time prescribe in the Makenna Koffee Manuals or otherwise. All of the required insurance policies shall name Franchisor and Franchisor’s Affiliates as additional insureds, contain a waiver of Area Representative’s right of subrogation against Franchisor and Franchisor’s Affiliates, and provide that Franchisor will receive thirty (30) days’ prior written notice of termination, expiration, cancellation, or modification of any policy. Area Representative shall provide proof of insurance to Franchisor before beginning operations of its Area Representative Business. Franchisor may modify the types, amounts, and terms of insurance that Area Representative shall maintain by giving Area Representative prior reasonable notice to do so.

7.17 Solicitation Advertising. Area Representative shall use the Makenna Marks in solicitation advertising for Franchisees. All solicitation advertising for Franchisees conducted by Area Representative shall be in media approved by Franchisor and shall be conducted in a dignified manner and conform to the standards and requirements that are specified by Franchisor. All advertising materials must be approved in advance in writing by Franchisor.

7.18 Improvements. If Area Representative develops any new concept, process or improvement in the Makenna Koffee System (an “Improvement”), Area Representative shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any Improvement shall become the sole property of Franchisor and Franchisor shall be the sole owner of all related intellectual property rights. Area Representative hereby assigns to Franchisor any rights Area Representative may have or acquire in the Improvements, including the right to modify the Improvement, and Area Representative waives and/or releases all rights of restraint and moral rights therein and thereto. Area Representative shall assist Franchisor in obtaining and enforcing the intellectual property rights to any Improvement in any and all countries and further agrees to execute and provide Franchisor with all necessary documentation for obtaining and enforcing those rights. Area Representative hereby irrevocably designates and appoints Franchisor as Area Representative’s agent and attorney-in-fact to execute and file any the documentation and to do all other lawful acts to further the prosecution and issuance of intellectual property rights related to any Improvement. If the foregoing provisions of this Section 7.18 are found to be invalid or otherwise unenforceable, Area Representative hereby grants Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense to use of the Improvement to the extent the use or sublicense would, absent this Agreement, directly or indirectly infringe Area Representative’s rights therein.

7.19 Notifications and Crisis Management Events. Area Representative shall notify Franchisor in writing within (i) twenty-four (24) hours, and confirm in writing within two (2) days thereafter, of any investigation or violation, actual or alleged, of any health, liquor or narcotics laws or regulation related to the Area Representative Business or the Franchisee-Owned Koffee Shops, and (ii) within five (5) days thereafter of the commencement of any investigation, action, suit, or proceeding or of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other Governmental Authority which may adversely affect the operation or financial condition of the Area Representative Business or the Franchisee-Owned Koffee Shops. Area Representative shall immediately inform Franchisor's President (or as otherwise instructed in the Makenna Koffee Manuals) by telephone of the occurrence of a Crisis Management Event. Area Representative shall cooperate fully with Franchisor with respect to Franchisor's response to a Crisis Management Event.

7.20 Authorization to Release Information and Use Images. Area Representative hereby authorizes and agrees to execute any other documents deemed necessary to effect the authorization of: (i) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other Persons or Entities with whom Area Representative does business to disclose to Franchisor any financial information in their possession relating to Area Representative or the Franchised Koffee Shop which Franchisor may request; (ii) Franchisor to disclose to Candidates or other third parties data from Area Representative's reports if Franchisor determines, in Franchisor's Business Judgment, that the disclosure is necessary or advisable; and (iii) Franchisor to disclose to third parties, including but not limited to Area Representative's Landlord or bank, information about Area Representative relating to Area Representative's obligations or performance under this Agreement if Franchisor determines, in Franchisor's Business Judgment, that the disclosure is necessary or advisable.

7.21 Data Security Safeguards. Area Representative shall exert Area Representative's best efforts to protect the Area Representative Business against a cyber-event, including, without limitation, a data breach or other identity theft or theft of personal information (collectively, a "Cyber Event"). If a Cyber Event occurs, regardless of whether the Cyber Event affects only the Area Representative Business or a Franchisee-Owned Koffee Shop in the Development Area, Franchisor reserves the right, but shall not have any obligation, to perform and/or control and/or cause its third party consultants to perform and/or control all aspects of the response to the Cyber Event including, without limitation, the investigation, containment and resolution of the Cyber Event and all communications within the Makenna Koffee System and with vendors and suppliers, Governmental Authorities and the general public. Franchisor's control of the response to a Cyber Event may potentially affect or interrupt operations of the Area Representative Business, but shall not create any liability for Franchisor or additional rights for Area Representative, entitle Area Representative to damages or relieve Area Representative of Area Representative's indemnification obligations under Section 16.2. Area Representative shall reimburse Franchisor for all of Franchisor's out-of-pocket costs and expenses incurred in responding to and remedying any Cyber Event caused solely by Area Representative. Area Representative shall at all times be compliant with Applicable Law regarding data privacy, data security and security breaches and Franchisor's security policies and guidelines, all as may be adopted and/or amended from time to time (collectively, "Data Security Safeguards"). Area Representative shall obtain advice from Area Representative's own legal and security consultants to ensure that Area Representative operates the Area Representative Business at all times in full compliance with the Data Security Safeguards. Notwithstanding Franchisor's right to perform and/or control all aspects of a response to a Cyber Event, Franchisor shall make commercially reasonable efforts to coordinate its response with Area Representative and Area Representative's insurance carrier(s) and to cooperate with Area Representative's insurance carrier(s) regarding insurance coverage of the Cyber Event to the extent reasonably practicable under the circumstances.

7.22 Payment of Debts and Taxes. Area Representative shall be solely responsible for selecting, retaining and paying Area Representative's employees; the payment of all invoices for the purchase of goods and services used in connection with operating the Area Representative Business. Area Representative shall pay all obligations and liabilities to suppliers, lessors and creditors on a timely basis. Area Representative shall indemnify Franchisor if Franchisor is held responsible for any debts owed by Area Representative if Franchisor elects to pay any of Area

Representative's obligations in order to preserve the relationship between suppliers and Makenna Area Representatives. Area Representative shall make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, and personal property and real estate taxes arising from Area Representative's operation of the Franchised Koffee Shop. Area Representative shall indemnify Franchisor if Franchisor is held responsible for any of these taxes.

7.23 Communications. Area Representative shall respond to all communications with Franchisor in a timely manner. Area Representative's repeated failure to do so shall constitute a Default under this Agreement.

7.24 Privacy. Area Representative shall comply with all Applicable Laws pertaining to the privacy of Candidate employee and transactional information ("Privacy Laws"). Area Representative shall also comply with Franchisor's standards and policies pertaining to Privacy Laws. If there is a conflict between Franchisor's standards and policies pertaining to Privacy Laws and actual Applicable Law, Area Representative shall (i) comply with the requirements of Applicable Law; (ii) immediately give Franchisor written notice of the conflict; and (iii) promptly and fully cooperate with Franchisor and Franchisor's counsel in determining the most effective way, if any, to meet Franchisor's standards and policies pertaining to Privacy Laws within the bounds of Applicable Law. Area Representative shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent to such policy.

7.25 Adequate Reserves and Working Capital. Area Representative shall, at all times, maintain adequate reserves and working capital sufficient for Area Representative to fulfill all of Area Representative's obligations under this Agreement and to cover the risks and contingencies of the Area Representative Business for at least three (3) months.

7.26 Annual Conference. Franchisor may host annual conferences for Makenna Franchisees and area representatives. Area Representative shall attend all annual conferences and shall pay all fees charged by Franchisor to Franchisees and other area representatives to attend the annual conferences to defray Franchisor's costs to host and organize the annual conferences. Area Representative shall pay all expenses Area Representative incurs to attend the annual conferences and to send its personnel to the annual conferences, including, without limitation, the costs of transportation, lodging, meals, training materials, salaries and wages.

7.27 Oversight and Management. The Principal Owner shall be responsible for oversight of the day-to-day operations of the Area Representative Business and shall devote his full time and best efforts solely to operation of the Area Representative Business operated by Area Representative and to no other business activities.

7.27.1 Notwithstanding Section 7.27, Area Representative may, at its option and subject to Franchisor's written consent, designate for a Manager to supervise the operation of the Area Representative Business; provided, that Area Representative and its Principal Owner shall remain fully responsible for the Manager's performance. Area Representative must obtain Franchisor's written consent and approval of any Manager.

7.27.2 Area Representative must promptly notify Franchisor if the Principal Owner or Manager cannot continue to serve in that capacity or no longer qualifies as such, and must take corrective action within thirty (30) days thereafter. During such thirty (30) day period, Franchisee must provide for interim management of its operations in accordance with this Agreement. Any failure to comply with this Section 7.27.2 will be a material breach of this Agreement.

8. PAYMENTS TO AREA REPRESENTATIVE

8.1 Sales Commissions. Franchisor shall pay Area Representative Sales Commissions on Then-Current Initial Franchise Fees collected by Franchisor for each Franchise sold in the Development Area through Sales Services provided by Area Representative, provided that (i) the Franchisee executes a Franchise Agreement with Franchisor and pays Franchisor an Initial Franchise Fee, unless payment of an Initial Franchise Fee is reduced or eliminated by Franchisor; however, Franchisor shall not be deemed to have received any Initial Franchise Fees paid into an escrow, if applicable, until those fees have actually been received by Franchisor; (ii) the sale of the Franchise is not a resale of any existing Franchisee-Owned Koffee Shop or any interest in an existing Franchisee-Owned Koffee Shop; and (iii) Area Representative has complied with all of its obligations under this Agreement with respect to the sale and has verified the same to Franchisor in writing in a form prescribed by Franchisor. Sales Commissions shall be based on amounts actually collected by Franchisor from Franchisees, not on payments accrued, due, or owing, and shall be paid to Area Representative by Franchisor on the fifteenth day of each calendar month on Initial Franchise Fees collected by Franchisor during the preceding calendar month. Franchisor shall not pay Area Representative any Sales Commissions on any initial franchise fee Area Representative pays Franchisor for any Area Representative-Owned Koffee Shops. If a Franchise Agreement for a Franchise sold in the Development Area through Sales Services provided by Area Representative terminates under circumstances resulting in the return of all or part of an Initial Franchise Fee to a Franchisee within one year after the execution date of the Franchise Agreement, in addition to all other remedies available to Franchisor, Franchisor may deduct the amount returned to the Franchisee from any future amounts owed Area Representative under this Agreement in the same proportion that Area Representative shared in the Initial Franchise Fee. Franchisor shall have no obligation to initiate collection action against any Franchisee who is delinquent in the payment of Initial Franchise Fees.

8.2 Royalty Commissions and Area Representative Referral Fees. Franchisor shall pay Area Representative Royalty Commissions on the Royalty Fees collected by Franchisor from each Franchise sold in the Development Area by Area Representative so long as Area Representative provides the Franchisee with Site Services and Support Services required under this Agreement. If Area Representative solicits an Additional Area Representative, Franchisor shall pay Area Representative five percent (5%) of the Royalty Fees Franchisor collects from each Franchisee-Owned Makenna Koffee Shop each month in the Additional Area Representative's Development Area through Sales Services provided by the Additional Area Representative. Royalty Commissions and Area Representative Referral Fees shall be based on amounts actually collected by Franchisor from Franchisees, not on payments accrued, due, or owing, and shall be paid to Area Representative by Franchisor on the fifteenth (15th) day of each calendar month on Royalty Fees collected by Franchisor during the preceding calendar month. Franchisor shall not pay Area Representative any Royalty Commissions on any royalties Area Representative pays Franchisor for Area Representative-Owned Koffee Shops. For the purpose of calculating Royalty Commissions, "Gross Sales" shall have the meaning ascribed to it in Article 1. If a Franchise Agreement for a Franchise sold in the Development Area through Sales Services provided by Area Representative terminates under circumstances resulting in the return of Royalty Fees to a Franchisee within one year after the execution date of the Franchise Agreement, in addition to all other remedies available to Franchisor, Franchisor may deduct the amount returned to the Franchisee from any future amounts owed to Area Representative under this Agreement in the same proportion that Area Representative shared in the Royalty Fees. Franchisor shall have no obligation to initiate collection action against any Franchisee who is delinquent in the payment of Royalty Fees.

8.3 Renewals; Transfers; Expiration; Termination. Franchisor shall not pay Area Representative any commissions on renewal fees or transfer fees collected by Franchisor nor shall Area Representative be entitled to any additional fees, payments or compensation that are not expressly provided for in this Agreement. All payments under this Article 8 shall immediately and permanently cease after the expiration or termination of this Agreement; however, Area Representative shall be paid all amounts that have been earned by, and accrued to, Area Representative through the effective date of expiration or termination.

8.4 Acknowledgement by Area Representative. Area Representative acknowledges and agrees that Area Representative will use Franchisor's Then-Current form of Franchise Disclosure Document and Franchise Agreement when soliciting the sale of Franchises and that Franchisor may from time to time modify or amend in any respect the form of Franchise Disclosure Document, Franchise Agreement and other related agreements, including, without limitation, modifying the amount of the fees to be paid by the Franchisees to Franchisor. Area Representative further acknowledges and agrees that use of Franchisor's Then-Current form of Franchise Disclosure Document and Franchise Agreement may result in the reduction of the Sales Commissions, Royalty Commissions and/or Area Representative Referral Fees to be paid by Franchisor to Area Representative under this Agreement.

9. MAKENNA KOFFEE MARKS

Franchisor and its Affiliates continue to develop, use and control the use of the Makenna Koffee Marks in order to identify for the public the source of services and products marketed under the Makenna Koffee Marks and the Makenna Koffee System, and to represent the Makenna Koffee System's high standards of quality, appearance and service. To protect the Makenna Koffee System, the Makenna Koffee Marks, the Makenna Koffee Trade Secrets and their associated goodwill:

9.1 Ownership and Goodwill of Makenna Koffee Marks. Except as otherwise provided in this Agreement, Area Representative acknowledges that its right to use the Makenna Koffee Marks will be derived solely from Franchise Agreements between Area Representative and Franchisor. Any unauthorized use of the Makenna Koffee Marks by Area Representative shall constitute a Default under this Agreement and an infringement of Franchisor's and Franchisor's Affiliate's rights in and to the Makenna Koffee Marks. Area Representative acknowledges and agrees that as between the Parties (i) Franchisor owns the Makenna Koffee Marks and the Makenna Koffee System; (ii) Area Representative owns no goodwill or rights in the Makenna Koffee Marks or the Makenna Koffee System except for the limited license granted by this Agreement; and (iii) Area Representative's use of the Makenna Koffee Marks and any goodwill established by that use shall inure to the exclusive benefit of Franchisor. Area Representative agrees not to contest, or assist any other Person to contest, the validity of Franchisor's rights and interest in the Makenna Koffee Marks or the Makenna Koffee System either during the Term or after this Agreement terminates or expires.

9.2 Modifications of Makenna Koffee Marks and Makenna Koffee System. Franchisor reserves the right to (i) modify or discontinue licensing any of the Makenna Koffee Marks; (ii) add new names, marks, designs, logos or commercial symbols to the Makenna Koffee Marks and require that Area Representative use them; and (iii) require that Area Representative introduce or observe new practices as part of the Makenna Koffee System in operating the Franchised Koffee Shops. Area Representative acknowledges and agrees that the term "Makenna Koffee Marks" means the specific names, marks, designs, logos or commercial symbols licensed by Franchisor at any given point in time, subject to Franchisor's right to impose changes. Area Representative shall comply, at Area Representative's sole expense, with Franchisor's directions regarding changes in the Makenna Koffee Marks and Makenna Koffee System within a reasonable time after written notice from Franchisor. Franchisor shall have no liability to Area Representative for any cost, expense, loss or damage that Area Representative incurs in complying with Franchisor's directions and conforming to required changes to the Makenna Koffee Marks and Makenna Koffee System.

9.3 Limitations on Use. Area Representative shall use the Makenna Koffee Marks to promote the sale of Franchises in the Development Area. All use of the Makenna Koffee Marks by Area Representative must authorized in writing by Franchisor before any use by Area Representative. Area Representative shall not use any Makenna Koffee Mark (i) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to Area Representative under this Agreement); (ii) in connection with unauthorized services or products; (iii) as part of any domain name or electronic address maintained on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; or (iv) in any other manner not expressly authorized in writing by Franchisor. Area Representative shall give all notices of trademark and service mark registration as Franchisor specifies and shall use and obtain all fictitious or assumed name registrations required by Franchisor or under applicable law. Area Representative further agrees that no service mark other than the Makenna Koffee Marks specified by Franchisor shall be used in marketing, promoting, or operating the sale of Franchises for Franchisee-Owned Koffee Shops.

10. INTERNET

Area Representative shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, web site, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the Makenna Koffee Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's prior written consent, and then only in the manner and in accordance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. Area Representative shall not separately register any domain name or any portion of any domain name containing the Makenna Koffee Marks or participate or market on any web site or other form of electronic media (including, without limitation, through the use of social technology, social media, social networking platforms or other forms of electronic media not yet developed) using the Makenna Koffee Marks without Franchisor's prior written consent. Area Representative's general conduct on the Internet and in the use of other forms of electronic media is subject to the terms and conditions of this Agreement and all other rules, requirements or policies that Franchisor may identify from time to time. Franchisor may, at any time after Area Representative commences use of any approved electronic media, prohibit further use, effective upon receipt of written notice by Area Representative.

11. CONFIDENTIAL INFORMATION

11.1 Makenna Confidential Information. Area Representative acknowledges and agrees that the Makenna Koffee System is comprised of confidential information that has been developed by Franchisor and its Affiliates by the investment of time, skill, effort and money and is widely recognized by the public, is of substantial value, and is proprietary, confidential and constitutes trade secrets of Franchisor its Affiliates, and includes, without limitation, tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations, recipes, products and services, methods, sources of materials and equipment, customer management and other software, data, other content, formulations, patterns, compilations, programs, devices and processes, business relationships, contact information for industry professionals, designs, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories, prices charged to customers, customer lists and other customer data, information regarding the skills and compensation of employees of Franchisor and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other Persons, knowledge or know-how concerning the methods of operation of Franchised Koffee Shops which may be communicated to Area Representative, or of which Area Representative may be apprised under the terms of this Agreement, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or Persons unaffiliated with Franchisor or its Affiliates and which is the subject of efforts that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding its disclosure, shall be considered confidential (collectively, the "Makenna Confidential Information"). Makenna Confidential Information does not include any information that (i) was in the lawful and unrestricted possession of Area Representative prior to its disclosure by Franchisor; (ii) is or becomes generally available to the public by acts other than those of Area Representative after receiving it; (iii) has been received lawfully and in good faith by Area Representative from a third party who did not derive it from Franchisor or Area Representative; or (iv) is shown by acceptable evidence to have been independently developed by Area Representative.

11.2 Value. Area Representative acknowledges and agrees the Makenna Confidential Information is not generally known by the public or parties other than Franchisor, its Affiliates, its franchisees and Area Representative; derives independent economic value (actual or potential) from not being generally known to the public or Persons unaffiliated with Franchisor, its franchisees or Area Representative; and is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the Makenna Confidential Information, including, without limitation (i) not revealing the Makenna Confidential Information to unauthorized parties; (ii) requiring its franchisees to acknowledge and agree in writing that the Makenna Confidential Information is confidential; (iii) requiring its franchisees to agree in writing to maintain the confidentiality of the Makenna Confidential Information; (iv) monitoring electronic access to the Makenna Confidential Information by the use of passwords and other restrictions so that electronic access to the Makenna Confidential Information is limited to authorized parties; and (v) requiring its franchisees to return all Makenna Confidential Information to Franchisor upon the termination or expiration of their Franchise Agreements or Area Representative Agreements.

11.3 Maintain Confidentiality. To protect the Makenna Koffee System, the Makenna Koffee Marks, the Makenna Koffee Trade Secrets and their associated goodwill, Area Representative shall not, during the Term or thereafter, communicate, divulge, or use for the benefit of anyone else, any information that Franchisor considers its trade secrets and/or Makenna Confidential Information. Area Representative shall divulge the Makenna Confidential Information only to its supervisorial or managerial personnel who must have access to it in order to perform their employment responsibilities.

11.4 Irreparable Injury from Disclosure of Makenna Confidential Information. Area Representative acknowledges that failure to comply with the requirements of this Article 11 will result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Representative consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor 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 the requirements of this Article 11.

11.5 Confidentiality Covenants from Individuals Associated with Area Representative. Area Representative shall require any supervisorial or managerial personnel who may have access to any Makenna Confidential Information of Franchisor to execute covenants that they will maintain the confidentiality of the Makenna Confidential Information they receive in connection with their association with Area Representative. The covenants shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of the covenants with the independent right to enforce them.

12. TRANSFER OF INTEREST

12.1 Transfer by Franchisor. Franchisor may transfer or assign all or any part of its rights or obligations under this Agreement to any Person without the consent or approval of Area Representative. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform the obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisor and or its Affiliates may sell their assets, the Makenna Koffee Marks, or the Makenna Koffee 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, all without the consent or approval of Area Representative.

12.2 Assignment by Area Representative. Area Representative acknowledges and agrees that the rights granted to Area Representative under this Agreement are personal and are granted in reliance upon, among other considerations, the individual or collective character, skill, aptitude, attitude, experience, business ability and financial condition and capacity of Area Representative and, if Area Representative is an Entity, that of the Owners. Accordingly, to protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the Makenna Koffee Marks, and to promote the goodwill of all Franchised Koffee Shops, the Makenna Koffee Marks and the Makenna Koffee System, Area Representative shall not offer, sell, or negotiate the sale of its rights under this Agreement to any third party, either in Area Representative’s own name or in the name and/or on behalf of Franchisor, except as otherwise provided in this Agreement. Area Representative acknowledges and agrees that Area Representative has no right, by operation of law or otherwise, to sell, assign, transfer, pledge, donate, encumber or otherwise deal with, directly or indirectly any interest in this Agreement; or the right to use the Makenna Koffee System or the Makenna Koffee Marks granted pursuant to this Agreement (an “Assignment”) without Franchisor’s prior written consent. Franchisor shall not unreasonably withhold its consent to an Assignment if, in Franchisor’s judgment, Area Representative satisfies the conditions to the Assignment identified in this Agreement.

12.2.1 For purposes of this Agreement, each of the following events is an Assignment subject to the conditions to Assignment identified in this Agreement: (i) the death or incapacity of any Owner; (ii) the offer or sale of securities of Area Representative pursuant to a transaction subject to registration under applicable securities laws or by private placement pursuant to a written offering memorandum; (iii) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of more than 20% in the aggregate, whether in one or more transactions, of the Equity or voting power of Area Representative, by operation of law or otherwise or any other events or transactions which, directly or indirectly, effectively changes control of Area Representative; (iv) the issuance of any securities by Area Representative which itself or in combination with any other transactions results in the Owners, as constituted on the Execution Date, owning less than eighty percent (80%) of the outstanding Equity or voting power of Area Representative; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of Area Representative, however effected. Area Representative shall promptly provide Franchisor with written notice (stating information that

Franchisor may from time to time require) of each and every transfer, assignment and encumbrance by any Owner of any direct or indirect Equity or voting rights in Area Representative, notwithstanding that the same may not constitute an Assignment under this Agreement.

12.2.2 Franchisor's right of first refusal and the conditions of Assignment shall not apply to a transfer by Area Representative of all of Area Representative's rights under this Agreement to a newly-formed corporation, limited liability company or other business Entity provided all of the Equity or voting interests of the new business Entity are owned by the same Owners (a "Qualified Assignment"). Any attempted or purported Assignment which fails to comply with the requirements of this Article 12 shall be null and void and shall constitute a Default under this Agreement.

12.3. Franchisor's Right of First Refusal. Area Representative's written request for consent to any Assignment must be accompanied by an offer to Franchisor of a right of first refusal to purchase the interest which is proposed to be transferred, on the same terms and conditions offered by the Proposed Buyer; provided that Franchisor may substitute cash for any non-cash consideration proposed to be given by the Proposed Buyer in an amount determined by Franchisor reasonably and in good faith as the approximate equivalent value of the non-cash consideration (the "Purchase Option"). If Franchisor elects to exercise the Purchase Option, Franchisor or its nominee, as applicable, shall send written notice of such election to Area Representative within thirty (30) days of Franchisor's receipt of Area Representative's request. If Franchisor elects to exercise the Purchase Option, the closing of the transaction shall occur within ninety (90) days following the date of Franchisor's election. Any material change in the terms of an offer prior to closing or the failure to close the transaction within ninety (90) days following the written notice provided by Area Representative shall be deemed a new offer, subject to the same right of first refusal by Franchisor, or its third party designee, as in the case of the initial offer. Franchisor's failure to exercise the option shall not constitute consent to the Assignment or a waiver of any other provision of this Agreement, including any of the requirements of this Article 12 with respect to the proposed Assignment. Franchisor may assign Franchisor's right of first refusal, in its Business Judgment to an Affiliate or third party designee.

12.4 Conditions of Assignment to Third Party. As a condition to obtaining Franchisor's consent to an Assignment, all of the following conditions must be satisfied:

12.4.1 The Proposed Buyer must submit a completed franchise application to Franchisor and meet Franchisor's Then-Current qualifications for new Makenna area representatives, including qualifications pertaining to financial condition, credit rating, experience, moral character and reputation.

12.4.2 Area Representative must be in Good Standing on the date consent is requested and until the date of closing of the Assignment.

12.4.3 The sales price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in the judgment of Franchisor, the Proposed Buyer will be unlikely to meet the Proposed Buyer's financial and other obligations to Franchisor, third party suppliers and creditors following the closing. Franchisor shall have no liability to either Area Representative or the Proposed Buyer if Franchisor approves the Assignment and the Proposed Buyer thereafter experiences financial difficulties.

12.4.4 The Proposed Buyer must sign Franchisor's Then-Current form of Area Representative Agreement, the terms of which may differ materially from any and all of the terms contained in this Agreement, and which shall supersede this Agreement in all respects. In exchange for signing the Then-Current Area Representative

Agreement, the Proposed Buyer shall receive the rights provided for in this Agreement, as modified by the terms of the Then-Current form of Area Representative Agreement. If the Proposed Buyer is an Entity, each Owner and each Owner's spouse of the Proposed Buyer shall jointly and severally guarantee the Proposed Buyer's performance of its obligations under the Then-Current Area Representative Agreement under a Guarantee in substantially the form of Exhibit C. If Franchisor is not offering new area representative Franchises, is in the process of revising, amending or renewing Franchisor's form of Area Representative Agreement or Franchise Disclosure Document or is not lawfully able to offer Franchisor's Then-Current form of Area Representative Agreement at the time of an Assignment, Franchisor may offer to amend this Agreement, upon terms and conditions that will be established by Franchisor and the Proposed Buyer at that time, or may offer to amend the Term on substantially the terms and conditions set forth in this Agreement on a month-to-month basis for as long as Franchisor deems necessary or appropriate so that Franchisor may subsequently offer and utilize a Then-Current form of Area Representative Agreement.

12.4.5 Area Representative will remain subject to all obligations stated in this Agreement that expressly, or by implication due to their nature, survive the Assignment, termination or expiration of this Agreement, including, without limitation, the provisions prohibiting competition, non-interference and non-disclosure of Makenna Confidential Information.

12.4.6 Area Representative and the Proposed Buyer shall execute a General Release in favor of Franchisor.

12.4.7 Area Representative shall pay the Transfer Fee to Franchisor to apply against Franchisor's administrative and other costs to process the Assignment.

12.4.8 Area Representative must simultaneously transfer its rights in all contracts for which continuation is necessary for operation of the Area Representative Business to the Proposed Buyer and satisfy any separate conditions to obtain any third party consents required for the transfer of Area Representative's rights to the Proposed Buyer. The Proposed Buyer must execute all other documents and agreements required by Franchisor to consummate the Assignment. All required third party consents to the Assignment must be obtained.

12.4.9 Except when the transferee is an existing Area Representative or franchisee of Franchisor, the Proposed Buyer, and a supervisorial or managerial employee of the Proposed Buyer who will have general management and supervisory responsibilities for the Area Representative Business who is acceptable to Franchisor, must complete to Franchisor's sole satisfaction Franchisor's Initial Training Programs prior to the effective date of the Assignment.

12.5 Death or Incapacity. In the event of the death or Incapacity of an Owner, the spouse, heirs or personal representative of the deceased or Incapacitated Owner, or the remaining Owners (a "Successor"), shall have one hundred eighty (180) days from the date of death or Incapacity in which to (i) purchase the interest of the deceased or Incapacitated Owner, or (ii) complete an Assignment of the interest of the deceased or Incapacitated Owner to a qualified, approved third party, subject to the provisions of this Article 12. If a Successor has not purchased the interest of the deceased or Incapacitated Owner or completed an Assignment of the interest of the deceased or Incapacitated Owner to a qualified, approved third party within one hundred eighty (180) days from the date of death or Incapacity, Franchisor may terminate this Agreement.

13. DEFAULT AND TERMINATION

13.1 Bankruptcy or Insolvency. Area Representative shall be deemed to be in Default under this Agreement, and all rights granted to Area Representative of this Agreement shall automatically terminate without notice to Area Representative if (i) Area Representative becomes insolvent or makes a general assignment for the benefit of creditors; (ii) a petition in bankruptcy is filed by Area Representative or such a petition is filed against and not opposed by Area Representative; (iii) Area Representative is adjudicated as bankrupt or insolvent; (iv) a bill in equity or other proceeding for the appointment of a receiver of Area Representative or other custodian for the Area Representative Business is filed and consented to by Area Representative; (v) a receiver or other custodian (permanent or temporary) of Area Representative's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (vi) proceedings for a composition with creditors under any Applicable Law is instituted by or against Area Representative; (vii) a final judgment in excess of $100,000 against Area Representative or the Area Representative Business remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); (viii) Area Representative admits Area Representative is unable to generally pay Area Representative's debts as they become due; (ix) execution is levied against the Area Representative Business or property; (x) suit to foreclose any lien or mortgage against the Area Representative Business is instituted against Area Representative and not dismissed within thirty (30) days; or (xi) the Area Representative Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

13.2 Termination with Notice and Without Opportunity to Cure. Area Representative shall be in Default under this Agreement, and Franchisor may, at its option, terminate this Agreement and all rights granted under this Agreement, without affording Area Representative any opportunity to cure the Default, effective immediately upon receipt of notice by Area Representative if (i) Area Representative or an Owner is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the Makenna Koffee System, the Makenna Koffee Marks, the goodwill associated therewith, or Franchisor's interest therein; (ii) at any time Area Representative fails to comply with the Development Obligation; (iii) any Franchise Agreement or any other agreement between Area Representative and Franchisor or its Affiliates is terminated due to a Default by Area Representative; (iv) any purported Assignment or transfer of any direct or indirect interest in this Agreement, in the Area Representative Business, or in all or substantially all of Area Representative's Franchised Business assets is made to any third party by Area Representative or an Owner without Franchisor's prior written consent; (v) Area Representative or an Owner discloses or divulges the contents of Franchisor's Makenna Koffee Manuals, Makenna Koffee Trade Secrets or other Makenna Confidential Information provided to Area Representative by Franchisor; (vi) an approved Assignment, as required by Section 12.5, is not effected within the time provided following death or incapacity of an Owner; (vii) Area Representative or an Owner fails to comply with the covenants in Article 15 or fails to obtain execution of and deliver the covenants required under Section 15.4; (viii) Area Representative or an Owner has made any misrepresentations in connection with their application to Franchisor for the rights granted by this Agreement; (ix) Area Representative or an Owner, after curing a Default pursuant to Section 13.3, commits the same, similar, or different Default, whether or not cured after notice; (x) any Owner fails or refuses to deliver to Franchisor, within ten (10) days after Franchisor's written request, a Guarantee in substantially the form attached to this Agreement as Exhibit C and current financial statements as may from time to time be requested by Franchisor; (xi) upon a Default of Area Representative's obligations under this Agreement or any other agreement between Area Representative and Franchisor, which by its nature is not capable of being cured by Area Representative; (xii) if Area Representative Defaults in any obligation under this Agreement that by its nature is not capable of being cured by Area Representative; (xiii) if Area Representative or the Owners use abusive language when communicating with Franchisor, Franchisor's staff or with customers, or denigrate Makenna Koffee System or portray it, Franchisor or Franchisor's Constituents in an unflattering light on the Internet or otherwise; (xiv) if funding promised or otherwise represented to be made available to Area Representative or its Owners on the condition that Area Representative sign this Agreement is not made available to Area Representative or its Owners within ten (10) business days after Area Representative signs this Agreement; (xv) if, in Franchisor's Business Judgment, Franchisor has grounds to believe that Area Representative or any of its Owners, officers, directors, or key employees has engaged or attempted to engage, through one or more affirmative acts or a failure to act, in any fraudulent, dishonest, unethical, immoral, or similar conduct in connection with the Area Representative Business ,whether such conduct is directed at or reasonably expected to impact the Area Representative Business, the Makenna Koffee System, Franchisor or its Affiliates, other Area Representatives, or another third party; or (xvi) if, in Franchisor's Business Judgment, Franchisor has grounds to believe that Area Representative or any of its Owners, officers, or directors has engaged in any lewd or immoral conduct, whether or not in connection with the operation of the Area Representative Business.

13.3 Termination with Notice and Opportunity to Cure. Except as provided in Section 13.1, Section 13.2 or elsewhere in this Agreement, Area Representative shall have thirty (30) days after its receipt of written notice from Franchisor within which to remedy any Default under this Agreement and to provide evidence thereof to Franchisor. If any Default is not cured within the specified time, or such longer period as Applicable Law may require, this Agreement shall terminate without further notice to Area Representative effective immediately upon expiration of the thirty (30) day period or such longer period as Applicable Law may require. Area Representative shall be in Default pursuant to this Section 13.3 for failure to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be modified or supplemented by the Makenna Koffee Manuals, or for failure to carry out the terms of this Agreement in good faith.

13.4 Options at Termination. Upon any Default under Section 13.2 or Section 13.3, Franchisor may immediately take any one or more of the following actions, by written notice to Area Representative: (i) terminate this Agreement and all rights granted to Area Representative under this Agreement; (ii) accelerate or decelerate the Development Obligation; (iii) reduce the Development Obligation; (iv) eliminate or diminish Area Representative's rights with respect to the Development Area or the size of the Development Area; or (v) reduce the Royalty Commissions paid by Franchisor to Area Representative.

13.5 Notice Required By Law. Notwithstanding anything to the contrary contained in this Article 13, in the event any valid, Applicable Law of a competent Governmental Authority having jurisdiction over this Agreement and the Parties shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by the laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, mediation, hearing or dispute relating to this Agreement or the termination thereof.

14. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to Area Representative shall forthwith terminate, and the following provisions shall apply:

14.1 No Right or Obligations. To protect the Makenna Koffee System, the Makenna Koffee Marks, the Makenna Koffee Trade Secrets and their associated goodwill, upon termination or expiration of this Agreement: (i) Area Representative shall have no further right to offer or sell Franchises for Franchisee-Owned Koffee Shops in the Development Area; (ii) Area Representative shall have no further rights or obligations under this Agreement; (iii) Area Representative shall continue to own and operate all Area Representative-Owned Koffee

Shops opened by Area Representative prior to the termination or expiration date of this Agreement under Franchise Agreements with Franchisor that remain in Good Standing and are in full force and effect on the termination or expiration date; and (iv) Franchisor may thereafter sell, develop, open and operate, and grant area representative rights and Franchises to third parties to sell, develop, open or operate Franchised Koffee Shops at any location within the Development Area, without restriction, subject only to any exclusive rights granted to Area Representative or any Franchisee for open and operating Franchised Makenna Shops in the Development Area that are in Good Standing and in full force and effect.

14.2 Cessation of Use. Area Representative shall immediately and permanently cease to use, by marketing or in any other manner whatsoever, associated with the same, and all of the Makenna Koffee Marks and distinctive forms, slogans, signs, symbols and devices associated with Franchised Koffee Shops. Area Representative acknowledges and agrees that Area Representative's use of the Makenna Koffee Marks after the expiration or termination of this Agreement shall constitute an unauthorized use of the Makenna Koffee Marks and shall, in addition to all other remedies to which Franchisor may pursue, entitle Franchisor to recover damages for trademark infringement and counterfeiting.

14.3 Cancellation of Assumed Name Registration. Area Representative shall take the action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Area Representative which contains the Makenna Koffee Marks; and Area Representative shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

14.4 Payment of Monies Due. Upon termination or expiration of this Agreement, Area Representative shall promptly pay all sums owing to Franchisor and its Affiliates. If this Agreement is terminated because of a Default by Area Representative, the sums also shall include all damages, costs, and expenses, including attorneys' fees, incurred by Franchisor as a result of the Default. Franchisor may set off any amounts which Franchisor deems are payable to Franchisor by Area Representative.

14.5 Return of Materials and Information. Upon termination or expiration of this Agreement, Area Representative shall immediately deliver to Franchisor the Makenna Koffee Manuals and all other records, files, and any instructions containing Makenna Confidential Information which are in Area Representative's possession and all copies thereof (all of which are acknowledged to be the property of Franchisor).

15. NON-COMPETITION

15.1 Training and Confidential Information. Area Representative specifically acknowledges that, pursuant to this Agreement, Area Representative will receive valuable specialized training and Makenna Confidential Information, including, without limitation, Makenna Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Makenna Koffee System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy.

15.2 Covenants. During the Term, no Restricted Person shall in any capacity, either directly or indirectly, through one or more Affiliates or otherwise, engage in any Competitive Business at any location, whether within or outside the Development Area, without the prior written consent of Franchisor, which consent may be withheld by Franchisor in its Business Judgment. Upon (i) the expiration or termination of this Agreement; (ii) the occurrence of an Assignment; or (iii) the cession of any Restricted Person's relationship with Area Representative, each Restricted Person shall not for a period of twenty-four (24) months thereafter, either directly or indirectly, own, operate, advise, be employed by, or have any financial interest in any Competitive Business within the Development Area, without Franchisor's prior written consent, which consent may be withheld by Franchisor in its Business Judgment.

15.3 Modification. The Parties have attempted in this Article 15 to limit Area Representative's right to compete only to the extent necessary to protect Franchisor from unfair competition. If the scope or enforceability of Section 15.2 is disputed at any time by Area Representative, a court or arbitrator, as the case may be, may modify such provisions to the extent necessary to make such provisions enforceable under Applicable Law. In addition, Franchisor reserves the right to reduce the scope of these provisions without Area Representative's consent, at any time or times, effective immediately upon notice to Area Representative.

15.4 Covenants from Individuals. Area Representative shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Article 15 (including covenants applicable upon the termination of a person's relationship with Area Representative) from all Owners. Every covenant required by this Section 15.4 shall be in a form acceptable to Franchisor, and shall include, without limitation, a designation of Franchisor as a third party beneficiary of the covenants with the independent right to enforce them.

15.5 Survival. The provisions of this Article 15 shall survive the expiration and termination of this Agreement and shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Franchisor for any infringement of, violation of, or interference with, this Agreement, or the Makenna Koffee Marks, the Makenna Koffee System, the Makenna Confidential Information, the Makenna Koffee Trade Secrets, or any other proprietary aspects of Franchisor's business.

16. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

16.1 Relationship of Area Representative to Franchisor. The Parties intend by this Agreement to establish between Franchisor and Area Representative the relationship of franchisor and Area Representative. Area Representative shall have no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Area Representative is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Area Representative shall not hold itself out as the agent, employee, partner or co-venturer of Franchisor. In all public records, in relationships with other Persons and on business forms, Area Representative shall indicate its independent ownership of the Area Representative Business and that Area Representative is solely an area representative of Franchisor.

16.2 Indemnity by Area Representative. Area Representative and its Owners and Affiliates (collectively, the "Indemnitors") shall indemnify, defend and hold harmless to the fullest extent permitted by Applicable Law, Franchisor and its Constituents (collectively, the "Indemnitees"), from any and all Losses and Expenses 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 (collectively, an "Indemnifiable Claim") which arises directly or indirectly from, as a result of, or in connection with Area Representative's operation of the Area Representative Business, with respect to services provided or performed by Area Representative, or Area Representative's breach of its obligations under this Agreement; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence or willful misconduct of Franchisor (except to the extent that joint liability is involved, in which event the indemnification provided for in this Section 16.2 shall extend to any finding of comparative negligence or contributory negligence attributable to Area Representative).

16.3 Indemnity by Franchisor. Franchisor shall indemnify, defend and hold Area Representative and its Affiliates harmless from and against any and all Losses and Expenses incurred in connection with an Indemnifiable Claim which arises directly or indirectly from, as a result of, or in connection with Franchisor's breach of its obligations under this Agreement.

17. DISPUTE RESOLUTION

17.1 Judicial Relief. The Parties agree that all disputes arising out of or relating to this Agreement shall be brought in the Superior Court of the State of California, County of Ventura, or the United States District Court in and for the Central District of the State of California. To the fullest extent that the Parties may do so under Applicable Law, the Parties waive the defense of inconvenient forum to the maintenance of an action in these Courts and agree not to commence any action of any kind except in these Courts. This Agreement shall be interpreted and construed under the law of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Franchised Shop is located outside of California and such provision would be enforceable under the laws of the state in which the Franchised Shop is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 17.1 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of any state to which it would not otherwise be subject.

17.2 Waivers. The Parties agree, to the extent permitted by Applicable Law, that any legal action of any kind by either Party arising out of or relating to this Agreement or its breach must be commenced by no later than the last to occur of the following: (i) one hundred eighty (180) days after obtaining knowledge of the facts which constituted or gave rise to the alleged violation or liability; or (ii) one year after the act, event, occurrence or transaction which constituted or gave rise to the alleged violation or liability. Franchisor and Franchise, for themselves, and for and on behalf of the Franchisor Owners and the Owners, respectively, hereby waive to the fullest extent permitted by Applicable Law, any right to, or claim for, punitive or exemplary damages against the other and agree that, in the event of a dispute between them, Franchisor and Area Representative shall each be limited to recovering only the actual damages proven to have been sustained by that Party, except as provided in Section 17.4.

17.3 Governing Law. This Agreement shall be interpreted and construed under the laws of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Franchised Shop is located outside of California and such provision would be enforceable under the laws of the state in which the Franchised Shop is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 17.3 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of any state to which it would not otherwise be subject.

17.4 Limitations. The Parties agree, to the extent permitted by Applicable Law, that any legal Action of any kind by either Party arising out of or relating to this Agreement or its breach must be commenced by no later than the last to occur of the following: (i) one hundred eighty (180) days after obtaining knowledge of the facts which constituted or gave rise to the alleged violation or liability, or (ii) one year after the act, event, occurrence or transaction which constituted or gave rise to the alleged violation or liability. Franchisor and Franchise, for themselves, and for and on behalf of the Franchisor Owners and the Owners, respectively, hereby waive to the fullest extent permitted by Applicable Law, any right to, or claim for, punitive or exemplary damages against the other and agree that, in the event of a dispute between them, Franchisor and Area Representative shall each be limited to recovering only the actual damages proven to have been sustained by that Party, except as otherwise provided in this Agreement.

17.5 Specific Performance. The Parties acknowledge that each Party shall be irreparably damaged if the provisions of this Agreement were not capable of being specifically enforced, and for this reason, the Parties agree that the provisions of this Agreement shall be specifically enforceable. The Parties further agree that any act or failure to act which does not strictly comply with the provisions and conditions of this Agreement may be specifically restrained, and that the equitable relief provided for in this Agreement shall not in any way limit or deny any other remedy at law or in equity that either Franchisor or Area Representative might otherwise have.

17.6 Non-Exclusive Remedy. In no event shall either Party make or have any claim for money damages based on any claim or assertion that the other Party has unreasonably withheld, conditioned or delayed any consent, approval or authorization required under this Agreement. Each Party waives any such claim for damages. Neither Party may claim any such damages by way of setoff, counterclaim or defense. Each Party's sole remedy for such a claim shall be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment.

17.7 Injunctive Relief. Area Representative acknowledges and agrees that irreparable harm could be caused to Franchisor by Area Representative's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Area Representative's use of the Makenna Koffee Marks and Confidential Information (including any proprietary software used in connection with the Franchised Business); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Area Representative's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Makenna Koffee Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) prohibit any act or omission by Area Representative or its employees that constitutes a violation of Applicable Law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Area Representative's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Area Representative waives all damage claims if the injunction is wrongfully issued.

17.8 No Withholding of Payments. Area Representative shall not withhold all or any part of any payment to Franchisor or any of its Affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's Affiliates allegedly may owe Area Representative under this Agreement or any related agreements.

18. NOTICES

All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by air courier delivery with a guaranteed tracking facility, by certified mail, by facsimile transmission or by electronic transmission (email). Service shall be deemed conclusively made (i) at the time of service, if personally served; (ii) three (3) business days after delivery by the Party giving the notice, statement or demand if by air courier with a guaranteed tracking facility; (iii) three (3) business days after placement in the United States mail by Certified Mail, Return Receipt Requested, with postage prepaid; (iv) on the day of facsimile transmission to the facsimile number given below if confirmation of receipt is obtained by the sender promptly after completion of facsimile transmission; and (v) on the day of electronic transmission to the email address given below if confirmation of receipt is obtained by the sender promptly after completion of electronic transmission. Notices and demands shall be given to the respective Parties at the following addresses, unless and until a different address has been designated by written notice to the other Party:

Notices to Franchisor: Makenna Koffee Franchise, LLC
153 Cochran Street #310
Simi Valley, California 93065
Attention: President
Email: Makennacoffee@gmail.com

With a copy to (which shall not constitute notice):

Barry Kurtz, Esq.
Lewitt Hackman
16633 Ventura Boulevard, 11th Floor
Encino, California 91436
Email: bkurtz@lewitthackman.com

Notices to Area Representative: See Exhibit A

Either Party may change its address for the purpose of receiving notices, demands and other communications provided by a written notice given in the manner aforesaid to the other Party.

19. ACKNOWLEDGMENTS

19.1. VARIANCES. AREA REPRESENTATIVE AGREES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. AREA REPRESENTATIVE UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. AREA REPRESENTATIVE UNDERSTANDS THAT EXISTING AREA REPRESENTATIVES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING AREA REPRESENTATIVES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

19.2. LIMITATIONS OF CLAIMS. EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO AREA REPRESENTATIVE'S OBLIGATIONS TO MAKE PAYMENTS TO FRANCHISOR PURSUANT TO THIS AGREEMENT, FRANCHISOR'S ENFORCEMENT OF THE RESTRICTIVE COVENANTS SET FORTH IN ARTICLE 6 OF THIS AGREEMENT, AND AREA REPRESENTATIVE'S OBLIGATION TO INDEMNIFY FRANCHISOR IN ACCORDANCE WITH THIS AGREEMENT, ANY AND ALL CLAIMS AND/OR CAUSES OF ACTIONS ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN AREA REPRESENTATIVE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED

UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH AREA REPRESENTATIVE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

19.3 WAIVER OF PUNITIVE DAMAGES AND LIMITATION OF DAMAGES. FRANCHISOR AND AREA REPRESENTATIVE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT, PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM FOR DAMAGES: (A) ALLOWED BY FRANCHISOR OR AREA REPRESENTATIVE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS, FEES, AND/OR OTHER PAYMENTS OR OBLIGATIONS THAT OTHERWISE WOULD HAVE BEEN PAYABLE AND DUE UNDER THIS AGREEMENT BY FRANCHISOR OR AREA REPRESENTATIVE AND/OR THE OWNERS UPON OR ARISING OUT OF A BREACH RESULTING IN THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

19.4 WAIVER OF JURY TRIAL. FRANCHISOR AND AREA REPRESENTATIVE 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 A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

19.5 NO CLASS ACTION OR MULTI-PARTY ACTIONS. FRANCHISOR AND AREA REPRESENTATIVE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE MAKENNA FRANCHISE FROM FRANCHISOR TO AREA REPRESENTATIVE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND, THAT ANY PROCEEDING BETWEEN AREA REPRESENTATIVE, AREA REPRESENTATIVE'S OWNERS, SPOUSES AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

19.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of Area Representative and his or their respective, heirs, executors, administrators, and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained in this Agreement.

19.7 Complete Agreement. This Agreement, and the Schedules and Exhibits to this Agreement, as executed and, as applicable, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Area Representative. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and its amendments. This Agreement may be amended only in writing and only if signed by all of the Parties.

19.8 Attorney Fees and Expenses. Area Representative agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Area Representative's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

19.9 Acceptance by Franchisor. This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

19.10 No Personal Liability by Franchisor's Employees, Officers or Agents. Area Representative agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Area Representative

19.11 Responsibility. The term "Area Representative" as used in this Agreement shall refer to each Person executing this Agreement as Area Representative, whether the Person is one of the Owners, spouses, partners, shareholders, members, trustees, trustors or beneficiaries or Persons named as included in Area Representative, and shall apply to each Person as if he or she were the only named Area Representative in this Agreement. If Area Representative consists of more than one Owner, the obligations and liabilities of each Owner to Franchisor are joint and several.

19.12 Business Judgment. Notwithstanding any provision in this Agreement to the contrary, Area Representative and the Owners acknowledge and agree that:

19.12.1 This Agreement (and the relationship of the Parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions or refrain from taking actions not inconsistent with the explicit rights and obligations of Area Representative and the Owners hereunder that may affect Area Representative and the Owners' interests favorably or adversely. Franchisor shall use its Business Judgment in exercising such discretion based on its assessment of its own interests and balancing those interests against the interests, promotion, and benefit of the Makenna Koffee System and other Makenna Area Representatives, Makenna Koffee Shops generally, and specifically without considering the individual interests of Area Representative or the Owners or the individual interests of any other Makenna Area Representative. Area Representative and the Owners acknowledge and agree that Franchisor shall have no liability to Area Representative or the Owners for the exercise of its discretion in this manner; and even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification, no trier of fact in any legal action shall substitute his or her judgment for Franchisor's judgment so exercised and no such action or decision shall be subject to challenge for abuse of discretion. If Franchisor takes any action or Franchisor chooses not to take any action in its discretion with regard to any matter related to this Agreement and its actions or inaction are challenged for any reason, the Parties expressly direct the trier of fact to find that Franchisor's reliance on a business reason in the exercise of its discretion is to be viewed as a reasonable and proper exercise of its discretion, without regard to whether other reasons for its decision may exist and without regard to whether the trier of fact would independently accord the same weight to the business reason.

19.12.2 In granting its approval of Franchisees, locations for Franchisee-Owned Koffee Shops, designating suppliers, setting standards and the like, Franchisor shall exercise its Business Judgment. However, in the exercise of its Business Judgment, Franchisor shall not be liable to Area Representative or the Owners or anyone else, if Franchisor's exercise of its Business Judgment results in a business loss or if the products or services provided fail to meet the expectations of Franchisor, Area Representative, the Owners or other Parties. Franchisor disclaims all warranties and liability for the acts or omissions of any contractors, vendors, suppliers, products or employees which Area Representative uses, purchases, retains or hires pursuant to Franchisor's exercise of its Business Judgment.

19.12.3 If Applicable Law implies a covenant of good faith and fair dealing in this Agreement, the Parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if Applicable Law shall imply the covenant, Area Representative agrees that: (i) this Agreement (and the relationship of the Parties that is inherent in this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisor's explicit rights and obligations under this Agreement that may affect favorably or adversely Area Representative's interests; (ii) Franchisor will use its judgment in exercising the discretion based on Franchisor's assessment of its own interests and balancing those interests against the interests of the Makenna Area Representatives generally (including Franchisor and its Affiliates if applicable), and specifically without considering Area Representative's individual interests or the individual interests of any other particular Makenna Area Representative; (iii) Franchisor will have no liability to Area Representative for the exercise of Franchisor's discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for Franchisor's judgment so exercised.

19.13 No Third Party Beneficiaries. Except as expressly provided to the contrary in this Agreement, nothing in this Agreement is intended, nor shall be deemed, to confer on any Person or Entity other than Area Representative, Franchisor, Franchisor's officers, directors and personnel and such of Area Representative's and Franchisor's respective successors and assigns that may have any rights or remedies under or as a result of this Agreement.

19.14 Gender and Construction. The terms of all Exhibits attached to this Agreement are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full in this Agreement. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Article or Section in this Agreement may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense. Unless otherwise expressly provided in this Agreement to the contrary, any consent, approval, acceptance or authorization of Franchisor or Area Representative that may be required under this Agreement shall be in writing and shall not be unreasonably withheld, conditioned or delayed by the Party whose consent, approval, acceptance or authorization has been requested. 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. On the contrary, this Agreement has been reviewed by the Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of both Parties. The Parties intend that if any provision of this Agreement is susceptible to two or more constructions, one of which shall render the provision enforceable and the other or others of which shall render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

19.15 Severability; Modification. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the Parties have no legal right to contract, the latter shall prevail, but in that event, the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

19.16 Counterparts and Electronic Transmission; Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement and all Exhibits to this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement and the Exhibits shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Exhibits.

19.17 Time of the Essence. Time is of the essence of this Agreement with respect to each and every provision of this Agreement in which time is a factor.

19.18 Approvals. In all cases where Franchisor’s prior approval is required and no other method or timing for obtaining such approval is prescribed, Area Representative shall request such approval in writing, and, unless otherwise expressly proscribed in this Agreement, Franchisor shall respond within ten (10) business days after receiving Area Representative’s written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor’s consent to, or approval of, any act or request by Area Representative shall be effective only to the extent specifically stated, and Franchisor’s consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request. In all cases where Franchisor’s prior approval is required and no other method or timing for obtaining such approval is prescribed, Area Representative shall request such approval in writing, and, unless otherwise expressly proscribed in this Agreement, Franchisor shall respond within ten (10) business days after receiving Area Representative’s written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor’s consent to, or approval of, any act or request by Area Representative shall be effective only to the extent specifically stated, and Franchisor’s consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

19.19 Anti-Terrorism Laws. Neither Area Representative nor any of its Owners conducts any activity, or has failed to conduct any activity, if the action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act (“Patriot Act”) and any amendments or successors thereto. Area Representative represents that it understands and has been advised by legal counsel on the requirements of the Applicable Laws referred to above, including the United States Foreign Corrupt Practices Act, any local foreign corrupt practices laws and the Patriot Act and hereby acknowledges the importance to Franchisor, the Makenna Koffee System and the Parties’ relationship of their respective compliance with any applicable auditing requirements and any requirement to report or provide access to information to Franchisor or any government, that is made part of any Applicable Law. Area

Representative shall take all reasonable steps to require its consultants, agents and employees to comply with the laws prior to engaging or employing any such Persons.

19.20 Atypical Arrangements. Area Representative acknowledges and agrees that Franchisor may modify the offer of its Franchises to other Makenna area representatives in any manner and at any time, which offers have or may have terms, conditions and obligations which may differ from the terms, conditions, and obligations in this Agreement. Area Representative further acknowledges and agrees that Franchisor has made no warranty or representation that area representative agreements previously issued or issued after this Effective Date of this Agreement by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Franchisor may, in its Business Judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other Agreements previously executed or executed after the date of this Agreement with other Makenna area representatives in a non-uniform manner.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the Effective Date.

FRANCHISOR:	AREA REPRESENTATIVE:
MAKENNA KOFFEE FRANCHISE, LLC, A California limited liability company	______________________________________ A ____________________________________
By: ____________________________________	By: ____________________________________
Name: __________________________________	Name: __________________________________
Title: ___________________________________	Title: ___________________________________

MAKENNA KOFFEE FRANCHISE, LLC

EXHIBIT A

ENTITY INFORMATION DISCLOSURE

MAKENNA KOFFEE FRANCHISE, LLC
EXHIBIT A
ENTITY INFORMATION DISCLOSURE

Area Representative represents and warrants that the following information is accurate and complete in all material respects:

(1) Area Representative is a (check as applicable):

[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify): ___________________________

State of incorporation/organization: ___________________

Name of Area Representative Entity: ________________________
Federal Tax ID Number: ____________________________

(2) Area Representative shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles of Incorporation/Organization, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement and any amendments to the foregoing (the "Entity Documents").

(3) Area Representative promptly shall provide all additional information as Franchisor may from time to time request concerning all Persons who may have any, direct or indirect, financial interest in Area Representative.

(4) The name and address of each Owner is:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(5) The name, address and title of the Principal Owner who shall have at least a fifty percent (50%) interest in the Equity of Area Representative:

NAME	ADDRESS	TITLE

(6) The address where Area Representative's financial records and Entity Documents are maintained is: ____.

(7) Area Representative represents and warrants to Franchisor, as an inducement to Franchisor's execution of the Area Representative Agreement, that the information set forth in this Entity Information Disclosure is true, accurate and complete in all material respects on the Effective Date and that Area Representative shall provide Franchisor with all additional information Franchisor may request with respect to the Owners and the ownership of Area Representative. In addition, Area Representative shall notify Franchisor within ten (10) days of any change in the information set forth in this Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Area Representative to be true, correct and complete in all material respects. Franchisor grants Area Representative the rights in the Area Representative Agreement in reliance upon each and all of the terms of this Entity Information Disclosure.

(8) This Exhibit A may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Exhibit A with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Exhibit A for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Exhibit A. In addition, this Exhibit A may be signed electronically by the Parties and electronic signatures appearing on this Exhibit A shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Exhibit A.

IN WITNESS WHEREOF, the Parties have executed this Exhibit A on the Effective Date.

FRANCHISOR:	AREA REPRESENTATIVE:
MAKENNA KOFFEE FRANCHISE, LLC, A California limited liability company	________________________ A ________________________
By: ________________________	By: ________________________
Name: ________________________	Name: ________________________
Title: ________________________	Title: ________________________

MAKENNA KOFFEE FRANCHISE, LLC
EXHIBIT B
AREA REPRESENTATIVE INFORMATION

MAKENNA KOFFEE FRANCHISE, LLC
EXHIBIT B
AREA REPRESENTATIVE INFORMATION

EFFECTIVE DATE: ____.

NAME OF AREA REPRESENTATIVE: ____.

EXPIRATION DATE: ____.

ADDRESS OF AREA REPRESENTATIVE BUSINESS: ____________________________________.

DEVELOPMENT OBLIGATION: _________________________ MAKENNA KOFFEE SHOPS.

NUMBER OF FRANCHISEE-OWNED KOFFEE SHOPS: ______________________.

NUMBER OF AREA REPRESENTATIVE-OWNED KOFFEE SHOPS: ____________________.

DEVELOPMENT SCHEDULE:

Development Period Numbers and Required Opening Dates	Number of Franchised Koffee Shops to be Opened	Cumulative Total of Franchised Koffee Shops to be Opened
#1: On or before the first anniversary of the Effective Date*		
#2: On or before the second anniversary of the Effective Date		
#3: On or before the third anniversary of the Effective Date		
#4. On or before the fourth anniversary of the Effective Date		
#5. On or before the fifth anniversary of the Effective Date		
TOTAL		

*The first Franchised Koffee Shop to be opened under the Development Schedule must be an Area Representative-Owned Koffee Shop.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties have executed this Exhibit B on the Effective Date.

FRANCHISOR:	AREA REPRESENTATIVE:
MAKENNA KOFFEE FRANCHISE, LLC, A California limited liability company	______________________________ A ____________________________
By: ____________________________ Name: __________________________ Title: ___________________________	By: ____________________________ Name: __________________________ Title: ___________________________

MAKENNA KOFFEE FRANCHISE, LLC
EXHIBIT C
GUARANTEE OF AREA REPRESENTATIVE AGREEMENT

MAKENNA KOFFEE FRANCHISE, LLC
EXHIBIT C
GUARANTEE OF AREA REPRESENTATIVE AGREEMENT

The undersigned (“Guarantors”) have requested MAKENNA KOFFEE FRANCHISE, LLC, a California limited liability company (“Franchisor”), to enter into that certain Area Representative Agreement dated _________, 20___ (the “Area Representative Agreement”) with ____, a __________________ ("Area Representative"). In consideration for, and as an inducement to, Franchisor’s execution of the Area Representative Agreement, Guarantors hereby agree as follows:

1. “Obligations” means and includes any and all obligations of Area Representative arising under or pursuant to the Area Representative Agreement and all other obligations, whether now existing or hereafter arising, of Area Representative to Franchisor of whatever nature.

2. Guarantors irrevocably and unconditionally, fully guarantees to Franchisor the prompt, full and complete payment of any and all Obligations of Area Representative to Franchisor and the performance of any and all obligations of Area Representative including, without limitation, obligations under the Area Representative Agreement or any other agreement, instrument or document relating to, evidencing or securing any Obligations.

3. If Area Representative fails to pay any of the Obligations, Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, pay all of the Obligations in like manner as if the Obligations constituted the direct and primary obligation of Guarantors. Guarantors agree that if any obligation, covenant or agreement contained in the Area Representative Agreement is not observed, performed or discharged as required by the Area Representative Agreement (taking into consideration any applicable cure periods), Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, observe, perform or discharge the obligation, covenant or agreement in like manner as if the same constituted the direct and primary obligation of Guarantors.

4. No exercise or non-exercise by Franchisor of any right under this Guarantee, no dealing by Franchisor with Area Representative or any other Person and no change, impairment or suspension of any right or remedy of Franchisor shall in any way affect any Obligations of Guarantors under this Guarantee or give Guarantors any recourse against Area Representative. Without limiting the generality of the foregoing, Guarantors agree that, regardless of whether Franchisor gives notice thereof or obtains the consent of Guarantors thereto, Guarantors’ liability under this Guarantee shall not be released, extinguished or otherwise reduced in any way by reason of (i) any amendment, modification, renewal, extension, substitution or replacement of the Area Representative Agreement or of any of the Obligations, in whole or in part; (ii) any acceptance, enforcement or release by Franchisor of any security for the Area Representative Agreement or of any of the Obligations, any addition, substitution or release of any of the Guarantors, or any enforcement, waiver, surrender, impairment, release, compromise or settlement of any matter with respect to the Area Representative Agreement or the Obligations or any security therefore; (iii) any assignment of this Guarantee, in whole or in part by Franchisor, or any assignment or transfer of the Area Representative Agreement (or any of them) by Franchisor or Area Representative; (iv) the invalidity or unenforceability of any provision of the Area Representative Agreement or any of the Obligations; or (v) any failure, omission or delay of Franchisor in enforcing the Area Representative Agreement, the Obligations or this Guarantee.

5. Guarantors waive and agree not to assert or take advantage of (i) any right to require Franchisor to proceed against Area Representative or any other Person, firm or corporation or to proceed against or exhaust any security held by Franchisor at any time or to pursue any other remedy in Franchisor's power; (ii) any statute of limitations in any action under this Guarantee to collect any Obligations guaranteed hereby; (iii) any defense that may arise by reason of Area Representative's incapacity, lack of authority, insolvency or bankruptcy or Franchisor's failure to file or enforce a claim against the estate (either in bankruptcy or other proceeding) of Area Representative, any other or others; (iv) any defense arising out of any alteration of the Area Representative Agreement or the Obligations; (v) notice of Area Representative's Default in the payment or performance of any of the Obligations; (vi) demand, protest and notice of any kind including, without limitation, notice of acceptance, notice of the existence, creation or incurring of new or additional Obligations or obligations or of any action or non-action on the part of Area Representative, Franchisor, any endorser, creditor of Area Representative or Guarantors under this or any other instrument, or any other Person, in connection with any obligation or evidence of Obligations held by Franchisor or in connection with any Obligations hereby guaranteed; (vii) all rights and defenses arising out of an election of remedies by Franchisor, even though that election of remedies, such as non-judicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantors' rights of subrogation and reimbursement against Area Representative by operation of Applicable Law or otherwise; (viii) any duty of Franchisor to disclose to Guarantors any facts that Franchisor may now or hereafter know about Area Representative, regardless of whether Franchisor has reason to believe that any such facts materially increase the risk beyond that which Guarantors intends to assumes or has reason to believe that the facts are unknown to Guarantors or has a reasonable opportunity to communicate the facts to Guarantors, it being understood and agreed that Guarantors is responsible to be and to keep informed of Area Representative's financial condition and of all circumstances bearing on the risk of nonpayment of any Obligations hereby guaranteed; and (ix) any right to the benefit of or to direct the application of any security held by Franchisor.

6. Until all Obligations to Franchisor are paid in full and fully performed, Guarantors shall have no right of subrogation and waive any right to enforce any remedy that Franchisor now has or may hereafter have against Area Representative. All existing or future indebtedness of Area Representative to Guarantors and any right to withdraw capital invested in Area Representative by Guarantors are hereby subordinated to all Obligations.

7. Guarantors' liabilities and all rights, powers and remedies of Franchisor under this Guarantee and under any other agreement now or at any time hereafter in force between Franchisor and Guarantors shall be cumulative and not alternative and the rights, powers and remedies shall be additional to all rights, powers and remedies given to Franchisor by Applicable Law.

8. The liability of Guarantors under this Guarantee shall be an absolute, direct, immediate and unconditional continuing guarantee of payment and performance and not of collection. Guarantors' obligations under this Guarantee are independent of Area Representative's obligations. This is a continuing Guarantee. It shall be irrevocable during the Term and through any extensions, amendments, modifications, substitutions or replacements of the Area Representative Agreement and until all Obligations has been fully paid and the Obligations have been fully performed. In the event of any default under this Guarantee, a separate action and/or successive actions may be brought and prosecuted against Guarantors regardless of whether action is brought against Area Representative or whether Area Representative is joined in any such action or actions. Franchisor may maintain successive actions for other defaults. Franchisor's rights under this Guarantee shall not be exhausted by Franchisor's exercise of any rights or remedies or by any such action or by any number of successive actions until and unless all Obligations have fully been paid and performed. The obligations of Guarantors shall be primary and are independent of the obligations of Area Representative and Franchisor may directly enforce

its rights under this Guarantee without proceeding against or joining Area Representative or any other Person, or applying or enforcing any security of the Area Representative Agreement.

9. Nether any provision of this Guarantee nor right of Franchisor under this Guarantee can be waived, nor can Guarantors be released from Guarantors' obligations under this Guarantee except by a written agreement executed by Franchisor. If any provision or portion of any provision of this Guarantee is found by a court of competent jurisdiction to be illegal or unenforceable, all other provisions shall, nevertheless, remain enforceable and effective. This Guarantee constitutes the entire agreement of Guarantors and Franchisor with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall bind Franchisor unless expressed herein.

10. All written notices permitted or required under this Guarantee shall be deemed given and delivered in accordance with Article 18 of the Area Representative Agreement. Notices to Guarantors shall be sent to the address set forth below each Guarantor's signature below.

11. This Guarantee may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Guarantee with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Guarantee for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Guarantee. In addition, this Guarantee may be signed electronically by Guarantors and electronic signatures appearing on this Guarantee shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Guarantee.

12. This Guarantee shall be subject to mediation and arbitration requirements in Article 17 of the Area Representative Agreement. This Guarantee shall be governed and construed in accordance with the laws of the State of California.

Executed by Guarantors on the date set forth below.

____ _____________________, 20__

____ _____________________, 20__

MAKENNA KOFFEE FRANCHISE, LLC
EXHIBIT D
MAP OF DEVELOPMENT AREA

MAKENNA KOFFEE FRANCHISE, LLC

EXHIBIT B
CONFIDENTIALITY AGREEMENT AND NON-DISCLOSURE AGREEMENT

NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT

THIS NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT (this "Agreement") is made on ________________, 20__ (the "Effective Date"), by and between ____________________________ ("Area Representative"), on the one hand, and __________________________ ("Recipient"), on the other hand, who are individually referred to in this Agreement as a "Party", and collectively referred to in this Agreement as "Parties", with reference to the following facts:

A. Makenna Koffee Franchise, LLC, a California limited liability company ("Franchisor") and Franchisor's affiliates, Makenna Koffee Company, LLC, a California limited liability company (the "Operating Company"), have developed the "Makenna Koffee System" for the establishment and operation of fast casual beach-themed coffee shops ("Makenna Koffee Shops") that offer a wide assortment of specialty coffee beverages, energy drinks, teas, smoothies, pastry items and related merchandise for retail on-premises and off-premises consumption under the trade name and service mark "Makenna Koffee" and other related trademarks, service marks, logos and commercial symbols, and the trade dress used to identify Makenna Koffee Shops, including the unique and distinctive interior and exterior building designs, color schemes, furniture, fixtures and accessories present in Makenna Koffee Shops (collectively, the "Makenna Koffee Marks").

B. The "Makenna Koffee System" includes, without limitation, the operations and training manuals and any other written directives related to the Makenna Koffee System (the "Manuals"), the system developed by Franchisor and the Operating Company that includes operating methods and business practices related to Makenna Koffee Shops, the relationship between Franchisor and its franchisees, interior and exterior Shop design, other items of trade dress, specifications for equipment, fixtures and uniforms, defined product offerings, recipes and preparation techniques and methods, specified pricing and promotions, restrictions on ownership, standard operating and administrative procedures, management and technical training programs, marketing and public relations programs, and Franchisor's website, all as Franchisor may modify the same from time to time, and may be disclosed to Recipient by Area Representative.

C. Franchisor has protected and continues to protect the confidentiality of the "Confidential Information" by, among other things: (i) not revealing the confidential contents of the Confidential Information to unauthorized parties; (ii) requiring Area Representatives to acknowledge and agree in writing that the Confidential Information is confidential; (iii) requiring Area Representatives to agree in writing to maintain the confidentiality of the Confidential Information; (iv) monitoring electronic access to the Confidential Information by the use of passwords and other restrictions so that electronic access to the Confidential Information is limited to authorized parties; and (v) requiring its area representatives to return all Confidential Information to Franchisor upon the expiration and termination of their Area Representative Agreements.

D. Franchisor and Area Representative have entered into an Area Representative Agreement under which Franchisor has granted Area Representative the right to solicit and screen prospective franchisees for, and assist Franchisor in providing certain services to, Makenna Koffee franchisees who operate Makenna Koffee Shops.

E. Area Representative is obligated under its Area Representative Agreement with Franchisor to obtain a written agreement from all supervisorial and managerial personnel employed by Area Representative and each independent contractor engaged by Area Representative who may have access to the Confidential Information and who may be the recipient of the disclosure of the Confidential Information to maintain the confidentiality of the Confidential Information, to obtain the written agreement from all supervisorial and managerial personnel employed by Area Representative and each independent contractor to not use the Confidential Information other than in the course of his or her employment or engagement by Area Representative and to not disclose any of the Confidential Information to any unauthorized parties during the period of time that he or she is providing services for Area Representative and forever after his or her employment or engagement by Area Representative ends.

NOW, THEREFORE, IT IS AGREED:

1. ACKNOWLEDGMENTS OF RECIPIENT.

1.1 No Prior Experience, Information or Knowledge. Prior to his or her employment or engagement by Area Representative, Recipient had no experience, information or knowledge about operating a business that prepares, offers and sells specialty coffee beverages, energy drinks, teas, smoothies, pastry items and related merchandise for retail on-premises and off-premises consumption and on-line retail sales. Recipient's knowledge of the Confidential Information was obtained only from Area Representative following the Effective Date and only in the course of Recipient's employment or engagement by Area Representative.

1.2 Confidential Information. The Confidential Information includes all of the items included elsewhere in this Agreement and, in addition, without limitation, all tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations, styles, products and services, recipes, cooking and preparation techniques and methods, sources of materials and equipment, customer management and other software, data, other content, formulations, patterns, compilations, programs, devices and processes, business relationships, contact information for industry professionals, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, customer lists and other customer data, information regarding the skills and compensation of employees and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, persons or entities, the Makenna Koffee System, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding its disclosure, would be considered confidential. Confidential Information also includes the manner in which any of the above described items may be combined with any other information or products or synthesized or used by Recipient. Confidential Information does not include any information that was in the lawful and unrestricted possession of Recipient prior to its disclosure by Area Representative to Recipient; is or becomes generally available to the public by acts other than those of Recipient after receiving it; has been received lawfully and in good faith by Recipient from a third party who did not derive it from Franchisor, Area Representative or Recipient; or is shown by acceptable evidence to have been independently developed by Recipient.

1.3 Independent Value. The Confidential Information: (i) is not generally known by the public or parties other than Franchisor, its affiliates, its franchisees and Area Representative; (ii) derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or Area Representative; and (iii) is the subject of extensive efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the Confidential Information.

1.4 Valuable and Proprietary. The Confidential Information has been developed by Franchisor, its founder and their affiliates by the investment of time, skill, effort and money and is widely recognized by the public, of substantial value, and is proprietary, confidential and constitutes trade secrets of Franchisor, its founder and their affiliates.

2. COVENANTS OF RECIPIENT.

Recipient agrees that so long as Recipient is employed or engaged by Area Representative and forever after his or her employment or engagement by Area Representative ends:

2.1 Maintain Confidentiality. Recipient will fully and strictly maintain the confidentiality of the Confidential Information, will exercise the highest degree of diligence in safeguarding the Confidential Information and will not disclose or reveal the Confidential Information to any person other than Area Representative or other personnel employed by Area Representative or independent contractors engaged by Area Representative while a supervisorial or managerial employee or independent contractor of Area Representative and will then do so only to the degree necessary to carry out Recipient's duties as a supervisorial or managerial employee or independent contractor of Area Representative.

2.2 No Reproduction or Use. Recipient will not directly or indirectly reproduce or copy any Confidential Information and will make no use of any Confidential Information for any purpose whatsoever except as may be required while Recipient is employed or engaged by Area Representative and will then do so only in accordance with the provisions of this Agreement and only to the degree necessary to carry out Recipient's duties as a supervisorial or managerial employee or independent contractor of Area Representative.

2.3 Restrictions. Recipient specifically acknowledges and agrees Recipient may receive valuable specialized training and Confidential Information, including, without limitation, Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Makenna Koffee System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy. Recipient therefore covenants that while employed or engaged by Area Representative, Recipient shall not, either directly or indirectly, for himself or herself, or through, on behalf of, or in conjunction with any person, or legal entity: (i) divert or attempt to divert any present or prospective Makenna Koffee Shop customer 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 Makenna Koffee Marks and the Makenna Koffee System; or (ii) own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Shop or business that offers specialty coffee beverages as its primary menu item, or any Shop or business that looks like, copies, imitates, operates with similar trade dress or décor, or is otherwise substantially the same as or similar to Makenna Koffee Shops.

2.4 Third Party Beneficiary. Franchisor is, and shall be and remain, a third party beneficiary of this Agreement and will have the independent right to enforce the terms of this Agreement.

2.5 No Restriction. Nothing in this Article 2 is intended to prohibit or restrict any activity which prohibition or restriction violates Recipient's rights to engage in protected concerted activity under the National Labor Relations Act.

3. GENERAL TERMS.

3.1 Injunction. Recipient recognizes the unique value and secondary meaning attached to the Confidential Information and the elements of the Makenna Koffee System and agrees that Recipient's noncompliance with the terms of this Agreement or any unauthorized or improper use of the Confidential Information by Recipient will cause irreparable damage to Franchisor and its franchisees. Recipient therefore agrees that if Recipient should engage in any unauthorized or improper use or disclosure of the Confidential Information, Franchisor and Area Representative, independently, will be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction without notice or the posting of any bond, to prevent any unauthorized or improper use or disclosure of the Confidential Information in addition to any other remedies prescribed by law. Due to the irreparable damage that would result to Franchisor and Area Representative from any violation of this Agreement, Recipient acknowledges and agrees that any claim Recipient believes he or she may have against Franchisor or Area Representative will be deemed to be a matter separate and apart from Recipient's obligations under this Agreement and will not entitle Recipient to violate or justify any violation of the provisions of this Agreement.

3.2 Heirs and Successors; Entire Agreement. This Agreement shall be binding upon and inure to the benefit of the Parties, their heirs, successors and assigns. This Agreement represents the entire understanding between the Parties regarding the subject matter of this Agreement and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Agreement may not be modified except by a written instrument signed by Franchisor and Recipient that expressly modifies this Agreement. The Parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject matter of this Agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the Parties.

3.3 No Right to Use Makenna Koffee Marks or Makenna Koffee System. This Agreement is not a license of any sort, and does not grant Recipient any right to use or to license the use of, the Makenna Koffee System, the Makenna Koffee Marks or the Confidential Information, which right is expressly reserved by Franchisor.

3.4 Waiver and Validity. Failure by Franchisor to enforce any rights under this Agreement shall not be construed as a waiver of such rights. Any waiver, including a waiver of default in any one instance, shall not constitute a continuing waiver or a waiver in any other instance. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in full force and effect.

3.5 Headings and Gender. The headings in this Agreement are for purposes of convenience only and shall not be used in construing the provisions of this Agreement. As used in this Agreement, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

3.6 Attorneys' Fees. If Franchisor becomes a party to any legal proceedings concerning this Agreement by reason of any act or omission of Recipient, Recipient shall be liable to Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings. If any Party to this Agreement commences any legal proceeding against another Party arising out of or in connection with this Agreement, the prevailing Party shall be entitled to recover from the other Party its reasonable attorneys' fees and costs of suit.

3.7 Cumulative Remedies. Any specific right or remedy set forth in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law.

3.8 Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the Parties under this Agreement shall be deemed delivered at the time delivered by hand, one (1) business day after transmission by fax or email (with a confirmation copy sent by regular United States mail), or three (3) days after placement in the United States mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

Any notice or demand to Area Representative shall be given to:

____
____
____

With a copy to:

Makenna Koffee Franchise, LLC
153 Cochran Street #310
Simi Valley, California 93065
Attention: President
Email: Makennacoffee@gmail.com

Any notice or demand to Recipient shall be given to:

____
____
____

Any Party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other Party.

3.9 Counterparts and Electronic Transmission; Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the Effective Date.

AREA REPRESENTATIVE:

____

A ________________________________

By: ______________________________

Name: ___________________________

Title: ____________________________

RECIPIENT:

____

MAKENNA KOFFEE FRANCHISE, LLC

EXHIBIT C

CONFIDENTIALITY AGREEMENT FOR PROSPECTIVE AREA REPRESENTATIVES

MAKENNA KOFFEE FRANCHISE, LLC
CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT (this "Agreement") is made this __ day of ____________________, 20__, by and between MAKENNA KOFFEE FRANCHISE, LLC, a California limited liability company ("Franchisor"), on the one hand, and ______________________, a ___________________________ ("Candidate"), on the other hand, with reference to the following facts:

A. Franchisor and its Affiliate have developed the Makenna Koffee System for the establishment and operation of fast casual beach-themed coffee shops ("Makenna Koffee Shops") that offer a wide assortment of specialty coffee beverages, teas, smoothies, energy drinks, pastry items and related merchandise for retail on-premises and off-premises consumption under the trade name and service mark "Makenna Koffee" and other related trademarks, service marks, logos and commercial symbols, and the trade dress used to identify Makenna Koffee Shops, including the unique and distinctive interior and exterior building designs, color schemes, furniture, fixtures and accessories present in Makenna Koffee Shops (collectively, the "Makenna Koffee Marks"). The "Makenna Koffee System" means the system developed by Franchisor and the Operating Company that includes operating methods and business practices related to Makenna Koffee Shops, the relationship between Franchisor and its franchisees, interior and exterior Shop design, other items of trade dress, specifications for equipment, fixtures and uniforms, defined product offerings, recipes and unique cooking techniques and methods, specified pricing and promotions, restrictions on ownership, standard operating and administrative procedures, management and technical training programs, marketing and public relations programs, and Franchisor's website, all as Franchisor may modify the same from time to time.

B. Franchisor has the right to use, and to license others to use, the Makenna Koffee Marks and the Makenna Koffee System, and has, as a result of its expenditure of time, skill, effort, and money, developed a distinctive franchise model for qualified franchisees to obtain the right to operate Makenna Koffee Restaurants using the Makenna Koffee Marks and the Makenna Koffee System. Franchisor has also developed a distinctive model for qualified candidates to obtain the right to operate a Makenna Koffee area representative business (an "Area Representative Business") and to solicit, recruit, screen and interview prospective franchisee candidates for Franchisor to purchase a designated number of Makenna Koffee Restaurant franchises for Franchisee owned Makenna Koffee Restaurants in a specified geographic area within a fixed schedule, assist the candidates Franchisor accepts to become Makenna Koffee franchisees, identify and secure sites for the Franchisee owned Makenna Koffee Restaurants, and provide operational, training and field support to the franchisees, both before and after they open their Makenna Koffee Restaurants.

C. Franchisor may provide Candidate with confidential and proprietary information regarding the Makenna Koffee System prior to granting or declining to grant Candidate an area representative franchise or entering into an Area Representative Agreement with Candidate. Franchisor desires that Candidate maintain the confidentiality of all such confidential and proprietary information on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IT IS AGREED:

1. INCORPORATION OF RECITALS.

The recitals set forth in Paragraph A through Paragraph C above are true and correct and are hereby incorporated by reference into the body of this Agreement.

2. CONFIDENTIALITY.

2.1. Confidential Information. Candidate acknowledges and agrees that the Makenna Koffee System is comprised of confidential information that has been developed by Franchisor and its affiliates by the investment of time, skill, effort and money and is widely recognized by the public, is of substantial value, and is proprietary, confidential and constitutes trade secrets of Franchisor and its affiliates, and includes, without limitation, tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations, products and services, recipes, sources of materials and equipment, client management and other software, data, other content, formulations, patterns, compilations, programs, devices and processes, business relationships, contact information for industry professionals, designs, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, customer lists and customer data, information regarding the skills and compensation of employees and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, persons or entities, knowledge or know-how concerning the methods of operation of Makenna Koffee Shops which may be communicated to Candidate, or of which Candidate may be apprised, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding its disclosure, would be considered confidential (collectively, the "Confidential Information"). Confidential Information does not include any information that was in the lawful and unrestricted possession of Candidate prior to its disclosure by Franchisor; is or becomes generally available to the public by acts other than those of Candidate after receiving it; has been received lawfully and in good faith by Candidate from a third party who did not derive it from Franchisor or Candidate; or is shown by acceptable evidence to have been independently developed by Candidate.

2.2. Value. Candidate acknowledges and agrees the Confidential Information is not generally known by the public or parties other than Franchisor, its affiliates, its franchisees and Candidate; derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor, its franchisees or Candidate; and is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the Confidential Information, including, without limitation (i) not revealing the Confidential Information to unauthorized parties; (ii) requiring its franchisees to acknowledge and agree in writing that the Confidential Information is confidential; (iii) requiring its franchisees to agree in writing to maintain the confidentiality of the Confidential Information; (iv) monitoring electronic access to the Confidential Information by the use of passwords and other restrictions so that electronic access to the Confidential Information is limited to authorized parties; and (v) requiring its franchisees to return all Confidential Information to Franchisor upon the expiration or termination of their Franchise Agreements.

2.3. Maintain Confidentiality. Candidate shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of anyone else, any information that Franchisor considers its trade secrets and/or Confidential Information. Candidate shall divulge such Confidential Information only to such of its employees who must have access to it in order to perform their employment responsibilities.

3. GENERAL.

3.1. Injunction. Candidate recognizes the unique value and secondary meaning attached to the Confidential Information and the elements of the Makenna Koffee System and agrees that any noncompliance with the terms of this Agreement or any unauthorized or improper use of the Confidential Information will cause irreparable damage to Franchisor and its franchisees. Candidate therefore agrees that if Candidate should engage in any such unauthorized or improper use of the Confidential Information, Franchisor shall be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction without notice or the posting of any bond, in addition to any other remedies prescribed by law.

3.2. Heirs and Successors. This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

3.3. Entire Agreement. This Agreement represents the entire understanding between the parties regarding the subject matter of this Agreement and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Agreement may not be modified except by a written instrument signed by Franchisor and Candidate that expressly modifies this Agreement. The parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject matter of this Agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties.

3.5. No Right to Use the Makenna Koffee System or the Makenna Koffee Marks. This Agreement is not a Franchise Agreement or a license of any sort, and does not grant Candidate any right to use or to franchise or license the use of, the Confidential Information, which right is expressly reserved by Franchisor.

3.6. Waiver. Failure by Franchisor to enforce any rights under this Agreement shall not be construed as a waiver of such rights. Any waiver, including a waiver of default, in any one instance shall not constitute a continuing waiver or a waiver in any other instance.

3.7. Validity. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in full force and effect.

3.8. Headings and Gender. The headings herein are for purposes of convenience only and shall not be used in construing the provisions hereof. As used herein, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

3.9. Attorneys' Fees. If Franchisor becomes a party to any legal proceedings concerning this Agreement by reason of any act or omission of Candidate or its authorized representatives, Candidate shall be liable to Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings. If either party commences a legal proceeding 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.

3.10. Cumulative Remedies. Any specific right or remedy set forth in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law.

3.11. Notices. All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by air courier delivery or by certified mail. Service shall be deemed conclusively made (i) at the time of service, if personally served, (ii) three (3) business days after delivery by the Party giving the notice, statement or demand if by air courier with a guaranteed tracking facility, and (iii) three (3) business days after placement in the United States mail by Certified Mail, Return Receipt Requested, with postage prepaid. Notices and demands shall be given to the respective Parties at the following addresses, unless and until a different address has been designated by written notice to the other Party:

Notices to Franchisor:

Makenna Koffee Franchise, LLC
153 Cochran Street #310
Simi Valley, California 93065
Attention: President
Email: Makennacoffee@gmail.com

With a copy to (which shall not constitute notice):

Barry Kurtz, Esq.
Lewitt, Hackman, Shapiro, Marshall and Harlan
16633 Ventura Boulevard, 11th Floor
Encino, California 91436
Email: bkurtz@lewitthackman.com

Notices to Candidate:

____
____
____
Attention: ________________
Email: ___________________

Either party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other party.

3.12. Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of California shall prevail, without regard to the application of California conflict of law rules.

3.13. Venue. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the city and county in which Franchisor has 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.

3.14. Counterparts and Electronic Transmission; Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that are transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the Effective Date.

FRANCHISOR:

MAKENNA KOFFEE FRANCHISE, LLC,
A California limited liability company

By: ___________________________________
Name: _________________________________
Title: _________________________________

CANDIDATE:

(IF CANDIDATE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

____
[Print Name of Candidate Entity]

By: ___________________________________
Name: _________________________________
Title: _________________________________

OR

(IF CANDIDATE IS AN INDIVIDUAL):

____
Print Name

____
Signature

____
Print Name

____
Signature

MAKENNA KOFFEE FRANCHISE, LLC

EXHIBIT D
GENERAL RELEASE AGREEMENT

MAKENNA KOFFEE FRANCHISE, LLC
GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT (this "Release Agreement") is made and entered into as of ____________ (the "Effective Date"), by and among MAKENNA KOFFEE FRANCHISE, LLC, a California limited liability company ("Franchisor"), on the one hand, and ____ ____
a ______________________ ("Area Representative"), and ______________________ ("Owner"), on the other hand, who are collectively referred to in this Release Agreement as the "Releasing Parties", with reference to the following facts:

A. Franchisor and Area Representative are parties to that certain Area Representative Agreement dated __________________________ (the "Area Representative Agreement") for the Makenna Koffee area representative business (the "Makenna Koffee Area Representative Business").

B. Area Representative desires to enter into a ________________________________.

C. This Release Agreement has been requested at a juncture in the relationship of the parties where Franchisor is considering either a change or an expansion of the relationship between the parties and/or their affiliates. Franchisor is unwilling to make the anticipated change or expansion in the relationship of the parties unless it is certain that it is proceeding with a "clean slate" and that there are no outstanding grievances or Claims against it. Releasing Parties, therefore, gives this Release Agreement as consideration for receiving the agreement of Franchisor to an anticipated change or expansion of the relationship between the parties. Releasing Parties acknowledges that this Release Agreement is intended to wipe the slate clean.

NOW, THEREFORE, IT IS AGREED:

1. DEFINITIONS. As used in this Release Agreement, the following capitalized terms have the meanings ascribed to them.

1.1 "Claims" means all actual and alleged claims, demands, Losses, charges, agreements (whether written or oral), covenants, responsibilities, warranties, obligations, contracts (whether oral or written), debts, violations, suits, counterclaims, cross claims, third party claims, accounts, liabilities, costs, expenses (including attorneys' fees and court costs), rights to terminate and rescind, rights of action and causes of action of any kind or nature, whatsoever, whether known or unknown, matured or unmatured, accrued or unaccrued, suspected or unsuspected, contingent or non-contingent, liquidated or unliquidated, choate or inchoate, and whether or not asserted, threatened, alleged, or litigated, at law, equity, or otherwise.

1.2 "Constituents" means past, present and future affiliates, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, parents, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives and attorneys and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of the foregoing.

1.3 "Excluded Matters" means Franchisor's continuing contractual obligations which arise or continue under and pursuant to the Area Representative Agreement on and after the date of this Release Agreement.

1.4 “Franchisor Released Parties” means Franchisor and each of its Constituents.

1.5 “Losses” means all damages, debts, liabilities, accounts, suits, awards, judgments, payments, diminutions in value and other losses, costs and expenses, however suffered or characterized, all interest thereon, all costs and expenses of investigating any Claim, reference proceeding, lawsuit or arbitration and any appeal therefrom, all actual attorneys’ fees incurred in connection therewith, whether or not such Claim, reference proceeding, lawsuit or arbitration is ultimately defeated and, all amounts paid incident to any compromise or settlement of any such Claim, reference proceeding, lawsuit or arbitration

2. GENERAL RELEASE AGREEMENT. Releasing Parties, for themselves and their Constituents, hereby release and forever discharge Franchisor Released Parties from any and all Claims, whether known or unknown, based upon anything that has occurred or existed, or failed to occur or exist, from the beginning of time to the Effective Date, including, without limitation any and all Claims which relate to the Area Representative Agreement, the Makenna Koffee Area Representative Business, the Makenna Koffee System, the License, and the Makenna Koffee Marks, or to any other agreement entered into prior to the Effective Date between Franchisor Released Parties, on the one hand, and Releasing Parties, on the other hand, except for the Excluded Matters and obligations under this Release Agreement. This waiver, release and discharge is effective immediately in its fullest and most comprehensive sense.

3. WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.

3.1 Section 1542 of the California Civil Code. Releasing Parties, for themselves and their Constituents, acknowledge that they are familiar with Section 1542 of the California Civil Code, which reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASED PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

3.2 Waiver. With respect to those Claims being released pursuant to Section 2, Releasing Parties, for themselves and their Constituents, acknowledge that they are releasing unknown Claims and waive all rights they have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect. For purposes of this Section 3, Releasing Parties shall be considered to be creditors of the Franchisor Released Parties, and each of them.

4. UNKNOWN CLAIMS. Releasing Parties acknowledge and agree that among the wide and comprehensive range of Claims being waived, released, and discharged by this Release Agreement, they are waiving, releasing, and discharging unknown and unsuspected Claims which, if known or suspected by Releasing Parties to exist in their favor at the time of executing this Release Agreement, may have materially affected Releasing Parties’ decision to enter into this Release Agreement. It is understood by Releasing Parties that, after the Effective Date, the facts under which this Release Agreement is entered into may turn out to be other than or different from the facts Releasing Parties knew or believed to be true on the Effective Date. Releasing Parties, therefore, expressly assume the risk of the facts turning out to be so different and agree that this Release Agreement shall be in all respects final and effective and not subject to termination or rescission by any such difference in facts.

5. REPRESENTATIONS AND WARRANTIES. Releasing Parties hereby represent and warrant that, in entering into this Release Agreement, Releasing Parties: (i) are doing so freely and voluntarily, either upon the advice of counsel and business advisors of Releasing Parties' own choosing, or without such advice because Releasing Parties, free from coercion, duress or fraud, declined to obtain such advice; (ii) have read and fully understand the terms and scope of this Release Agreement; (iii) understand that this Release Agreement is final and conclusive, and intends to be final and conclusive, as to the matters set forth in this Release Agreement; and (iv) have not assigned, transferred, or conveyed to any third party all or any part of their interest, or any contingent interest, in any of the Claims released by this Release Agreement now or in the future, and are aware of no third party who contends or claims otherwise, and shall not purport to assign, transfer, or convey any interest in any such Claim after the Effective Date.

6. COVENANTS NOT TO SUE. Releasing Parties hereby irrevocably covenant that they will not, directly or indirectly: (i) commence, initiate, or cause to be commenced or initiated any proceeding, claim, or demand of any kind against Franchisor Released Parties based upon any Claims released under this Release Agreement; or (ii) assist or encourage any person or entity to investigate, inquire into, commence, initiate, or cause to be commenced or initiated any proceeding, claim, or demand of any kind against Franchisor Released Parties based upon any Claims released under this Release Agreement.

7. INDEMNITY. Without in any way limiting any of the rights and remedies otherwise available to the Franchisor Released Parties, Releasing Parties shall defend, indemnify and hold harmless each Franchisor Released Party from and against all Claims whether or not involving third-party Claims, arising directly or indirectly from or in connection with: (i) the assertion by or on behalf of Releasing Parties or their Constituents of any Claim or other matter released pursuant to this Release Agreement; (ii) the assertion by any third party of any Claim or demand against any Franchisor Released Party which Claim or demand arises directly or indirectly from, or in connection with, any Claims or other matters released pursuant to this Release Agreement; (iii) any breach of representations, warranties or covenants hereunder by Releasing Parties or its Constituents; or (iv) the Area Representative Agreement, the Franchised Shop, the Franchised Location, and/or any and all claims of creditors, customers, vendors, suppliers or invitees of the Franchised Shop, or other third parties, for obligations incurred and/or acts or omissions to act by Area Representative, both prior to and following the Effective Date.

8. GENERAL PROVISIONS.

8.1 Amendment. This Release Agreement cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties.

8.2 Entire Agreement. This Release Agreement, together with the agreements referenced in this Release Agreement, constitute the entire understanding between and among the parties with respect to the subject matter of this Release Agreement and supersedes any prior negotiations and agreements, oral or written, with respect to the subject matter of this Release Agreement. The Recitals set forth in Paragraphs A through C of this Release Agreement are true and correct and are incorporated into this Release Agreement as part of this Release Agreement.

8.3 Counterparts and Electronic Transmission; Electronic Signatures. This Release Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Release Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Release Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Release Agreement. In addition, this Release Agreement may be signed electronically by the parties and electronic signatures appearing on this Release Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Release Agreement.

8.4 Heirs, Successors and Assigns. This Release Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors and permitted assigns. In addition, each of Franchisor Released Parties that is not a party shall be a third party beneficiary of this Release Agreement, with the right to enforce this Release Agreement for his, her, or its benefit, whether acting alone or in combination with any other Franchisor Released Party.

8.5 Interpretation. The rule that an agreement is to be construed against the party drafting the agreement is hereby waived by the parties, and shall have no applicability in construing this Release Agreement or any of its terms. The headings used in this Release Agreement are for purposes of convenience only and shall not be used in construing the provisions of this Release Agreement. As used in this Release Agreement, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

8.6 Severability and Validity. Any provision of this Release Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions of this Release Agreement or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

8.7 Governing Law and Venue. This Release Agreement shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of California shall prevail, without regard to the application of California conflict of law rules. Nothing in this Section 8.7 is intended by the parties to subject this Release Agreement to any franchise or similar law, rules, or regulation of the State of California to which it would not otherwise be subject. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought the in Superior Court of the State of California, County of Ventura, or the United States District Court in and for the Central District of the State of California, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

8.8 Authority of Franchisor. Franchisor represents and warrants that (i) Franchisor has the power and authority to enter into this Release Agreement and to perform its obligations under this Release Agreement without the approval or consent of any other person or entity, and (ii) the individual who executes this Release Agreement on Franchisor's behalf is duly authorized to do so without the approval or consent of any other person or entity.

8.9 Authority of Releasing Parties. Releasing Parties represent and warrant that (i) they have the power and authority to enter into this Release Agreement and to perform their obligations under this Release Agreement without the approval or consent of any other person or entity, and (ii) the individuals who execute this Release Agreement on Releasing Parties' behalf are duly authorized to do so without the approval or consent of any other person or entity.

8.10 No Waiver. No delay, waiver, omission, or forbearance on the part of any party to exercise any right, option, duty, or power arising out of any breach or default by any other party of any of the terms, provisions, or covenants of this Release Agreement, and no custom or practice by the parties at variance with the terms of this Release Agreement, shall constitute a waiver by any party to enforce any such right, option, or power as against the other parties, or as to a subsequent breach or default by the other parties.

8.11 Attorneys' Fees. If any legal action is brought to enforce the terms of this Release Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs, and any and all costs of collection, in addition to any other relief to which that party may be entitled.

8.12 Further Acts. The parties agree to execute, acknowledge and deliver to any requesting party, and to procure the execution, acknowledgment and delivery to any requesting party, of any additional documents or instruments which the requesting party may reasonably require to fully effectuate and carry out the provisions of this Release Agreement.

IN WITNESS WHEREOF, the parties to this Release Agreement have executed this Release Agreement as of the Effective Date.

FRANCHISOR:

MAKENNA KOFFEE FRANCHISE, LLC
A California limited liability company

By: ______________________________
Name: ____________________________
Title: _____________________________

RELEASING PARTIES:

AREA REPRESENTATIVE:

____
A _______________________________

By: ______________________________
Name: ____________________________
Title: _____________________________

OWNER:

____

____

MAKENNA KOFFEE FRANCHISE, LLC

EXHIBIT E
AGENTS FOR SERVICE OF PROCESS & STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS AND STATE AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7500 (866) 275-2677 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov	California Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7500 (866) 275-2677 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96810 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State Securities Division 201 State House 200 West Washington Street, Indianapolis, Indiana 46204 (317) 232-6531
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Attn: Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 335-7567	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909 (517) 241-6345
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau Franchise Section 28 Liberty Street, 21st Floor New York, New York 10005-1495 (212) 416-8236 (Phone) (212) 416-6042 (Fax)	New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor, Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol Fifth Floor, Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Securities Division State of Rhode Island Department of Business Regulation Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920-4407 (401) 462 9582	Director, Securities Division Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920-4407 (401) 462 9582
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Director, Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising First Floor 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, First Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Securities Division Department of Financial Institutions P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Franchise Registration Division of Securities 201 West Washington avenue, Suite 300 Floor Madison, Wisconsin 53703 (608) 266-2139	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 266-2139

MAKENNA KOFFEE FRANCHISE, LLC

EXHIBIT F
STATE SPECIFIC ADDENDA

MAKENNA KOFFEE FRANCHISE, LLC

CALIFORNIA
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

California Corporations Code, Section 31125 requires the franchisor to give the Area Representative a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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 14 DAYS PRIOR TO EXECUTION OF ANY AGREEMENT.

OUR WEBSITE WWW.MAKENNAKOFFEE.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

> Neither we nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark 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, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

> The Area Representative Agreement requires Area Representative to sign a general release of claims upon renewal or transfer of the Area Representative Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.
>
> California Business and Professions Code Sections 20000 through 20043 provide rights to Area Representatives concerning termination, transfer or non-renewal of a franchise. If the Area Representative Agreement contains a provision that is inconsistent with the law, the law will control.

The Area Representative Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Area Representative Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law but we will enforce it to the extent enforceable.

3. You will not receive an exclusive territory. You may face competition from other Area Representatives, from outlets that we own, or from other channels of distribution or competitive brands that we control.

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

5. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1):

   Any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

CALIFORNIA
ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

THIS ADDENDUM TO AREA REPRESENTATIVE AGREEMENT (this "Addendum") dated _________________, is intended to be a part of, and by this reference is incorporated into that certain Area Representative Agreement (the "Area Representative Agreement") dated _________________, by and between MAKENNA KOFFEE FRANCHISE, LLC, a California limited liability company, as franchisor ("Franchisor"), and ___________________________, as Area Representative ("Area Representative"). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Area Representative Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Area Representative Agreement shall have the identical meanings in this Addendum.

1. For the purposes of Cal. Bus. & Prof. Code Section 20022, Franchisor and Area Representative agree that:

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

3. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1):

Any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

4. For the purposes of Cal. Code Regs. Tit. 10, § 310.114.1, Franchisor and Area Representative agree that:

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the Disclosure Document 14 days prior to execution of any agreement.

2. California Business and Professions Code Sections 20000 through 20043 provide rights to the Area Representative concerning termination, transfer or non-renewal of a franchise. If the Area Representative Agreement
contains a provision that is inconsistent with the law, the law will control.

3. The Area Representative Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. sec. 101 et. Seq.).

4. The Area Representative Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

5. If the Area Representative Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages are unenforceable.

6. The Area Representative Agreement requires the parties to resolve all disputes through litigation in the U.S. District for the Central District of California or any state court in Los Angeles County, California, with the costs being borne by the losing party.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

MAKENNA KOFFEE FRANCHISE, LLC
A California limited liability company

By: ______________________________
Name: ______________________________
Title: ______________________________

AREA REPRESENTATIVE:

(IF AREA REPRESENTATIVE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

____
[Print Name of Area Representative Entity]

By: ______________________________
Name: ______________________________
Title: ______________________________

OR

(IF AREA REPRESENTATIVE IS AN INDIVIDUAL):

____
Print Name

____
Signature

____
Print Name

____
Signature

MAKENNA KOFFEE FRANCHISE, LLC

EXHIBIT G
FINANCIAL STATEMENTS

MAKENNA KOFFEE FRANCHISE, LLC
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD **JANUARY** 1, 2025 THROUGH **MARCH** 31, 2025

THESE FINANCIAL STATEMENTS FOR THE PERIOD **JANUARY 1, 2025** THROUGH **MARCH 31, 2025** 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.

MAKENNA KOFFEE FRANCHISE, LLC
UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF **MARCH 31, 2025**

3:22 AM
05/20/25
Cash Basis

Makenna Koffee Company LLC
Balance Sheet
As of March 31, 2025

	Mar 31, 25
ASSETS	
Current Assets	
Checking/Savings	
Chase 580392790	45,775.21
Total Checking/Savings	45,775.21
Other Current Assets	164,145.83
Total Current Assets	209,921.04
Fixed Assets	36,398.90
Other Assets	1,935.00
TOTAL ASSETS	**248,254.94**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	161,640.47
Total Liabilities	161,640.47
Equity	
Members Draw	-237,464.84
Members Equity	316,397.13
Net Income	7,682.18
Total Equity	86,614.47
TOTAL LIABILITIES & EQUITY	**248,254.94**

Makenna Koffee Company LLC
Profit & Loss
January through March 2025

		Jan - Mar 25
Ordinary Income/Expense		
Income		
Food Sales		496,066.15
Total Income		496,066.15
Cost of Goods Sold		
Purchases		237,383.34
Supplies		18,332.99
Total COGS		255,716.33
Gross Profit		240,349.82
Expense		
Advertising and Promotion		33.00
Automobile Expense		2,837.38
Bank Service Charges		231.91
Business Meals		2,683.95
Computer and Internet Expenses		1,839.75
Dues and Subscriptons		736.71
Employee Benefits		267.41
Equipment Rental		1,879.12
Insurance - Health		2,531.04
Insurance Expense		4,834.66
Janitorial		766.00
Linens and Uniforms		17,627.17
Office Supplies		405.31
Payroll Fees		3,094.42
Pest Control		925.00
Postage		251.28
Professional Fees		1,164.90
Rent Expense		16,529.00
Repairs and Maintenance		2,029.23
Salaries and Wages		126,232.18
Taxes and Licenses		
Sec of State	160.00	
Taxes-Payroll	36,165.04	
Taxes-Sales Tax	3,975.00	
Taxes and Licenses - Other	172.45	
Total Taxes and Licenses		40,472.49

Makenna Koffee Company LLC
Profit & Loss
January through March 2025

	Jan - Mar 25
Telephone Expense	1,596.28
Utilities	3,032.58
Web Hosting	666.87
Total Expense	232,667.64
Net Ordinary Income	7,682.18
Net Income	**7,682.18**

MAKENNA KOFFEE FRANCHISE, LLC

FINANCIAL STATEMENTS

FOR THE PERIOD FROM APRIL 7, 2024 (INCEPTION) TO DECEMBER 31, 2024

TABLE OF CONTENTS

DNJ & ASSOCIATES
Certified Public Accountants
601 Las Tunas Drive, #108,
Arcadia, CA 91007
310-989-8507
www.dnjassociates.com

Independent Auditor's Report

To the Board of Directors and Shareholders
MAKENNA KOFFEE FRANCHISE, LLC
Simi Valley, CA

Opinion

We have audited the accompanying financial statements of Makenna Koffee Franchise, LLC (the "Company"), which comprise the balance sheet as of December 31, 2024, and the related statements of operations, changes in member's equity, and cash flows for the period from April 7, 2024 (inception) to December 31, 2024, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and cash flows for the period from April 7, 2024 to December 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

DNJ & ASSOCIATES

Arcadia, California
April 17, 2025

MAKENNA KOFFEE FRANCHISE, LLC
Balance Sheet
December 31, 2024

ASSETS

Current assets		
Cash	$	112,817
Total assets	$	112,817

LIABILITIES AND MEMBER'S EQUITY

Current liabilities		
Accounts payable and accrued expenses	$	800
Total liabilities		800
Commitments and contingencies (Note 3)		
Member's equity		
Member's equity	$	112,017
Total liabilities and member's equity	$	112,817

The accompanying notes are an integral part of these financial statements.

MAKENNA KOFFEE FRANCHISE, LLC
Statement of Operations
For the Period from April 7, 2024 (inception) to December 31, 2024

Operating expenses		
General and administrative	$	9,665
Total operating expenses		9,665
Loss before provision for income taxes		(9,665)
Provision for income taxes		800
Net loss	$	(10,465)

The accompanying notes are an integral part of these financial statements.

MAKENNA KOFFEE FRANCHISE, LLC
Statement of Changes in Member's Equity
For the Period from April 7, 2024 (inception) to December 31, 2024

Balance, April 7, 2024	$	-
Member's contributions		3,317,682
Member's distributions		(3,195,200)
Net loss		(10,465)
Balance, December 31, 2024	$	112,017

The accompanying notes are an integral part of these financial statements.

MAKENNA KOFFEE FRANCHISE, LLC
Statement of Cash Flows
For the Period from April 7, 2024 (inception) to December 31, 2024

Cash flows from operating activities	
Net loss	$ (10,465)
Adjustments to reconcile net loss to net cash	
provided by operating activities	
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	800
Net cash used in operating activities	(9,665)
Cash flows from financing activities	
Member's contributions	3,317,682
Member's distributions	(3,195,200)
Net cash provided by financing activities	122,482
Net increase in cash	112,817
Cash, beginning of period	-
Cash, end of period	$ 112,817

The accompanying notes are an integral part of these financial statements.

MAKENNA KOFFEE FRANCHISE, LLC
Notes to Financial Statements
For the Period from April 7, 2024 (inception) to December 31, 2024

1. Nature of Operations

Makenna Koffee Franchise, LLC (the "Company") was formed on April 7, 2024, to sell Makenna Koffee franchises.

As of December 31, 2024, the Company has not entered into any franchise agreement nor did the Company have any franchise outlets under development. The Company's success is dependent on the ability of its franchise outlets to generate franchise revenue and royalties.

2. Summary of Significant Accounting Policies

Basis of accounting and financial statement presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements as well as related disclosures. On an ongoing basis, the Company evaluates its estimates and assumptions based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2024.

Concentrations

The Company holds cash and cash equivalents at times may exceed federal insurance limits; however, the Company believes this credit risk is mitigated by the stability of the financial institution.

Revenue Recognition

The Company assesses the products or services promised in contracts with customers at contract inception to determine the appropriate amount at which to record revenue which is referred to as a performance obligation. Revenue is recognized when control of the promised products or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for the products or services.

Revenue from contracts with customers is recognized using the following five steps:

- Identify the contract(s) with a customer;
- Identity the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when (or as) the Company satisfies a performance obligation.

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Franchise fees are recognized as deferred revenue at the time a franchise agreement is executed or when a location commences operations. The deferred revenue is then recognized as revenue pro-rata over the term of the agreement. For area development agreements, the development fees are recognized as deferred revenue at the time an area development agreement is executed. The deferred revenue is recognized pro-rata over the term of the agreement or when the required number of franchises in the area development agreement are satisfied, whichever occurs earlier.

Deferred commissions for sales of franchises are recorded at the time of sale and recognized as commission expense over the term of the franchise agreement.

Income Taxes

The Company is a limited liability company ("LLC") and reports income for federal and state income tax purposes as a partnership under the Internal Revenue Code. Pursuant to the LLC status, the income or loss of the LLC is included in the income tax returns of its members. Consequently, no provision for federal income taxes is recorded in the accompanying financial statements. However, under the California law, the LLC is subject to minimum California state tax and a franchise fee based on gross receipts, which has been provided for in the accompanying financial statements.

3. Contingencies

As of December 31, 2024, the Company has not entered into any franchise agreement nor did the Company have any franchise outlets under development. The Company's success is dependent on the ability of its franchise outlets to generate franchise revenue and royalties.

4. Subsequent Events

The Company has evaluated subsequent events through April 17, 2025, the date these financial statements were issued. The Company determined there were no events that required disclosure or recognition in these financial statements.

MAKENNA KOFFEE FRANCHISE, LLC

EXHIBIT H
LIST OF AREA REPRESENTATIVES

MAKENNA KOFFEE FRANCHISE, LLC

LIST OF AREA REPRESENTATIVES
AS OF DECEMBER 31, 2024

List of Current Area Representatives

None

List of Transfers

None

Outlets that were Terminated, Not Renewed or Ceased Operations for Other Reasons

None

List of Area Representatives Who Signed Agreements but the Locations are not Open

None

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

MAKENNA KOFFEE FRANCHISE, LLC

EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

State	Effective Date
California	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

MAKENNA KOFFEE FRANCHISE, LLC

EXHIBIT I
RECEIPTS

RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Makenna Koffee Franchise, LLC offers you a franchise, Makenna Koffee Franchise, LLC must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this Disclosure Document at the earlier of 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Makenna Koffee Franchise, 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 and state law may have occurred and should be reported to The Federal Trade Commission, Washington D.C. 20580 and the appropriate State Agency Identified on Exhibit E.

The franchisor is Makenna Koffee Franchise, LLC, located at 153 Cochran St #310, Simi Valley, California 93065; Telephone: (805) 422-4455.

Issuance Date: June 19, 2025

The name, principal business address and telephone number of each Franchise Seller offering the Franchise: Lance Clauson, 153 Cochran St #310, Simi Valley, California 93065; Telephone: (805) 422-4455; Email: makennakoffee@gmail.com; and ____.

We authorize the persons and/or entities listed on Exhibit E to receive service of process for us.

I have received a Disclosure Document dated June 19, 2025. This Disclosure Document includes the following Exhibits:

Exhibit A	Area Representative Agreement and Exhibits
Exhibit B	Confidentiality Agreement and Non-Disclosure Agreement
Exhibit C	Confidentiality Agreement for Prospective Area Representatives
Exhibit D	General Release Agreement
Exhibit E	Agents for Service of Process & State Administrators
Exhibit F	State Specific Addenda
Exhibit G	Financial Statements
Exhibit H	List of Area Representatives
	Effective Dates
Exhibit I	Receipts

______________________________ ______________________________

Date Franchisee

Please sign this copy of the Receipt, date your signature, and return it to: Lance Clauson, 153 Cochran St #310, Simi Valley, California 93065; Telephone: (805) 422-4455; Email: makennakoffee@gmail.com.

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	Effective Dates
Exhibit I	Receipts

_____________________________ _____________________________

Date Franchisee

Keep this copy for your records. This Disclosure Document may be available in several formats including on paper, on a CD, in pdf format or on our website: www.makennakoffee.com.