FRANCHISE DISCLOSURE DOCUMENT

Rise Franchising, LLC
a North Carolina limited liability company
PO Box 51593
Durham, NC 27717
(415) 519-0982
www.risebiscuitsdonuts.com

We franchise the right to operate a restaurant offering and selling biscuits, donuts, pastries, cakes, sandwiches, breakfast items, coffee, and related food and beverage items to the public for dine-in, takeout, and catering, as well as merchandise, under our then-current proprietary mark(s) (each, a "Franchised Business").

The total estimated initial investment necessary to begin operation of a Franchised Business is $667,850 to $882,500. This includes $35,000 that must be paid to the franchisor or its affiliates.

We also offer qualified parties the right to develop multiple Franchised Businesses restaurants in accordance with a development schedule the parties agree to under our form of development agreement. The total investment necessary to begin operations under a development agreement will depend on the number of restaurants we grant you the right to open, which we expect will typically be five (5) or more, within a mutually agreed upon geographical area (your "Development Area").

The total investment necessary to begin operation of five (5) Franchised Businesses under a development agreement is $772,850 to $987,500. This includes $140,000 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our corporate office at PO Box 51593, Durham, NC 27717, Attn: Ken Priest, via telephone at (415) 519-0982 or by emailing ken@risefranchising.com.

The terms of your Franchise Agreement will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contracts. Read all of your contracts carefully. Show your contracts 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.

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

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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 C 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 Rise 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 franchise 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 Rise franchisee?	Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experience.
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.

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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 that franchise or has verified the information in this document. To find out if your state has a registration requirements, or to contact your state, use the agency information in Exhibit A.

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

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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 development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in Durham, North Carolina. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in North Carolina than in your own 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 your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Financial Condition**. Franchisor's financial condition, as reflected in its financial statements (Item 21 or Exhibit C) calls into question the Franchisor's ability to provide service and support to you.

4. **Franchisor's Right to Buy Back Franchise for Any Reason:** The franchise agreement gives the franchisor a unilateral right to buy your business for any reason or no reason before the franchise expires or is terminated. As a result, you may be required to sell your business for a price that might be below the value of the business if you sold to a third party instead.

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

Company

To simplify the language in this Franchise Disclosure Document, "Company," "Franchisor," "we" or "us" means Rise Franchising, LLC, the franchisor of this business. "You" means the person who buys the franchise and includes your owners and principals if you are a corporation or other business entity.

Franchisor

We were formed in the state of North Carolina in May 2014. Our principal business address is PO Box 51593, Durham, NC 27717, and our telephone number is (415) 519-0982. We do business under our corporate name and, at times, our then-current "Proprietary Marks" described and defined below in this Item.

We offer and award franchises for the establishment, development, and operation of restaurants that offer and sell (i) authorized menu items such as biscuits, donuts, pastries, cakes, sandwiches, breakfast items, coffee and related food and beverage items to the public for dine-in, takeout, and catering, and (ii) as well as branded and other merchandise, that we authorize (each, a "Restaurant").

We have not and do not conduct a business of the type to be operated by you. Our affiliate started operating a Restaurant in 2012, however, this affiliate does not offer franchises in any line of business or provide products or services to our franchisees. We have granted franchises for Restaurants since August 2014. From May 2017 to April 2018, we offered and sold area representative franchises (each, an "Area Representative") under a separate form of disclosure document. We are not actively offering or awarding Area Representative franchises.

Except as otherwise provided in this Item, we have not and do not (a) engage in any other business activities, or (b) offer franchises in any other line of business.

The Franchised Restaurant and Offering

Each franchised Restaurant operates pursuant to our proprietary operating system, the characteristics of which include: (a) proprietary recipes for preparing the food and beverage items (the "Proprietary Recipes"); (b) interior and exterior Restaurant designs, décor, and color schemes; (c) standards and specifications for the furniture, fixtures, and equipment necessary to operate a Restaurant; (d) sales techniques, and merchandising, marketing, advertising, and inventory management systems; and (e) standardized procedures for operating and managing a Restaurant (collectively the "System").

We identify the System by our then-current proprietary marks (the "Proprietary Marks"), including our current principal marks RISE BISCUITS AND DONUTS, as well as the mark RISE THE BEST DANG SOUTHERN BISCUITS RIGHTEOUS CHICKEN SINCE 2012 and certain other trade names, service marks, trademarks, logos, emblems, and indicia of origin, distinctive trade dress we may now or in the future designate for use and licensing in connection with the System and our franchise network. We continue to develop, use, and control the Proprietary Marks in order to identify for the public the source of products and services marketed under the System, and to represent the System's high standards of quality, appearance, and service.

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You will operate your Restaurant pursuant to our current form of Franchise Agreement, which is attached to this Disclosure Document as Exhibit D. Under the Franchise Agreement, you are granted the right and obligation to open and operate a Franchised Business at a certain location ("Approved Location") within a certain designated territory ("Territory").

If you do not have around five (5) or more years of experience in connection with owning or managing a restaurant or similar eating establishment, then you will be required to engage an individual that will (a) serve as your director or operations to oversee day-to-day operations of the Franchised Business(es) you are awarded the right to open and develop under your Franchise Agreement (and, if applicable, Development Agreement), as well as a primary point of contact with us that has authorization to communicate with us directly and make management-related decisions in connection with said Franchised Businesses, and (b) must complete our current Initial Training Program prior to the opening of your initial Franchised Business (your "Operations Director").

Development Agreement

We also offer qualified individuals the right to open and operate multiple Restaurants within a defined geographical area (the "Development Area") by: (i) executing our current form of development agreement (the "Development Agreement") attached as Exhibit E to this Disclosure Document; and (ii) paying our then-current development fee upon execution of your Development Agreement, which will depend on the number of Restaurants you agree to open (the "Development Fee").

Upon establishing each additional Restaurant under the Development Agreement, you will be required to enter into our then-current form of Franchise Agreement for each of the Restaurants you are required to develop under the Development Agreement, which may contain materially different terms from our current form of Franchise Agreement. You will be required to execute the Franchise Agreement for your initial Restaurant contemporaneously with the execution of your Development Agreement.

You must then ensure that you timely develop each additional Restaurant in the Development Area in accordance with the mandatory development schedule set forth in your Development Agreement (the "Mandatory Development Schedule").

Parents, Predecessors and Affiliates

On or around July 30, 2015, we became a wholly owned subsidiary of Rise Holdings LLC ("Parent"), a North Carolina limited liability company formed on or around July 27, 2015, with a current principal business address at P.O. Box 51593, Durham, North Carolina 27717. Our Parent does not offer franchises in this line or any line of business and does not currently provide goods or services to franchisees. However, our Parent may begin selling consulting services to franchisees in the future in order to improve their cost of goods sold and labor margins.

Other than as disclosed above, we have no additional parents, predecessors, or affiliates that offer franchises in this line or any line of business or that provide goods or services to franchisees. Our affiliates have not and do not offer franchises in this line or any other line of business.

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Market and Competition

Your Restaurant will offer its products to the general public, and sales are not seasonal, other than any seasonality resulting from the site's physical and geographical location. The Restaurant will compete primarily with local, regional, and national restaurants, delis, bakeries, and grocery stores offering biscuits, donuts, pastries, cakes, sandwiches, breakfast items, coffee, and related food and beverage items to the public for dine-in, takeout, and catering.

The restaurant/bakery industry is mature and highly competitive. Your competitive advantage in the marketplace will be based on your adherence to our standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service.

Industry Specific Regulations

Your Restaurant will be subject to laws and regulations in your state, county, or municipality regarding the operation of a restaurant, including laws and regulations relating to the preparation and dispensation of food products, occupational hazards and health laws, sanitation laws, and consumer protection laws.

You will also be subject to laws or regulations that are not specific to the restaurant/bakery industry, but applicable to businesses in general, including zoning laws, labor laws and the Fair Labor Standards Act, workers' compensation laws, business licensing laws, tax regulations, and the Americans with Disabilities Act.

Applicable laws and regulations are subject to change.

ITEM 2
BUSINESS EXPERIENCE

Brian Wiles, Chief Operations Officer

Mr. Wiles has served as our Chief Operations Officer since we were founded in May 2014 in Durham, North Carolina. Mr. Wiles has also served as the manager of Rise Biscuits Donuts LLC, located in Durham, North Carolina, since November 2012.

Kenneth Priest, Chief Financial Officer

Mr. Priest has served as our Chief Financial Officer since April 2018 in Durham, North Carolina. Prior to that time, Mr. Priest was our Senior Vice President of Operations March 2017 to April 2018 and served as an Operations Coach for Rise Holdings LLC from September 2016 to March 2017.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

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ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Agreement

Initial Franchise Fee

You must pay us a $35,000 initial franchise fee when you sign the Franchise Agreement for a Restaurant ("Initial Franchise Fee"). The Initial Franchise Fee is uniform to all franchisees and deemed fully earned and non-refundable upon payment.

Development Agreement

Development Fee

If we grant you the right to enter into a Development Agreement, you must pay a non-refundable fee of $35,000 multiplied by the total number of Restaurants (typically, a minimum of 5 units) to be developed pursuant to the terms of the Development Agreement (the "Development Fee"). The payment structure of the Development Fee will depend on the number of Restaurants you agree to open under the Development Agreement.

If you agree to develop between five (5) and nine (9) Restaurants, you must pay the Development Fee in accordance with the following schedule: (i) $105,000 upon execution of the Development Agreement to cover the entire portion of the Development Fee applicable to the first three Restaurants; plus (ii) $17,500 for each of the remaining Restaurants you are obligated to develop under the Development Agreement, to cover one-half of the Development Fee applicable to each additional Restaurant. You must pay the remaining $17,500 due for each of the additional Restaurant upon the earlier of: (i) the date a lease or purchase agreement for the Restaurant is executed by you; or (ii) 90 days prior to the scheduled opening date for the Restaurant.

If you agree to develop 10 or more franchised Restaurants, you must pay the Development Fee in accordance with the following schedule: (i) $175,000 upon execution of the Development Agreement to cover the entire portion of the Development Fee applicable to the first five Restaurants; plus (ii) $17,500 for each of the remaining Restaurants you are obligated to develop under the Development Agreement, to cover one-half of the Development Fee applicable to each additional Restaurant. You must pay the remaining $17,500 due for each of the additional Restaurants on the earlier of: (i) the date a lease or purchase agreement for the Restaurant is executed by you; or (ii) 90 days prior to the scheduled opening date for the Restaurant.

On-Site Training Fee (in Connection with Second and Each Subsequent Franchise Awarded under Development Agreement)

We do not charge you an additional training fee in connection with the establishment of your initial franchised Restaurant, whether pursuant to a single-unit Franchise Agreement or as part of your obligations under

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a Development Agreement with us. For the second (2nd) and each additional franchised Restaurant opened by you or your affiliate, if we believe that you require on-site training, you must pay us a fee amounting to $15,000 to help defray the costs and expenses we incur in connection with providing any on-site training that you request, or we otherwise require your initial management team of the Restaurant at issue complete as a condition to opening (the "On-Site Training Fee"). Other than as stated above, the On-Site Training Fee is uniform to all franchisees and deemed fully earned and non-refundable upon payment.

ITEM 6
OTHER FEES

TYPE OF FEE (See Note 1)	AMOUNT	DUE DATE	REMARKS
Royalty	6% of the Gross Revenues generated by your franchised Restaurant in the preceding reporting period (your "Royalty Fee")	Currently, deducted weekly via an electronic funds transfer system ("EFT")	See Note 2
Brand Fund Contribution	Currently, 2% of Gross Revenues generated by your franchised Restaurant in preceding reporting period (your "Fund Contribution")	Same interval and manner as your Royalty Fee	See Note 3
Local Marketing Requirement	You must expend a minimum of 3% of the Gross Revenues generated by your Franchised Business during the preceding calendar month (your "LMR" or "Local Marketing Requirement")	As arranged	We may require that all or some portion of your LMR on marketing, advertising and/or other promotional services or products that are sourced by one (1) or more of our Approved Suppliers. See Note 4

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TYPE OF FEE (See Note 1)	AMOUNT	DUE DATE	REMARKS
Third-Party Required Software and Related Fees	Then-current fee(s) charged by our Approved Supplier Currently, these fees are as follows: - An annual charge for a menu board of $1,500 plus an ongoing license fee amounting to $870.98/month for POS-related services, as well as $100/month for integration services related to such POS data; and - approximately $250/month for the accounting and bookkeeping software that you must license and use in connection with your Franchised Business operations	As incurred	As of Issue Date, this fee is payable directly to our then-current Approved Supplier for such third-party software or related services.
Technology Fee	Currently, we do not charge this fee but we reserve the right to do so.	As invoiced	We reserve the right, upon written notice to you, to charge our then-current fee in connection with the technology we determine to provide in connection with the System and cover all or some portion of as part of the System technology platform (the "Technology Fee"). We will provide you with at least 30 days' prior written notice, via the Manuals or otherwise, of when we (i) first impose a Technology Fee, and/or (ii) subsequently modify the amount of that Technology Fee. We do not expect that the initial Technology Fee we impose will exceed $250/month (subject to subsequent updates in pricing due to the market and/or technology being provided).

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TYPE OF FEE (See Note 1)	AMOUNT	DUE DATE	REMARKS
Music System Fee	Then-current fee charged by our Approved Supplier Currently, around $45/month	As incurred	As of Issue Date, this fee is payable direct to a third-party Approved Supplier. See Note 18
Financial Records and Reports	Cost of preparing financial statements	Annually	See Note 5
Taxes on Payments to Us	Amount of tax or assessment	When imposed by taxing authority	See Note 6
Transfer Fee	$7,500	Upon transfer	See Note 7
Renewal Fee	$5,000	Upon renewal	See Note 8
Relocation Fee	Costs and expenses we incur in approving relocation	Upon relocation	See Note 9
Insurance Reimbursement and Costs	Cost of insurance	As required by insurer or broker	See Note 10
Training Fee(s)	Tuition free for on-going training. Our fee for initial training for additional persons is $500 per trainee per day, plus travel expenses.	At time of additional training	See Note 11
Indemnification	Amount of claim or judgment	As incurred	See Note 12
Supplier Approval/Testing Costs	Costs and expenses associated with approving an unapproved product or supplier	As incurred	See Note 13
Post-Termination and Post-Expiration Expenses	Costs and expenses associated with ceasing operations and de-identifying yourself with the System	As incurred	See Note 14

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TYPE OF FEE (See Note 1)	AMOUNT	DUE DATE	REMARKS
Insufficient Funds, Interest, and Collection Costs	$250 insufficient funds fee, plus interest at 18% or highest lawful interest rate for commercial transactions.	As incurred	See Note 15
Audit/Inspection Costs	Cost of audit and/or inspection	As required	See Note 16
Annual Conference	Then-current registration fee, which we expect will be between $500 and $1,000 per attendee	As incurred	See Note 17

Notes

Note 1. Unless otherwise indicated below, all of the fees listed below are uniformly imposed by, payable to, and collected by us and are non-refundable.

Note 2. **Royalty Fee**. You must pay us a weekly royalty each week equal to 6% of your Gross Revenues during the immediately preceding calendar week ("Royalty"). "Gross Revenues" includes all revenues you generate from all business conducted at or from your Approved Location during the preceding week, including amounts received from the sale or delivery of products and services, merchandise, and tangible property of any nature whatsoever, whether in cash or for credit, and whether collected or uncollected. For reporting purposes, a "week" begins on Monday and ends on Sunday. "Gross Revenues" also includes business interruption insurance proceeds. "Gross Revenues" does not include the amount of any applicable sales tax imposed by any federal, state, municipal, or other governmental authority if the taxes are stated separately when the customer is charged and you pay taxes when due to the appropriate taxing authority. Also excluded from Gross Revenues is the amount of any documented refunds, chargebacks, credits, and allowances given to customers in good faith and in accordance with our operating procedures. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided to you by a vendor, supplier, or customer will be valued at the full retail value of the goods or services provided to you.

You must send us a signed Gross Revenues report ("Gross Revenues Report") with each Royalty payment setting forth your Gross Revenues generated during the previous week, your calculation of the Royalty, Brand Fund Contributions (as described below), and any other information we may require. We may change the form and content of the Gross Revenues Report periodically. Royalty and Brand Fund Contributions are presently collected each Wednesday, following receipt of each of your Gross Revenues Reports. We may require you to submit the Royalty and any other amounts due to us by an electronic funds transfer program (the "EFT Program"). Under the EFT Program, we will automatically deduct all payments owed to us under the Franchise Agreement or any other agreement between you and us, from your bank account. Upon written notice to you, we may designate another method of payment.

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Note 3. **Brand Development Fund**. We have established a brand development fund (the "Brand Fund") to promote, advertise, market and other develop our System, Proprietary Marks, Approved Products, System locations and/or our brand generally. Currently, you are required to contribute 2% of your Gross Revenues weekly to the Brand Fund (your "Fund Contribution") in the manner we prescribe. You must pay the Brand Fund Contribution in the same manner as the Royalty fees due under the Franchise Agreement. We reserve the right to increase your Brand Fund Contribution to up to 3% of Gross Revenue generated by your Franchised Business upon 30 days' written notice via the Manuals or otherwise.

Note 4. **Minimum LMR Expenditure(s)**. In addition to the Brand Fund Contribution described in Note 3 above, you must spend the minimum LMR each month of operations and expend such amounts in accordance with whatever directives we prescribed in the Manuals or otherwise in writing. At your request, you must submit proof of your LMR expenditures on a monthly basis, along with your signed Gross Revenues Report. You may, at your discretion, spend additional amounts on local advertising. We have the right, at our discretion, to designate any geographic area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"). All franchisees in the designated geographical area must participate in a Cooperative. Cooperative contributions will be credited towards your Local Advertising, Marketing, and Promotional Expenditure, and will not exceed the Local Advertising, Marketing, and Promotional Expenditure unless a majority of the Cooperative's members vote to spend an amount greater than the Local Advertising, Marketing, and Promotional Expenditure on advertising.

Note 5. **Financial Records and Reports**. You must maintain for at least five fiscal years from their preparation complete financial records for the operation of the Restaurant in accordance with generally accepted accounting principles and must provide us, at our request, with weekly Gross Revenues Reports, monthly profit and loss statements, annual financial reports and operating statements in the form we specify, state and local tax returns and unaudited quarterly profit and loss statements, and such other reports as we may from time to time require. To assist you in recording and keeping accurate and detailed financial records for reports and tax returns, we, at our discretion, may specify the form in which the business records are to be maintained, provide a uniform set of business records for you to use, and specify the type of cash register or other equipment to be used in connection with the Restaurant. We have the right to require you to utilize computer-based point-of-sale cash registers with non-resettable cash register receipts which are fully compatible with any computer program or system that we, in our discretion, may employ. If we require computerized cash registers, all Gross Revenues and sales information will be recorded on this equipment. We will have full access to all of your data, system, and related information by means of direct access, whether in person, or by telephone/modem installed and maintained at your sole expense.

Note 6. **Taxes on Payments to Us**. If any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment you make to us, in addition to all payments due us, you must pay the tax, levy or assessment.

Note 7. **Transfer Fee**. You must pay us a transfer fee equal to $7,500 for a Restaurant if you transfer your Franchise Agreement or your interest in the Franchise Agreement or Restaurant.

Note 8. **Renewal Fee**. You must pay a renewal fee of $5,000 when you exercise your right to renew the Franchise Agreement.

Note 9. **Relocation Fee.** You must pay us our out-of-pocket expenses if you relocate your Restaurant during the term of the Franchise Agreement, which you cannot do without our prior written approval.

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Note 10. **Insurance Reimbursement and Costs**. If you fail to comply with our minimum insurance requirements, we have the right to obtain and maintain the requisite insurance coverage on your behalf, at your sole expense. You must pay us the premium cost of any insurance, plus an initial administrative fee equal to 18% of the premium cost for obtaining insurance on your behalf. We have the right to increase or otherwise modify the minimum insurance requirements upon 30 days prior written notice to you, and you must comply with any modification within the time specified in the notice.

Note 11. **Additional/Ongoing Training**. You will be required to attend ongoing training programs and/or refresher courses that will be held at no extra charge. However, you are responsible for all direct costs and expenses of you, your manager, and your employees, including transportation to and from the training site, lodging, and meals. You may request additional training from us, or we may require you to attend additional training if you are not meeting required standards or performance requirements at your Restaurant. These services will be provided by us as we deem necessary, and you will be charged our then-current training/service fee (currently, $500 per trainee per day), plus any expenses that we incur including, among other things, lodging, travel, and meals. If you default under the Franchise Agreement, we also have the right, but not the obligation, to manage your Restaurant until you are in compliance with the Franchise Agreement. You must pay our then-current fee plus our expenses if we exercise our step-in rights.

Note 12. **Indemnification**. You and your principals agree to indemnify, defend, and hold us, our affiliates and their respective shareholders, directors, officers, employees, agents, managers and members, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (a) the operation of your Restaurant, including, but not limited to, the use, condition, or construction, equipping, decorating, or maintenance, sale or delivery of any food and beverage items (including biscuits, donuts, coffee products and related food and beverage items) or the provision of catering services from the Restaurant, and your advertising; (b) the use of the Proprietary Marks; (c) the transfer of any interest in the Franchise Agreement or your Restaurant in any manner not in accordance with the Franchise Agreement; (d) the infringement, alleged infringement, or any other violation or alleged violation by you or any of your principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties; or (e) libel, slander or any other form of defamation of us, the System or any franchisee or developer operating under the System, by you or by any of your principals. For purposes of this indemnification, "Claims" include all obligations, actual, consequential, punitive, and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not the Claims exceed the amount of insurance coverage available through you to us. We have the right to defend any claim against us in the manner we deem appropriate or desirable in our sole discretion. Our defense of any action will not diminish your and each of your principals' obligation to indemnify the Indemnitees and to hold them harmless. This indemnity will continue in full force and effect subsequent to the expiration or termination of the Franchise Agreement.

Note 13. **Supplier Approval/Testing Costs.** If you request us to test an unapproved product or service or evaluate an unapproved supplier, you must pay any out-of-pocket costs we incur in researching and approving the proposed product, service, or supplier, regardless of whether we subsequently approve the product or supplier.

Note 14. **Post-Termination and Post-Expiration Expenses.** Upon termination of the Franchise Agreement by us, regardless of the cause, and upon expiration and nonrenewal or transfer of the Franchise

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Agreement, you must pay all costs and expenses associated with your ceasing operation of the Restaurant and de-identifying yourself with the System.

Note 15. **Insufficient Funds Fee, Interest, and Collection Costs.** You must pay us a late fee of $250 for any payment that is not received by its due date. In addition, any late payment or underpayment of the Royalty or Brand Fund Contribution, and any other charges or fees you owe us, will bear interest from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate which we may charge for commercial transactions in the state in which your Restaurant is located. If you are in breach or default of any monetary or non-monetary material obligation under the Franchise Agreement or any related agreement between you and us, and we engage an attorney to enforce our respective rights (whether or not we initiate formal judicial proceedings), you must pay all reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of the Franchise Agreement, and your claim is denied or the action is dismissed, you must reimburse us our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the action. We are entitled, under the Franchise Agreement, to have this amount awarded as part of the judgment in the proceeding.

Note 16. **Audit/Inspection Costs**. You must maintain accurate business records, reports, accounts, books and data relating to the operation of your Franchised Business. We, or our designee, have the right, at any time during normal business hours, to inspect and/or audit your business records, to determine whether you are current with suppliers and/or otherwise are operating in compliance with the terms of the Franchise Agreement or the operations manual. If any audit reveals that you have understated your Royalty, Brand Fund Contributions, or your Local Advertising, Marketing, and Promotional Expenditure, by more than 2%, or if you have failed to submit timely reports and/or remittances for any two reporting periods within any 12-month period, you must pay the reasonable cost of the audit and/or inspection, including the cost of outside auditors and attorneys (if we incur these costs), together with amounts due for Royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under the Franchise Agreement.

Note 17. **Annual Conference**. We may, in our discretion, hold an annual conference at a location to be selected by us ("Annual Conference"). We will determine the topics and agenda for this conference to serve the purpose among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and our personnel regarding Restaurant operations and programs, and recognizing franchisees for their achievements. We may require you to attend the Annual Conference and pay our then-current registration fee. All expenses, including you and your employees' transportation to and from the Annual Conference, and lodging, meals, and salaries during the Annual Conference, are your sole responsibility. We may use expenditures from the Brand Fund for purposes related to the Annual Conference, including costs related to production, programs, and materials.

Note 18. **Music System Fee**. You must use our designated music system in your Restaurant, and you must pay the fees to our designated supplier associated with such use.

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ITEM 7
ESTIMATED INITIAL INVESTMENT[1]

A. SINGLE-UNIT FRANCHISE AGREEMENT

Column 1 TYPE OF EXPENDITURE	Column 2 LOW ESTIMATE	Column 3 HIGH ESTIMATE	Column 3 METHOD OF PAYMENT	Column 4 WHEN DUE	Column 5 TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[2]	$35,000	$35,000	Lump Sum	When Signing a Franchise Agreement	Franchisor
Lease Deposit[3]	$15,000	$25,000	As Arranged	As Arranged	Landlord
Utilities[4]	$2,000	$3,000	As Arranged	As Arranged	Utility Providers
Construction, Leasehold Improvements, Furniture and Fixtures[5]	$275,000	$350,000	As Arranged	As Arranged	Landlord and Contractor
Signage, Interior Store Graphics, Grand Opening Kit[6]	$7,000	$15,000	As Arranged	As Arranged	Approved Suppliers
Equipment[7]	$175,500	$210,000	As Arranged	As Incurred	Approved Suppliers
Electronic Equipment including the POS System[8]	$40,000	$45,000	As Arranged	As Incurred	Approved Suppliers
Business Licenses and Permits[9]	$500	$5,000	As Arranged	As Arranged	Approved Suppliers
Professional Fees[10]	$2,500	$7,500	As Arranged	As Arranged	Third-Party Professional(s)
Architect and Engineering Fees[11]	$22,600	$27,000	As Arranged	As Arranged	Approved Supplier

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Column 1	Column 2	Column 3	Column 3	Column 4	Column 5
TYPE OF EXPENDITURE	**LOW ESTIMATE**	**HIGH ESTIMATE**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Opening Inventory[12]	$10,000	$15,000	As Arranged	As Incurred	Approved Suppliers
Insurance[13]	$2,000	$10,000	As Arranged	As Arranged	Third-Party Provider or Broker
Training Expenses[14]	$8,000	$15,000	As Arranged	As Incurred	Third Party Vendors
On-Site Training Fee (Not Applicable if First Restaurant Opening in System)	$0	$15,000	Lump Sum	Prior to us providing any such On-Site Training	Us
Grand Opening Advertising[15]	$20,000	$30,000	As Arranged	As Incurred	Approved Supplier(s)
Printing, Stationery and Office Supplies[16]	$2,000	$3,500	As Incurred	After Opening	Third-Party Providers; Approved Supplier(s)
Uniforms[17]	$750	$1,500	As Arranged	As Incurred	Approved Supplier
Additional Funds – 3 Months[18]	$50,000	$70,000	As Required	First 90 Days of Operation	Landlord; Personnel of the franchised Restaurant; various other third parties; Us; etc.
Total Estimated Initial Investment[19]	**$667,850**	**$882,500**			

Explanatory Notes to Chart 7(A) above:

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. We do not offer direct or indirect financing.

Note 2. The Initial Franchise Fee is $35,000 for your Restaurant and is described in greater detail in Item 5 of

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this Franchise Disclosure Document.

Note 3. You must purchase or rent a location at which to operate the Restaurant. The typical Restaurant is approximately 1,600 to 1,800 square feet. Your rent deposits will vary depending on the real estate market in your area. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract. These costs will vary depending on the type of services required for the Restaurant and the municipality from which they are being contracted. It is extremely difficult to estimate lease acquisition costs because of the wide variation in these costs depending upon location. Lease costs will also vary based upon variance in square footage, cost per square footage, and required maintenance costs.

Note 4. This estimate covers your utility and all deposits necessary to obtain those services. These costs will vary depending on the type of services required for the Restaurant and the municipality from which they are being contracted. It is extremely difficult to estimate lease acquisition costs because of the wide variation in these costs depending upon location.

Note 5. This estimate covers the cost of constructing your Restaurant. The lower estimate assumes the landlord will complete some improvements on your behalf. The higher estimate assumes a complete upfit, where the tenant improves upon an empty commercial shell space. These numbers do not include any financial contributions by a landlord. Also, if you choose a location that already has HVAC, a grease trap, and/or a ventilation hood, your costs may be significantly lower.

There are many variables that may impact your overall costs, including landlord contribution, the size of your location, rates for construction, personnel, freight, vendor pricing and taxes, overall costs and efficiencies in your market. Your cost for developing your location may be higher or lower than the estimates provided. Third-party financing may be available for qualified candidates for some of the leasehold improvement costs, however with such financing comes associated costs and fees which may cause the total cost to exceed what is indicated in this chart. The estimate includes the cost of acquiring patio tables, refrigerator display case, sinks, ovens, and cabinets. The costs of the furniture and fixtures may differ depending on the material quality and on other factors.

Note 6. This estimate is for the cost to design, produce, print and install exterior signage including your primary entry sign, interior signage such as brand graphics for the walls and windows, and a grand opening graphics kit that includes many necessary printed items (e.g., kitchen posters and brand signage). The low estimate is for standard production, printing and installation at a smaller location, while the high estimate applies to a larger or more complex project. You will work with our approved supplier to plan, design, and facilitate production of these materials. The use of a third party for production or installation must be approved by our supplier and us and must conform to our standards and specifications. We reserve the right to change the approved supplier in our sole discretion.

Note 7. You must purchase or lease start-up equipment meeting our standards and specifications from our designated and approved suppliers. These figures represent the purchase of the necessary equipment from suppliers to operate the Restaurant. The estimate includes the cost of acquiring baking equipment and utensils, bookcase, flat top griddle, bakers' tables, stainless steel tables, fryer, and various baking small wares. The costs listed here do not include any transportation or set up costs. Third-party financing may be available for qualified candidates for some of equipment costs; however, with such financing comes associated costs and fees which may cause the total cost to exceed what is indicated in this chart.

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Note 8. This estimate includes the cost to purchase an Apple® computer, software, five iPads, the POS System, telephone system, and stereo system, as well as office equipment and related supplies. This estimate also includes the cost of installing the electronic equipment. You must also use our designated software in connection with the operation of Restaurant.

Note 9. The cost of business licenses and permits will depend upon the county or other geographic location within which you operate the Restaurant.

Note 10. These fees are representative of the costs for engagement of professionals such as attorneys and accountants.

Note 11. These fees are representative of the costs for engagement of architects and engineers in connection with the construction of the Restaurant. These costs will vary based upon the size of the location and type of engineer/architect you hire, and the estimate quote here is for our current Approved Supplier to provide such services in a region where you have the right to secure an approved Premises for your franchised Restaurant. If you secure your own architect, you will still need to pay $5,000 to our architect to review/approve your plans.

Note 12. You are required to purchase a beginning and on-going inventory of food and beverage items, and paper and plastic goods. Certain of these items must be purchased from approved and designated suppliers we may now or in the future designate for your Territory.

Note 13. This estimate is for the cost of deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Franchised Business will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry.

Note 14. This estimate is for the cost for you or your designee (defined as the managing shareholder, member, or partner of you if you are an entity), plus one additional person, to attend the initial training program held in Durham, North Carolina. Your initial trainees must include your Key Manager (as defined in Item 11) if you have one. We do not charge tuition for up to two people attending the initial training program at our designated location, but you will be responsible for all costs associated with attending the initial training program for you and your staff. These estimates include salary and wages for your Key Manager and staff prior to opening. They do not include any travel, hotel, or meal costs for your and your representatives' attendance at the initial training program, as these expenses will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.) The duration of the initial training program is approximately 7 days. This estimate also includes recruiting and staffing costs prior to opening. We recommend that you hire your Key Manager at least one month prior to opening and hire the rest of your staff at least one week prior to opening.

Note 15. You are required to spend between $20,000 and $30,000 on grand opening marketing and advertising during the period 30 days immediately prior to opening and 30-60 days immediately following the opening of your Restaurant ("Grand Opening Advertising Requirement") by paying our approved supplier such amount. The approved supplier will develop a grand opening advertising program with you and implement the Grand Opening Advertising Requirement on your behalf. We reserve the right to change the approved supplier in our sole discretion.

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Note 16. This figure is primarily for printing a start-up order of stationery, including business cards and stationery bearing the Proprietary Marks, and a supply of office materials.

Note 17. This estimate includes the cost to purchase our then-current System uniforms for 15 to 20 employees.

Note 18. The range in the chart reflects the amount of additional working capital you will need during the first three months of operation. This total amount is based upon our and our affiliate's own historical experience and information we have obtained relating to the construction of similar retail restaurants that are approximately 1,600 to 1,800 square feet. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate also includes such items as initial payroll and payroll taxes, Royalties (as described in this Disclosure Document), Brand Fund Contributions (if any), additional advertising, marketing and/or promotional activities, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the revenue generated by your Restaurant. Please note that the high end of this range accounts for salary payable in connection with an Operations Director, which you are only required to engage if you do not have sufficient experience (5 years or more) in connection with managing or owning a restaurant, while the low end assumes that you will have such experience and will serve as your own Operations Director.

Note 19. This total amount is based upon our own historical experience and information we have obtained relating to the construction of similar retail restaurants that are approximately 1,600 to 1,800 square feet.

B. DEVELOPMENT AGREEMENT (5-PACK AS AN EXAMPLE)

Column 1	Column 2	Column 3	Column 4	Column 5
TYPE OF EXPENDITURE	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Development Fee[2]	$140,000	Lump Sum for first three Restaurants and Partial Payment for Restaurants four and five[2]	Upon Signing the First Franchise Agreement; When Incurred[2]	Franchisor
Initial Investment for the First Restaurant[3]	$632,850 to $847,500	See Chart in Item 7(A) above		
Total[4]	**$772,850 to $987,500**	The Estimated Initial Investment Required to Purchase a Development Area of Five Restaurants and Open the First Restaurant		

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Notes

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

Note 2. The Development Fee is described in greater detail in Item 5 of this Franchise Disclosure Document. The Table above assumes that you agree to develop five (5) franchised Restaurants, which involves an initial Development Fee of $140,000 due upon execution of your Development Agreement.

Note 3. This figure represents the total estimated initial investment required to open the first Restaurant under your first Franchise Agreement, minus the Initial Franchise Fee applicable to the first Restaurant since that amount is included in the Development Fee (see the Item 7(A) Chart above for additional details).

Note 4. This figure represents the total estimated initial investment to purchase a Development Area for the right to develop a total of five (5) franchised Restaurants, as well as the estimated initial investment to open your first Restaurant under the Development Agreement. This figure does not include the cost to develop the second and subsequent Restaurants developed under the Development Agreement, including any Initial On-Site Training Fee that we reserve the right to collect in connection with such additional Restaurants.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Restaurant in strict conformance with our methods, standards, and specifications which we prescribe in our confidential operations manual and various other confidential manuals and writings prepared for use by you in operating a Restaurant (collectively the "Operations Manual"). The Operations Manual covers nearly all aspects of your Restaurant's operations, such as food preparation and presentation techniques, employee training, and Restaurant management. These standards are subject to change.

Approved Products, Services, and Suppliers

You may only offer approved products and services ("Approved Products and Services") through your Restaurant. We will provide you with a list of Approved Products and Services prior to the opening of your Restaurant. All Approved Products and Services must meet our standards and specifications. In order to: (i) better assure the supply and quality of the Approved Products and Services; and/or (ii) enable us, in our sole discretion to take advantage of marketplace efficiencies, we have the right to require you to purchase certain Approved Products and Services only from us or other suppliers or distributors approved or designated by us. We may develop certain proprietary products that you must purchase from us and offer for sale at your Restaurant. If you wish to offer products or services other than those we have authorized in connection with operating your Restaurant, you must obtain our prior written consent.

You must at all times maintain sufficient levels of inventory to adequately meet consumer demand. You must purchase all food supplies and ingredients, beverages, branded merchandise, architectural services, inventory, restaurant equipment, paper goods, fixtures, furnishings, product display units, signs, uniforms, supplies, and materials from us or designated or approved suppliers. You must offer products and services in the manner we prescribe, provide quality customer service, and otherwise operate your Restaurant in a manner which will enhance the image intended by us for the System. You must use our designated software provider for accounting and must pay the fees to our designated supplier associated with such use. You must pay an initial fee to establish the relationship with our designated supplier and to establish the invoicing program with our

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designated food supplier. Additionally, you must pay the required monthly fee to our designated supplier. Other than their ownership interest in us, none of our officers own an interest in any other approved supplier. However, our Parent may begin selling consulting services to franchisees in the future in order to improve their cost of goods sold and labor margins. Our officers have an ownership interest in our Parent.

We reserve the right to formulate and modify our standards and specifications for operating a Restaurant based upon the collective experience of our principals. We reserve the right to designate ourselves or an affiliate as an approved, or the sole approved, supplier for any item you must purchase in connection with the Restaurant. Neither we nor our affiliates are currently an approved supplier of any required purchase. However, our Parent may begin providing consulting services to franchisees in the future. Our standards and specifications are described in the Franchise Agreement, the Operations Manual, and other written documents. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to operation of the franchise, including standards and specifications for products, signs, interior designs and furnishings, supplies, fixtures, inventory and equipment by written notice to you or through changes in the Operations Manual. We may issue our standards or specifications for goods and services directly to you or our approved supplier. You may incur an increased cost to comply with these changes at your own expense. We will notify you of any change to our standards and specifications by way of written amendments to the Operations Manual or otherwise in writing.

In the event you wish to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, you must provide us the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. At our request, you must provide us with a sample of the item you wish to purchase for testing purposes. If we incur any costs in connection with testing a particular product or evaluating an unapproved supplier at your request, you must reimburse our reasonable testing costs, regardless of whether we subsequently approve the item or supplier.

We will use our best efforts to notify you of our approval or disapproval of a particular supplier or product within 30 days of receiving all requested information. If we do not respond within 30 days, the supplier or product is deemed disapproved. We are not required to approve any particular supplier or product. We may base our approval of a proposed item or supplier on considerations relating not only directly to the item or supplier, but also indirectly to the uniformity, efficiency, and quality of operation we deem necessary or desirable in our System as a whole. We have the right to receive payments from suppliers on account of their dealings with you and other franchisees and to use all amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate. We will not approve an unreasonable number of suppliers for a given item, which approval might, in our reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. Our criteria for approval of a particular supplier or product will be made available upon written request. We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing products from such suppliers. You must use products purchased from approved suppliers solely in connection with the operation of your Restaurant and not for any competitive business purpose. Although we do not presently do so, we reserve the right to negotiate purchasing arrangements with suppliers in the future. Currently, you do not receive a material benefit in the form of renewal rights or rights to additional territories based on the use of our approved products, services, or suppliers.

We estimate that your required purchases will account for approximately 80% to 90% of all purchases

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and leases necessary to open your Restaurant and approximately 40% to 60% of your annual costs to operate your Restaurant on an ongoing basis.

In our past fiscal year ending December 31, 2024, we derived a total of $146,769 (or 9.07% of the $1,617,534 in total revenue generated by us in our past fiscal year) in the form of rebates and other consideration based on our System franchisees' required purchases.

We currently receive rebates from our food suppliers ranging from 1% - 2% of the amount purchased depending on the food type and volume purchased.

Advertising

We must approve all advertising before first publication or use. Our advertising requirements are discussed more fully in Item 11 of this Disclosure Document.

Insurance

You will be required to procure and maintain insurance in the amounts we prescribe. Presently, our insurance requirements are as follows: (i) special form property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Restaurant with a special rider covering damage to the rented premises in an amount equal to the cost of replacement, which also must include business interruption coverage; (ii) comprehensive general liability insurance, containing minimum liability protection of $2,000,000 combined single limit per occurrence, and $4,000,000 in the aggregate; (iii) workers' compensation insurance and employer's liability insurance as required by law and which must not be less than $1,000,000 for employer's liability; (iv) products liability insurance containing minimum liability protection of $3,000,000 combined single limit per occurrence; (v) personal injury insurance, including advertising injury, containing minimum liability protection of $1,000,000 combined single limit per occurrence; (vi) if any vehicle is operated in connection with the conduct of the Restaurant, including catering vehicles, automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with minimum limits of liability in the greater of (a) the amount required by all applicable state and federal laws, or (b) a combined single limit of $1,000,000 for bodily injury and property damage; and (vii) any other insurance that we may specify in the Operations Manual or otherwise in writing from time to time. You agree to provide us with proof of coverage on demand.

All insurance policies must be written by an insurance company with a Best's Insurance Guide minimum rating of A-VIII or better. All policies must include a waiver of subrogation in favor of Rise Franchising, LLC. In addition to the information listed above, you agree to carry such insurance as may be required by the lease of your location, by any lender or equipment lessor you select, and such worker's compensation insurance as may be required by applicable law. You must add us, and any parties we may designate, to all insurance contracts as additional insureds under your insurance policies at your cost.

Leases and Leasehold Improvements

You must purchase or lease a retail space for your Restaurant which meets our standards and specifications for a Franchised Business. We must approve your location and lease terms before you sign a lease for a Restaurant location. We will condition our approval of your lease upon, among other conditions, you and

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your landlord's signing of a collateral assignment of lease (which is attached to the Franchise Agreement as Exhibit C), through which your landlord grants us the rights to assume your rights and obligations under the lease in the event that you breach your lease agreement or your Franchise Agreement is terminated or expires.

We do not currently have a designated vendor to manage the construction and buildout of your Restaurant but we reserve the right to designate one in the future. We must approve of all vendors used in the buildout of your Restaurant. We will provide you with a prototype layout for your architect to use in the buildout of your Restaurant. You must purchase and install all required furniture, fixtures, equipment, and technology, including but not limited to certain small-wares, a donut machine, a fryer, donut display case, worktables, cabinets, ventilation hoods, gas lines, convection ovens, a water filtration system, a security system, a TV menu and a music system.

Computer Hardware and Software Components

You must purchase the computer hardware and software we designate for use in connection with the operation of your Restaurant. Please see Items 6, 7, and 11 for more information regarding required computer hardware and software purchases.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	OBLIGATION	SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	1.3, 7.1 and Site Selection Addendum	1 and Exhibit A	Items 7, 11 and 12
b.	Pre-opening purchases/ leases	7.4 and 7.8	Not Applicable.	Items 7 and 8
c.	Site development and other pre-opening requirements	7.1, 7.1.2, 7.1.3	1 and Exhibit A	Items 6, 7, 8 and 11
d.	Initial and ongoing training	7.2 and 8	Not Applicable.	Item 11
e.	Opening	7.3	5	Items 11
f.	Fees	3, 7.8, 7.19, 12.5 and 12.7	2	Items 5 and 6
g.	Compliance with standards and policies/ operations manual	6.1, 7.5 and 7.6.4	Not Applicable.	Item 8 and 11

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h.	Trademarks and proprietary information	4 and 5	Not Applicable.	Items 13 and 14
i.	Restrictions on products/ services offered	7.4 and 7.5	Not Applicable.	Item 8, 12 and 16
j	Warranty and customer service requirements	7.6.3	Not Applicable.	Item 15
k.	Territorial development and sales quotas	7.10	1 and 5	Items 12 and 17
l.	Ongoing product/ service purchases	7.4, 7.5 and 7.6.7	Not Applicable.	Item 8 and 11
m.	Maintenance, appearance and remodeling requirements	2.2.3, 6.2, 7.1.2, 7.1.3 and 7.19	Not Applicable.	Item 6, 8 and 11
n.	Insurance	9	Not Applicable.	Items 6 and 8
o.	Advertising	12	Not Applicable.	Items 6 and 11
p.	Indemnification	13.2	Not Applicable.	Item 6
q.	Owner's participation/ management/staffing	7.6.3, 7.6.4 and 7.6.5	Not Applicable.	Items 11 and 15
r.	Records and reports	10 and 11	Not Applicable.	Item 6
s.	Inspections and audits	7.1.3,7.7, 7.8.4,11 and 16.1.10	Not Applicable.	Items 6 and 11
t.	Transfer	14	8	Item 17
u.	Renewal	2.2	Not Applicable.	Item 17
v.	Post term obligations	16 and 17.2	Not Applicable.	Item 17
w.	Noncompetition covenants	17	Not Applicable.	Item 17
x.	Dispute resolution	18	12-15	Item 17
y.	Guaranty	20	Franchise Agreement Exhibit B	Item 15

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ITEM 10
FINANCING

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

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

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

Pre-Opening Obligations.

Before you open the Restaurant, we will perform the following obligations:

1. We will loan you a copy of our proprietary and confidential Operations Manual, which we may amend periodically. (Section 6.1 of the Franchise Agreement). The Table of Contents of the Operations Manual is included as Exhibit B to this Franchise Disclosure Document. As of the Issuance Date our primary Operations Manual contains a total of 28 pages.

2. You must attend and complete to our satisfaction (which means you must fully complete all portions of the initial training program) our tuition-free initial training program, which will be held at our corporate office in Durham, North Carolina, or any other location we may designate. We reserve the right to offer any portion of the Initial Training Program via remote or virtual learning. We reserve the right to require up to two additional employees to attend our initial training program along with you. We will provide the initial training program tuition-free up for you and up to those two (2) additional personnel. You must pay for your and your employees' lodging, meal, and travel costs associated with attending training. If you are a partnership, corporation, or limited liability company, at least one of the trainees must be your general partner, principal shareholder, or manager as appropriate. (Section 8.1 of the Franchise Agreement). If you have a "Key Manager" and/or are required to engage an "Operations Director" as disclosed elsewhere in this Disclosure Document, then he/she will attend and complete the required training. The required training will last up to 7 days and will consist of classroom and practical experience. We offer our initial training program on an "as needed" basis, subject to the availability of our instructors and personnel. Our initial training program is set forth below:

INITIAL TRAINING PROGRAM

Training Topic	Hours Classroom	Hours On the Job	Location
Introduction and Orientation	1	0	Durham, NC
Sanitation and Safety	0	2	Durham, NC
Standardized Recipes and Preparation Methods	0	4	Durham, NC
Production Scheduling, Ordering and Receiving	0	5	Durham, NC
Kitchen Organization; Equipment Maintenance	0	3	Durham, NC
Floor Service Procedures, including	0	16	Durham, NC

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Customer Service, Upselling, Sanitation, and Product Preparation			
Line and Counter Service, including Upselling, Sanitation, Product Preparation and Delivery Procedures	0	8	Durham, NC
Management Procedures, including Cash Management, Customer Relations, Employee Relations and Shift Management	4	8	Durham, NC
Employee Recruiting and Training, Customer Service	0	5	Durham, NC
Marketing, including Special Events	2	0	Durham, NC
Training Progress Assessment and Review	2	3	Durham, NC
TOTAL HOURS	**9**	**54**	

Our training managers in connection with the Initial Training Program, along their respective years of experience with us and within the restaurant industry, are detailed below:

Instructor	Years of Experience in the Industry	Years of Experience with Franchisor or Affiliates (Brand)
Brian Wiles	28	11
Ken Priest	33	10
Craig Brenner	40	2
Brandon King	25	>1
Jason DeSilva	21	8
Tyler Vanderzee	28	3
Paul Martin	16	9
Julie Lopez	16	10

Before we approve or schedule you (or any of your initial personnel) to attend any portion of the Initial Training Program, you must: (i) undertake all steps to establish the EFT Account to use in connection with your Restaurant, including ensuring that both we and our designee has all authorizations and approvals necessary to access this EFT Account; (ii) demonstrate that you have all required insurance policies in place and that such policies name us and our designees as additional insureds; and (iii) provide us with completed and signed copies of all exhibits to your Franchise Agreement, to the extent such exhibits have not been signed or need to be updated/completed. (Franchise Agreement, Section 8.1).

Our training managers may utilize other employees to assist them with all aspects of training. During initial training, we will use the training materials provided in our Operations Manual, and any other materials we may otherwise deem appropriate. You and your Key Manager (if applicable) must successfully complete the initial training program at least 30 days before opening your Restaurant. (Section 8.1 of the Franchise

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Agreement). Should you or your employee fail to complete the initial training program to our satisfaction, at our option, the respective person may repeat the course, or in the case of an employee, you may send a replacement (the "Replacement Personnel") to the next available initial training program. Failure by you, your employee, Key Manager, or any Replacement Personnel to complete the initial training program to our satisfaction is a material breach of the Franchise Agreement and we may terminate the Franchise Agreement. (Section 8.1 of the Franchise Agreement).

We do not charge for this mandatory initial training; however, you must pay the costs of you and your employees in attending the program, including travel costs, room and board expenses, and employees' salaries. (Section 8.1 of the Franchise Agreement).

We will also provide you with certain on-site initial training. There is no fee for this on-site training for your first Restaurant, but for the second and subsequent Restaurant, you must pay the On-Site Training Fee if you request on-site training or if we require it. During this on-site training, we will send our trainers to your Restaurant for up to 10 days, as we determine appropriate in our discretion, to provide on-site guidance, support and assistance.

3. Your other employees may be trained by you, or at your request, and subject to the availability of our personnel, we will train your additional personnel at our corporate office at a fee of $500 per person per day. (Section 8.2 of the Franchise Agreement). All training related expenses for your additional teaching personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are your sole responsibility. We will provide you with training materials for you to use in training your personnel. (Section 8.2 of the Franchise Agreement). You may only use the training materials that we provide to you to train your personnel. Updated training materials will be provided to you as they are developed. All training materials provided to you are our property, and you agree not to challenge our or our affiliates' title or rights in or to the training materials. You may not make any disclosure, duplication or other unauthorized use of any portion of the training materials. (Section 8.2 of the Franchise Agreement).

4. We will provide written specifications for, and designate, Approved Suppliers from which you agree to purchase equipment, signage, fixtures, inventory, goods, and supplies necessary for the startup and ongoing operations of the Restaurant. We will continue to refine and develop our system and reserve the right to create and designate proprietary products for sale at your Restaurant. We may, in our sole discretion, provide you with assistance in establishing pricing. We do not deliver or install these items for you. (Sections 6.2, 6.3, and 6.4 of the Franchise Agreement).

5. You are required to spend between $20,000 and $30,000 on grand opening advertising during the period 30 days immediately prior to opening and 30-60 days immediately following the opening of your Restaurant as your Initial Marketing Spend by paying our Approved Supplier such amount. The Approved Supplier will then be engaged to develop a initial marketing program with you and and/or expend the Initial Market Spend on your behalf. We reserve the right to change the approved supplier in our sole discretion. We must approve your grand opening marketing strategies. (Section 12.4 of the Franchise Agreement).

6. We will provide you with a rough architectural "blueprint" containing specifications and requirements for the buildout and equipment layout of your Restaurant, as we deem appropriate in our sole discretion. (Section 6.2 of the Franchise Agreement).

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Site Selection and Opening

1. You will operate the Restaurant at the Approved Location agreed upon by you and us. While it is your responsibility to obtain a mutually acceptable site and negotiate a lease for your Restaurant, we have designated a vendor to assist you, at your option, in the site selection process and provide input on the location as we deem reasonable and appropriate. We consider factors such as size, location, traffic patterns, visibility from roadways, parking space and outdoor seating in approving any given site. We may also condition our approval on whether you live within 30 miles of the Approved Location. Your leased/purchased space should be between 1,600 square feet and 1,800 square feet. (Sections 1.3 and 7.1 of the Franchise Agreement and the Site Selection Addendum to the Franchise Agreement).

2. If you enter into a Development Agreement with us, you must designate an intersection in each chosen Trade Area and we will draw a radius from such intersection in each chosen Trade Area that will comprise your "Development Area" until you secure locations within such Trade Area(s). Our then-current standards for Protected Territories will apply. (Section 1.4 of the Development Agreement).

3. We do not currently have a designated vendor to manage the construction and buildout of your Restaurant but we reserve the right to designate one in the future. We will provide you with a prototype layout for your architect to use in the buildout of your Restaurant. (Sections 1.3 and 7.1 of the Franchise Agreement, and the Site Selection Addendum to the Franchise Agreement). You are solely responsible for obtaining the applicable ordinances, building codes, and permits required to operate the Restaurant from your Approved Location, and ensuring your compliance with all applicable laws and regulations, including the Americans with Disabilities Act. All costs connected with the design, construction, leasehold improvements, equipment, furnishings, fixtures, and signs are your responsibility. We must approve all architects or contractors who are not designated by us and all subsequent and material changes to the plans and drawings before such changes are implemented (Section 7.1.2 of the Franchise Agreement).

4. You must obtain a location acceptable to us within nine (9) months of signing the Franchise Agreement. Failure to do so may result in termination of your Franchise Agreement.

5. We estimate that it will take approximately nine (9) to 12 months from signing the Franchise Agreement for you to open your Restaurant. The actual length of this period will depend upon factors such as your ability to obtain a mutually acceptable site and the lease for that site, financing arrangements, training schedules, delivery schedules for inventory and equipment and other factors including the time necessary to obtain zoning permits, licenses, and variances. Under the Franchise Agreement, you are required to open your Restaurant no later than six months after you obtain the site for the Restaurant. If the Restaurant has not been opened within this nine-month time frame, we may, at our sole discretion, elect to terminate your Franchise Agreement. However, if you are using your best efforts to open within this time frame, we will work with you on extending this time frame if needed. (Sections 7.3 and 15.3.4 of the Franchise Agreement, and the Site Selection Addendum to the Franchise Agreement).

Post-Opening Assistance

1. We will directly or indirectly, through an Area Representative, provide you continuing consultation and advice, as we deem necessary and appropriate, regarding the management and operation of the Restaurant. We will provide such assistance, in our discretion, by telephone, facsimile, and intranet

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communication. If you request on-site assistance from us, subject to the availability of our personnel, we will provide you with such assistance at our then-current Training Fee, currently $500/day per trainer, plus the expenses our trainer incurs, including our travel, lodging, and meal costs associated with providing such onsite service. (Section 6.5 of the Franchise Agreement).

As disclosed in Item 1, we used to offer an Area Representative offering under a different form of disclosure document, and an Area Representative, will, among other responsibilities, provide continuing operational and supervisory assistance to franchisees within their designated area, including without limitation, ongoing training and supervision. Therefore, if you are acquiring a franchise to operate a Restaurant within an Area Representative's designated area, some of the services that we provide to you that are described in this Item 11 may be delegated to the Area Representative where your Restaurant will be located.

2. We may offer additional training programs and/or refresher courses to you, your manager, and/or your employees. We may require you and your employees' attendance at these programs and/or courses, at a location designated by us. These additional training programs will be provided tuition-free but you must pay for you and your employees' travel, meal, lodging, and payroll expenses while attending our additional training programs. We reserve the right to charge a tuition fee for these additional training programs in the future in our sole discretion. (Sections 6.8 of the Franchise Agreement).

3. We may, in our discretion, hold an Annual Conference at a location to be selected by us to update franchisees on new developments, allow System franchisees to exchange information with each other and us regarding Restaurant operations and programs, and recognize franchisees for their achievements. We will determine the topics and agenda for such conference. We may require you to attend the Annual Conference and pay our then-current registration fee. All expenses, including you and your employees' transportation to and from the Annual Conference, and lodging, meals, and salaries during the Annual Conference, are your sole responsibility. We may use contributions from the Brand Fund for purposes related to the Annual Conference, including costs related to productions, programs, and materials. (Section 6.7 of the Franchise Agreement).

Advertising and Marketing

Brand Development Fund

We have established a brand development Fund for the common benefit of System franchisees. Currently, you must contribute 2% of your Gross Revenues to the Brand Fund in the manner we prescribe, and participate in Brand Fund programs. We reserve the right to increase your Brand Fund Contribution to up to 3% of Gross Revenues upon 30 days' notice to you. We have the right to use Brand Fund Contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and to create advertising and public relations materials which promote, in our sole judgment, the products offered by System franchisees. We may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including: (a) the cost of preparing and producing television, radio, magazine, Internet, and newspaper advertising campaigns; (b) the cost of direct mail and outdoor billboard advertising; (c) the cost of public relations activities and advertising agencies; (d) the cost of developing and maintaining an Internet website, which may be used to collect customer orders, conduct surveys; and (e) personnel and other departmental costs for advertising that we internally administer or prepare. We may reimburse ourselves out of the Brand Fund for our reasonable administrative costs and expenses that we incur in the administration or direction of the Brand Fund and advertising programs for System franchisees. While we do not anticipate that

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any part of Brand Fund Contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Fund for public relations or recognition of our brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available." (Section 12.5 of the Franchise Agreement). Our affiliate-owned locations are currently required to contribute to the Brand Fund in the same amount as franchised locations.

We use Brand Fund Contributions to develop and prepare advertising which we distribute to System franchisees for their placement in the local media. The advertising is prepared by us and by outside sources. If we do not spend all Brand Fund Contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year. There is no requirement that the Brand Fund be audited. Upon your written request, we will provide you with an unaudited accounting of Brand Fund expenditures.

During the 2024 fiscal year, we spent the Brand Fund as follows: (i) 0.76% on printing; (ii) 13.23% on marketing; (iii) 8.26% on web/app/tech; (iv) 4.75% on technology; (v) 7.06% on seminars & education; (vi) 1.37% on travel/lodging; (vii) 0.23% on meals; (viii) 0.10% on office expenses; (ix) 0.65% on accounting/bookkeeping; (x) 0.26% on supplies/photo shoot; (xi) 7.46% on MailChimp; (xii) 35.05% on COMO rewards program; (xiii) 4.84% on data analysis; (xiv) 6.48% on printing stickers; (xv) 0.41% on printing gift cards; (xvi) 3.68% on printing promotional materials; and (xvii) 5.42% on PlayerLync.

We have the sole right to determine how to spend the Brand Fund Contributions, or funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We are not required, under the Franchise Agreement, to spend any amount of Brand Fund Contributions, or any advertising amounts in general, in your Territory and not all System franchisees will benefit directly or on a pro rata basis from our expenditures. We have the right to reimbursement from the Brand Fund Contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Brand Fund and advertising programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs. (Section 12.5 of the Franchise Agreement).

We reserve the right to establish an advertising council in connection with the franchise system (the "Advisory Council"). If established, the Advisory Council will serve in an advisory capacity to us with respect to certain advertising expenditures. At our discretion, the Advertising Council may be comprised of our management representatives, employees, you and/or other franchisees in the System. We will have the right to modify or dissolve an Advertising Council at any time.

Local Marketing Requirement (or LMR)

In addition to the Brand Fund Contributions described above, you must spend a minimum amount of 3% of the Gross Revenues generated by your Franchised Business during the preceding calendar month in connection with the local advertising, marketing, and promotion of your Franchised Business within your Territory. You may spend any additional sums you wish on local advertising. You are permitted to use your own advertising materials, so long as you have submitted them to us for approval before your use. We reserve the right to require that you purchase advertising materials from our Approved Suppliers. We have the right, in our discretion, to require you to submit receipts documenting this marketing activity. We are not required to spend any amount on advertising in your Territory or Development Area. (Section 12.7 of the Franchise

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Agreement).

Initial Marketing Spend

In addition to your LMR and your contribution to the Brand Development Fund, you must spend between $20,000 and $30,000 for Grand Opening Marketing expenses for your restaurant under a marketing plan developed by you and approved by us. You must use the types of advertising media that we specify. You must submit to us for our prior approval samples of all advertising and promotion materials not prepared or previously approved by us and which vary from our standard advertising and promotional materials. If we do not disapprove of them within 10 business days, you may proceed with the planned advertising. You may not use any advertising or promotional materials that we have disapproved. (Section 12.4 of the Franchise Agreement).

Regional Advertising Cooperative

We have the right to designate any geographical area for purposes of establishing a Cooperative, and to determine whether a Cooperative is applicable to your Restaurant. If a Cooperative is established applicable to the Restaurant, you must participate in and contribute to such Cooperative. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. All such plans and materials will be submitted to us in accordance with the procedure set forth in Section 12.1 of the Franchise Agreement. Cooperative contributions will be credited towards your Local Advertising, Marketing, and Promotional Expenditure, and Cooperative contributions will not exceed the Local Advertising, Marketing, and Promotional Expenditure unless a majority of the cooperative votes to increase that requirement. We may grant to any franchisee, in our sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. Our decision concerning such request for exemption will be final. (Section 12.6 of the Franchise Agreement).

Computer and POS System

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (i) a "back office" computer system that complies with our standards and specifications; (ii) the POS System from our designated supplier which must include at least two terminals with cash drawers and receipt printers; (iii) all-in-one printer, scanner and fax machine; and (iv) Internet access mode and speed (collectively, the "Computer System"). You will purchase, use and maintain any and all computer software programs ("Software") which we have developed or may develop and/or designate for use for the System, and will purchase such computer hardware as may be necessary for the efficient operation of the Software.

We estimate that the cost of obtaining the required hardware comprising our POS System and Computer System components will be between $40,000 to $45,000. This includes the cost to purchase an Apple computer, software, five iPads, the POS System, telephone system, and stereo system, as well as office equipment and related supplies. This estimate also includes the cost of installing the electronic equipment. You must also use our designated software in connection with the operation of Restaurant.

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You will strictly comply with our standards and specifications for all items associated with the Computer System and any Software. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Software as we direct from time to time in writing. We do not have contractual obligations related to maintenance, repairs, updates and upgrades to your Computer System, and there are no limits on the frequency and cost of your obligations to maintain, upgrade, repair, and update your Computer System.

In addition to the items noted in the previous paragraph, this also includes your telephone system, television and stereo system. Although we estimate that you will not incur a substantial cost in updating the Computer System on an annual basis, we estimate that the annual costs of any optional or required maintenance, updating, or support contracts will be between $500 and $1,500 annually, which does not include (a) then-current fees charged in connection with any third-party Required Software (POT, etc.), or (b) any Technology Fee we determine to charge in the future. See Item 6 and 7 for costs and fees related to our present computer requirements.

If and at such time we develop and custom design any software programs for conducting scheduling, accounting, inventory and point-of-sale functions and related activities ("Proprietary Software Program"), you, at your own expense, agree to obtain the computer hardware required to implement the Proprietary Software Program into your Restaurant, and to comply with all specifications and standards prescribed by us regarding the Proprietary Software Program, as provided in the Operations Manual or otherwise in writing. This Proprietary Software Program will be proprietary to us and Confidential Information of ours. It is possible that we might not be able to alter the Proprietary Software Program to accommodate each and every franchisee of the System, and therefore, at such time that we require the implementation of such software, you will only utilize the program as prescribed by us. At such time as we require the implementation of such Proprietary Software Program, we or our designee agree to provide ongoing service and support to you regarding the Proprietary Software Program and will lease such Proprietary Software Program to you at the then-current rates published by us. (Section 7.8.5 of the Franchise Agreement). We reserve the right to have independent access to any data you collect electronically. You must install, at your expense, the necessary computer hardware and software to provide us with full and direct electronic access to all of your data, software systems, and related information. There are no contractual limitations on our right to access the information and data on your Computer System (Section 7.8.4 of the Franchise Agreement).

Internet

You must have and maintain adequate hardware and software in order to access the Internet at the bit speed we require from time to time. We may, but are not obligated to, establish an Internet website that provides information about the System and the products and services offered by Franchised Businesses. In the event we exercise our right to create such a website, we have sole discretion and control over the website (including timing, design, contents and continuation). We may, but are not obligated to, create interior pages on its website(s) that contain information about your Restaurant and other Franchised Businesses. If we do create these pages, we may require you to prepare all or a portion of the page for your Restaurant, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting. (Sections 12.3.1 and 12.3.2 of the Franchise Agreement).

Except as approved in advance in writing by us, you may not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Restaurant, including any profile on Facebook, Pinterest, Twitter,

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LinkedIn, Instagram, YouTube or any other social media and/or networking site. If such approval is granted by us, you must: (i) establish and operate such Internet site in accordance with System standards and any other policies we designate in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s). (Section 12.3.3 of the Franchise Agreement).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. (Franchise Agreement, Section 12.3.4). You acknowledge that we and/or our affiliates are the lawful, rightful and sole owner of the Internet domain name www.risebiscuitsdonuts.com, as well as any other Internet domain names registered by us, and you unconditionally disclaim any ownership interest in such domain names and any confusingly-similar Internet domain names. You agree not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words. (Franchise Agreement, Section 12.3.5).

Computer Network, Intranet or Extranet Participation

You are required to participate in any System-wide computer network, intranet system or extranet system that we implement and may be required by us to use such computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on- line; (ii) view and print portions of or updates to the Operations Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) complete training. You agree to use the facilities of any computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. (Section 7.8.6 of the Franchise Agreement).

Development Agreement

Our obligations regarding site selection assistance, training, computer hardware and software selections, and advertising for additional Restaurants developed under a Development Agreement will be governed by the form of single-unit franchise agreement you sign for each additional Restaurant.

ITEM 12
TERRITORY

Location and Relocation

You will operate the Restaurant from only the Approved Location which will be identified on the Data Sheet of the Franchise Agreement. If you have secured a site for the Restaurant that we approve at the time you sign the Franchise Agreement, you will establish the Restaurant at the Approved Location. If you have not yet secured a site for the Restaurant at the time you sign the Franchise Agreement, you will enter into our Site Selection Addendum, attached as Exhibit A to the Franchise Agreement, which will govern the site selection process. You may relocate your Restaurant only with our prior written approval and payment of a relocation fee equal to the actual costs and expenses we incur in approving the relocation of your Restaurant. Approval will not be unreasonably withheld provided that the proposed new location meets our then-current criteria for a

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Franchised Business.

Territory Award in Connection with Franchise Agreement

You will operate your Restaurant at the Approved Location within the Territory that is identified in the Data Sheet. You will receive a Territory of approximately a 0.25-mile radius around the Approved Location in urban areas or a two-mile radius around the Approved Location in suburban or rural areas. There is no minimum size for a Territory if you wish to establish your Restaurant in what we deem to be a metropolitan area. You may not, via the Internet or any other means of e-commerce, solicit customers and/or advertise outside your Territory or deliver any products or services to any destination outside your Territory without our prior written consent.

Except as otherwise provided in and during the term of the Franchise Agreement, for so long as you comply with the terms and conditions of the Franchise Agreement, we will not establish and operate, nor license any party other than you to establish and operate, any Franchised Business under the System and the Proprietary Marks within your Territory. Your territorial rights are not dependent upon meeting a certain sales quota or the opening of additional Restaurants. The boundaries of your Territory will not change, even if the population within your Territory increases or decreases, during the initial term of your Franchise Agreement. Because we reserve the right to open Franchised Businesses at Non-Traditional Sites (as defined below), please note the following:

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

Development Agreement and Corresponding Development Area

If you enter into a Development Agreement, you will obtain the right to own and operate a certain number of Restaurants in the Development Area where you must open each Restaurant in compliance with the Mandatory Development Schedule. The size of the Development Area will depend upon the number of Restaurants you are obligated to open in the Development Area but will vary based on demographics and whether the Development Area is primarily urban or suburban.

For a period of 60 days following the signing of the Development Agreement ("Site Selection Period"), we will not sell the rights to locate, or actually locate, another corporate/affiliate-owned or franchisee-owned Restaurant in a certain designated area ("Site Selection Area"). During the Site Selection Period, you will select a certain number of trade areas, which varies depending upon how many Restaurants you will be opening in the Site Selection Area where you will locate your Restaurants and will designate such trade areas to us, in writing, before the expiration of the Site Selection Period (collectively, the "Chosen Trade Areas"). Subject to our written approval, you will then designate an intersection in each Chosen Trade Area and a radius will be drawn from such intersection in each Chosen Trade Area which will then become the "Territory" under that respective Franchise Agreement with the collective "Protected Territories" becoming the "Development Area" under the Development Agreement and will be outlined in the Data Sheet. We will use our then-current standards for designating your Territory. If you fail to pick the Chosen Trade Areas in the Site Selection Area by the expiration of the Site Selection Period, we will be free to sell the rights to locate, or actually locate, another corporate/affiliate-owned or franchisee-owned Restaurant in the Site Selection Area thereafter.

Provided you comply with the terms of the Development Agreement, and any Franchise Agreements

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signed for Restaurants within the Development Area, we will not locate another Restaurant operating under the Proprietary Marks, whether franchised or company-owned, in your Development Area.

You must comply with your development obligations in the Mandatory Development Schedule in order to maintain your Development Area exclusivity. In the event that you fail to meet your development obligations and the Development Agreement is terminated, you will retain your rights to any previously owned Restaurants, including the territorial rights described in the Franchise Agreement for such Restaurants, provided that the Development Agreement was not terminated as a result of your failure to comply with the terms of your existing Franchise Agreement(s). Your rights to any Restaurants for which there is no Franchise Agreement and your exclusivity in the Development Area will terminate immediately upon termination of the Development Agreement. Because we reserve the right to open Franchised Businesses at Non-Traditional Sites (as defined below) within your Development Area, please note the following:

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

Reservation of Rights under the Franchise Agreement and Development Agreement

We and our affiliates will have the right, in our sole discretion, under the Franchise Agreement and Development Agreement to: (i) own and operate Restaurants at any location(s) outside your Territory/Development Area under the same or different marks, or to license others the right to own and operate Restaurants at any location(s) outside your Territory/Development Area under the same or different marks; (ii) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, including grocery stores, fine dining restaurants, retail stores, foodservice wholesalers, catering businesses (including, without limitation, catering businesses established by us) and via the Internet at any location, including within the Territory/Development Area; (iii) own and operate Restaurants in "Non-Traditional Sites" including, but not limited to, sports and entertainment stadiums, arenas, entertainment complexes, malls and other shopping outlets, food courts, military bases, airports and train stations both within or outside your Territory/Development Area; (iv) own and operate restaurants or businesses, or market similar products and services, at any location(s) inside your Territory/Development Area under different marks, or to license others the right to own and operate restaurants or businesses, or market similar products and services at any location(s) inside your Territory/Development Area under different marks; (v) acquire, or be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere; and (vi) engage and license other parties to engage in any other activities not expressly prohibited by the Franchise Agreement/Development Agreement. Currently, we do not have any plans to operate or franchise a business under a different trademark that is similar to the franchised business being offered in this Franchise Disclosure Document.

The Franchise Agreement and Development Agreement do not grant you any options, rights of first refusal, or similar rights to acquire additional franchises within the Territory/Development Area granted or any contiguous territories. Any dispute as to whether a particular site is a Non-Traditional Site will be determined by us, and our determination will be final and binding. We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to operate Restaurants at Non-Traditional Sites, either directly or through our affiliates, licensees, or designees, and you will not be entitled to any compensation as a result of our operation of Restaurants at Non-Traditional Sites.

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Certain products or services from our affiliates, whether currently existing, in research and development, or developed in the future, may be distributed in your Territory by us or our affiliates, or our franchisees, licensees or designees, in such manner and through certain channels of distribution as we determine, in our sole discretion. The Franchise Agreement grants you no rights to: (i) distribute the products as described above; or (ii) share in any of the proceeds from our activities as outlined above.

ITEM 13
TRADEMARKS

We grant you the right to operate the Restaurant under the word mark "Rise Biscuits Donuts". You may also use our other current or future trademarks to operate your Restaurant. The term "trademark" includes service marks, trade names, slogans, insignia, logos, labels, and trade dress. Our parent Rise Holdings LLC ("TM Owner"), is the current owner of a registration with the United States Patent and Trademark Office ("USPTO") for the following mark:

MARK	REGISTRATION NUMBER	REGISTRATION DATE	REGISTER
RISE BISCUITS DONUTS	5,052,194	October 4, 2016	Principal
	6,286,309	March 9, 2021	Principal

TM Owner owns the marks listed above and has licensed us the indefinite right to use it and to sublicense it to system franchisees pursuant to a license agreement dated March 29, 2017. Under the license agreement, we have the non-exclusive worldwide right to use the Proprietary Marks and license others the right to use the Proprietary Marks. We expect and intend to continue working with TM owner to ensure all required affidavits are filed in connection with our then-current Proprietary Marks listed in the Chart above.

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

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation. We have the exclusive right, but not the obligation, to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Proprietary Marks.

We have the right, though not the obligation, to defend you against any third-party claim, suit, or demand arising solely out of your use of the Proprietary Marks in a manner expressly authorized by us. If we, in our sole

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discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement and the Operations Manual, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement and the Operations Manual, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner not in accordance with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

We are the lawful and sole owner of the domain name(s) www.risebiscuitsdonuts.com. You cannot register any of the Proprietary Marks owned by us or any abbreviation, acronym or variation of the Proprietary Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain, and modify, or discontinue using of a website using the Proprietary Marks. You may access our website. Except as we may authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; and (iii) create or register any Internet domain name in connection with your franchise.

You may use only the Proprietary Marks which we designate, and may use them only in the manner we authorize and permit. Any goodwill associated with Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Proprietary Marks only for the operation of the Restaurant and only at the Approved Location or in advertising for the Restaurant. You will use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "SM," "TM," "S" or "R," as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any services or products which we have not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "Rise Biscuits Donuts." You must promptly register at the office of the county in which your Restaurant is located, or such other public office as provided for by the laws of the state in which your Restaurant is located, as doing business under such assumed business name.

All of your advertising must prominently display the Proprietary Marks and must comply with our standards for using the Proprietary Marks. All such advertising is subject to our prior written approval, which we will not unreasonably withhold. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. You may use the Proprietary Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all advertising, publicity, signs, decorations, furnishings, equipment or other materials employing the Proprietary Marks, or related marks, before first publication or use. You must identify yourself as the owner of the Restaurant (in the manner we prescribe) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing at the Restaurant premises.

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We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within 10 days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your expense.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights which are material to the franchise, however, we claim common law copyright and trade secret protection for several aspects of the franchise System including our Operations Manual, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware of any unauthorized third party using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted materials. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any trade secrets, copyrighted materials, operating procedures, sources of supply, supplier contracts, advertising materials, equipment specifications, any information contained in the Operations Manual, trade secrets, the Proprietary Recipes, and other methods, techniques and know-how concerning the operation of the Restaurant, and any and all other information related to your Restaurants or any Restaurant generally that is labeled proprietary or confidential ("Confidential Information"). You acknowledge and agree that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers and purchasing arrangements with suppliers, also constitute the trade secrets and Confidential Information of us. You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations. You must require your manager and any personnel having access to any of our Confidential Information to sign an agreement stating that they will maintain the confidentiality of information they receive in connection with their employment and restricting their right to work for a competitor while they are employed by you. Such agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

The Franchise Agreement provides that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Restaurant, you will promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts. You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or

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improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process, or improvement. In the event that such provisions of the Franchise Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

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

You (or at least one of your principals if you are a corporation, partnership, or other entity) must personally supervise the day-to-day operations of the Restaurant. You must devote your personal full-time attention and best efforts to the management and operation of the Restaurant.

If you are a corporation, partnership, limited liability company, or other entity, you may, however, delegate the day-to-day operation of your Restaurant to your Key Manager. We must approve your Key Manager and your Key Manager must successfully complete our initial training program before assuming any managerial responsibility. Your Restaurant must, at all times, be staffed with at least one individual who has successfully completed our initial training program. You will keep us informed at all times of the identity of any employees acting as Key Manager of the Restaurant, and any change in their employment status. Key Managers are not required to have an equity interest in your Restaurant. In the event that your Key Manager resigns or is otherwise terminated, you must hire a replacement approved by us in writing who meets our then current standards for Key Managers and who is approved by us in writing before hiring, within 30 days after the resignation or termination of the former Key Manager. You must train the new Key Manager within 30 days of hiring. Franchisor reserves the right, without the obligation, to train the new Key Manager directly. Your Key Manager will devote full time and best efforts to the day-to-day operation and management of the Restaurant and will not engage in any other business activity without our prior written consent. Your Key Manager and certain key employees and their spouses will be bound by the confidentiality and non-compete covenants of the Franchise Agreement and will execute the Confidentiality and Restrictive Covenant Agreement attached as Exhibit E to the Franchise Agreement.

Regardless of whether you appoint a Key Manager in connection with a specific Franchised Business you are awarded the right to develop, you must engage a Operations Director if neither you nor any of your operations principals/partners has at least five (5) years of experience in managing or owning a restaurant or other eating establishment – and that Operations Director must attend our Initial Training Program with you and any other initial management prior to the opening of your initial Franchised Business. The Operations Manager need not own any equity (ownership interest or otherwise) in connection with Franchisee or any Franchised Business, but this individual will be required to enter into our prescribed form of Confidentiality and Restrictive Covenant Agreement referenced in the paragraph above.

If you are an entity, all of your owners/shareholders/partners/members/managers (as applicable) and their respective spouses, must execute the Personal Guaranty attached to the Franchise Agreement as Exhibit B.

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If you are an individual, your spouse must execute the Personal Guaranty attached to the Franchise Agreement as Exhibit B.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all of the products which we require and only the products which we authorize for the System, in the manner we prescribe. You will not offer to sell or provide at or through the Restaurant any merchandise, products or services that have not been approved in writing, or use the premises for any other purpose other than the operation of the Restaurant. You may not use nor sell any products, materials, ingredients, supplies, paper goods, uniforms, merchandise, fixtures, furnishings, signs, or equipment which do not meet our standards and specifications.

You will prepare and present all menu items in accordance with our standards and specifications, using the ingredients and preparation techniques we prescribe. We have the right to require you to offer and sell additional or different goods or services as we may designate. There are no limits on our right to do so. You are not allowed to solicit customers outside of your Territory without our prior written approval. You will at all times maintain sufficient levels of inventory to adequately satisfy consumer demand. You must stop offering disapproved products or services immediately upon notice that such services or products have been discontinued at your sole expense. If the law prohibits the use or sale of any product or service, use must cease immediately.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Franchise Disclosure Document as Exhibit D.

THE FRANCHISE RELATIONSHIP

A. SINGLE-UNIT FRANCHISE AGREEMENT

	Provision	Section in Franchise Agreement	Summary
a.	Term of franchise	2.1	10 years.
b.	Renewal or extension of the term	2.2	You have the right to renew the Franchise Agreement for one additional 10-year period provided certain conditions are met.
c.	Requirements for you to renew or extend	2.2	You must: (i) timely notify us in writing of your intention to renew; (ii) have the right to operate the Restaurant at the Approved Location for the duration of the renewal term or have secured an approved substitute location; (iii) have satisfactorily completed no later than 90 days before the expiration of the then-current term, all necessary maintenance, refurbishing, renovating, updating and remodeling of the Restaurant

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	Provision	Section in Franchise Agreement	Summary
			premises to bring the Restaurant and all equipment into full compliance with our then-current System standards and specifications; (iv) not be in breach of any provision of the Franchise Agreement, or any other agreement between you and us, our affiliates, and/or our major suppliers and vendors, and you have substantially complied with all such agreements during their respective terms; (v) have satisfied all monetary obligations you owe us, our affiliates, and/or our major suppliers and vendors; (vi) execute our then-current form of franchise agreement, which may contain materially different key terms than the Franchise Agreement you initial sign; (vii) satisfy our then- current training requirements; (viii) sign a general release in the form we prescribe; and (ix) pay us a renewal fee of $5,000.
d.	Termination by you	No Provision	You do not have the contractual right to terminate the Franchise Agreement.
e.	Termination by us without cause	No Provision	Not Applicable.
f.	Termination by us with cause	15	We have the right to terminate the Franchise Agreement with cause. Termination of the Development Agreement does not permit us to terminate the Franchise Agreement.
g.	Cause defined - default which can be cured	15.3	We have the right to terminate the Franchise Agreement after providing you a 15-day cure period if you: (i) fail to pay any monies you owe us or our affiliates or any of our system suppliers or vendors; (ii) fail to immediately endorse and deliver to us any payments due to us from any third party that is erroneously made to you; (iii) fail to maintain a sufficient inventory level; (iv) fail to obtain a site for the Restaurant within six months of signing the Franchise Agreement, and/or fail to open the Restaurant for business within six months from the date you obtain the site for the Restaurant; (v) fail to operate the Restaurant during the months, days and hours that we prescribe; (vi) fail to personally supervise Restaurant operations or employ adequate personnel; (vii) fail to maintain our quality controls and standards; (viii) conduct yourself in a manner which reflects adversely on the System, the Proprietary Marks, or our products; or (ix) fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your Restaurant.
		15.4	We have the right to terminate the Franchise Agreement after providing you a 30-day cure period if you fail to perform or comply with any one or more of the terms or conditions of the Franchise Agreement or any ancillary agreement between you and us or our affiliates.
h.	Cause defined - default which cannot be cured	15.1	The Franchise Agreement will automatically terminate without notice or an opportunity to cure if: (i) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated

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	Provision	Section in Franchise Agreement	Summary
		15.2	bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Restaurant; (ii) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the Restaurant without your consent, and the appointment is not vacated within 60 days; (iii) you purport to sell, transfer or otherwise dispose of your interest in the Restaurant without our written approval. We have the right to terminate the Franchise Agreement with notice without providing you an opportunity to cure if: (i) you take part in criminal acts or misconduct; (ii) you commit fraud or misrepresentation in the operation of the Restaurant; (iii) you make any misrepresentations or omission in connection with the franchise application; (iv) you fail to complete our initial training program; (v) you receive two or more written notices of default within any 12- month period; (vi) you materially breach any other agreement with us or our affiliates; (vii) you misuse the Proprietary Marks or Confidential Information; (viii) you violate any health, safety or sanitation law; (ix) you violate the in-term restrictive covenants of the Franchise Agreement; (x) a lien or writ of attachment or execution is placed against you, your principals or assets and is not released or bonded against within 30 days; (xi) you are insolvent; (xii) you abandon the Restaurant; (xiii) you offer any unauthorized or unapproved products or services in connection with the operation of your Restaurant; (xiv) you order or purchase supplies from unapproved suppliers; (xv) you misuse our proprietary software; (xvi) you fail to maintain adequate insurance or otherwise comply with the insurance requirements contained in the Franchise Agreement; (xvii) you fail to comply with any governmental notice of non-compliance with any law or regulation within 15 days of the notice; (xviii) any governmental action is taken against you that results in any obligation upon us; (xix) you fail to comply with any laws or regulations regarding terrorism; (xx) you take any assets or property of the Restaurant for your personal use; (xxi) there are insufficient funds in your bank account to cover a check or EFT payment to us three or more times in any 12 month period; (xxii) any audit reveals that you have understated your royalty or marketing payments, or your local advertising expenditures, by more than 2%, or if you have failed to submit timely reports and/or remittances for any two reporting periods within any 12-month period; or (xxiii) you default in obligations under the lease agreement for the Approved Location.
i.	Your obligations	16.1	Upon termination or expiration of the Franchise Agreement, you must:

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	Provision	Section in Franchise Agreement	Summary
	on termination/ non-renewal		(i) immediately cease all operations under the Franchise Agreement; (ii) immediately pay all sums you owe us, our affiliates, suppliers or vendors; (iii) immediately cease using the Proprietary Marks and System; (iv) immediately return to us the Operations Manual and all other manuals, proprietary and Confidential Information, no later than 5 calendar days after termination or expiration; (v) immediately cease using your telephone number and listing and, if we exercise our rights under the collateral assignment of telephone numbers, transfer the numbers and listings to us within 15 calendar days; (vi) vacate the Restaurant premises if we exercise our rights under the Collateral Assignment of Lease, no later than 15 days after the termination or expiration of the Franchise Agreement; (vii) return to us all items reflecting the Proprietary Marks and all items which are part of the trade dress within five days; (viii) immediately cease holding yourself out as our franchisee; (ix) take necessary action to amend or cancel any business name or equivalent registration which contains our trade name or Proprietary Marks; (x) allow us to inspect your financial records within one month of termination or expiration; (xi) comply with the post-term covenants contained in the Franchise Agreement; (xii) immediately cease to use in advertising or in any other manner any methods, procedures or techniques associated with us or the System; (xiii) immediately cease from engaging in any contacts with customers or former customers of the Restaurant; and (xiv) execute periodically any papers, documents, and assurances necessary to effectuate termination or nonrenewal.
j.	Assignment of contract by us	14.5	We have the right to assign or transfer our rights under the Franchise Agreement.
k.	"Transfer" by you - definition	14.3	A sale, transfer or assignment requiring our prior written consent occurs: (i) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock, or any increase in the number of outstanding shares of your voting stock which results in a change in ownership; (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if you are a limited liability company, upon any assignment, sale, pledge or transfer of any fractional portion of any interest in the limited liability company.
l.	Our approval of transfer by franchisee	14.1	You may not transfer any rights in the franchise without our prior written consent. We have the right to condition our approval of any sale, transfer, assignment or encumbrance as described below.
m.	Conditions for our approval of transfer	14.3.2	We will approve a proposed transfer if: (i) all of your accrued monetary obligations to us, affiliates, suppliers and vendors have been paid; (ii) all existing defaults under the Franchise Agreement have been cured; (iii) you and your transferee execute a general release in favor of us and

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	Provision	Section in Franchise Agreement	Summary
			our affiliates; (iv) you provide us a copy of the executed purchase agreement; (v) the transferee meets our qualifications; (vi) the transferee executes our then-current franchise agreement; (vii) you or the transferee pay us a transfer fee equal to $7,500; (viii) the transferee satisfactorily completes our training program; (ix) you comply with the post term provisions of the Franchise Agreement; (x) the transferee obtains all necessary licenses and permits required to operate the Restaurant; (xi) to the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer; (xii) the transfer is made in compliance with all applicable laws; (xiii) the purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Restaurant and performance under its franchise agreement; (xiv) you must request that we provide the prospective transferee with our current form of disclosure document and we will not be liable for any representations not included in the disclosure document; (xv) our approval of the transfer will not constitute a waiver of any claims we may have against the transferring party; (xvi) we will have the right to disclose to any prospective transferee such revenue reports and other financial information concerning you and your Restaurant as you have supplied us; and (xvii) we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise.
n.	Our right of first refusal to acquire your business	14.3.1	You must first offer to sell to us on the same terms and conditions as those offered by a third party. We will notify you, within 30 days after receiving the offer, whether we wish to exercise our right to purchase your business.
o.	Our option to purchase your business	14.6	We have the option to purchase your business. If we exercise this option prior to the one-year anniversary of your opening date, the purchase price will be equal to 200% of your hard costs as of the date we provide notice that we are exercising the option. If we exercise this option after the one-year anniversary of your opening date, the purchase price will be equal to six times the Restaurant's EBITDA during the 12-month period preceding the date that we provide notice that we are exercising the option.
		16.2	We have an option to purchase any personal property related to your Restaurant upon termination or expiration of the Franchise Agreement.
p.	Your death or disability	14.2	Upon your death or disability, your rights under the Franchise Agreement may pass to your heirs or legatees, provided that, within 45 days of your death or disability, they execute the then-current franchise

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	Provision	Section in Franchise Agreement	Summary
			agreement, successfully complete our initial training program, and otherwise receive our approval.
q.	Non-competition covenants during the term of the franchise	17.1	During the term of the Franchise Agreement, neither you, your principals, or Key Managers, nor any member of the immediate family of you or your principals or Key Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (i) own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any other business deriving more than 30% of its revenue from selling and offering biscuits, donuts, pastries, cakes, sandwiches, breakfast items, coffee, and related food and beverage items and any goods or services offered or authorized for sale by System franchisees; provided, however, that Section 17.1 does not apply to your operation of any other Restaurant under the System; (ii) employ or seek to employ any person who is at that time employed by us, our affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or (iii) divert or attempt to divert any business or customer of the Restaurant 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 Proprietary Marks or the System.
r.	Non-competition covenants after the franchise is terminated or expires	17.2	For a period of two years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your principals, or as well as certain of your management (Key Manager and/or Operations Director), directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with us granting franchises or licenses for businesses deriving more than 30% of their revenue from selling and offering biscuits, donuts and related food and beverage items and any goods or services offered or authorized for sale by System franchisees at the time the Franchise Agreement is terminated or expires and is not renewed. For a period of two years after the expiration, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your principals, your Key Managers nor any member of the immediate family of you, your principals or Key Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (i) own, maintain, engage in, be employed by, or have any interest in any other business deriving more than 30% of its revenue from selling and offering biscuits, donuts and related food and beverage items or any other goods or

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	Provision	Section in Franchise Agreement	Summary
			services offered or authorized for sale by System franchisees at the time the Franchise Agreement is terminated or expires and is not renewed, (a) at the Restaurant, (b) within the Territory, or (c) within a radius of 10 miles of the perimeter of (1) the Territory being granted hereunder or (2) any other Territory licensed by us as of the date of expiration or termination of the Franchise Agreement or (3) any other Restaurant; or (ii) solicit business from customers of your former Restaurant or contact any of our suppliers or vendors for any competitive business purpose nor solicit any of our employees, or the employees of our affiliates or any other System franchisee to discontinue employment. The two-year time period will be tolled during any default of the non-compete and confidentiality covenants.
s.	Modification of the Franchise Agreement	22.1	The Franchise Agreement may not be modified other than by a written document signed by both parties.
t.	Integration/ merger clauses	22.1	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside of the Disclosure Document and the Franchise Agreement may not be enforceable.
u.	Dispute resolution by mediation	18.2, 18.3	You must bring all disputes before our President prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to mediation in Durham, North Carolina, or our then-current corporate headquarters, in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect.
v.	Choice of forum	18.4	All claims not subject to mediation must be brought before a court of general jurisdiction governing Durham, North Carolina, or the United States District Court presiding over Durham, North Carolina. You consent to the personal jurisdiction and venue of any court of general jurisdiction in Durham, North Carolina and the United States District Court presiding over Durham, North Carolina (subject to state law).
w.	Choice of law	18.1	The Franchise Agreement is governed by the laws of the state of North Carolina (subject to state law).

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B. DEVELOPMENT AGREEMENT

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

	Provision	Section in Development Agreement	Summary
a.	Length of the development agreement term	5	The Development Agreement will commence on the date it is fully-executed and end on the last day of the calendar month that the final Restaurant is required to be opened and operating under the Mandatory Development Schedule.
b.	Renewal or extension of the term	No Provision	Not Applicable.
c.	Requirements for developer to renew or extend	No Provision	Not Applicable.
d.	Termination by developer	No Provision	Not Applicable.
e.	Termination by franchisor without cause	No Provision	Not Applicable.
f.	Termination by franchisor with cause	7.2	We may terminate the Development Agreement for cause.
g.	Cause defined – curable defaults	7.2	We may terminate the Development Agreement (and any future development rights) if you fail to meet your development obligations under the Development Agreement during the Development Period and fail to cure such default within thirty (30) days of receiving notice thereof. Termination of the Development Agreement, on its own, does not permit us to terminate any existing franchise agreement(s).
h.	Cause defined – non-curable defaults	7.2	We may terminate the Development Agreement if: (i) you cease to actively engage in development activities in the Development Area or otherwise abandon your development business for three (3) consecutive months, or any shorter period that indicates an intent by you to discontinue development of the Franchised Businesses within the Development Area; (ii) you become insolvent or are adjudicated bankrupt, or if any action is taken by you, or by others against the you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit or creditors or a receiver is appointed by you; or (iii) any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement. Termination of the Development Agreement, on its own, does not permit us to terminate any

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	Provision	Section in Development Agreement	Summary
			existing franchise agreement(s). If the Franchise Agreement is terminated or subject to termination, your Development Agreement may be terminated upon written notice.
i.	Developer's obligations on termination/ non-renewal	Not Applicable	Not Applicable.
j.	Assignment of contract by us	8	We have the right to assign our rights under the Development Agreement.
k.	"Transfer" by you - definition	8	Any transfer in you (if you are an entity) or your rights/obligations under the Development Agreement.
l.	Our approval of transfer by developer	8	You may not transfer any rights or obligations under the Development Agreement without our prior written consent.
m.	Conditions for our approval of transfer	Not Applicable	Not Applicable.
n.	Our right of first refusal to acquire your business	Not Applicable	Not Applicable.
o.	Our option to purchase your business	Not Applicable	Not Applicable.
p.	Your death or disability	Not Applicable	Not Applicable.
q.	Non-competition covenants during the term of the development business	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.

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	Provision	Section in Development Agreement	Summary
r.	Non-competition covenants after the development business is terminated or expires	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
s.	Modification of the Development Agreement	27	Any modification of the Development Agreement must be in writing and signed by both parties.
t.	Integration/ merger clauses	27	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises made outside of the Disclosure Document and the Development Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	12 and 13	You must bring all disputes before our President and/or Chief Executive Officer prior to bringing a claim before a third party. At our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Durham County, North Carolina in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect and if mediation is not successful, then by litigation.
v.	Choice of forum	15	All claims not subject to mediation must be brought before a court of general jurisdiction in Durham County, North Carolina, or the United States District Court presiding over Durham, North Carolina. You consent to the personal jurisdiction and venue of these courts (subject to state law).
w.	Choice of law	11	The Development Agreement is governed by the laws of the North Carolina (subject to state law).

ITEM 18
PUBLIC FIGURES

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

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ITEM 19
FINANCIAL PERFORMANCE REPRESENTATION

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

BACKGROUND

As of December 31, 2024, there were 19 Franchisee-Owned Restaurants and 6 Affiliate-Owned Restaurants operating. This Financial Performance Representation excludes data in connection with (i) 3 of the 4 Franchisee-Owned Restaurants that opened during the 2024 calendar year since they were not open the entire 2024 calendar year, and (ii) 1 Affiliate-Owned Restaurant that was reacquired from a franchisee, renovated, and reopened in February 2024.

Part I of this Item sets forth certain historical Gross Revenue generated, as well as COGs, payroll and certain other operating expenses incurred, by the five (5) affiliate-owned Restaurants (the "Affiliate-Owned Restaurants") operated (a) utilizing the Proprietary Marks and System, and (b) in a substantially similar manner to the Franchised Businesses being offered in this Disclosure Document, over the 2024 calendar year (the "Applicable Measurement Period"). In Part I, we also excluded information for the Franchisee-Owned Restaurants.

Part II of this Item sets forth the total Gross Revenue generated by the 16 Franchisee-Owned Restaurants that were open and operating over the 2024 calendar year.

Written substantiation of the data used in preparing this Item will be made available upon reasonable request.

Only some outlets have sold or earned this amount. Your individual results may differ. There is no assurance you will sell or earn as much.

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ITEM 19 CONTINUES ON THE FOLLOWING PAGE]

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PART I: ANNUAL GROSS REVENUE, AS WELL AS CERTAIN OPERATING COSTS AND EXPENSES INCURRED, IN CONNECTION WITH EACH AFFILIATE-OWNED RESTAURANT OVER THE 2024 CALENDAR YEAR

Category	Affiliate Location No. 1	Percentage of Gross Revenue	Affiliate Location No. 2	Percentage of Gross Revenue	Affiliate Location No. 3	Percentage of Gross Revenue	Affiliate Location No. 4	Percentage of Gross Revenue	Affiliate Location No. 4	Percentage of Gross Revenue
Gross Revenue	$975,126.36	100.00%	$821,855.38	100.00%	$1,301,726.86	100.00%	$598,617.14	100.00%	$497,666.63	100.00%
COGS	$303,854.00	31.16%	$248,793.00	30.27%	$381,950.00	29.34%	$181,636.00	30.34%	$169,167.00	33.99%
Labor	$201,230.00	20.64%	$183,942.00	22.38%	$267,971.00	20.59%	$160,455.00	26.80%	$170,130.00	34.19%
Gross Revenue Less COGs and Labor	**$470,042.36**	**48.20%**	**$389,120.38**	**47.35%**	**$651,805.86**	**50.07%**	**$256,526.14**	**42.85%**	**$158,369.63**	**31.82%**
Administrative and Other Reported Operating Costs and Expenses	$103,983.00	10.66%	$101,606.05	12.36%	$113,911.00	8.75%	$64,200.00	10.72%	$89,286.00	17.94%
Rent and CAM	$60,082.00	6.16%	$72,013.00	8.76%	$30,595.00	2.35%	$54,543.00	9.11%	$44,960.00	9.03%
Delivery Charges	$55,102.00	5.65%	$49,717.00	6.05%	$116,170.00	8.92%	$26,818.00	4.48%	$37,688.00	7.57%
Estimated Fees if Operating Under Franchise Agreement										
Local Store Marketing	$29,253.79	3%	$24,655.66	3%	$39,051.81	3%	$17,958.51	3%	$14,930.00	3%
Brand Fund	$19,502.53	2%	$16,437.11	2.00%	$26,034.54	2.00%	$11,972.34	2%	$9,953.33	2%
Royalty	$58,507.58	6%	$49,311.32	6.00%	$78,103.61	6.00%	$35,917.03	6%	$29,860.00	6%
Gross Revenues Less Actual Disclosed Operating Costs/Expenses and Estimated Fees Above	**$143,611.46**	**14.73%**	**$75,380.24**	**9.17%**	**$247,939.91**	**19.05%**	**$45,117.25**	**7.54%**	**-$68,307.70**	**-13.73%**

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PART II: GROSS REVENUE GENERATED BY EACH FRANCHISEE-OWNED RESTAURANT OVER THE 2024 CALENDAR YEAR

Franchisee-Owned Restaurant	Gross Revenue Reported
Location 1	$625,431.72
Location 2	$758,757.55
Location 3	$980,432.99
Location 4	$455,654.68
Location 5	$1,106,663.1
Location 6	$1,154,875.47
Location 7	$1,423,390.53
Location 8	$809,151.52
Location 9	$778,545.49
Location 10	$989,016.82
Location 11	$674,687.23
Location 12	$429,307.66
Location 13	$739,520.61
Location 14	$619,410
Location 15	$1,124,418.16
Location 16	$1,075,675.15
Average Amongst Disclosed Franchised Restaurants	**$859,058.67**
Median Amongst Disclosed Franchised Restaurants	**$793,848.51**
High	**$1,423,390.53**
Low	**$429,307.66**
Number (and %) that Met or Exceeded Average	**7 (43.75%)**

Explanatory Notes to Parts I and II Above

1. "Gross Revenue(s)" mean all revenues the Restaurant generates from all business conducted at or from its location including amounts received from the sale and delivery of food items, services, products, merchandise, and tangible property of any nature whatsoever, including proceeds from business interruption insurance, whether in cash or for credit, and whether collected or uncollected. Gross Revenues, however, does not include the amount of any applicable sales tax imposed by any federal, state, municipal or other governmental authority if such taxes are stated separately when the customer is charged and the Restaurant pays such amounts as and when due to the appropriate taxing authority. Also, excluded from Gross Revenues are: (i) the amounts of any documented refunds, chargebacks, credits and allowances given to customers in good faith pursuant to our standard procedures for issuing such refunds; and (ii) tip income and tip expense.

2. "Total Costs of Goods Sold" is equal to the sum of Food Purchases, Beverage Purchases, and Paper Purchases.

3. "Payroll Expense" is defined as both salary and hourly wages for in-store employees, as well as merit

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increases and payroll taxes. Payroll Expense does not include indirect labor costs such as bonuses, payroll processing fees, health insurance, recruiting, staff uniforms and meals, and training.

4. "Gross Operating Profit" is calculated by subtracting Total Costs of Goods Sold and Payroll Expense from Gross Revenues.

5. "Administrative, Occupancy, and other Expenses" is defined as all other costs associated with operating the Affiliate-Owned Restaurant, including, but not limited to rent, janitorial services, legal and other professional fees, insurance, and utilities. This expense does not include travel, meals, donations and equipment rental.

6. Though Affiliate-Owned Restaurant Locations did not pay a Royalty, we have included this expense in order to make the disclosures presented above more representative of what you will experience as a franchisee. The current Royalty is 6% of Gross Revenues.

7. "Local Store Marketing" is equal to 3% of Gross Revenues, which is the amount required under the 2024 Franchise Agreement.

8. "Brand Fund Contributions" are equal to 2% of Gross Revenues, which is the same percentage paid by franchisees.

9. "EBITDA" is defined as earnings before interest, tax, depreciation and amortization and is calculated by subtracting the specific operating costs/expenses, as well as estimated fees that would be due under our current form of franchise agreement, from the top-line Gross Revenues figure for each affiliate-owned Restaurant disclosed in Part I. Please note that, except as specially identified in Part I, this Part does not account for any other operating costs or expenses that were incurred in connection with a given Part I disclosed Restaurant over the Measurement Period.
10. The Percentage of Gross Revenues for each line item was calculated by dividing the applicable line-item entry by the Gross Revenues for each applicable Measurement Period.

11. "Average" also known as the "mean," means the sum of all data points in a set, divided by the number of data points in that set.

12. "Median" means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data point, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two.

13. Part I excludes any (a) revenues and/or sales generated by, and (b) operating costs and expenses incurred in connection with, any activities of a given System Restaurant that are not representative of the revenues and expenses that will be earned by franchisees, including certain catering revenues, personal expenses, expenses related to corporate restructuring, property taxes, health insurance, and wages for employees that were unrelated to the Restaurant's business.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Restaurant, however, we may provide you with the

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actual records of that Restaurant. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Ken Priest at PO Box 51593, Durham, NC 27717, (415) 519-0982 or ken@risefranchising.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
Systemwide Outlet Summary
For Fiscal Years 2022, 2023 and 2024

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF	NET CHANGE
Franchised	**2022**	13	14	+1
	2023	14	15	+1
	2024	15	19	+4
Company/Affiliate Owned	**2022**	3	3	0
	2023	3	6	+3
	2024	6	6	0
Total Outlets	**2022**	**16**	**17**	**+1**
	2023	**17**	**21**	**+4**
	2024	**21**	**25**	**+4**

TABLE 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Fiscal Years 2022, 2023 and 2024

STATE	YEAR	NUMBER OF TRANSFERS
TOTAL	**2022**	**0**
	2023	**0**
	2024	**0**

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TABLE 3
Status of Franchised Outlets
For Fiscal Years 2022, 2023 and 2024

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINA-TIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS- OTHER REASONS	OUTLETS AT END OF THE YEAR
California	**2022**	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Florida	**2022**	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Georgia	**2022**	1	0	0	0	0	0	1
	2023	1	0	0	0	1*	0	0
	2024	0	0	0	0	0	0	0
Kansas	**2022**	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Maryland	**2022**	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
North Carolina	**2022**	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
Oklahoma	**2022**	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Tennessee	**2022**	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Texas	**2022**	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Virginia	**2022**	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	**2023**	**13**	**2**	**1**	**0**	**0**	**0**	**14**
	2023	**14**	**2**	**0**	**0**	**1**	**0**	**15**
	2024	**15**	**4**	**0**	**0**	**0**	**0**	**19**

*This franchisee closed the location in July 2023, and we reacquired the location in November 2023 and subsequently reopened the location in February 2024.

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TABLE 4
Status of Company-Owned and Affiliate-Owned Outlets
For Fiscal Years 2022, 2023 and 2024

STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF THE YEAR
Georgia	**2022**	0	0	0	0	0	0
	2023	0	0	1*	0	0	1
	2024	1	0	0	0	0	1
North Carolina	**2022**	3	0	0	0	0	3
	2023	3	2	0	0	0	5
	2024	5	0	0	0	0	5
Totals	**2022**	**3**	**0**	**0**	**0**	**0**	**3**
	2023	**3**	**2**	**1**	**0**	**0**	**6**
	2024	**6**	**0**	**0**	**0**	**0**	**6**

*This franchisee closed the location in July 2023, and we reacquired the location in November 2023 and subsequently reopened the location in February 2024.

TABLE 5
Projected Openings as of December 31, 2024

STATE	FRANCHISE AGREEMENTS SIGNED FOR RESTAURANT NOT OPENED AS OF 12/31/2024	PROJECTED FRANCHISES OPENING DURING OUR NEXT FISCAL YEAR	PROJECTED OPENINGS IN THE NEXT FISCAL YEAR BY US
Tennessee	0	1	0
Virginia	0	1	0
TOTAL	0	2	0

A list of our (a) open and operating franchisees as of December 31, 2024, and (b) any System franchisees that have signed franchise agreements as of December 31, 2024, but have not yet commenced operation of a franchised Restaurant under that franchise agreement, are attached as Exhibit H to this Disclosure Document. Additionally, a list of franchisees who have left the System in our past fiscal year or who have not communicated with us within the 10-week period immediately preceding the effective date of this Disclosure Document will also be attached as Exhibit H to this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System.

We have franchisees that have signed provisions during our last three (3) fiscal years restricting their

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ability to speak openly about their experience with us.

There is presently no trademark specific franchisee organization associated with the System that require disclosure in this Item.

ITEM 21
FINANCIAL STATEMENTS

Exhibit C of this Disclosure Document contains our audited financial statements as of December 31, 2022, December 31, 2023, and December 31, 2024. Also attached as Exhibit C is our unaudited balance sheet and unaudited profit and loss statement as of February 28, 2025. Our fiscal year end is December 31 of each year.

ITEM 22
CONTRACTS

Exhibits D, E and F of this Disclosure Document contain all contracts proposed for use or in use regarding the offer of our franchises, including the following agreements:

Exhibit D – Franchise Agreement, as well as the following Exhibits to this agreement:
- Exhibit A – Site Selection Addendum
- Exhibit B – Personal Guaranty
- Exhibit C – Lease Addendum and Collateral Assignment of Lease Forms
- Exhibit D – Conditional Assignment of Telephone Numbers and Listings
- Exhibit E – Form of Confidentiality and Restrictive Covenant Agreement (for certain management personnel of Franchisee)
- Exhibit F – Electronic Funds Withdrawal Authorization
- Exhibit G – Franchisee Questionnaire

Exhibit E – Development Agreement
Exhibit F – Sample Termination and Release Agreement

ITEM 23
RECEIPTS

Exhibit K of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to: Attn: Ken Priest, c/o Rise Franchising, LLC, P.O. Box 51593, Durham, North Carolina 27717.

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EXHIBIT A
TO THE RISE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

Rise Franchising, LLC
PO Box 51593
Durham, NC 27717
(415) 519-0982

Listed on the following page are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

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CALIFORNIA	**CONNECTICUT**
(state administrators) Department of Financial Protection and Innovation: 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 2101 Arena Blvd Sacramento, CA 95834 (866) 275-2677 1350 Front Street San Diego, CA 92101 (619) 525-4233 One Sansome St., Suite 600 San Francisco, California 94104 (415) 972-8565 (agents for service of process) California Commissioner of the Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 Commissioner of the Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, California 94104 Commissioner of the Department of Financial Protection and Innovation 2101 Arena Blvd Sacramento, CA 95834	(state administrator) State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 (agent for service of process) Banking Commissioner

HAWAII	**ILLINOIS**
(state administrator) Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722 (agent for service of process) Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465

INDIANA (state administrator) Indiana Secretary of State Securities Division 302 West Washington Street, Room E-11 Indianapolis, IN 46204 (317) 232-6681 (agent for service of process) Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204	**MARYLAND** (state administrator) Maryland Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360 (agent for service of process) Maryland Securities Commissioner Office of Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
MICHIGAN (state administrator) Michigan Department of the Attorney General Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117 (agent for service of process) Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit P.O. Box 30054, 6546 Mercantile Way Lansing, MI 48909	**MINNESOTA** (state administrator) Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 296-6328 (agent for service of process) Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198

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NEW YORK (state administrator) NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236 (agent for service of process) New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231 (518) 473-2492	**NORTH DAKOTA** (state administrator) North Dakota Securities Department State Capital, 5th Floor 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-2910 (agent for service of process) North Dakota Securities Commissioner State Capitol – 5th Floor 600 E. Boulevard Avenue Bismarck, ND 58505
OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	**RHODE ISLAND** (state administrator) Director, Department of Business Regulations Rhode Island Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (agent for service of process) Director, Department of Business Regulation Division of Securities Suite 232 233 Richmond Street Providence, RI 02903-4232

SOUTH DAKOTA South Dakota Division of Insurance Securities Regulation 124 S. Euclid Suite 104 Pierre, SD 57501 (605) 773-3563	**VIRGINIA** (state administrator) State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 (for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON (state administrator) State of Washington Director, Department of Financial Institutions Securities Division 150 Israel Road, SW Olympia, WA 98501 (360) 902-8760 (agent for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Olympia, Washington 98501	**WISCONSIN** (state administrator) Wisconsin Commissioner of Securities 345 W Washington Ave., 4th Floor Madison, WI 53703 (608) 266-8550 (agent for service of process) Wisconsin Commissioner of Securities 345 West Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555

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EXHIBIT B
TO THE RISE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

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OPERATIONS MANUAL

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EXHIBIT C
TO THE RISE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

RISE FRANCHISING, LLC

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022

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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 Member of
RISE FRANCHISING, LLC
Durham, NC

Opinion

We have audited the accompanying financial statements of Rise Franchising, LLC (the "Company") (a North Carolina limited liability company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and member's deficit, and cash flows for the years then ended, 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 2023, and the results of its operations and cash flows for the years then ended 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.

Prior Period Financial Statements

The financial statements of Rise Franchising, LLC as of December 31, 2022 were audited by other auditors whose report dated March 20, 2023 expressed an unmodified opinion on those statements.

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.

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 2, 2025

RISE FRANCHISING, LLC
Balance Sheets
December 31, 2024, 2023 and 2022

Assets

	2024	2023	2022
Current assets			
Cash	244,519	$ 127,310	$ 169,738
Accounts receivable	22,470	-	-
Deferred commissions, current portion	27,778	27,778	27,778
Total current assets	294,767	155,088	197,516
Deferred commissions, net of current portion	579,455	668,879	743,407
Franchise fees receivable	70,000	70,000	70,000
Property and equipment, net	20,612	8,239	8,239
Security deposit	-	-	3,644
Total assets	964,834	$ 902,206	$ 1,022,806

Liabilities and Member's Deficit

Current liabilities:			
Accounts payable and accrued expenses	46,542	$ 2,840	$ 15,013
Deferred franchise fees, current portion	31,501	23,250	22,000
Deferred area representative fees, current portion	55,556	55,556	55,556
	133,599	81,646	92,569
Deferred franchise fees, net of current portion	1,090,373	1,221,917	1,316,666
Area representative fees, net of current portion	37,036	92,592	148,148
Franchise fees payable	35,000	35,000	35,000
Total liabilities	1,296,008	1,431,155	1,592,383
Commitments and contingencies (Notes 5)			
Member's deficit	(331,174)	(528,949)	(569,577)
Total liabilities and member's equity	964,834	$ 902,206	$ 1,022,806

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

RISE FRANCHISING, LLC
Statements of Operations and Member's Deficit
For the Years Ended December 31, 2024, 2023 and 2022

	2024	2023	2022
Revenues			
Franchise fees	$ 178,848	$ 149,056	$ 1,020,221
Franchise royalties	892,547	711,237	681,250
Brand fund fees	388,902	307,314	298,296
Vendor rebates	146,769	128,528	128,218
Other income	10,468	11,795	13,025
Total revenues	1,617,534	1,307,930	2,141,010
Operating expenses			
General and administrative	592,849	444,834	771,765
Brand fund	229,991	202,440	249,952
Sales and marketing	111,899	81,823	50,693
Total operating expenses	934,739	729,097	1,072,410
Net income	682,795	578,833	1,068,600
Member's deficit, beginning of year	(528,949)	(569,577)	(963,320)
Member distributions	(485,020)	(538,205)	(674,857)
Member's deficit, end of year	$ (331,174)	$ (528,949)	$ (569,577)

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

RISE FRANCHISING, LLC
Statement of Cash Flows
For the Years Ended December 31, 2024, 2023 and 2022

	2024	2023	2022
Cash flows from operating activities			
Net income	$ 682,795	$ 578,833	$ 1,068,600
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization expense	8,946	-	-
(Increase) decrease in operating assets			
Accounts receivable	(22,470)	-	-
Deferred commissions	89,424	74,528	256,361
Security deposit	-	3,644	(3,644)
Increase (decrease) in operating liabilities			
Accounts payable and accrued expenses	43,702	(12,173)	(3,165)
Deferred franchise fees	(123,293)	(93,499)	(460,610)
Deferred area representative fees	(55,556)	(55,556)	(52,111)
Net cash provided by operating activities	623,548	495,777	805,431
Cash flows from investing activities			
Acquisition of property and equipment	(21,319)	-	-
Net cash used in investing activities	(21,319)	-	-
Cash flows from financing activities			
Member distributions	(485,020)	(538,205)	(674,857)
Net cash used in financing activities	(485,020)	(538,205)	(674,857)
Net increase (decrease) in cash	117,209	(42,428)	130,574
Cash, beginning of year	127,310	169,738	39,164
Cash, end of year	$ 244,519	$ 127,310	$ 169,738
Supplemental Disclosure of Cash Flow Information:			
Cash paid during the year for:			
Interest	$ -	$ -	$ -
Income taxes	$ -	$ -	$ -

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

1. Nature of Organization

Rise Franchising, LLC (the "Company") was formed on May 16, 2014 for the purpose of selling and operating franchises under the brand name Rise Biscuits Donuts. The Company is a wholly-owned subsidiary of Rise Holdings, LLC (the Parent), a holding company headquartered in North Carolina. The Company authorizes franchisees and third-party licensees to use certain business formats, systems, methods, procedures, designs, layouts, specifications, trade names and trademarks in the United States.

The Company does not operate any Rise Biscuits Donuts locations.

As of December 31, 2024, 2023 and 2022, there were 20, 16 and 15 open and operating franchise locations, respectively. During the years ended December 31, 2024, 2023 and 2022, there was zero, one and one franchise agreement terminated, respectively.

2. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The 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.

Concentrations

The Company holds cash and cash equivalents at times may exceed federal insurance limits; however, the Company does not anticipate any losses related to this balance.

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, 2023, and 2022, respectively.

Franchise Fees Receivable and Allowance for Credit Losses

Franchise fees receivable is due from one franchisee who purchased one area development agreement in exchange for the commitment to build and open 7 new locations.

2. Summary of Significant Accounting Policies (Continued)

Franchise Fees Receivable and Allowance for Credit Losses (Continued)

In June 2016, the Financial Accounting Standards Board ("FASB") issued guidance FASB Accounting Standards Codification ("ASC") 326 which changed how entities measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model.

Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in FASB ASC 326 are trade accounts receivable. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

The Company's allowance for expected credit losses, is Management's best estimate of the amount of probable credit losses in its existing accounts receivable. The Company reviews its allowance for expected credit losses periodically. Management determines an allowance based on historical experience and then analyzes individual past due balances for collectibility based on current conditions and reasonable and supportable forecasts . In addition, if Management believes it is probable a receivable will not be recovered, it is charged off against the allowance. For the years ended December 31, 2024, 2023 and 2022, management believes all amounts will be collected, thus an allowance for credit losses for accounts receivable is not considered necessary.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives ranging from three years to seven years for all categories of depreciable assets. Leasehold improvements are stated at cost and depreciation is computed on the straight-line method over the shorter of the lese term or the estimated lives of the assets.

Prototype design are costs for architectural services incurred in the design of the prototype store for Rise Biscuits and Donuts. These costs are being amortized over fifteen (15) years, the expected life of the design.

The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is included in earnings. Maintenance and repairs are expensed currently while major renewals and betterments are capitalized.

Long-lived assets of the Company are reviewed when circumstances warrant as to whether their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations. Management also re-evaluates the periods of depreciation to determine whether subsequent events and circumstances warrant revised estimates of useful lives. During the period ended December 31, 2024, 2023 and 2022, there was no impairment losses recognized on long-lived assets.

Revenue Recognition

Accounting Standards Update ("ASU") 2014-09 requires entities to assess 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.

2. Summary of Significant Accounting Policies (Continued)

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.

In accordance with ASU 2014-09, 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 (10 years).

Franchise Fee

The Company recognizes franchise fees as two performance obligations, pre-opening services (which include corporate training, on-site training, and site selection approval) and access to the license. Both performance obligations are recognized over the life of the franchise agreement. The amount allocated to the pre-opening services is recognized over time typically within one year as those services are completed. The amount allocated to the franchise license is earned over time based on the franchise agreement as performance obligations are satisfied due to the continuous transfer of control to the franchisee.

Area Representative Fees

The Company recognizes area representative fees as one performance obligation, access to the area to sell franchises. The area representative fee is earned over time based on the area representative agreement as performance obligations are satisfied due to the continuous transfer of control to the representative.

Vendor Rebates

The Company has agreements with third-party vendors, who provide products to franchisees. The Company earns rebates based upon the amount of purchases by its franchisees. These fees are recognized as those sales occur.

2. Summary of Significant Accounting Policies (Continued)

Variable Consideration

The franchise agreements contain variable considerations in the form of royalty and brand fund fees. These fees are based on franchise weekly sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Income Taxes

The Company is a single member limited liability company and has elected to be taxed as a disregarded entity for the federal and state income tax reporting purposes. As such, the Company does not pay income taxes on its taxable income and all taxable income or loss flows through to its Member. Accordingly, no income tax expenses or liability is recorded in the accompanying financial statements.

Limited Liability Company

Since the Company is a limited liability company, no member, manager, agent, or employee of the company shall be personally liable for the debts, obligations, or liabilities of the Company, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, director, manager, agent, or employee of the company, unless the individual has signed a specific personal guarantee. The duration of the entity is perpetual.

Brand Development Fund

The Company administers advertising funds ("Brand Fund Contributions") collected from franchisees and manages the franchise advertising and marketing program on behalf of the franchisees. Brand Fund Contributions are calculated at 2% of gross revenue less any amounts to be collected as sales tax and are collected at the same time as the Royalty Fee.

3. Property and Equipment

Property and equipment consisted of the following:

	2024	2023	2022
Prototype design	$ 15,127	$ 15,127	$ 15,127
Software	21,320	-	-
	36,447	15,127	15,127
Less: accumulated amortization	(15,835)	(6,888)	(6,888)
	$ 20,612	$ 8,239	$ 8,239

Depreciation for the year ended December 31, 2024, 2023, and 2022 amounted to $$8,949, $0, and $0, respectively.

4. Related Party Transactions

The Company borrows and loans funds to its parent company. The loans are unsecured, non-interest bearing, and there are no formal repayment terms. There were no current year transactions due to/from its parent company.

5. Commitments and Contingencies

The Company has an agreement with a third-party vendor, to assist with selling franchises. The Company pays commissions based upon the revenue that was earned in connection with the vendor. Commission payments made to the vendor consist of 50% of franchise fees and area representative fees and 20% of franchise royalties.

From time to time, the Company is party to legal actions arising out of the ordinary course of business. The Company does not believe that these legal actions will have a material adverse effect on the Company's financial position, results of operations or cash flows.

6. Subsequent Events

The Company has evaluated events through April 2, 2025, to assess the need for additional recognition or disclosure in these financial statements. Based upon this evaluation, it was determined that no events occurred that require recognition or additional disclosure in these financial statements.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESS HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

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Rise Franchising LLC
Balance Sheet
As of February 28, 2025

		Total
ASSETS		
Current Assets		
Bank Accounts		
1010 Rise Franchising (XXXXXXXXXXXXX 9891)		0.00
1020 Brand Fund Acct.#8856		0.00
1050 Brand Fund Checking-Fidelity #3737		106,044.71
1060 Franchise Checking Fidelity #3745		46,099.78
1070 Franchise Savings #3451		8,891.37
Total Bank Accounts	**$**	**161,035.86**
Accounts Receivable		
1100 Accounts Receivable		22,470.10
Total Accounts Receivable	**$**	**22,470.10**
Other Current Assets		
1090 Prepaid Expenses-Short Term		27,778.00
1100-Accrued Revenue		0.00
1105 Commissions Receivable		70,000.00
115 Employee Cash Advances		0.00
1200-Prepaid Expenses		560,938.17
1210 Prepaid Expense - Area Representative Commissions		18,517.22
1300 Short Term Loan Receivable		0.00
Due from Rise Holdings		0.00
Total Other Current Assets	**$**	**677,233.39**
Total Current Assets	**$**	**860,739.35**
Other Assets		
1680 Accumulated Amortization		-15,834.68
180 Start up Costs		0.00
181 Prototype Design		15,126.96
182 Software-Buxton		21,320.00
Security Deposit		0.00
Total Other Assets	**$**	**20,612.28**
TOTAL ASSETS	**$**	**881,351.63**
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable (A/P)		35,000.00
Total Accounts Payable	**$**	**35,000.00**
Other Current Liabilities		
2035-FICA W/H Payable		0.00
2040-Federal W/H Payable		0.00
2050-State W/H Payable		0.00

2060-TG FUTA Payable		0.00
2065-TG SUTA Payable		0.00
2070-Medicare W/H Payable		0.00
2100-Accrued Expenses		0.00
2101 Loan Payable-ST		0.00
2130-Accrued Payroll		3,750.00
2150 Accrued Payable-"Promotional"		42,792.28
2200 Deferred Revenue - Franchise Fees		1,121,875.33
2210 Deferred Revenue		92,592.44
Total Other Current Liabilities	**$**	**1,261,010.05**
Total Current Liabilities	**$**	**1,296,010.05**
Total Liabilities	**$**	**1,296,010.05**
Equity		
283-Retained Earnings		2,865,916.00
2930 Paid in Capital-Rise Top Form		-13,500.00
2940-TG Paid in Capital - Rise Holdings		-2,052,016.94
2950 Distributions to Parent		-1,300,474.00
3000-Paid-In Capital-Olander		0.00
3998 Prior Period Adj.-Commissions		0.00
3999 Prior Period Adj.-Franchise Fees		0.00
Net Income		85,416.52
Total Equity	**-$**	**414,658.42**
TOTAL LIABILITIES AND EQUITY	**$**	**881,351.63**

Rise Franchising LLC
Profit and Loss
January - February, 2025

		Total
Income		
3520 Area Representative Fees(Rebates)		6,509.90
3540 Franchise Royalty Income		156,938.12
3545 Online Merchandise-Shopify		151.78
Total Income	**$**	**163,599.80**
Cost of Goods Sold		
3542-Corporate Store Royalty (1.2%)		-4,670.18
452-Fransmart Commission (20% of Royalty Fees)		36,852.97
Total Cost of Goods Sold	**$**	**32,182.79**
Gross Profit	**$**	**131,417.01**
Expenses		
4105-Salaries & Wages-Staff		33,750.00
4106-Payroll-Bonus		5,544.06
4160-Payroll Taxes-FICA/Medi		3,023.25
4161-Payroll Taxes-SUTA		-2,063.81
4162-Payroll Taxes-FUTA		84.00
4200 Medical Allowance		625.00
4420-Travel & Milege/Lodging		4,053.28
4610-Utilities-Telephone		225.00
4705-Office/Administrative Expenses		1,276.75
4730-Dues & Subscriptions		207.00
4755-Merchant credit card Fees/Shopify fees		78.00
4760-Bank Charges		188.40
4765-Accounting Expense		150.00
4770-Legal Expense		2,050.00
4771-Legal Lawsuit		20,000.00
6601-Technology		1,167.20
6620 Payroll Processing Fees		738.75
Total Expenses	**$**	**71,096.88**
Net Operating Income	**$**	**60,320.13**
Other Income		
3500-Interest Earned		90.97
9020-Marketing Brand Fund $		72,819.21
9021-Brand Fund % to Splinter		-36,409.57
Total 9020-Marketing Brand Fund $	**$**	**36,409.64**
Total Other Income	**$**	**36,500.61**
Other Expenses		
800-Brand Fund Expenses		
801-Printing-Brand Fund		124.14
804-Web Apps/Techology		2,975.34
809-Technology-Texting(Twillo)		1,100.32

814-Accounting/Bookkeeping		150.00
816-Marketing		1,250.00
821-Data Analysis		1,500.00
822-Printing Promotions		1,173.67
826-Mailchimp		1,600.00
828-Playerlync		1,530.75
Total 800-Brand Fund Expenses	**$**	**11,404.22**
Total Other Expenses	**$**	**11,404.22**
Net Other Income	**$**	**25,096.39**
Net Income	**$**	**85,416.52**

EXHIBIT D
TO THE RISE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

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RISE FRANCHISING, LLC

FRANCHISE AGREEMENT

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EXHIBITS

Exhibit A - Site Selection Addendum
Exhibit B - Personal Guaranty and Guaranty of Spouses
Exhibit C - Collateral Assignment of Lease
Exhibit D - Conditional Assignment of Franchisee's Telephone Numbers and Listings
Exhibit E - Confidentiality and Restrictive Covenant Agreement
Exhibit F - Electronic Funds Withdrawal Authorization
Exhibit G - Franchisee Questionnaire

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DATA SHEET

Franchisee: _____

Guarantors: _____

Effective Date: _____

Approved Location: _____

_____

Protected Territory: _____

_____

Telephone Number: _____

E-Mail Address: _____

Initial Franchise Fee: _____

The terms of this Data Sheet are incorporated into the attached Franchise Agreement.

©2025 Rise Franchising, LLC

RISE FRANCHISING, LLC
FRANCHISE AGREEMENT

THIS AGREEMENT (the "Agreement" or "Franchise Agreement") is entered into and made effective on _____ (the "Effective Date"), by and between Rise Franchising, LLC, a North Carolina limited liability company with a principal business address at PO Box 51593, Durham, NC 27717 and the franchisee identified in the attached Data Sheet ("Franchisee").

RECITALS

A. Franchisor and its principals have developed a system for operating restaurants offering biscuits and donuts, breakfast sandwiches, baked goods, coffee products and related food and beverage items to the public for dine-in, takeout, wholesale, and catering under our then-current proprietary mark (each, a "Restaurant").

B. Franchisor is engaged in the business of granting franchisees the right to operate a Restaurant.

C. Franchisee desires to enter into an agreement with Franchisor to obtain the right to operate a Restaurant using the system developed by Franchisor, the characteristics of which include, depending on Franchisee's location: Franchisor's proprietary standards and specifications for food preparation and service (the "Proprietary Recipes"); interior and exterior Restaurant designs, décor and color schemes; standard specifications for furniture, fixtures, equipment, wall and ceiling designs and displays; sales techniques, merchandising, marketing, advertising, and inventory management systems; and procedures for operating and managing a Restaurant in the manner set forth in this Agreement and in the Operations Manual, as defined in Section 6.1, and modified from time to time (the "System").

D. Franchisor and its franchisees use various trade names, trademarks and service marks including, without limitation, the mark "Rise Biscuits Donuts," in connection with the System (the "Proprietary Marks"). The rights to all Proprietary Marks Franchisor may now, or in the future designate as part of the System, will be owned exclusively by Franchisor or its affiliate and be used for the benefit of Franchisor, its affiliate and Franchisor's franchisees to identify to the public the source of the products and services marketed thereunder.

E. Franchisee has applied to Franchisor for a franchise to operate a Restaurant and such application has been approved in reliance upon all of the representations made therein.

F. Franchisee hereby acknowledges that adherence to the terms of this Agreement and the standards and specifications of Franchisor are essential to the operation of Franchisee's Restaurant and to the operations of the System.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

1 GRANT OF FRANCHISE

1.1 **Grant and Acceptance**. Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a franchise for the right to establish and operate one (1) Restaurant, under the System and Proprietary Marks identified below, and the right to use the System and Proprietary Marks in the operation of the Restaurant.

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Franchisor has the right to supplement, improve or otherwise modify the System from time to time in Franchisor's discretion, and Franchisee agrees to comply with all changes, which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify.

1.2 **Protected Territory**. Except as otherwise provided in this Agreement, for so long as Franchisee complies with the terms and conditions hereof, Franchisor will not establish and operate, nor license any party other than Franchisee to establish and operate, any Restaurant under the System and the Proprietary Marks within the protected territory of Franchisee's Restaurant identified in the Data Sheet, the terms of which are incorporated herein by reference ("Protected Territory"), during the term hereof; provided, however, that Franchisor and its affiliates retain all other rights, including, without limitation, the right to distribute products and services as described in Section 1.5 hereof within the Protected Territory. Franchisor will have the right, among others, during the term of this Agreement to use, and to license others to use, the System and Proprietary Marks for the operation and licensing of other Restaurants at any location outside of the Protected Territory. Franchisee may not solicit customers, or provide catering services outside of the Protected Territory. The foregoing grant to Franchisee does not include: (i) any right to offer any product or service via e-commerce without prior approval by Franchisor; (ii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; or (iii) any right to distribute, market, or implement Franchisor's products and services in any channel of distribution not specifically identified in this Agreement.

1.2.1 *Catering Services.* Franchisee may only provide catering services to customers within the Protected Territory, provided that the business is conducted from its Approved Location (as defined below) and not from a mobile unit. Franchisor may allow Franchisee to cater events outside of its Protected Territory if Franchisee: (i) obtains Franchisor's prior written approval, which will not be unreasonably withheld; and (ii) is not targeting areas outside of its Protected Territory to cater events. Further, Franchisor may allow Franchisee to cater events within another System franchisee's protected territory in certain limited circumstances, which Franchisor will approve in its sole discretion.

1.3 **Approved Location**. Franchisee may operate the Restaurant only at the approved location identified in the Data Sheet (the "Approved Location"). If Franchisor has not approved a location for Franchisee to operate the Restaurant as of the date Franchisee signs this Agreement, the parties will enter into the Site Selection Addendum attached as Exhibit A to this Agreement, the terms of which will govern the parties' site-selection obligations. Franchisee may not relocate the Restaurant without Franchisor's prior written consent.

1.4 **Exclusions and Reservations**. Franchisee expressly understands and agrees that Franchisor and Franchisor's affiliates will have the right, in Franchisor's sole discretion, to: (a) own and operate Restaurants at any location(s) outside Franchisee's Protected Territory under the same or different marks, or to license others the right to own and operate a Restaurant at any location(s) outside Franchisee's Protected Territory under the same or different marks; (b) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, including the sale of products through grocery stores, fine dining restaurants, retail stores, foodservice wholesalers, and via the Internet and mail order catalogs without regard to location; (c) own and operate Restaurants at Non-Traditional Sites, as defined below, including, but not limited to, sports and entertainment stadiums, arenas, entertainment complexes, malls, and other shopping outlets, food courts, train stations and airports within and outside of Franchisee's Protected Territory; (d) own and operate Restaurants or businesses, or market similar products and services, at any location(s) inside Franchisee's Protected Territory under different marks, or to license others the right to own and operate Restaurants or businesses, or market similar products and services at

any location(s) inside Franchisee's Protected Territory under different marks; (e) acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products that are similar to those provided by the Restaurant, within or outside the Protected Territory, or be acquired by any type of business; and (f) use and license to engage in any other activities not expressly prohibited in this Agreement.

1.5 **Other Channels of Distribution.** Franchisee acknowledges and agrees that certain of Franchisor's, or its affiliates', products and services, whether now existing or developed in the future, may be distributed in Franchisee's Protected Territory by Franchisor, Franchisor's affiliates, or Franchisor's franchisees, licensees or designees, in such manner and through such channels of distribution as Franchisor, in its sole discretion, will determine. Such alternate channels of distribution will include, but are not limited to, the sale of biscuits, donuts, pastries, cakes, desserts, breakfast items, sandwiches, coffee, merchandise, including clothing, and other food and beverage products through grocery stores, fine dining restaurants, retail stores, foodservice wholesalers, and via the Internet and mail order catalog. Franchisee understands that this Agreement grants Franchisee no rights: (i) to distribute such products or services as described in this Section 1.5; or (ii) to share in any of the proceeds received by any such party therefrom.

1.6. **Non-Traditional Sites**. Franchisor will have the exclusive right, unless otherwise specifically delegated in writing, on behalf of itself, Franchisee, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to operate Restaurants in non-traditional sites, including, but not limited to, sports and entertainment stadiums, arenas, entertainment complexes, malls, other shopping outlets, food courts, and train stations and airports, both within and outside of Franchisee's Protected Territory (each, a "Non-Traditional Site"). Any dispute as to whether a particular site is a Non-Traditional Site will be determined by Franchisor in its sole discretion and Franchisor's determination will be final and binding. Franchisor's or Franchisor's affiliates', licensees' or designees' operation of a Restaurant at a Non-Traditional Site within Franchisee's Protected Territory will not constitute a violation of this Section 1.6 relating to territorial exclusivity. Franchisee disclaims any compensation or consideration for revenues earned by others from operating Restaurants at Non-Traditional Sites within Franchisee's Protected Territory.

1.7 **Operations Director.** If Franchise (or, if applicable, any of its operating principals) do not have at least five (5) years of prior experience owning or managing a restaurant or comparable eating establishment, then Franchisee must engage an individual to serve as its operations director that: (i) demonstrates he/she has such prior experience; (ii) attends and completes the same Initial Program Training at the same time that Franchisor provides such pre-opening training to Franchisee (or its operating principal) in connection with the Franchised Business; and (iii) will be responsible for overseeing operations of the Franchised Business and, if applicable, any other franchises awarded in connection with any multi-unit development agreement that governs the development of the Franchised Business, as well as serve as a primary contact with the right to (a) communicate directly with Franchisor, and (b) make operations and management-related decisions or determinations in connection with the Franchised Business.

2 TERM AND RENEWAL

2.1 **Term**. The initial term of the Franchise is for a period of ten (10) years, which will begin on the date that the Franchisor signs this Agreement.

2.2 **Renewal**. Franchisee has the right to renew this Agreement for one (1) successive,

additional ten (10) year period, provided Franchisee has met the following conditions:

2.2.1 Franchisee has notified Franchisor of Franchisee's intention to renew this Agreement in writing at least ninety (90) days prior to expiration of the current term;

2.2.2 Franchisee has demonstrated, to Franchisor's satisfaction, that Franchisee has the right to operate the Restaurant at the Approved Location for the duration of the renewal term; or, if Franchisee is unable to operate the Restaurant at the Approved Location, Franchisee has secured a substitute location acceptable to Franchisor;

2.2.3 Franchisee has completed, to Franchisor's satisfaction, no later than ninety (90) days prior to the expiration of the then-current term, all maintenance, refurbishing, renovating, updating and remodeling of the Restaurant premises, and any updates to required hardware and software, required to bring the Restaurant and all equipment into full compliance with Franchisor's then-current System standards and specifications;

2.2.4 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors, and Franchisee has substantially complied with all such agreements during their respective terms;

2.2.5 Franchisee has satisfied all Franchisee's monetary obligations to Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may materially vary from the terms of this Agreement and may include, without limitation, increased royalty fees, increased marketing and advertising obligations, and a change to the size of the Protected Territory;

2.2.7 Franchisee satisfies Franchisor's then-current training requirements for renewing franchisees at Franchisee's expense, as of the date of such renewal, if any;

2.2.8 Franchisee signs a general release, in the form Franchisor prescribes, with the release not inconsistent with any applicable state statute regulating franchises; and

2.2.9 Franchisee pays Franchisor a renewal fee in the amount of $5,000.

3 FEES

3.1 **Initial Franchise Fee.** In consideration of the franchise granted to Franchisee, Franchisee must pay Franchisor an initial franchise fee equal to $35,000. The initial franchise fee is non-refundable and deemed fully earned upon payment in consideration for administrative and other expenses Franchisor incurs in granting the franchise and for Franchisor's lost or deferred opportunity to franchise to others.

3.2 **On-Site Training Fee**. If the Restaurant that will be opened under this Agreement is not the first Restaurant to be opened by Franchisee or any of Franchisee's principals or affiliates is developing pursuant to a multi-unit development agreement, then Franchisee must pay Franchisor an on-site training fee equal to $15,000 if Franchisor requires on-site training ("On-Site Training Fee"), with the payment made prior at Franchisor's written request prior to Franchisor providing such on-site

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training.

3.3 **Royalty Fee**. Franchisee must pay Franchisor a weekly royalty fee on Wednesday of each week equal to six percent (6%) of Franchisee's Gross Revenues during the immediately preceding Business Week (as defined below) ("Royalty"). "Gross Revenues" includes all revenues Franchisee generates from all business conducted at or from Franchisee's Restaurant during the preceding reporting period, including amounts received from the sale and delivery of food items, services, products, merchandise, and tangible property of any nature whatsoever, whether in cash or for credit, and whether collected or uncollected. Gross Revenues, however, does not include the amount of any applicable sales tax imposed by any federal, state, municipal or other governmental authority if such taxes are stated separately when the customer is charged and Franchisee pays such amounts as and when due to the appropriate taxing authority. Also, excluded from Gross Revenues are the amounts of any documented refunds, chargebacks, credits and allowances given to customers in good faith pursuant to Franchisor's standard procedures for issuing such refunds. All barter and exchange transactions for which Franchisee furnishes services or products in exchange for goods or services to be provided to Franchisee by a vendor, supplier or customer will be valued at the full retail value of the goods or services provided to Franchisee.

3.4 **Brand Fund Contributions.** Franchisee must contribute to the brand development fund that Franchisor has established to promote, advertise, market and/or otherwise develop the System, Proprietary Marks, Approved Products and/or the Franchisor's brand generally (the "Fund") in an amount equal to up to three percent (3%) of the Gross Revenue generated by the Franchised Business over the preceding reporting period (the "Fund Contribution"), which shall be due and payable at the same time as the Royalty Fee above and as detailed more fully in this Agreement.

3.5 **Technology Fee**. Franchisor reserves the right to charge Franchisee an on-going technology fee in connection with any software or other technology-related services that Franchisor determines to associate or provide as part of the Franchised Business ("Technology Fee"). Franchisor reserves the right to designate and/or change the amount, scope, or manner of payment of the Technology Fee, including the party to whom payment is made, at any time upon providing reasonable notice to Franchisee. Franchisor shall only impose the Technology Fee to reimburse itself for certain expenses incurred in connection with the computer system, software or any other technological platform used by the System and will not impose the Technology Fee solely as an additional stream of revenue.

3.6 **Local Marketing Requirement; Other Amounts Expended in Connection with Franchised Business.** Franchisee must (a) expend the minimum amounts set forth in Section 12 of this Agreement on the local advertising and marketing of the Franchised Business within the Designated Territory (the "Local Marketing Requirement" or "LMR"), and (b) pay all other training fees, evaluation fees and/or other amounts due for inventory or other required item/service purchases that Franchisee must make from a supplier or provider that Franchisor designates in the Manuals or otherwise in writing (each, an "Approved Supplier") for any item or service that Franchisee is required to purchase, lease or otherwise acquire for use in connection with the establishment and ongoing operation of the Franchised Business (each, a "Required Item").

3.7 **Gross Revenues Reports.** Franchisee must send Franchisor a signed Gross Revenues report (each, a "Gross Revenues Report") on Wednesday of each week stating the Gross Revenues earned by the Restaurant for the prior week (each, a "Business Week"). For purposes of this Section 3, a "Business Week" begins on Monday and ends on Sunday. The Gross Revenues Reports must set forth Franchisee's Gross Revenues generated during the previous Business Week, Franchisee's calculation of the Royalty, Brand Fund Contribution (as defined in Section 12.5), and any other information

Franchisor may require. Franchisor may change the form and content of the Gross Revenues Reports from time to time.

3.8 **Manner of Payment.** The Royalty and Fund Contributions will be made on a weekly basis, on Wednesday of each week following receipt of the Gross Revenues Reports in the manner Franchisor specifies. Franchisor may institute an electronic funds transfer program (the "EFT Program") under which Franchisor automatically deducts the Royalty and Brand Fund Contributions owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor, from Franchisee's bank account. The LMR defined in Section 12.7 of this Agreement must be spent in the Protected Territory and is not collected via electronic funds transfer. Franchisee must deposit all revenues from operation of Franchisee's Restaurant into one bank account within three (3) days of receipt, including cash, checks, and credit card receipts. Before Franchisor approves or schedules Franchisee (or any of Franchisee's personnel) to attend any portion of the initial training program (as set forth in Section 8.1 of this Agreement), Franchisee must provide Franchisor with Franchisee's bank name, address and account number, a voided check from the bank account, and sign and give to Franchisor and Franchisee's bank, all documents, including Exhibit F to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer. Franchisee will immediately notify Franchisor of any change in Franchisee's banking relationship, including changes in account numbers. Franchisor will inform Franchisee of the amount to be taken from Franchisee's account at least one (1) day beforehand. Franchisor reserves the right to require Franchisee to pay any fees due under this agreement by such other means as Franchisor may specify from time to time. If any Gross Revenues Report has not been received within the time period required by this Agreement, then Franchisor may process an electronic funds transfer for the subject month based on the most recent Gross Revenues Report provided by Franchisee to Franchisor, provided, that if a Gross Revenues Report for the subject month is subsequently received and reflects (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then Franchisor shall be entitled to withdraw additional funds through an electronic funds transfer from Franchisee's designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations.

3.9 **Insufficient Funds.** If the funds in Franchisee's bank account are insufficient to cover any amounts due under this Agreement on the date such funds are due, in addition to the overdue amount, Franchisor has the right to immediately debit from Franchisee's bank account interest on such amount from the date it was due until all past due amounts are paid, at a rate of the lesser of one and a half percent (1.5%) per month or the maximum rate permitted by law, plus an insufficient funds fee of $250 per occurrence, per payment period overdue. Should any electronic funds transfer not be honored by Franchisee's bank for any reason, Franchisee agrees that Franchisee will be responsible for that payment and any service charge. If any payments are not received when due, Franchisee will be charged interest at a rate of the lesser of one and a half percent (1.5%) per month or the maximum rate permitted by law.

3.10 **Failure to Pay Fees in a Timely Manner.** Any late payment or underpayment by Franchisee to Franchisor or its affiliates in connection with this Agreement will bear interest from the due date until paid at the lesser of one and a half percent (1.5%) interest per month or the highest lawful interest rate which may be charged for commercial transactions in the state in which Franchisee's Restaurant is located and will be subject to a late fee of $250 per occurrence, per payment period overdue. Nothing contained in this Section will prevent Franchisor from exercising, in Franchisor's sole judgment, any other rights or remedies available to Franchisor under this Agreement.

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3.8 **Taxes on Payments**. In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to Franchisor, Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

4 PROPRIETARY MARKS

4.1 Franchisee's Use of the Proprietary Marks and Other Proprietary Material.

4.1.1 Franchisee must use only the Proprietary Marks that Franchisor designates, and must use them only in the manner Franchisor authorizes and permits.

4.1.2 Franchisee must use the Proprietary Marks only for the operation of the Restaurant at the Approved Location and for advertising the Restaurant.

4.1.3 Franchisee will use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM," "SM," "S," or "R," as applicable. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any services or products that Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee's corporate or other legal name. Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee's corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "Rise Biscuits Donuts." Franchisee must promptly register at the office of the county in which Franchisee's Restaurant is located, or such other public office as provided for by the laws of the state in which Franchisee's Restaurant is located, as doing business under such assumed business name.

4.1.4 Franchisee must identify itself as the owner of the Restaurant (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, customer forms and questionnaires, business stationery, and advertisements, as well as at such conspicuous locations as Franchisor may designate in writing at the Restaurant premises.

4.1.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof will constitute an infringement of Franchisor's rights.

4.1.6 Franchisee will not use the Proprietary Marks to incur any obligation or indebtedness on Franchisor's behalf.

4.1.7 Franchisee will execute all documents Franchisor deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

4.1.8 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks and Proprietary Software (as defined in Section 7.8.5 below), if any, Franchisor may now or hereafter designate for use in connection with the System, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks, the Proprietary Software, and Operations Manual (collectively the "Proprietary Material"). Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Material, including any settlement thereof. Franchisor has the right, but not

the obligation, to take action against uses by others that may constitute infringement of the Franchisor's rights to the Proprietary Material. Franchisor has the right, though not the obligation, to defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Material. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Proprietary Material in accordance with this Agreement, Franchisor will bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Proprietary Material in accordance with this Agreement, Franchisee will bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Proprietary Material, Franchisee will execute any and all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Material in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

4.1.9 Franchisee expressly understands and acknowledges that:

4.1.9.1 Franchisor or its affiliates or licensors own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

4.1.9.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

4.1.9.3 During the term of this Agreement and after its expiration or termination, Franchisee will not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks or any other Proprietary Material;

4.1.9.4 Franchisee's use of the Proprietary Material does not give Franchisee any ownership interest or other interest in or to the Proprietary Material;

4.1.9.5 Any and all goodwill arising from Franchisee's use of the Proprietary Material will inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the System, the Proprietary Marks, or any other Proprietary Material;

4.1.9.6 Except as specified in Section 1 hereof, the license of the Proprietary Marks granted to Franchisee hereunder is nonexclusive and Franchisor retains the right, among others, (i) to use the Proprietary Marks itself in connection with selling products and services; (ii) to grant other licenses for the Proprietary Marks; and (iii) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

4.1.9.7 Franchisor has the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. Franchisee must discontinue using all Proprietary Marks that Franchisor has notified Franchisee, in writing, have been modified or discontinued within sixty (60) days of receiving written notice and, at Franchisee's sole cost and expense, must promptly begin using such additional, modified or substituted Proprietary Marks.

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5 CONFIDENTIAL INFORMATION

5.1 **Nondisclosure**. During the term of this Agreement, Franchisee will receive information which Franchisor considers its trade secret and confidential information ("Confidential Information"), including operating procedures, sources of supply, supplier contracts, advertising materials, copyrighted materials, equipment specifications, any information contained in the Operations Manual, trade secrets, the Proprietary Recipes, and other methods, techniques and know-how concerning the operation of the Restaurant that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation of the Restaurant. Franchisee will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information. Franchisee may divulge Confidential Information only to those of Franchisee's employees as must have access to it in order to operate the Restaurant. Franchisee acknowledges and agrees that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers (subsections (i)-(iv) collectively "Customer Lists"), and (v) sources of suppliers and purchasing arrangements with suppliers, also constitute the trade secrets and Confidential Information of Franchisor. Franchisee may divulge such Confidential Information only to such of Franchisee's employees as must have access to it in order to operate the Restaurant. Any and all information, knowledge, know-how, techniques, and other data that Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement. Franchisee acknowledges and agrees that Franchisor has expended considerable time, effort, and money to develop the System, that the enumerated Confidential Information is not well known outside of the System, that the Confidential Information is of great value to the Franchisor, and that Franchisor is implementing this non-disclosure policy in an effort to protect its trade secrets and Confidential Information. Franchisee acknowledges that in the event of the actual or threatened breach of this Section 5.1, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm.

5.2 **Employees**. Franchisee must require all of Franchisee's employees to execute covenants promising to maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Restaurant premises. Such covenants will be in a form satisfactory to Franchisor and substantially similar to the Confidentiality and Restrictive Covenant Agreement attached as Exhibit E to the Franchise Agreement. These covenants must, without limitation, specifically identify Franchisor as a third-party beneficiary of such covenants with independent rights to enforce those covenants.

5.3. **New Concepts.** If Franchisee, Franchisee's employees, or principals develop any new concept, process or improvement in the operation or promotion of the Restaurant, including, but not limited to, any modifications or additions to the Proprietary Recipes or the Rise menu, Franchisee must promptly notify Franchisor and provide Franchisor with all necessary related information, without receiving compensation in return. Any such concept, process or improvement will become Franchisor's sole property, and Franchisor will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee's principals and agents hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's principals and agents agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and Franchisee's principals and agents hereby irrevocably designate and appoint Franchisor as their agent and attorney-

in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 5.3 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's principals and agents hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

6 FRANCHISOR'S OBLIGATIONS

6.1 **Operations Manual**. Franchisor will loan Franchisee one (1) copy of Franchisor's proprietary and confidential Operations Manual and any other manual Franchisor may now or hereafter designate for use in operating a Restaurant (collectively the "Operations Manual"), in hardcopy and/or electronic format. Franchisee will operate the Restaurant in strict compliance with the Operations Manual, as it may be reasonably changed from time to time. The Operations Manual must remain confidential and Franchisor's exclusive property. Franchisee will not disclose, duplicate or make any unauthorized use of any portion of the Operations Manual. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. Franchisee will ensure that Franchisee's copy of the Operations Manual is current and up to date, and keep a copy of the Operations Manual on the Restaurant premises. If there is a dispute relating to the contents of the Operations Manual, the master copy, which Franchisor maintains at Franchisor's corporate headquarters, will control. Franchisor reserves the right to disclose updates to the Operations Manual via electronic means, including over Franchisor's website or any intranet or extranet system established in connection with the System.

6.2 **Restaurant Layout and Equipment Selection**. Franchisor will provide Franchisee with specifications and requirements for the baking equipment required for the opening of Franchisee's Restaurant. Franchisor will provide Franchisee with plans and specifications for the layout and design of a prototypical Restaurant. Franchisee shall employ a local architect to use those plans in the construction of the Restaurant.

6.3 S**tart-up and Ongoing Inventory and Supplies**. Franchisor will provide specifications for and designate sources of suppliers from which Franchisee agrees to purchase inventory, goods and supplies necessary for the start-up and ongoing operations of Franchisee's Restaurant.

6.4 **On-Site and Ongoing Assistance**. Franchisor will provide Franchisee with such on-site opening assistance and continuing consultation and advice as Franchisor deems necessary and appropriate regarding the management and operation of the Restaurant. Franchisor will provide such continuing assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication and on-site visits. If Franchisee requires and requests additional on-site assistance from Franchisor, or if Franchisor mandates additional training, subject to the availability of Franchisor's personnel, Franchisor will provide Franchisee with such assistance at Franchisor's then-current rate for providing such assistance, plus expenses, including Franchisor's travel and lodging expenses.

6.5 **Additional Training**. Franchisor may, in Franchisor's sole discretion, hold refresher and ongoing training courses, or training courses upon a significant change to the System, in order to provide additional assistance to Franchisees. Franchisor may require Franchisee and Franchisee's employees to attend such training at its then-current fee for providing such training. All expenses, including Franchisee and Franchisee's employees' transportation, meal, and lodging expenses to attend such training shall be

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Franchisee's sole responsibility.

6.6 **Annual Conference**. Franchisor may, in Franchisor's discretion, hold an annual conference at a location to be selected by Franchisor (the "Annual Conference"). Franchisor will determine the topics and agenda for such conference to serve the purpose among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding Restaurant operations and programs, and recognizing franchisees for their achievements. Franchisor may require Franchisee to attend the Annual Conference, for a duration designated by Franchisor, and to pay Franchisor's then-current registration fee if it chooses to charge a registration fee in its sole discretion. All expenses, including Franchisee's and Franchisee's employees' transportation to and from the Annual Conference, lodging, meals, and salaries during the Annual Conference, are Franchisee's sole responsibility. Franchisor may use Brand Fund Contributions for purposes related to the Annual Conference, including costs related to productions, programs, and materials.

6.7 **Site Selection**. Franchisor may identify markets for future development and potential sites for Franchisee's Restaurant; provided, however, Franchisee will remain responsible for selecting a location, subject to Franchisor's approval, and negotiating a lease, as more fully discussed in Section 7.1 below. Franchisor's assistance with the site selection process in no way constitutes a representation or guarantee of success in the proposed location.

6.8 **Toll Free Telephone Number**. Franchisor has the right, but not the obligation, to establish and maintain a toll-free telephone number for the purpose of dealing with prospective customers, customer service, customer follow-up and satisfaction surveys. If Franchisor establishes a toll-free number, Franchisee must comply with Franchisor's procedures for implementing the nationwide service as Franchisor specifies in the Operations Manual or otherwise in writing, and Franchisee may be required to pay a fee related to the establishment, operation and maintenance of the toll-free telephone number.

6.9 **Acknowledgment**. Franchisee agrees and acknowledges as follows:

6.9.1 Franchisee will have sole authority and control over the day-to-day operations of the Restaurant and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Restaurant, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

6.9.2 Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractor, nor vice versa.

7 FRANCHISEE'S OBLIGATIONS

7.1 **Site Location and Approval**. Franchisee must secure real estate, by purchase or lease, for the operation of the Restaurant within nine (9) months of signing this Agreement. If Franchisor has not approved a location for Franchisee to operate the Restaurant as of the date Franchisee signs this Agreement, the parties will enter into the Site Selection Addendum attached as Exhibit A to this Agreement, the terms of which will govern the parties' site selection obligations. Franchisor has the

right to review, evaluate and approve Franchisee's proposed lease for the Approved Location ("Lease") prior to execution. Franchisor may condition Franchisor's approval of any proposed Lease on, among other things, Franchisee and Franchisee's landlord's execution of a Collateral Assignment of Lease (attached as Exhibit C to this Agreement) which (i) grants Franchisor the right, but not the obligation, to assume the Lease upon (a) Franchisee's default on the Lease, or (b) termination, transfer or expiration of this Agreement; and (ii) authorizes and requires Franchisee's landlord to disclose to Franchisor, upon Franchisor's request, sales and other information Franchisee has furnished to the landlord. Franchisee must deliver an executed copy of the Lease and the Collateral Assignment of Lease to Franchisor within fifteen (15) days of execution of the Lease. Neither Franchisor's review of the Lease nor Franchisor's acceptance of the site Franchisee has selected constitutes a representation or guarantee that Franchisee will succeed at the selected Approved Location or an expression of Franchisor's opinion regarding the terms of the Lease. Franchisor encourages Franchisee to seek independent counsel from a lawyer or business adviser to assist Franchisee in selecting a location and negotiating a lease for the Restaurant premises.

7.1.1 *Relocation*. If, for any reason, the Lease term is shorter than the term of this Agreement and the Lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Approved Location, Franchisee must notify Franchisor and request the right to relocate Franchisee's Restaurant. Franchisee must relocate Franchisee's Restaurant to a mutually acceptable site within Franchisee's Protected Territory to complete the unexpired portion of the term of this Agreement. Franchisee must notify Franchisor of Franchisee's intention to relocate, procure a site acceptable to Franchisor within ninety (90) days prior to closing operations at Franchisee's current Approved Location, and open for business at the new Approved Location within thirty (30) days of closing business at Franchisee's existing Approved Location. Franchisee must reimburse Franchisor for the actual costs it incurs in connection with approving the relocation of Franchisee's Restaurant. If Franchisee relocates, Franchisee must reimburse Franchisor for the expenses it actually incurred in approving such relocation.

7.1.2 *Restaurant Appearance and Construction*. The Restaurant will conform to Franchisor's standards and specifications for the appearance, layout, and design of a Restaurant. Franchisee must implement all required signage, fixtures, and equipment required by Franchisor, which may include a TV menu, music system, and additional technology that Franchisor may require throughout the term of this Agreement. Franchisor shall provide Franchisee with a prototype layout for Franchisee's architect to use in the construction and buildout of its Restaurant. Franchisee must ensure that plans meet with applicable ordinances, building codes, permits requirements, and any other applicable local, state, or federal law. All construction and floor plans, and amendments thereto, must be approved by Franchisor prior to implementation. Franchisor reserves the right to approve of all of Franchisee's vendors for buildout and construction of the Restaurant prior to commencement of their services. Each vendor must be properly licensed and insured to do business in the state where the Restaurant is located. Franchisor reserves the right to inspect the Restaurant upon twenty-four (24) hours' notice to Franchisee.

7.1.3 *Opening Approval*. Franchisor shall have the right to inspect the Restaurant prior to the opening of the Restaurant to determine whether all construction has been substantially completed, and that such construction conforms to Franchisor's standards and specifications, including, but not limited to, materials, quality of work, signage, décor, paint, and equipment. Franchisee shall obtain Franchisor's written approval prior to first opening the Restaurant, which approval shall not be unreasonably withheld. Franchisee shall provide at least thirty (30) days prior notice to Franchisor of the date on which Franchisee proposes to first open the Restaurant for business. Unless Franchisor waives in writing the foregoing requirement, Franchisee shall not open the Restaurant without the on-

site presence of a representative of Franchisor, provided that Franchisor will not unreasonably delay the opening of the Restaurant. In the event there is a change in the opening date of the Restaurant, which is not caused by Franchisor, Franchisee shall reimburse Franchisor for Franchisor's actual out-of-pocket costs and expenses incurred by Franchisor due to such delay, including travel costs and expenses for Franchisor's representatives.

7.2 **Training**. Franchisee (or Franchisee's principal, as applicable), as well as any requisite Operating Manager and/or other initial Key Manager (as detailed more fully in Section 7.6.5) in connection with the Franchised Business, must attend and successfully complete Franchisor's initial training program as set forth in Section 8.1 (the "Initial Training Program").

7.3 **Opening Requirements**. Franchisee must open the Restaurant for business no later than twelve (12) months from the date Franchisee obtains the site for the Restaurant.

7.4 **Purchasing Requirements**.

7.4.1 *Compliance with Standards*. Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the franchised Restaurant and to maintain uniformity throughout the System. Franchisee must adhere to the standards and specifications set forth in this Agreement and the Operations Manual and any revisions or amendments to same, including, without limitation, standards and specifications for the preparation and presentation of biscuits, donuts, pastries, cakes, sandwiches, breakfast items, coffee, and related food and beverage items, in addition to merchandise, as well as the delivery of such items. Franchisee must use the food and beverage items, signs, furnishings, supplies, fixtures, equipment and inventory that comply with Franchisor's then-current standards and specifications, which Franchisor establishes from time to time. Franchisor has the right to change Franchisor's standards and specifications in Franchisor's discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes.

7.4.2 *Designated and Approved Suppliers*. Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase: (a) prepared food and beverage items; (b) ready to cook or bake food items; (c) dough, mixes, and raw ingredients, and other food and beverage items; (d) coffee; (e) restaurant equipment; and (e) small wares, other inventory, signs, furnishings, supplies, fixtures, computer hardware and software, and other equipment from Franchisor or from approved or designated suppliers as Franchisor will specify, from time to time, in the Operations Manual and otherwise in writing. Franchisee hereby acknowledges that Franchisor, Franchisor's affiliate and/or a third party may be one of several, or the only, approved supplier of any item. Franchisee further acknowledges that Franchisor and/or Franchisor's affiliates have the right to realize a profit on any items that Franchisor, Franchisor's affiliates or Franchisor's approved suppliers supply to Franchisee. Franchisor reserves the right to designate itself as a supplier or the sole supplier of any of the products listed above or inventory sold at the Restaurant.

7.4.3 *Supplier Approval*. In the event Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. At Franchisor's request, Franchisee must provide Franchisor with a sample of the item Franchisee wishes to purchase for testing purposes. If Franchisor incurs any costs in connection with testing a particular product or evaluating an unapproved supplier in connection with testing a particular product or evaluating an

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unapproved supplier at Franchisee's request, Franchisee must reimburse Franchisor for Franchisor's reasonable testing costs, regardless of whether Franchisor subsequently approves the item or supplier. Nothing in the foregoing will be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate. Franchisor shall respond to Franchisee's request for a new supplier within thirty (30) days of receiving all of the necessary materials. Nothing herein will require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. Franchisor may revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier and/or offering and selling such products. Franchisee must use products purchased from approved suppliers solely in connection with the operation of Franchisee's Restaurant and not for any competitive business purpose.

7.4.4 *System Suppliers*. Franchisor may establish business relationships, from time to time, with suppliers who may produce, among other things, certain food and beverage items, furnishings, supplies, fixtures, equipment and inventory according to Franchisor's proprietary standards and specifications or private label goods that Franchisor has authorized and prescribed for sale by System franchisees ("System Suppliers"). Franchisee recognizes that such products are essential to the operation of the Restaurant and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System, which may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee agrees to pay System Suppliers as and when due.

7.5 **Authorized Products and Services**. Franchisee will offer for sale all products and services that Franchisor prescribes and only those products and services that Franchisor prescribes. Franchisee may not offer any other products for sale, rent, or lease without having received Franchisor's prior written authorization. Franchisee will, at all times, maintain sufficient levels of inventory as specified in the Operations Manual, to adequately satisfy consumer demand. Franchisee must offer and sell all private label products that Franchisor may now or in the future designate for sale by System franchisees. Such items may include, without limitation, pre-made dough mixes or beverages.

7.6 **Operations**.

7.6.1 Franchisee must operate Franchisee's Restaurant for at least those hours, days, and months that Franchisor specifies in the Operations Manual.

7.6.2 Franchisee must maintain the Restaurant in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local health laws or regulations relating to the preparation and serving of food items, and the Operations Manual. Franchisee and Franchisee's employees must give prompt, courteous and efficient service to the public and otherwise operate the Restaurant so as to preserve, maintain and enhance the reputation and goodwill of the System.

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7.6.2.1 In order to ensure that all food items prepared by Franchisee meet Franchisor's high standards of taste, texture, appearance and freshness, and in order to protect Franchisor's goodwill, Proprietary Marks, Proprietary Recipes and other proprietary material, all food items and products will be prepared only by properly trained personnel strictly in accordance with Franchisor's recipes, preparation techniques and processes, and the Operations Manual, and will be sold at retail to customers or wholesale only from the Approved Location in conformity with Franchisor's marketing plan and concept. Franchisee acknowledges that such recipes, preparation techniques and processes are integral to the System and failure to strictly adhere to such recipes, preparation techniques and processes (including the handling and storage of both raw ingredients, such as meat, produce, and dairy items, and fully prepared food items) will be detrimental to the System and Proprietary Marks and will constitute a default of this Agreement. Further, Franchisee may provide catering services to customers in its Territory from its Approved Location only. Franchisee shall not provide any services granted under this Agreement through a mobile unit.

7.6.3 Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Restaurant in compliance with the Operations Manual to preserve, maintain and enhance the reputation and goodwill of the System. All employees engaged in the operation of Franchisee's Restaurant during working hours must dress in conformance with Franchisor's standards, must present a neat and clean appearance in conformance with Franchisor's reasonable standards and must render competent, efficient service to the customers of the Restaurant.

7.6.4 Franchisee agrees to conduct the Restaurant in accordance with the Operations Manual. Franchisee must immediately train and instruct Franchisee's employees in accordance with the Operations Manual and will continue such training and instruction as long as each employee is employed. The Operations Manual will set forth the practices, procedures and methods to be used in Franchisee's Restaurant and Franchisor may require Franchisee to conform Franchisee's practices to national programs, which Franchisor has designed and promulgated as part of Franchisor's System.

7.6.5 In addition to any required Operations Director described in Section 1.7 above, Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation, partnership or other entity) must personally supervise the day-to-day operations of the Restaurant. Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation, partnership or other entity) must devote his or her personal full-time attention and best efforts to the management and operation of the Restaurant. If Franchisee is a corporation, partnership or other entity, Franchisee may, however, delegate the day-to-day operation of Franchisee's Restaurant to a key manager who has restaurant experience ("Key Manager"). Franchisor must approve Franchisee's Key Manager in writing prior to hiring, and Franchisee's Key Manager must successfully complete Franchisor's initial training program before assuming any managerial responsibility. Franchisee's Restaurant must, at all times, be staffed with at least one (1) individual who has successfully completed Franchisor's initial training program as set forth in Section 8.1. Franchisee will keep Franchisor informed at all times of the identity of any employee acting as Key Manager of a Restaurant. In the event that an Operations Director or any Key Manager resigns or is otherwise terminated from Franchisee's Restaurant, Franchisee will hire a replacement approved in writing by Franchisor who meets Franchisor's then-current standards for that role/position within thirty (30) days after termination or resignation of the prior personnel Franchisee must train any new Key Manager within thirty (30) days of hiring. Franchisor reserves the right, without the obligation, to train the new Key Manager directly. Any Operations Director Key Manager(s) must devote full-time and best efforts to the day-to-day operation and management of the Restaurant and cannot engage in any other business activity without Franchisor's prior written consent.

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7.6.6 Franchisee must, at all times, maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations, and responsibilities hereunder and to operate the Restaurant in a businesslike, proper and efficient manner.

7.6.7 Franchisee must at all times maintain sufficient levels of inventory to adequately meet consumer demand.

7.6.8 Franchisee must prepare, store and serve all biscuits, donuts, chicken and other menu items comprising the Approved Products in accordance with Franchisor's standards and specifications.

7.7 **Site Evaluation**. Franchisee agrees that in order to maintain the high quality and uniform standards associated with the System and to protect its goodwill and reputation, Franchisee will permit Franchisor, during business hours, to inspect Franchisee's Restaurant, confer with Franchisee and Franchisee's employees and customers, check inventories and methods, and perform any other inspection that Franchisor deems necessary to protect the standards of quality and uniformity of the System and Franchisee's performance under this Agreement. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor.

7.8 **Computer Software and Hardware**.

7.8.1 *Computer System*. Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee (the "Computer System").

7.8.2 *Required Software*. Franchisor shall have the right, but not the obligation, to develop or designate: (i) computer software programs Franchisee must use in connection with any component of the Computer System (the "Required Software"), which Franchisee shall install at Franchisee's expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at Franchisee's expense; (iii) the tangible media upon which Franchisee records data; and (iv) the database file structure of the Computer System. Franchisee shall be responsible for the payment of all fees associated with the Required Software, Computer System and POS System, including, but not limited to, any initial setup fee, license fee, and integration fee.

7.8.3 *Compliance with Requirements*. At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. Franchisee agrees to pay all fees associated with the use of Required Software, which may be payable to Franchisor or Franchisor's approved or designated suppliers. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software, including any security software. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such upgrades, additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees its compliance with this Section 7.8.3 shall be at Franchisee's sole cost and expense.

7.8.4 *Franchisor's Access*. Franchisor may require that Franchisee's Computer System be programmed to automatically transmit data and reports about the operation of the Restaurant to Franchisor. Franchisor shall also have the right to, at any time without notice, electronically connect with Franchisee's Computer System to monitor or retrieve data stored on the Computer System or for

any other purpose Franchisor deems necessary. There are no contractual limitations on Franchisor's right to access the information and data on Franchisee's POS System and Computer System. Franchisee shall deliver to Franchisor all access codes, static internet protocol ("IP") addresses and other information to facilitate Franchisor's access to the data described in this Section 7.8 within thirty (30) days of opening the Restaurant.

7.8.5 *Proprietary Software*. Franchisor may now or in the future create or designate a proprietary software program, and Franchisor will retain a proprietary interest in all databases, lists, templates, programs and any other software components that have been created and/or customized by Franchisor using the Computer System and/or Required Software (the "Proprietary Software"). Proprietary Software may conduct, among other things, scheduling, accounting, inventory, and related activities. Franchisee must obtain the computer hardware necessary to implement the Proprietary Software into the Restaurant and comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software as provided in the Operations Manual. This Proprietary Software will be Franchisor's proprietary product, and the information collected therefrom will be deemed Franchisor's confidential information. Franchisee agrees to sign Franchisor's then-current form of software license agreement for any Proprietary Software Franchisor may now or in the future create, pay any license fees associated with use of Proprietary Software, and upgrade the Proprietary Software as Franchisor designates.

7.8.6 *Computer Network*. Franchisee is required to participate in any System-wide computer network, intranet system, or extranet system that Franchisor implements and may be required by Franchisor to use such computer network, intranet system, or extranet system to, among other things: (i) submit Franchisee's reports due under this Agreement to Franchisor online; (ii) view and print portions of the Operations Manual, including any updates or modifications thereto; (iii) download approved local advertising materials; (iv) communicate with Franchisor and other System franchisees; and (v) to complete any initial or ongoing training. Franchisee agrees to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor included in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

7.9 **Personal Conduct**. Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor's Proprietary Marks into disrepute.

7.10 **Best Efforts**. Franchisee must use its best efforts to promote and increase the demand for System menu items. All of Franchisee's advertising and promotion must be completely factual and conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or advertising practice which may be injurious to the Restaurant or the goodwill associated with the Proprietary Marks and System.

7.11 **Telephone.** Franchisee must obtain a new telephone number and telephone listing at Franchisee's expense, to be listed under the "Rise Biscuits Donuts" name and not under Franchisee's corporate, partnership, or individual name, and to be used exclusively in connection with Franchisee's operation of the Restaurant. Upon the expiration, transfer or termination of this Agreement for any reason, Franchisee must terminate Franchisee's use of such telephone number and listing and assign the same to Franchisor or Franchisor's designee. Franchisee must answer the telephone in the manner Franchisor specifies in the Operations Manual.

7.12 **Payment of Debts**. Franchisee is solely responsible for selecting, retaining and paying

Franchisee's employees; the payment of all invoices for the purchase of goods and services used in connection with operating the Restaurant; and determining whether, and on what terms, to obtain any financing or credit that Franchisee deems advisable or necessary for the conduct of the Restaurant. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for debts owed by Franchisee if Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between System Suppliers and System franchisees. Franchisee agrees to 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, personal property and real estate taxes arising from Franchisee's operation of the Restaurant. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

7.13 **Compliance with Applicable Laws.** Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the operation of the Restaurant (including, without limitation, all government regulations relating to food preparation and service, occupational hazards and health, dispensing of food products, consumer protection, trade regulation, workers' compensation, unemployment insurance, withholding and payment of Federal and State income taxes and social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act ("ADA") regarding the construction, design and operation of the Restaurant).

7.14 **Health and Safety Standards.** Franchisee shall meet and maintain the highest health and safety standards and ratings applicable to the operation of the Restaurant. Franchisee shall furnish to Franchisor within two (2) days of its receipt thereof, a copy of all health inspection reports and any violation or citation that indicates Franchisee's failure to maintain federal, state, or local health or safety standards in the operation of the Restaurant. Franchisee's failure to cure such violations within twenty-four (24) hours shall constitute grounds for immediate termination, upon notice, pursuant to Section 15.2.8 of this Agreement.

7.15 **Trade Secrets and Confidential Information**. Franchisee must maintain the confidentiality of all Confidential Information as set forth in Section 5 of this Agreement.

7.16 **Image**. Franchisee acknowledges that Franchisor has developed the System to offer and sell products that will distinguish the Restaurant from other restaurants that offer similar products valued at different prices and with less attention paid to product quality and customer service. Franchisee agrees to offer products and services and to operate the Restaurant in such a manner that emulates and enhances the image Franchisor intends for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve system-wide uniformity and increase the demand for the products sold and services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor set forth in order to uniformly convey the distinctive image of a System Restaurant. Franchisee will, in the operation of the Restaurant, use only displays, trays, boxes, bags, wrapping paper, labels, forms and other paper and plastic products imprinted with the Proprietary Marks and colors as prescribed from time to time by Franchisor.

7.17 **Pending Actions.** Franchisee must notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Restaurant.

7.18 **Standard Maintenance and System Conformity**. Franchisee agrees to repair, refinish, repaint, replace, and/or otherwise redo the Restaurant, the signs, the furnishings, fixtures, décor, equipment and any other tangible part or property of the Restaurant at Franchisee's sole expense at such times as Franchisor may reasonably direct. Franchisor has the right to direct Franchisee to remodel, re-equip, and otherwise refurbish the Approved Location in the manner necessary to bring it into conformance with other franchisees of the type Franchisor and Franchisor's franchisees are opening at the time of such direction. Franchisor agrees that it will not require Franchisee to undertake a specific remodeling or renovation project with regards to the Premises that involves documented costs exceeding $15,000 more than once every five (5) years under the initial term of this Agreement – with the understanding that this limitation will not apply to such remodeling or renovations that Franchisor may require as (a) pre-condition of any renewal/transfer of the franchise, and/or (b) part of transition to Franchisor's then-current Proprietary Marks, as otherwise set forth in this Agreement.

7.19 **Employment Decisions**. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Restaurant, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. Franchisee's employees must be competent, conscientious, and properly trained.

8 TRAINING

8.1 **Initial Training Program**. Franchisee must attend, and complete to Franchisor's satisfaction, Franchisor's initial tuition-free training program. Franchisor reserves the right to require up to two (2) additional employees to attend Franchisor's initial training program along with Franchisee. If Franchisee is a partnership, corporation or limited liability company, at least one (1) of the trainees must be Franchisee's general partner, principal shareholder, or manager as appropriate. If Franchisee has a Key Manager, as described in Section 7.6.5, then he or she will attend and complete the required training. The required training lasts up to seven (7) days and will consist of classroom and practical experience, including training in sanitation and safety, preparing and presenting menu items, offering customer service, maintaining financial controls and general bookkeeping procedures, maintaining an adequate supply of inventory, operational techniques, human resources, local advertising and promotion, instruction on using any required hardware or software, marketing and advertising techniques, sanitation and maintenance procedures, and maintenance of quality standards. All training will be held at Franchisor's affiliate-owned Restaurant, located in Durham, North Carolina, or a different site designated by Franchisor. All trainees whom Franchisee designates must attend the training course at the same time. All training related expenses, including Franchisee and Franchisee's employees' transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility. Franchisee and Franchisee's employee shall attend and complete Franchisor's initial training class to Franchisor's satisfaction at least thirty (30) days prior to the opening of Franchisee's Restaurant. Should Franchisee or Franchisee's employees fail to complete the initial training program to Franchisor's satisfaction, the respective person may repeat the course, or in the case of an employee, Franchisee may send a replacement (the "Replacement Personnel") to the next available initial training program. Franchisor may charge for such Replacement Personnel attending an initial training program. Failure by Franchisee, an employee or any Replacement Personnel to complete the initial training program to Franchisor's satisfaction within the time period prescribed in this Agreement will constitute default of this Agreement and Franchisor may terminate the Agreement. Before Franchisor approves or schedules Franchisee (or any of Franchisee's personnel) to attend any portion of the initial training program, Franchisee must: (i) undertake all steps to establish the EFT Account in accordance with Section 3.5 of this Agreement, including ensuring that both Franchisor and its designee has all authorizations and approvals necessary to access this EFT Account; (ii) demonstrate that Franchisee has

all required insurance policies in place and that such policies name Franchisor and its designees as additional insureds; and (iii) provide Franchisor with completed and signed copies of all exhibits to this Agreement, to the extent such exhibits have not been signed or need to be updated/completed.

8.2 **Training of Additional Personnel.** Franchisee's other employees may be trained by Franchisee, or at Franchisee's request, and subject to the availability of Franchisor's personnel, Franchisor will train Franchisee's additional personnel and require Franchisee to pay Franchisor's then-current fee for additional training. All training related expenses for Franchisee's additional teaching personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility. Franchisor will provide Franchisee with training materials for Franchisee to use in training Franchisee's personnel. Only Franchisor's provided training materials may be used by Franchisee in training Franchisee's personnel. Updated training materials will be provided to Franchisee by Franchisor upon written request. All training materials provided to Franchisee by Franchisor will, at all times, remain Franchisor's property, and Franchisee agrees not to challenge Franchisor's or Franchisor's affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials.

8.3 **Additional or Refresher Training Programs.** To assist Franchisee in the operation of Franchisee's Restaurant, Franchisor may offer additional training programs and/or refresher courses to Franchisee, Franchisee's Key Manager and/or Franchisee's employees. Franchisor may require Franchisee's attendance at these programs and/or courses up to five (5) days per year. Franchisee is responsible for the expenses of Franchisee, Franchisee's Key Manager, and Franchisee's employees, including transportation to and from the training site and lodging, meals, and salaries during such training.

9 INSURANCE

Franchisee agrees to purchase/procure and maintain such insurance covering the operation and location of the Restaurant as Franchisor may designate from time to time. Franchisor's present insurance requirements are as follows: (i) special form property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of Franchisee's Restaurant with a special rider covering damage to the rented premises in the amount of $300,000 which also must include business interruption coverage; (ii) comprehensive general liability insurance, containing minimum liability protection of $2,000,000 combined single limit per occurrence, and $4,000,000 in the aggregate; (iii) workers' compensation insurance and employer's liability insurance as required by law and which must not be less than $1,000,000 for employer's liability; (iv) products liability insurance containing minimum liability protection of $3,000,000 combined single limit per occurrence; (v) personal injury insurance, including advertising injury, containing minimum liability protection of $1,000,000 combined single limit per occurrence; (vi) if any vehicle is operated in connection with the conduct of the Restaurant, including catering vehicles, automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with minimum limits of liability in the greater of (a) the amount required by all applicable state and federal laws, or (b) a combined single limit of $1,000,000 for bodily injury and property damage; and (vii) any other insurance that Franchisor may specify in the Operations Manual or otherwise in writing from time to time. Franchisee agrees to provide Franchisor with proof of coverage on demand. Franchisee agrees to obtain these insurance policies from insurance carriers that are rated "A-VIII" or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which Franchisee operates its Restaurant. All insurance policies must: (i) name Franchisor (and Franchisor's members, officers, directors, and employees) as additional insureds; and (ii) contain a waiver by the insurance carrier of all

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subrogation rights against Franchisor. Furthermore, Franchisee shall be required to provide ten (10) days prior written notice of the termination, expiration, cancellation or modification of any insurance policy. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee agrees to carry such insurance as may be required by the Lease of the Approved Location or by any of Franchisee's lenders or equipment lessors. If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and administrative costs of 18% in connection with Franchisor's obtaining the insurance. Franchisee must provide Franchisor with copies of any insurance claims or insurance cancellations within twenty-four (24) hours. Franchisee has a twenty-four (24) hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, nonrenewal or material modification, except upon at least thirty (30) days prior written notice from the insurance carrier to Franchisor. Franchisee must submit a certification of insurance that demonstrates compliance with this Section. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

10 FINANCIAL RECORDS AND REPORTS

Franchisee must maintain, for at least five (5) fiscal years from their preparation, complete financial records for the operation of the Restaurant in accordance with generally accepted accounting principles and must provide Franchisor, at Franchisor's request, with: (i) a weekly Gross Revenues Report signed by Franchisee and in the form Franchisor specifies that contains the sales information pertaining to the preceding Business Week including, without limitation, a summary of all monies received during the relevant period, as well as menu items purchased, average sales, Restaurant occupancy rates, and any other additional information which Franchisor deems necessary to properly evaluate Franchisee's progress; (ii) a monthly income statement and profit and loss statement, in a format specified by Franchisor, including a standard chart of accounts, within fifteen (15) days after the end of each month; (iii) annual financial reports and operating statements in the form Franchisor specifies, prepared by a certified public accountant or state licensed public accountant, within thirty (30) days after the close of each of Franchisee's fiscal years; (iv) state and local sales tax returns or reports and federal, state and local income tax returns for each year in which Franchisee's Restaurant is operated, within thirty (30) days after their timely completion; and (v) such other reports as Franchisor may from time to time require, in the form and at the time Franchisor prescribes. Franchisee's fiscal year must be on a calendar year basis. Franchisee agrees to provide an unaudited quarterly profit and loss statement covering Franchisee's Restaurant. These reports are due on the fifteenth (15) day of each quarter. Franchisee must also provide an unaudited profit and loss statement covering the Restaurant for Franchisee's fiscal year end. To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at Franchisor's discretion, may specify the form in which the business records are to be maintained and provide a uniform set of business records for Franchisee to use. Franchisor will have full access to all of Franchisee's data, system, and related information by means of direct access, whether in person, or by telephone/modem installed and maintained at Franchisee's sole expense. Franchisee's fiscal year end will be December 31 of each year. Within ninety (90) days of the fiscal year end, Franchisee shall provide Franchisor with such financial metrics and other financial information reasonably requested by Franchisor.

11 BOOKS AND RECORDS

Franchisee must maintain accurate business records, reports, accounts, books and data relating

to the operation of Franchisee's Restaurant. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours, to determine whether Franchisee is current with suppliers and are otherwise operating in compliance with the terms of this Agreement and the Operations Manual. If any audit reveals that Franchisee has understated Franchisee's Royalty or marketing payments, or Franchisee's Local Marketing Requirement (as defined in Section 12.7), by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any twelve (12)-month period, Franchisee must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), together with amounts due for Royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement.

12 MARKETING AND ADVERTISING

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

12.1 **Generally**. With regard to advertising generally for the Restaurant, Franchisee must place or display at the Approved Location (interior and exterior) only such signs, emblems, lettering, logos and displays and advertising materials as Franchisor approves in writing from time to time. Franchisee must submit to Franchisor, at least twenty (20) days prior to publication or use, samples of all sales, promotional, and advertising materials Franchisee desires to use, including, but not limited to, print, radio and television advertising, signage, supplies and packaging that Franchisor has not previously approved. Such submission will not affect Franchisee's right to determine the prices at which Franchisee sells Franchisee's products. Within ten (10) days of Franchisor's receipt of any sample sales promotional material or advertising materials from Franchisee, Franchisor will notify Franchisee in writing of Franchisor's approval or disapproval of the materials. If Franchisor's written approval thereof is not received within ten (10) days, the submitted material will be deemed to have been approved. Franchisee cannot use any advertising or promotional materials that have not previously been approved by Franchisor. All advertising must prominently display the Proprietary Marks and comply with any standards for use of the Proprietary Marks Franchisor establishes as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense.

12.2 **Advertising Restriction**. Franchisee is not permitted to solicit customers and/or advertise outside Franchisee's Protected Territory except to the extent that Franchisee has received Franchisor's prior written authorization, which Franchisor may withhold at its sole discretion. Franchisor may condition Franchisor's authorization upon Franchisee's agreement to offer to other System franchisees, specifically those who operate Restaurants in territories encompassed by the circulation base of the proposed advertising, the opportunity to participate in, and share the expense of, such solicitation and/or advertising. Notwithstanding the foregoing, Franchisee may accept customers from outside Franchisee's Protected Territory at Franchisee's Approved Location, provided Franchisee did not solicit such customers by advertising outside of Franchisee's Protected Territory without Franchisor's prior written consent. Franchisee may not advertise the Restaurant or any products or services offered by the Restaurant via the Internet or any other means of e-commerce, except as permitted in Section 12.3.

12.3 **Internet Website.** Franchisee must have and maintain adequate hardware and software in order to access the Internet at the bit speed Franchisor requires from time to time. Franchisee is prohibited, however, from establishing any website or other presence on the Internet, except as provided

herein.

12.3.1 Franchisor may, but is not obligated to, establish an Internet website that provides information about the System and the products and services offered by the System. In the event Franchisor exercises its right to create such a website, Franchisor shall have sole discretion and control over the website (including timing, design, contents, and continuation).

12.3.2 Franchisor may, but is not obligated to, create interior pages on its website(s) that contain information about the Restaurant and other System franchised businesses. If Franchisor does create such pages, Franchisor may require Franchisee to prepare all or a portion of the page for the Restaurant, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.

12.3.3 Except as approved in advance in writing by Franchisor, Franchisee must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Restaurant, including any profile on Facebook, MySpace, Twitter, LinkedIn, Plaxo, YouTube, Pinterest, Instagram, or any other social media and/or networking site. If such approval is granted by Franchisor, Franchisee must: (i) establish and operate such World Wide Web or Internet site in accordance with System standards and any other policies Franchisor designates in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that Franchisor provides to Franchisee to create and/or modify such site(s).

12.3.4 Franchisor shall have the right to modify the provisions of this Section.

12.3.5 Franchisor may use a portion of the Brand Fund Contribution or the Technology Fee to pay or reimburse itself for the costs incurred in connection with the development, maintenance and update of its website.

12.3.6 Franchisee acknowledges that Franchisor and/or Franchisor's affiliates are the lawful, rightful and sole owner of the Internet domain name www.risebiscuitsdonuts.com as well as any other Internet domain names registered by Franchisor and/or Franchisor's affiliates, and unconditionally disclaims any ownership interest in such Internet domain names and any Internet domain names similar thereto. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor's affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

12.4 **Grand Opening Advertising & Promotion**.

During the period thirty (30) days prior to opening and thirty (30) days after the opening of the Restaurant, Franchisee must spend between $7,500 and $15,000 on grand opening advertising in its Protected Territory (the "Grand Opening Advertising Requirement"). Franchisor must approve Franchisee's grand opening marketing strategies, including the required use of Franchisor's approved supplier (if applicable). Franchisee may expend additional sums on advertising its grand opening at its sole discretion, subject to Sections 12.1 and 12.2 above.

12.5 **Brand Fund**. Franchisor has established a brand fund (the "Brand Fund") for the common benefit of System franchisees. Franchisee shall participate in and contribute weekly to the Brand Fund in an amount equal to two percent (2%) of Franchisee's Gross Revenues (the "Brand Fund

Contribution") in the manner Franchisor prescribes, provided however Franchisor reserves the right to increase the Brand Fund Contribution to up to three percent (3%) of Gross Revenues upon thirty (30) days' written notice. Franchisee must pay the Brand Fund Contribution in the same manner as the Royalty due under this Agreement. Franchisor has the right to require that an advertising/marketing cooperative and/or franchisee advisory council be formed, changed, dissolved or merged.

12.5.1 Franchisor will use Brand Fund Contributions, in Franchisor's sole discretion, to develop, produce and distribute national, regional and/or local marketing and to create advertising materials and public relations programs which promote, in Franchisor's sole judgment, the services offered by System franchisees. Franchisor has the sole right to determine contributions and expenditures from the Brand Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that Franchisor will make a good faith effort to expend Brand Fund Contributions in the general best interests of the System on a national or regional basis. Franchisor may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertisements and other marketing, including the cost of preparing and producing television, radio, magazine, Internet and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares. Franchisor may reimburse itself out of the Brand Fund for Franchisor's reasonable administrative costs and expenses that Franchisor may incur in the administration or direction of the Brand Fund and advertising programs for System franchisees. Franchisor's reimbursement for its personnel and other department costs will not be more than twenty-five percent (25%) of the annual Brand Fund expenditures. Nevertheless, Franchisee acknowledges that not all System franchisees will benefit directly or on a pro rata basis from such expenditures. While Franchisor does not anticipate any part of the Brand Fund Contributions will be used for advertising that is principally a solicitation for franchisees, Franchisor reserves the right to use the Brand Fund Contributions for public relations or recognition of the System brand and for the creation and maintenance of a website, a portion of which may be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating the availability of franchises. Sales materials, if developed, may be sold to franchisees at a reasonable cost.

12.5.2 Franchisor may periodically assist franchises to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the Brand Fund. The cost of these programs may be charged directly to Franchisee if Franchisee's results from a Survey fall below System-established minimum standards for such Surveys.

12.5.3 Franchisor has the right to reimburse itself from the Brand Fund Contributions for such reasonable costs and overhead, if any, that Franchisor may incur in activities reasonably related to the direction and implementation of the Brand Fund.

12.5.4 Franchisor will prepare, on an annual basis, and will have available for Franchisee within ninety (90) days of the end of the fiscal year, a statement of contributions and expenditures for the Brand Fund. The statement will be presented to Franchisee upon Franchisee's written request. The Brand Fund is not required to be independently audited.

12.6 **Regional Advertising and Promotional Cooperative**. Franchisor will have the right, in Franchisor's discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is

applicable to the Restaurant. If a Cooperative is established applicable to the Restaurant, Franchisee must participate in the Cooperative. Cooperative contributions will be credited towards the Local Marketing Requirement discussed in Section 12.7 below. Cooperative contributions will not exceed the Local Marketing Requirement unless a majority of the Cooperative votes to increase that requirement. The following provisions will apply to each Cooperative:

12.6.1 Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor;

12.6.2 Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized advertising materials for use by the members in Local Marketing;

12.6.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials must be submitted to Franchisor in accordance with the procedure set forth in Section 12.1 hereof;

12.6.4 The Cooperative's activities will be agreed upon by a majority vote of the member franchisees in the Cooperative. All Cooperative contributions will be credited against the Local Marketing Requirement. The Cooperative may, by the majority vote of its members, require a Cooperative contribution in excess of the Local Marketing Requirement; and

12.6.5 Each member franchisee must submit to the Cooperative, no later than Wednesday of each week, for the preceding Business Week, its respective contribution as provided in this Agreement together with such other statements or reports as Franchisor may require or as may be required by the Cooperative with Franchisor's approval.

12.6.6 Franchisor may grant to Franchisee, in its sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request from Franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final.

12.7 **Local Marketing**. In addition to the Brand Fund Contributions described above in Section 12.5, Franchisee will be required to spend a minimum of 3% of Gross Revenue on local marketing (the "Local Marketing Requirement"). Franchisee must spend the Local Marketing Requirement as Franchisor prescribes in the Operations Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements, or engaging certain public figures to assist the Franchisee in promoting its Franchised Restaurant. The Local Marketing Requirement must be expended within Franchisee's Protected Territory. Franchisee acknowledges and agrees that Franchisee's Local Marketing Requirement must be expended regardless of the amount(s) spent by other System franchisees on Local Marketing. Franchisee may spend any additional sums Franchisee wishes on Local Marketing. Franchisee must use only such advertising and promotional materials as have been previously approved by Franchisor. Upon request by Franchisor, Franchisee will submit to Franchisor proof of Franchisee's expenditures on local marketing.

13 INDEPENDENT CONTRACTOR; INDEMNIFICATION

13.1 **Independent Contractor Status**. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of Franchisee's Restaurant, and neither

party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. All stationery, business cards and contractual agreements entered into by Franchisee must contain Franchisee's corporate or fictitious name and a conspicuously displayed notice in the place Franchisor designates, stating: (i) Franchisee operates Franchisee's Restaurant as an independently owned and operated Franchised Business, and (ii) Franchisee independently owns and operates the Restaurant as a System franchisee. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor will in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor will Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Restaurant or for any claim or judgment arising therefrom against Franchisee or Franchisor.

13.2 **Indemnification**. Franchisee and Franchisee's principals agree to indemnify, defend and hold Franchisor, Franchisor's affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (a) the operation of Franchisee's Restaurant, including the use, condition, or construction, equipping, decorating, maintenance or operation of the Restaurant premises, the sale or delivery of any food and beverage items (including biscuits, donuts, coffee products and related food and beverage items) or the provision of catering services from the Restaurant and Franchisee's advertising; (b) the use of the Proprietary Marks and other Proprietary Material; (c) the transfer of any interest in this Agreement or Franchisee's Restaurant in any manner not in accordance with this Agreement; (d) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties; or (e) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" will mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor will have the right to defend any such claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor will, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnities and to hold them harmless. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

14 SALE OR TRANSFER

14.1 **Transfer**. Franchisee's rights under this Agreement are personal, and Franchisee must not sell, transfer, assign or encumber Franchisee's interest in the Restaurant without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent will be voidable at Franchisor's option and will subject this Agreement to termination as specified herein.

14.2 **Death or Disability**.

14.2.1 *Representative's Right to Continue as Franchisee*. In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's partners or personal guarantors), Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable, will have the right to continue the operation of the Restaurant as franchisee under this Agreement if: (i) within 45 days from the date of death, disability or incapacity (the "45-Day Period"), such person has obtained Franchisor's prior written approval and has executed Franchisor's then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company to satisfy Franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.

14.2.2 *Restaurant Operation During and After 45-Day Period*. Franchisor is under no obligation to operate the Restaurant, or incur any obligation on behalf of any incapacitated franchisee, during or after the 45-Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) will appoint a previously approved acting interim manager to operate the Restaurant during the 45-Day Period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor has the right, but not the obligation, to operate Franchisee's Restaurant on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Restaurant to cover any or all past, current and/or future obligations of the Restaurant (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines from time-to-time in Franchisor's sole and absolute discretion. Franchisor may pay itself a management fee of twenty percent (20%) of Gross Revenues to reimburse Franchisor for Franchisor's management services and other costs, including, without limitation travel and lodging expenses ("Management Fee"). Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorneys' fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of Franchisee's Restaurant. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of Franchisee's Restaurant. This Management Fee is in addition to the amounts due under this Agreement for Royalty and other payments during the time which Franchisor takes over the management of the Restaurant.

14.3 **Ownership Changes**. A sale, transfer or assignment requiring Franchisor's prior written consent will be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock that results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, member or manager owning more than ten percent (10%) of the outstanding shares of the corporation, will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above will not be subject to Franchisor's right of first refusal as set forth in Section 14.3.1.

14.3.1 *Right of First Refusal*. If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Restaurant or any interest in

Franchisee's lease to any third party (other than a corporation or limited liability company as set forth in Section 14.4 hereof), Franchisee must first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee will obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee will have a maximum period of sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 14.3.2 hereof. Franchisee will effectuate no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section 14.3.1. Any material change in the terms of the offer will be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which will not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.

14.3.2 *Conditions for Approval*. Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Restaurant or of Franchisee's interest in this Agreement upon satisfaction of the following occurrences:

14.3.2.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;

14.3.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;

14.3.2.3 Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release will not be inconsistent with any applicable state statute regulating franchising;

14.3.2.4 Franchisee or transferee will provide Franchisor a copy of the proposed purchase agreement (and once approved by Franchisor, the executed purchase agreement) relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of an agreement to faithfully perform all of Franchisee's obligations under this Agreement;

14.3.2.5 The transferee must demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee cannot be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other restaurant business or chain that is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;

14.3.2.6 The transferee must execute Franchisor's then-current Franchise Agreement for the unexpired term of this Agreement;

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14.3.2.7 Franchisee or transferee must pay Franchisor a transfer fee of $7,500;

14.3.2.8 The transferee must satisfactorily complete Franchisor's training Program at the transferee's expense within the time frame Franchisor sets forth;

14.3.2.9 Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

14.3.2.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Restaurant;

14.3.2.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

14.3.2.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

14.3.2.13 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Restaurant and performance under its franchise agreement;

14.3.2.14 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of franchise disclosure document, and Franchisor will not be liable for any representations not included in the franchise disclosure document;

14.3.2.15 Franchisor's approval of the transfer will not constitute a waiver of any claims Franchisor may have against the transferring party;

14.3.2.16 Franchisor will have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchisee's Restaurant as Franchisee has supplied Franchisor hereunder; and

14.3.2.17 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

14.4 **Transfer to a Corporation or Limited Liability Company**. If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee set forth in Section 14.3.2.7, and such assignment will not be subject to Franchisor's right of first refusal in Section 14.3.1:

14.4.1 The corporation or limited liability company is newly organized and its activities are confined to operating the Restaurant;

14.4.2 Franchisee is, and at all times remains, the owner of at least 51% of the outstanding shares of the corporation or a controlling interest in the limited liability company;

14.4.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and

14.4.4 All stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates and execute a non-compete agreement as set forth in Section 17.4 hereof.

14.5 **Franchisor's Right to Transfer**. Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

14.6 **Franchisor's Option to Purchase**. Franchisee hereby grants to Franchisor an option (the "Option") to purchase the assets used in connection with the operation of Franchisee's Restaurant, including, but not limited to, all furniture, fixtures, and equipment, this Agreement, and the Lease for the Approved Location (collectively, the "Assets").

14.6.1 Option Period. Franchisor may exercise the Option at any point after the opening of the Restaurant. The Option shall remain open during the term of this Franchise Agreement and all renewal terms granted hereto.

14.6.2 Purchase Price: In the event Franchisor chooses to exercise the Option, the purchase price (the "Purchase Price") will be as follows:

(a) in the event Franchisor exercises the Option prior to the one (1) year anniversary of the opening date of the Restaurant, the Purchase Price will be equal to two hundred percent (200%) of Franchisee's hard costs as of the date Franchisor provides notice that it is exercising the Option. For purpose of this Section, "hard costs" refers to the purchase price of all physical or tangible assets related to the operation of the Franchised Business, including but not limited to machines, equipment, real estate, supplies, inventory, marketing materials, deposits, rent or mortgage payments, and other costs related to outfitting a Restaurant; or

(b) in the event Franchisor exercises the Option following the one (1) year anniversary of the opening date of the Restaurant, the Purchase Price will be equal to six times (6x) the Restaurant's earnings less interest, taxes, depreciation, and amortization ("EBITDA") during the twelve (12) full calendar months preceding the date Franchisor provides notice that it is exercising the Option. For purposes of this Section, "earnings" include net income after deducting all Restaurant operating expenses including but not limited to Royalties, Brand Fund Contributions, and all other advertising expenses.

14.6.3 Exercise of Option and Closing. Franchisor will notify Franchisee in writing pursuant to the notice provision set forth in Section 21 below of Franchisor's intent to exercise the Option. Thereafter, Franchisor will have a one-hundred twenty (120) day period within which to conduct its due diligence upon the Assets. In the event that Franchisor elects to purchase the Assets after the satisfactory conclusion of Franchisor's due diligence, Franchisor will have an additional sixty (60) days from the completion of its due diligence investigation within which to tender the Purchase Price and close on the transaction ("Closing"). At Closing, Franchisee agrees to deliver possession and title to the Assets to Franchisor, free and clear of all liens and encumbrances. Franchisor may elect to rescind its election to exercise the Option at any time prior to Closing. Franchisor's failure to exercise the Option on one or more occasions will not preclude Franchisor from exercising the Option at a later date.

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14.6.4 Right of Offset. Franchisor will not be obligated to assume any liabilities in connection with Franchisor's purchase of the Assets. Franchisor shall be entitled to offset the Purchase Price by (i) any amounts owed by Franchisee to Franchisor; and (ii) any liabilities (contingent or otherwise) which Franchisor agrees, at its absolute discretion, to undertake in connection with exercising the Option.

14.6.5 Representations and Warranties. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of the Assets, including, without limitation, representations and warranties as to ownership and condition of and title to the Assets; liens and encumbrances on the Assets; validity of contracts and agreements; and liabilities affecting the Assets, contingent or otherwise.

14.6.6 Post-Term Obligations. In the event Franchisor elects to repurchase the Restaurant pursuant to this Section 14.6, this Agreement will be deemed terminated, and Franchisee agrees to comply with the confidentiality provisions set forth in Section 5 of this Agreement, as well as Franchisee's post-term obligations set forth in Section 16 of this Agreement and the post-term covenants against competition set forth in Section 17 of this Agreement.

14.6.7 Reasonableness. The parties acknowledge and agree that the Option and the Purchase Price set forth herein are fair and reasonable.

14.6.8 Liquor License and Lease. In consideration of the Purchase Price, Franchisee will also, at Franchisor's option, assign or transfer to Franchisor any interest that Franchisee has in the Lease for the Franchisee Location and any liquor license (or related license to sell wine and beer) or permit associated with the operation of the Restaurant. Franchisee agrees to execute all documents reasonably necessary to effectuate such assignments or transfers.

15 BREACH AND TERMINATION

15.1 **Automatic Termination**. This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

15.1.1 *Voluntary Bankruptcy*. If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Restaurant.

15.1.2 *Involuntary Bankruptcy*. If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Restaurant without Franchisee's consent, and the appointment is not vacated within sixty (60) days.

15.1.3 *Unauthorized Transfer*. Franchisee purports to sell, transfer or otherwise dispose of Franchisee or any interest in the Restaurant in violation of Section 14 hereof.

15.2 **With Notice and Without Opportunity to Cure**. Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 *Criminal Acts*. If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct relevant to the operation of Franchisee's Restaurant.

15.2.2 *Fraud*. If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of Franchisee's Restaurant.

15.2.3 *Misrepresentation*. If Franchisee or Franchisee's principals make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

15.2.4 *Failure to Complete Training*. If Franchisee fails to complete initial training as provided in Section 8.1.

15.2.5 *Repeated Breaches*. If Franchisor sends Franchisee two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 hereof in any twelve (12)-month period.

15.2.6 *Breach of Other Agreements*. If Franchisee or Franchisee's principals materially breach any other agreement with Franchisor or any of Franchisor's affiliates, or threaten any material breach of any such agreement, or any Lease for the Approved Location, and fails to cure such breach within any permitted period for cure.

15.2.7 *Misuse of the Proprietary Marks or Confidential Information*. If Franchisee or Franchisee's principals materially violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information.

15.2.8 *Violation of Health Code*. If Franchisee violates any health, safety or sanitation law, ordinance or regulation or operates the Restaurant in a manner that presents a health or safety hazard to customers, or the general public and such violation is not cured within twenty-four (24) hours.

15.2.9 *Violation of In-term Restrictive Covenant*. If Franchisee violates the in- term restrictive covenant contained in Section 17.1.

15.2.10 *Liens*. If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within 30 days.

15.2.11 *Insolvency*. If Franchisee or any of Franchisee's principals become insolvent.

15.2.12 *Abandonment*. If Franchisee voluntarily or otherwise abandons the Restaurant. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the franchisee business in accordance with the terms of this Agreement and will apply in any event Franchisee fails to operate the Restaurant as a System Restaurant for a period of two (2) or more consecutive days without Franchisor's prior written approval.

15.2.13 *Unauthorized Products or Services*. If Franchisee offers any unauthorized and unapproved products or services at or from the Restaurant.

15.2.14 *Unapproved Purchases*. Franchisee orders or purchases supplies, signs,

furnishings, fixtures, equipment or inventory from an unapproved supplier or which Franchisor has not approved.

15.2.15 *Proprietary Software*. Franchisee misuses or makes unauthorized use of any Proprietary Software that Franchisor may develop for use in connection with the System.

15.2.16 *Insurance*. Franchisee fails to maintain insurance or to repay Franchisor for insurance paid for by it, or otherwise fails to adhere to the requirements of Section 9.

15.2.17 *Government Regulations*. Franchisee fails, within fifteen (15) days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the Restaurant.

15.2.18 *Government Actions*. Any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

15.2.19 *Anti-Terrorist Activities*. Franchisee fails to comply with the provisions of Section 22.7.

15.2.20 *Personal Use of Restaurant Property*. If Franchisee takes for Franchisee's own personal use any assets or property of the Restaurant, including employee taxes, FICA, insurance or benefits.

15.2.21 *Insufficient Funds*. If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor three (3) or more times within any twelve (12) month period.

15.2.22 *Under-reporting of Gross Revenues*. If any audit reveals that Franchisee has understated Franchisee's Royalty or marketing payments, or Franchisee's Local Marketing expenditures, by more than two percent (2%) or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any 12-month period, as described in Section 11.

15.2.23 *Default Under Lease*. Franchisee defaults in obligations under any Lease agreement for the Approved Location.

15.3 **Upon 15 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement if any of the following defaults remains uncured after expiration of the fifteen (15)-day cure period:

15.3.1 *Nonpayment*. If Franchisee fails to pay as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's System Suppliers or vendors.

15.3.2 *Endorsement of Checks*. Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously made to Franchisee.

15.3.3 *Failure to Maintain Sufficient Inventory Level*. If Franchisee fails to maintain sufficient levels of inventory to adequately meet consumer demand.

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15.3.4 *Failure to Obtain a Site and/or Open*. If Franchisee fails to (a) obtain a site for the Restaurant, and/or (b) commence operations of Franchisee's Restaurant within the time prescribed in Sections 7.1 and 7.3 of this Agreement, respectively.

15.3.5 *Interruption of Service*. If Franchisee fails to maintain the prescribed months, days or hours of operation at the Restaurant.

15.3.6 *Failure to Personally Supervise Restaurant Operations or Employ Adequate Personnel*. If Franchisee fails, in Franchisor's sole discretion, to personally supervise day-to-day operation of the Restaurant or fails to employ a sufficient number of qualified, competent personnel as Franchisor requires from time to time, including any (a) Operations Director that Franchisee must engage consistent with Section 1.7, or (b) Key Manager in connection with the Franchised Business (if appropriate).

15.3.7 *Quality Control*. If Franchisee fails to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual.

15.3.8 *Other Conduct Reflecting Adversely on System*. Franchisee conducts itself in a manner that, although not criminal, reflects adversely on the System, the Proprietary Marks, or the products offered through the System.

15.3.9 *Licenses and Permits.* Franchisee fails to procure or maintain any licenses, certifications, or permits necessary for the operation of Franchisee's Restaurant.

15.4 **Upon 30 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement if Franchisee fails to perform or comply with any one or more of the terms or conditions of this Agreement or any ancillary agreements between Franchisee and Franchisor or Franchisor's affiliates and fails to cure such default after notice and expiration of the thirty (30)-day cure period.

15.5 **Step In Rights**. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights, Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Restaurant premises and exercise complete authority with respect to the operation of the Restaurant until such time as Franchisor determines, in Franchisor's sole discretion that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must pay Franchisor a reasonable management fee and reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of Franchisee's Restaurant including, without limitations, costs of personnel for supervising and staffing the Restaurant and their travel and lodging accommodations, plus a twenty percent (20%) service charge. This fee is in addition to the payment of the Royalty and all other fees due under this Agreement during the time Franchisor exercises its rights under this Agreement. If Franchisor undertakes to operate the Restaurant pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings that may arise out of Franchisor's operation of the Restaurant.

15.6 **Nonwaiver**. Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder will not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

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16 RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

16.1 **Franchisee's Obligations**. Upon termination of this Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

16.1.1 Immediately cease all operations under this Agreement;

16.1.2 Immediately pay Franchisor all unpaid fees and pay Franchisor, Franchisor's affiliates, Franchisor's major suppliers and vendors, all other monies owed;

16.1.3 Immediately discontinue the use of the Proprietary Marks;

16.1.4 Immediately return the Operations Manual and all other Proprietary Materials and Confidential Information Franchisor loaned to Franchisee and immediately and permanently cease use of such information and materials;

16.1.5 Immediately cease using all telephone numbers and listings used in connection with the operation of the Restaurant, and direct the telephone company to transfer all such numbers and listings to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Franchisee's Telephone Numbers and Listings attached hereto as Exhibit D or, if Franchisor directs, to disconnect the numbers within fifteen (15) days of termination or expiration of this Agreement;

16.1.6 Immediately vacate the Restaurant, and if Franchisor exercised Franchisor's rights pursuant to the Collateral Assignment of Lease attached as Exhibit C, arrange for transfer of the Lease to Franchisor within fifteen (15) days of termination or expiration of this Agreement;

16.1.7 Immediately surrender all stationery, printed matter, signs, advertising and marketing materials and other items containing the Proprietary Marks as Franchisor directs and all items that are a part of the trade dress of the System, no later than five (5) days after the termination or expiration of this Agreement;

16.1.8 Immediately cease to hold itself out as Franchisor's franchisee;

16.1.9 Take such action as will be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) days after the termination, expiration or transfer of this Agreement;

16.1.10 Permit Franchisor to make a final inspection of Franchisee's financial records, books, and other accounting records within one (1) month of the effective date of termination, expiration, or transfer;

16.1.11 Comply with the post-termination covenants set forth in Section 17 hereof, all of which will survive the transfer, termination, or expiration of this Agreement;

16.1.12 Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System;

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16.1.13 Immediately cease from engaging in any contacts with customers or former customers of the Restaurant; and

16.1.14 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16.

16.2 **Option to Purchase Personal Property.** Upon the termination or expiration of this Agreement, Franchisor, or Franchisor's designee will also have the option, but not the obligation, to purchase any personal property used in connection with operation of Franchisee's Restaurant by providing Franchisee written notice of Franchisor's election within sixty (60) days after such termination or expiration and by paying Franchisee the book value for such personal property within sixty (60) days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a ten (10)-year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any personal property subject to a lease or finance agreement, the purchase price of such personal property will equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor will be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Restaurant, or Franchisor may require that Franchisee close the Restaurant during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Restaurant. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

16.3 **Exclusions.** Franchisor may exclude from the personal property purchased under Section 16.2 cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Restaurant's operation or that Franchisor has not approved as meeting standards for the Restaurant.

16.4 **Damages, Costs, and Expenses.** In the event of termination for any default by Franchisee, Franchisee will promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation will create and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Restaurant.

17 COVENANTS

Franchisee acknowledges that as a participant in Franchisor's System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, in order to protect Franchisor and all Franchisor's franchisees, Franchisee agrees as follows:

17.1 **During the Term of This Agreement.** During the term of this Agreement, neither Franchisee, Franchisee's officers, directors, principals, or Key Managers, nor any member of the

immediate family of Franchisee or Franchisee's officers, directors, principals, or Key Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.1.1 Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business deriving thirty percent (30%) or more of its revenue from the sale of biscuits and/or donuts and/or any other goods or services offered or authorized for sale by System franchisees (a "Competing Business") or any business that licenses the right to operate a Competing Business; provided, however, that this Section does not apply to Franchisee's operation of a Restaurant under Franchisor's System;

17.1.2 Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

17.1.3 Divert or attempt to divert any business or customer of the Restaurant 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 Proprietary Marks or the System.

17.2 **After the Term of This Agreement.**

17.2.1 For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's officers, directors, principals, or Key Managers, nor any member of the immediate family of Franchisee or Franchisee's officers, directors, principals, or Key Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with Franchisor granting franchises or licenses for Competing Businesses at the time this Agreement is terminated or otherwise expires and is not renewed.

17.2.2 For a period of two (2) years after the expiration, transfer, or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's principals, nor any member of the immediate family of Franchisee or Franchisee's principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.2.2.1 Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competing Business (i) at the Restaurant premises; (ii) within the Protected Territory; or (iii) within a two (2) mile radius of the perimeter of (a) the Protected Territory being granted hereunder, (b) any other Protected Territory licensed by Franchisor as of the date of expiration or termination of this Agreement, or (c) any other Restaurant; or

17.2.2.2 Solicit business from customers of Franchisee's former Restaurant or contact any of Franchisor's suppliers or vendors for any competitive business purpose;

17.2.2.3 Solicit any of Franchisor's employees, or the employees of Franchisor's affiliates or any other System franchisee to discontinue employment.

17.3 **Intent and Enforcement**. It is the parties' intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained

herein will not render any other part unenforceable. In the event of the actual or threatened breach of this Section 17 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor will be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Restaurant, other System franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 17 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 17, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees, on Franchisee's own behalf and on behalf of the persons who are liable under this Section 17, that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Section 17 will be tolled during any default under this Section 17.

17.4 **Employees.** Franchisee will ensure that Franchisee's principals, employees and members of their immediate families who have access to Franchisor's Confidential Information, including all of Franchisee's managers and other key employees, execute a Confidentiality and Restrictive Covenant Agreement, in the form attached as Exhibit E to the Franchise Agreement, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor a copy of each executed agreement.

17.5 **No Defense.** Franchisee hereby agrees the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 17.

18 DISPUTE RESOLUTION

18.1 **Choice of Law.** This Agreement will be governed by and construed in accordance with the laws of the State of North Carolina (without reference to its conflict of laws principals).

18.2 **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's President, after providing notice as set forth in Section 18.6 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

18.3 **Mediation**. At Franchisor's option, all claims or disputes between Franchisor and Franchisee or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Franchisee or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 18.2 above, must be submitted first to mediation, in Durham, North Carolina under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or

dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates in respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation, and Franchisor and Franchisee will share mediation costs equally. This agreement to mediate will survive any termination or expiration of this Agreement.

18.3.1 The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 18.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

18.3.1.1 Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

18.3.1.2 Any claims pertaining to or arising out of any warranty issue; or

18.3.1.3 Any of the restrictive covenants contained in this Agreement.

18.4 **Selection of Venue**. Nothing contained in this Agreement will prevent Franchisor from applying to and obtaining from any court of competent jurisdiction a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Durham County, North Carolina and the jurisdiction and venue of the United States District Court presiding over Durham, North Carolina. Franchisee acknowledges that the parties have entered into this Agreement in Durham, North Carolina and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Durham, North Carolina, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of North Carolina set forth above.

18.5 **Third Party Beneficiaries**. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 18, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

18.6 **Prior Notice of Claims.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

18.7 **No Right to Offset**. Franchisee is prohibited from withholding 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 Franchisee under this Agreement or any related agreements.

18.8 **Injunctive Relief**. Nothing in this Agreement will prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor

loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

18.9 **Limitation of Action**. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense, or set-off.

18.9.1 Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

18.10 **Waiver of Punitive Damages**. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

18.11 THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

19 REPRESENTATIONS

19.1 **No Authority.** NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR EXCEPT FRANCHISOR'S AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY FRANCHISOR OR ON FRANCHISOR'S

BEHALF THAT HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER FRANCHISEE SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND FRANCHISOR'S CONTROL OR INFLUENCE. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT FRANCHISOR HAS MADE NO REPRESENTATION THAT FRANCHISEE WILL DO AS WELL AS ANY OTHER FRANCHISEE.

19.2 **Receipt.** THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR FRANCHISEE'S PAYMENT OF ANY MONIES TO FRANCHISOR, REFUNDABLE OR OTHERWISE.

19.3 **Opportunity for Review by Franchisee's Advisors.** FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS RECOMMENDED, AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO OBTAIN, REVIEW THIS AGREEMENT AND FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT BY FRANCHISEE'S LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

19.4 **Execution of Agreement.** EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP OR CORPORATION, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP OR CORPORATION WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP OR ALL OF THE SHAREHOLDERS OF THE CORPORATION, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP OR CORPORATION.

20 GUARANTY

If Franchisee is a corporation/partnership/limited liability company, or subsequent to execution hereof, Franchisee assigns this Agreement to a corporation/partnership/limited liability company, all shareholders/partners/members/managers of Franchisee and their spouses hereby personally and unconditionally guarantee without notice, demand, or presentment, the payment of all of Franchisee's monetary obligations under this Agreement, and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions of Franchisee's activities upon transfer, termination, or expiration and nonrenewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors and their spouses must execute a continuing personal guarantee in the form attached hereto as Exhibit B.

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21 NOTICES

All notices and requests to be given under this Agreement are to be in writing, and delivered by either hand delivery or overnight mail by a recognized carrier offering a delivery receipt, to the following addresses (which may be changed by written notice):

Franchisee Name/Address: _____

_____

_____

Franchisor Name/Address: Ken Priest
Rise Franchising, LLC
PO Box 51593
Durham, NC 27717

With a copy to: Lane Fisher, Esq.
Fisher Zucker, LLC
21 S. 21st Street
Philadelphia, PA 19103

22 MISCELLANEOUS

22.1 **Entire Agreement.** This Agreement contains the entire Agreement of the parties. There are no representations either oral or written, except those contained in this Agreement. This written Agreement includes all representations between the parties. This agreement may not be modified except by a written document signed by both parties. Nothing in the Agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document furnished to you.

22.2 **Construction of Language.** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities will be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "immediate family" means Franchisee's spouse, parents, children and siblings and Franchisee's spouse's parents, children and siblings. Reference to Franchisee's "principals" means Franchisee's partners, officers, directors, shareholders, members and managers, as applicable. References to "Franchisor" and "Franchisee" include the party's successors, assigns or transferees. The parties have had a reasonable opportunity to review this Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof will arise in favor of any party by virtue of the authorship of any of the provisions of this Agreement.

22.3 **Severability.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision will be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it will then be severed, and the remainder of that provision will continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to

Franchisor or any of its affiliates or protection of the Proprietary Marks or the Confidential Information, including the Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor's option may terminate this Agreement immediately upon written notice to Franchisee.

22.4 **State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which the Restaurant is located, then the valid law or regulation of that state applicable to the franchise will supersede any provision of this Agreement that is less favorable to Franchisee.

22.5 **Additional Documentation**. Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section 22.5, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact to execute any and all documents on Franchisee's behalf, reasonably necessary to effectuate the transactions contemplated herein.

22.6 **Force Majeure.** Neither Franchisee nor Franchisor or Franchisor's affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

22.7 **Anti-Terrorist Activities.** Franchisee certifies that neither Franchisee, nor Franchisee's owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (the "Annex"). Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, principals, employees, or anyone associated with Franchisee being listed in the Annex. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee's obligations under this Section 22.7. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees will constitute grounds for immediate termination, upon notice, of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 15.2.19 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws,

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ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

22.8 **Attorneys' Fees.** If Franchisee is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

23 ACKNOWLEDGMENTS

23.1 **Independent Investigation**. Franchisee acknowledges that Franchisee has conducted an independent investigation of the Restaurant contemplated by this Agreement and recognizes that it involves business risks that make the success of the venture largely dependent upon Franchisee's business abilities and efforts. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that Franchisor has advised Franchisee to have this Agreement reviewed by an attorney.

23.2 **No Guarantee of Earnings**. Franchisee understands that Franchisor and any of Franchisor's representatives and/or agents with whom Franchisee has met have not made and are not making any guarantees as to the extent of Franchisee's success in Franchisee's Restaurant, and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with Franchisee's Restaurant.

23.3 **Receipt of Franchise Disclosure Document**. Franchisee acknowledges that this Agreement and Franchisor's franchise disclosure document have been in Franchisee's possession for at least fourteen (14) calendar days before Franchisee signed this Agreement or paid any monies to Franchisor or an affiliate.

23.4 **No Personal Liability**. Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications that may be ruled to be binding in a court of law will be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company will be personally liable to Franchisee for any reason. This is an important part of this Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives will be binding unless it is written in this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

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IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISEE

_____
(Individual, Partnership or Corporation Name)

By: _____

Title: _____

By: _____

Title: _____

PERSONAL GUARANTORS

_____

_____

FRANCHISOR

RISE FRANCHISING, LLC

By: _____

Title: _____

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EXHIBIT A
to
RISE FRANCHISING, LLC
FRANCHISE AGREEMENT

SITE SELECTION ADDENDUM

Rise Franchising, LLC ("Franchisor") and _____ ("Franchisee"), have this _____ day of _____ , 20____ , entered into a Franchise Agreement for the operation of a Restaurant using Franchisor's Proprietary Marks and System (the "Restaurant") and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. Site Selection Area.

1.1 For a period of sixty (60) days following the execution of this Agreement ("Site Selection Period"), Franchisor shall not sell the rights to locate, or actually locate, another corporate/affiliate-owned or franchisee-owned Restaurant in _____ ("Site Selection Area").

1.2 Franchisee shall select one (1) trade area in the Site Selection Area where it will locate its Restaurant and will designate such trade area to Franchisor, in writing, before the expiration of the Site Selection Period (the "Chosen Trade Area").

1.3 Subject to Franchisor's written approval, Franchisee shall then designate an intersection in the Chosen Trade Area and a _____ (__) mile radius will be drawn from such intersection in the Chosen Trade Area which will then become the "Protected Territory" under the Franchise Agreement.

1.4 If Franchisee fails to pick the Chosen Trade Area in the Site Selection Area by the expiration of the Site Selection Period, Franchisor shall be free to sell the rights to locate, or actually locate, another corporate/affiliate-owned or franchisee-owned Restaurant in the Site Selection Area thereafter.

2. Franchisee's failure to obtain a site for the Restaurant within the time required in the Franchise Agreement will constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. Prior to Franchisee's acquisition by lease or purchase of a site for the Restaurant, Franchisee must submit to Franchisor, in the form Franchisor specifies, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee's favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 3, to Franchisor for Franchisor's approval within thirty (30) days after execution of this Site Selection Addendum. Franchisor will have fifteen (15) days after receipt of such information and materials from Franchisee to approve or disapprove, in Franchisor's sole discretion, the site as a location for the Restaurant. No proposed site will be deemed approved unless Franchisor has expressly approved it

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in writing.

4. Franchisor will furnish to Franchisee such site selection guidelines, consultation and on-site evaluation as Franchisor deems advisable as part of Franchisor's evaluation of Franchisee's request for site approval. Franchisor will not, however, provide on-site evaluation for any proposed site prior to Franchisor's receipt of the information and materials required by Paragraph 3 hereof. If Franchisor deems on-site evaluation necessary and appropriate, Franchisor will conduct up to one (1) on-site evaluation at Franchisor's cost. For each additional on-site evaluation (if any), Franchisee will reimburse Franchisor for Franchisor's reasonable expenses including, without limitation, the costs of travel, lodging, and meals.

5. If Franchisee will be occupying the Restaurant premises under a lease, Franchisee must, prior to the execution of the lease, submit the lease to Franchisor for Franchisor's written approval. Franchisor's approval of the lease will be conditioned upon Franchisee's execution of a Collateral Assignment of Lease in the form Franchisor prescribes.

6. Franchisee must furnish Franchisor with a copy of any executed lease within ten (10) days after execution thereof.

7. After Franchisor has approved a site for the Restaurant in writing and Franchisee has acquired the site pursuant to Paragraph 4 hereof, the site will constitute the Approved Location referred to in Section 1.3 of the Franchise Agreement.

8. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty or any kind, express or implied, as to the suitability of the site for the Restaurant or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for Franchisor's purposes as of the time of the evaluation. Both parties to this Agreement acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor will not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the Restaurant at the site is based on Franchisee's own independent investigation of the suitability of the site.

9. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum will be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

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

FRANCHISEE

_____
(Individual, Partnership or Corporation Name)

By: _____

Title: _____

FRANCHISOR

RISE FRANCHISING, LLC

By: _____

Title: _____

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EXHIBIT B

to

RISE FRANCHISING, LLC
FRANCHISE AGREEMENT

PERSONAL GUARANTY AND GUARANTY OF SPOUSES

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S GENERAL PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING.

ARTICLE I
PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to Rise Franchising, LLC ("Franchisor") that you are all of the shareholders of, or all of the general partners of, or all of the members and managers of, or the spouse of any such shareholder, general partner, or member or manager of _____ ("Franchisee"), as the case may be. In consideration of the grant by Franchisor to the Franchisee as herein provided, each of you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You further agree to be bound by the in-term and post-term covenants against competition of the aforesaid Franchise Agreement.

ARTICLE II
CONFIDENTIALITY

During the term of this Agreement, you will receive information which Franchisor considers a trade secret and confidential information ("Confidential Information"). You will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information including, without limitation, operating procedures, customer lists, sources of supply, supplier contracts, advertising materials, copyrighted materials, equipment specifications, any information contained in the Operations Manual, trade secrets, the Proprietary Recipes, copyrighted materials,

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and other methods, techniques and know-how concerning the operation of the Franchised Business which may be communicated to you or of which you may be apprised by virtue of your relationship with Franchisee and role as a Guarantor of the Franchise Agreement.

ARTICLE III
NON-COMPETITION

1) **During the Term of the Franchise Agreement.** During the term of the Franchise Agreement, neither you, nor your principals, officers, directors, nor any members of your family or the family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

    a) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business deriving 30% or more of its revenue from the sale of biscuits and/or donuts and/or any other goods or services offered or authorized for sale by System franchisees (a "Competing Business") or any business that licenses the right to operate a Competing Business; provided, however, that this Section does not apply to the said parties' operation of a Restaurant;

    b) Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

    c) Divert or attempt to divert any business or customer of the Restaurant 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 Proprietary Marks or the System.

2) **After the Term of the Franchise Agreement.**

    a) For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your principals, officers, directors, nor any members of your immediate family or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with Franchisor granting franchises or licenses for Competing Businesses at the time the Franchise Agreement is terminated or otherwise expires and is not renewed.

    b) For a period of two (2) years after the expiration, transfer or termination of this Agreement, regardless of the cause, neither you, nor your principals, officers, directors, nor any member of your immediate family or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

        i) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competing Business or any other goods or services offered or authorized for sale by System franchisees, at the time the

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Franchise Agreement is terminated or otherwise expires and is not renewed, (i) at the Franchised Business premises; (ii) within the Protected Territory; or (iii) within a two (2) mile radius of the perimeter of (a) the Protected Territory being granted hereunder, (b) any other Protected Territory licensed by Franchisor as of the date of expiration or termination of this Agreement, or (c) any other Restaurant; or

ii) Solicit business from customers of Franchisee's former Restaurant or contact any of Franchisor's suppliers or vendors for any competitive business purpose nor solicit any of Franchisor's employees or the employees of Franchisor's affiliates or any other System franchisee to discontinue employment.

3) **Intent and Enforcement**. It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein will not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor will be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III will be tolled during any default under this Personal Guaranty.

ARTICLE IV
DISPUTE RESOLUTION

1) **Acknowledgment**. You acknowledge that this Personal Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's Proprietary Marks or its system.

2) **Governing Law.** This Personal Guaranty will be deemed to have been made in and governed by the laws of the State of North Carolina (without reference to its conflict of laws principals).

3) **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first will survive the termination or expiration of this Agreement.

4) **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Personal Guaranty or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties' respective rights and obligations arising from such agreements must be submitted first to mediation, in Durham, North Carolina under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of

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such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and the parties will share the cost of mediator. This agreement to mediate at our option will survive the termination or expiration of the Franchise Agreement.

a) The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section IV if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

(1) Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

(2) Any claims arising out of or pertaining to any warranty issued; or

(3) Any of the restrictive covenants contained in this agreement.

5) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Personal Guaranty, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

6) **Injunctive Relief.** Nothing contained in this Personal Guaranty will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.

7) **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree to submit to the jurisdiction and venue of any court of general jurisdiction in Durham County, North Carolina and the jurisdiction and venue of the United States District Court presiding over Durham, North Carolina.

8) **Jury Trial Waiver.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY

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GOODS OR SERVICES.

9) **Waiver of Punitive Damages.** You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) that you may have against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery will be limited to actual damages. If any other term of this Personal Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

10) **Limitation on Action.** You agree that no cause of action arising out of or under this Personal Guaranty or the Franchise Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense or set-off.

11) **Attorneys' Fees.** If either party institutes any mediation action or judicial proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Personal Guaranty and the Franchise Agreement, and Franchisor prevails in such action, you will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

12) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Personal Guaranty and the Franchise Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Personal Guaranty will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

13) **Severability.** The parties agree that if any provisions of this Personal Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning that renders it valid and enforceable. The language of all provisions of this Personal Guaranty will be construed according to fair meaning and not strictly construed against either party. The provisions of this Personal Guaranty are severable, and this Personal Guaranty will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Personal Guaranty will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Personal Guaranty.

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14) **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Personal Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Personal Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Personal Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

15) **Successors**. References to "Franchisor" or "the undersigned," or "you" include the respective parties' successors, assigns or transferees.

16) **No Personal Liability**. You agree that fulfillment of any and all of Franchisor's obligations written in this Personal Guaranty or in the Franchise Agreement or based on any oral communications that may be ruled to be binding in a court of law will be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company will be personally liable to Franchisee or you for any reason.

PERSONAL GUARANTORS	**SPOUSES**
_____	_____
_____	_____
_____	_____
_____	_____

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EXHIBIT C
to
RISE FRANCHISING, LLC FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") hereby assigns and transfers to Rise Franchising, LLC, a North Carolina limited liability company, with its principal place of business address at PO Box 51593, Durham, NC 27717 ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease (the "Lease") respecting the premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Restaurant between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement or this Assignment, Assignee has the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing.

If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and instead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

Dated:_____

_____

SIGNED AND SEALED this ___
day of _____, 20__

_____

Notary Public

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CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforedescribed Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee has the right, but must not be obligated, to cure any default by Assignor under the Lease within 30 days (or such longer period of time as reasonably necessary to cure the default, so long as Assignee commences the cure within 30 days and thereafter diligently pursues the cure to completion) after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Collateral Assignment of Lease and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor must recognize Assignee as tenant under the Lease, provided that Assignee cures within the time period set forth above the defaults, if any, of Assignor under the Lease;

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who must agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor, and upon such assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise.

LESSOR:

By: _____

Print Name: _____

Date: _____

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EXHIBIT D

to

RISE FRANCHISING, LLC
FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT
OF FRANCHISEE'S TELEPHONE NUMBERS AND LISTINGS

1. _____ ("Assignor"), in exchange for valuable consideration provided by Rise Franchising, LLC ("Assignee"), receipt of which is hereby acknowledged, hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its Rise Franchised Business at Assignor's above-referenced address (the "Assigned Property"). The Assigned Property includes the following:

Telephone Number(s): _____
Facsimile Number(s): _____
Domain Name(s) (as permitted by Franchisor under the Franchise Agreement): _____.

2. The conditional agreement will become effective automatically upon termination or expiration of Assignor's franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment, and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as the Assignee, in effectuating this assignment.

ASSIGNOR:

By: _____ Date: _____

Title: _____

ASSIGNEE:

RISE FRANCHISING, LLC

By: _____ Date: _____

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EXHIBIT E
to
RISE FRANCHISING, LLC
FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT
(for any Operations Director and Key Manager of Franchisee, as well as any officer/director of the Franchisee that does not execute Personal Guaranty)

In consideration of my being a _____ of _____ ("Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that: Franchisee has acquired the right from Rise Franchising, LLC (the "Company") to establish and operate a Rise Franchised Business Restaurant (the "Restaurant" or "Franchised Business") and the right to use in the operation of the Restaurant the Company's trade names, trademarks and service marks (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Restaurants (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location:_____ (the "Restaurant Premises").

1. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain trade secrets, Proprietary Recipes and food preparation and presentation techniques, copyrighted materials, methods and other techniques and know-how (the "Confidential Information").

2. Any and all information, knowledge, know-how, and techniques that the Company specifically designates as confidential will be deemed to be Confidential Information for purposes of this Agreement.

3. As an employee of Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Rise Franchising, LLC operations manual (the "Manual") and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by the Company, I will not, while in my

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position with Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business that operates or licenses any other Restaurants, except for a Rise Restaurant operating under the System and Proprietary Marks.

7. I agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company will have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

10. This Agreement will be construed under the laws of the State of North Carolina (without reference to its conflict of laws principals). The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature: _____

Name: _____

ACKNOWLEDGED BY FRANCHISEE

By: _____

Name: _____

Title: _____

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EXHIBIT F
to
RISE FRANCHISING, LLC
FRANCHISE AGREEMENT

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name : _____

ABA# : _____

Acct. No. : _____

Acct. Name : _____

Effective as of the date of the signature below, _____ ("Franchisee") hereby authorizes Rise Franchising, LLC ("Company") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Company under the Franchise Agreement for the franchise located at _____: (1) all Royalty and (2) all contributions to the Brand Fund. Such withdrawals will occur on a weekly basis, or on such other schedule as Company will specify in writing. Company is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization will remain in full force and effect until terminated in writing by Company. Franchisee will provide Company, in conjunction with this authorization, a voided check from the above- referenced account.

AGREED:

FRANCHISEE

By: _____

Print Name: _____

Title: _____

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EXHIBIT G
to
RISE FRANCHISING, LLC
FRANCHISE AGREEMENT

FRANCHISEE QUESTIONNAIRE

DO NOT SIGN IF THE FRANCHISEE IS A MARYLAND RESIDENT OR IF THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN THE STATE OF MARYLAND.

THIS QUESTIONNAIRE DOES NOT APPLY IN CALIFORNIA.

As you know, Rise Franchising, LLC ("we", "us"), and you are preparing to enter into a Franchise Agreement for the right to open and operate one or more Rise franchises (each, a "Franchised Business"). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement, and pay us the appropriate franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes/No ____ 1. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes/No ____ 2. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Franchised Business(es) with these professional advisor(s)?

Yes/No ____ 3. Do you understand the success or failure of your Franchised Business(es) will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your premises, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes/No ____ 4. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement and that we have reserved certain rights under the Franchise Agreement?

Yes/No ____ 5. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the Rise mark or any other mark at any location outside your Territory under the Franchise Agreement, without regard to the proximity of these activities to the premises of your Franchised Business(es)?

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Yes/No ____ 6. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at our option, in North Carolina?

Yes/No ____ 7. Do you understand the Franchise Agreement provide that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential or other special damages?

Yes/No ____ 8. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?

Yes/No ____ 9. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Key Managers (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?

Yes/No ____ 10. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

Yes/No ____ 11. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes/No ____ 12. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Franchised Business or home address until you designate a different address by sending written notice to us?

Yes/No ____ 13. Do you understand that we will not approve your purchase of a Rise franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

The date of your first face-to-face meeting with a franchise marketing representative, franchise broker or any other person affiliated with or representing the interests of us to discuss the possible purchase of a Franchise was _____, 20___. Franchisee's Initials _____

The date on which you received a Franchise Disclosure Document was _____, 20____. Franchisee's Initials _____

The date when you received a fully completed copy (other than signatures) of the Franchise Agreement I later signed was _____, 20__. Franchisee's Initials _____

The earliest date on which you signed the Franchise Agreement or any other binding document (not including the Receipt page of the FDD) was _____, 20__. Franchisee's Initials _____

The earliest date on which you delivered cash, check or other consideration to us or any other person or company was _____, 20__. Franchisee's Initials _____

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YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

_____ Signature of Franchise Applicant	_____ Signature of Franchise Applicant
_____ Name (please print) Dated: _____, 20_____	_____ Name (please print) Dated: _____, 20_____
_____ Signature of Franchise Applicant	_____ Signature of Franchise Applicant
_____ Name (please print) Dated: _____, 20_____	_____ Name (please print) Dated: _____, 20_____

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EXHIBIT E
TO THE RISE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT AGREEMENT

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DEVELOPMENT AGREEMENT

This Development Agreement ("Agreement") entered into on _____ (the "Effective Date"), between: (i) Rise Franchising, LLC, a North Carolina limited liability company with a principal business address at PO Box 51593, Durham, NC 27717 ("Franchisor"); and (ii) _____ a _____, with a principal business address at _____ ("Developer").

Background

A. Franchisor and/or its principal or affiliate has developed a system for operating restaurants offering biscuits and donuts, chicken, breakfast sandwiches, baked goods, coffee products and related food and beverage items to the public for dine-in, takeout, wholesale, and catering under the then-current name and mark (each, a "Restaurant").

B. Developer desires to enter into an agreement with Franchisor to obtain the right to operate multiple Restaurants using the system developed by Franchisor, the characteristics of which include: Franchisor's proprietary standards and specifications for food preparation and service (the "Proprietary Recipes"); interior and exterior Restaurant designs, décor and color schemes; standard specifications for furniture, fixtures, equipment, wall and ceiling designs and displays; sales techniques, merchandising, marketing, advertising, and inventory management systems; and procedures for operating and managing a Restaurant in the manner set forth in this Agreement and in the Operations Manual and modified from time to time (the "System").

C. Franchisor and its franchisees use various trade names, trademarks and service marks including, without limitation, certain trade dress in connection with the System (the "Proprietary Marks"). The rights to all such Proprietary Marks as are now, or shall hereafter be, designated as part of the System shall be owned exclusively by Franchisor or its affiliate and be used for the benefit of Franchisor, its affiliate and Franchisor's franchisees to identify to the public the source of the products and services marketed thereunder.

D. Franchisor grants qualified third parties the right to develop a certain number of Rise Restaurants within a defined geographical area (the "Development Area") in accordance with the terms of this Agreement that must be strictly adhered to, with each Restaurant within the Development Area being opened and operating utilizing the Proprietary Marks and System pursuant to the terms and conditions set forth in Franchisor's then-current form of franchise agreement (each, a "Franchise Agreement").

E. Developer recognizes the benefits from receiving the right to operate a Rise Restaurant and desires to: (i) become a multi-unit Restaurant developer and operator subject to the terms of this Agreement; and (ii) receive the benefits provided by Franchisor under this Agreement.

F. Developer has applied for the right to open and operate a certain number of Rise Restaurants within the Development Area as set forth in this Agreement, and Franchisor has approved such application in reliance on Developer's representations made therein.

G. Developer hereby acknowledges that adherence to the terms of this Agreement, including Franchisor's operations manual and other System standards and specifications, are essential to the operation of all Restaurants and Franchisor's System as a whole.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

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Agreement

1. **Development Area**.

1.1 Subject to the terms and conditions set forth herein, Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish _____ (__) Rise Restaurants within a certain development area which will be outlined in the data sheet attached hereto as Exhibit "A" (the "Data Sheet"), provided Developer opens and commences operations of such Rise Restaurants in accordance with the development schedule provided in the Data Sheet ("Development Schedule").

1.2 For a period of sixty (60) days following the execution of this Agreement ("Site Selection Period"), Franchisor shall not sell the rights to locate, or actually locate, another corporate/affiliate-owned or franchisee-owned Restaurant in _____ ("Site Selection Area").

1.3 Developer shall select _____ (__) trade areas in the Site Selection Area where it will locate its Restaurants and will designate such trade areas to Franchisor, in writing, before the expiration of the Site Selection Period (collectively, the "Chosen Trade Areas").

1.4 Subject to Franchisor's written approval, Developer shall then designate an intersection in each Chosen Trade Area and a _____ (__) mile radius will be drawn from such intersection in each Chosen Trade Area which will then become the "Protected Territory" under that respective Franchise Agreement. The collective "Protected Territories" will become the "Development Area" under this Agreement and will be outlined in the Data Sheet.

1.5 If Developer fails to pick the Chosen Trade Areas in the Site Selection Area by the expiration of the Site Selection Period, Franchisor shall be free to sell the rights to locate, or actually locate, another corporate/affiliate-owned or franchisee-owned Restaurant in the Site Selection Area thereafter.

1.6 Except as otherwise outlined above, during the term of this Agreement and except as provided herein, Franchisor will not open or operate, or license any third party the right to open or operate, any Rise Restaurant within the Development Area.

2. **Development Fee**. In consideration of the rights granted under this Agreement, Developer agrees to pay to Franchisor a development fee in the amount specified in the Data Sheet attached to this Agreement, the terms of which are hereby incorporated (the "Development Fee"). The Development Fee is calculated as thirty-five thousand dollars ($35,000) multiplied by the total number of Restaurants to be developed pursuant to this Agreement.

3. **Payment Terms**. The Development Fee is due and owing according to the following general guidelines:

(a) If the Development Agreement obligates Developer to open a total of between five (5) and nine (9) Restaurants, Developer must pay Franchisor the following amount at the time Developer signs this Agreement: (i) one hundred five thousand dollars ($105,000) to cover the entire portion of the Development Fee applicable to the first three (3) Restaurants; and (ii) seventeen thousand and five-hundred dollars ($17,500) for the remaining Restaurants that Developer is required to open under the Development Agreement, to cover one-half of the Development Fee applicable to such Restaurants. Developer must pay Franchisor the remaining seventeen thousand and five-hundred dollars ($17,500) due for the additional Restaurants on the earlier of: (i) the date a lease or purchase agreement for a particular Restaurant is executed by Developer; or (ii) ninety (90) days prior to the scheduled opening date for said Restaurant.

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(b) If the Development Agreement obligates Developer to open a total of ten (10) or more Restaurants, Developer must pay Franchisor the following amount at the time Developer signs this Agreement: (i) one hundred seventy-five thousand dollars ($175,000) to cover the entire portion of the Development Fee applicable to the first five (5) Restaurants; and (ii) seventeen thousand and five-hundred dollars ($17,500) for the remaining Restaurants that Developer is required to open under the Development Agreement, to cover one-half of the Development Fee applicable to such Restaurants. Developer must pay Franchisor the remaining seventeen thousand and five-hundred dollars ($17,500) due for the additional Restaurants on the earlier of: (i) the date a lease or purchase agreement for a particular Restaurant is executed by Developer; or (ii) ninety (90) days prior to the scheduled opening date for said Restaurant.

Each payment of the Development Fee is deemed fully earned and non-refundable upon payment.

4. **Initial Franchise Agreement**. Contemporaneous with the execution of this Agreement, Developer must enter into Franchisor's current form of Franchise Agreement for the first Rise Restaurant that Developer is required to open within the Development Area. In the event Developer is a business entity of any kind, then Developer's principals/owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Section 5 of this Agreement.

5. **Additional Franchise Agreements.** Developer agrees and acknowledges that it must: (i) enter into Franchisor's then-current form of Franchise Agreement for each additional Rise Restaurant that Developer is required to open under this Agreement; and (ii) enter into such Franchise Agreements at such times as are required for Developer to timely meet, and strictly adhere to, its development obligations set forth in Section 6 of this Agreement. Developer also agrees that Franchisor is only required to provide its initial training program at no fee with respect to the first Rise Restaurant developed under this Agreement. Franchisor may either require Developer to complete such initial training for additional Rise Restaurants developed under this Agreement, or Developer may request such training, but Franchisor reserves the right to charge its then-current training fee.

6. **Development Obligations.** Developer must ensure that it: (i) opens and commences operations of one (1) new Rise Restaurant during each consecutive 12-month period following the Effective Date of this Agreement (each, a "Development Period") until Developer has opened the number of Rise Restaurants it is required to open pursuant to the Development Schedule; and (ii) has the minimum cumulative number of Rise Restaurants open and operating at the expiration of each Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that Developer's failure to comply with this Section is grounds for termination of this Agreement (and any future development rights granted hereunder) following notice and a thirty-day cure period, as set forth herein in Section 7.2.

7. **Term and Termination.**

7.1 This Agreement will commence as of the date it is fully-executed and, unless earlier terminated by Franchisor, will expire on the last day of the calendar month that the final Restaurant is required to be opened and operating under the Development Schedule. Upon expiration or termination of this Agreement for any reason, Developer will not have any rights within the Development Area other than the territorial rights granted in connection with any Rise Restaurants that Developer has opened and commenced operating as of the date this Agreement is terminated or expires (pursuant to the respective Franchise Agreement(s) that Developer entered into for such Franchised Business(es)).

7.2 Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective

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upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer ceases to actively engage in development activities in the Development Area or otherwise abandons its development business for three (3) consecutive months, or any shorter period that indicates an intent by Developer to discontinue development of the Rise Restaurants within the Development Area; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Developer, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit or creditors or a receiver is appointed by the Developer; (iii) if Developer fails to meet its development obligations set forth in Section 6 of this Agreement during any Development Period, and fails to cure such default within thirty days of receiving notice thereof; and (iv) if any Franchise Agreement that is entered into in order to fulfill Developer's development obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement.

8. **Reservation of Rights.** Except as provided in Section 1 of this Agreement, the parties agree and acknowledge that the rights granted in this Agreement are non-exclusive and that Franchisor and its affiliates reserve all other rights not expressly granted to Developer herein.

9. **Sale or Assignment.** Developer's rights under this Agreement are personal and Developer may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer's initial Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

10. **Acknowledgment**. Developer acknowledges that this Agreement is not a Franchise Agreement and does not confer upon Developer any rights to use the Franchisor's Proprietary Marks or System.

11. **Notices**. All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight mail via recognized courier such as UPS or FedEx, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

12. **Choice of Law.** This Agreement will be governed by the laws of the State of North Carolina (without reference to its conflict of laws principals).

13. **Internal Dispute Resolution.** Developer must first bring any claim or dispute between Developer and Franchisor to Franchisor's President and Chief Executive Officer, after providing Franchisor with notice of and a reasonable opportunity to cure any alleged breach hereunder. Developer must exhaust this internal dispute resolution procedure before bringing a dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

14. **Mediation**. At Franchisor's option, all claims or disputes between Franchisor and Developer or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Developer or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 13 above, must be submitted first to non-binding mediation, in or near Durham, North Carolina, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty days following receipt of such notice within which to notify Developer as to whether Franchisor or its affiliates elects to

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exercise its option to submit such claim or dispute to mediation. Developer may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation.

15. **Injunctive Relief.** Nothing contained in this Agreement herein will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation proceeding conducted hereunder.

16. **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree to the jurisdiction and venue of any state court of general jurisdiction in Durham County, North Carolina and the jurisdiction and venue of the United States District Court presiding over Durham, North Carolina. Developer acknowledges that this Agreement has been entered into in the State of North Carolina, and that Developer is to receive valuable and continuing services emanating from Franchisor's headquarters in Durham, North Carolina. In recognition of such services and their origin, Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts of North Carolina set forth above.

17. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Developer.

18. **JURY TRIAL WAIVER.** WITH RESPECT TO ANY PROCEEDING NOT SUBJECT TO MEDIATION, THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR DEVELOPER'S PURCHASE FROM FRANCHISOR OF THE DEVELOPMENT RIGHTS DESCRIBED HEREIN.

19. **Waiver of Punitive Damages.** Developer waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which Developer may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, Developer's recovery will be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

20. **Attorneys' Fees.** If either party institutes any judicial or mediation proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Agreement and Franchisor prevails in the action or proceeding, Developer will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

21. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary

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notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

22. **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, which renders it valid and enforceable. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

23. **Construction of Language.** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

24. **Successors**. References to "Franchisor" or "Developer" include the respective parties' successors, assigns or transferees, subject to the limitations of Section 9 of this Agreement.

25. **Additional Documentation.** Developer must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section, Developer hereby appoints Franchisor as Developer's attorney-in-fact to execute any and all documents on Developer's behalf, as reasonably necessary to effectuate the transactions contemplated herein.

26. **No Right to Offset.** Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

27. **State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which Developer's initial Rise Restaurant is located, then the valid law or regulation of such state will supersede any provision of this Agreement that is less favorable to Developer.

28. **Entire Agreement**. This Agreement contains the entire agreement between the parties concerning Developer's development rights within the Development Area; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor's policies, procedures, standards, specifications or manuals at Franchisor's discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer.

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IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

DEVELOPER

_____
(Individual, Partnership or Corporation Name)

By: _____

Print Name: _____

Title: _____

FRANCHISOR

RISE FRANCHISING, LLC

By: _____
Ken Priest, Authorized Officer

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EXHIBIT A to DEVELOPMENT AGREEMENT

DATA SHEET

1. **Development Area.** The Development Area, as referred to in Section 1 of the Development Agreement, is described below (or an attached map) by geographic boundaries and will consist of the following area or areas:

_____

_____

_____

2. **Development Fee.** The Development Fee under the Development Agreement is $_____. Immediately upon execution of the Development Agreement, Developer must pay Franchisor a portion of the Development Fee amounting to $_____ in accordance with the payment terms outlined in Section 3 of the Development Agreement, which will be deemed fully earned and non-refundable upon execution of the Development Agreement.

3. **Development Schedule.** The Development Schedule referred to in Section 1 of the Development Agreement is as follows:

Cumulative Number of Restaurants to be Open	Open & Operating On or Before	Payments Made	Fee Due for Store(s)	Due Date
1	One year from the execution of the Development Agreement	$35,000	$ -0-	Paid in full upon execution of Development Agreement
2	Two years from the execution of the Development Agreement	$35,000	$ -0-	Paid in full upon execution of Development Agreement
3	Three years from the execution of the Development Agreement	$35,000	$ -0-	Paid in full upon execution of Development Agreement

APPROVED AND AGREED TO BY:

DEVELOPER

_____
(Individual, Partnership or Corporation Name)

By: _____

Print Name: _____

Title: _____

FRANCHISOR

RISE FRANCHISING, LLC

By: _____
Ken Priest

Title: Chief Financial Officer

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EXHIBIT F
TO RISE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

SAMPLE TERMINATION AND RELEASE AGREEMENT

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SAMPLE TERMINATION AND RELEASE AGREEMENT

This Termination of Franchise Agreement and Release (the "Agreement") is made this _____day of _____, 20__, by and between Rise Franchising, LLC, a North Carolina corporation with a principal business address at PO Box 51593, Durham, NC 27717 ("Franchisor") and _____, a _____ with an address at _____ ("Transferor").

BACKGROUND

A. On _____, Transferor entered into a franchise agreement (the "Franchise Agreement") with Franchisor for the right to operate a Franchised Business at _____.

B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the business to _____, who has been approved by Franchisor as an authorized transferee.

C. In order to complete Transferor's sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor will remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.

3. Transferor represents and warrants that all of Transferor's monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.

4. Transferor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

5. Excluding the indemnification obligations set forth in the Franchise Agreement, and Transferor's obligations as set forth in paragraph 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other

person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.

7. This Agreement will be construed under the laws of North Carolina, which laws will control in the event of any conflict of law.

8. This Agreement will be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it will be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred in enforcing the terms of this Agreement.

11. Transferor agrees that Transferor has and had a relationship with Franchisor at its offices in Durham, North Carolina and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement will be commenced and concluded in Durham, North Carolina pursuant to the dispute resolution provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement will not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement will be deemed to be effective as original signatures.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

RISE FRANCHISING, LLC

By: _____

TRANSFEROR

By: _____

EXHIBIT G
TO THE RISE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE-SPECIFIC ADDENDA

CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

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.

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

Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

Item 5, Additional Disclosure:

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

Item 17, Additional Disclosures:

The franchise agreement requires the franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement and development agreement require application of the laws of North Carolina. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement or development agreement contain a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.)

The franchise agreement requires non-binding mediation and litigation. The mediation and litigation will occur in North Carolina. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 and Code of Civil Procedure Section 1281) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in Sections 17.1.2 and 17.2.2.3 of the Franchise Agreement.

CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

ALL FRANCHISE AGREEMENTS AND DEVELOPMENT AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF INDIANA ARE HEREBY AMENDED AS FOLLOWS:

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement or Development Agreement, to the extent that the Franchise Agreement or Development Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

> The franchise agreement requires the franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of franchisee's rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of franchisee's rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).
>
> The Franchise Agreement and Development Agreement require application of the laws of North Carolina. This provision may not be enforceable under California law.
>
> California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.
>
> The Franchise Agreement requires non-binding mediation and ligation. The mediation and litigation will occur in North Carolina. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 and Code of Civil Procedure Section 1281) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
>
> The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

2. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

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

6. The following language is hereby removed from Section 7.1: Neither Franchisor's review of the Lease nor Franchisor's acceptance of the site Franchisee has selected constitutes a representation or guarantee that Franchisee will succeed at the selected Approved Location or an expression of Franchisor's opinion regarding the terms of the Lease".

7. Sections 17.1.2, 17.2.2.3, 19.1, 19.2, 19.3, 23.1, 23.2, 23.3, and 23.4 are hereby removed from the Franchise Agreement.

8. Exhibit A to the Franchise Agreement (Site Selection Addendum) is hereby amended to remove Section 8.8.

9. Section 28 of the Development Agreement is hereby amended by removing the following language: no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties.

This Addendum is being entered into in connection with the Franchise Agreement and Development Agreement. In the event of any conflict between this Addendum and the Franchise Agreement/Development Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

RISE FRANCHISING, LLC	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name: _____
Title:_____	Title:_____
Date Signed: _____	Date Signed: _____

ADDENDUM TO THE RISE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
DISCLOSURES REQUIRED BY MARYLAND

NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF MARYLAND

1. Item 5 of the disclosure document shall be amended to include the following language:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. Item 17 of the disclosure document shall be amended as follows:

The general release required as a condition of the sale of an existing franchise by a franchisee shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. Despite the provisions of Item 17, the franchise may sue in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement and Development Agreement provide for termination upon your insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 100 et seq.), but we will enforce it to the extent enforceable.

All disputes are subject to non-binding mediation and litigation in Durham County, except that, subject to your non-binding mediation and litigation obligations, you may bring an action in Maryland.

North Carolina law applies, except for federal law, and claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise and Disclosure Law must be brought within three years after the grant of the franchise.

The following language is hereby added to the Franchise Disclosure Document:

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

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MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

ALL FRANCHISE AND DEVELOPMENT AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF MARYLAND ARE HEREBY AMENDED AS FOLLOWS:

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, the general release required as a condition of renewal, transfer, or resale of an existing franchise by a franchisee shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Despite the provisions of Article 18, Franchisee may sue in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Termination upon Franchisee's insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but Franchisor intends to enforce the provision to the extent enforceable.

5. Despite the provisions of Article 18, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Any claims arising under the Maryland Franchise and Disclosure Law must be brought within three years after the grant of the franchise.

7. Exhibit G of the Franchise Agreement is hereby removed in its entirety and Maryland franchisees should not sign the Questionnaire.

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

9. Sections 19 and 23 of the Franchise Agreement are hereby removed in their entirety.

10. Section 3.1 of the Franchise Agreement and Section 2 of the Development Agreement are hereby amended by including the following language:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payment by area developers shall be deferred until the first franchise under the development agreement opens.

[Signatures on the following page.]

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RISE FRANCHISING, LLC

By:_____

Name:_____

Title:_____

Date Signed: _____

FRANCHISEE

By:_____

Name: _____

Title:_____

Date Signed: _____

RISE FRANCHISING LLC
NEW YORK ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust; trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or

exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added at the end of Item 4:

Neither Rise Franchising, LLC, nor its affiliates, officers, or directors during the 10 year period immediately preceding the date of the offering prospectus have (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one (1) year after the officer or general partner of the franchisor held this position in the company or partnership.

4. The following are revisions to Item 5 of the disclosure document:

The Initial Franchise Fee is to be used for the purpose of sales development, training, and marketing costs as set forth in Item 7.

5. The following is added to the end of the "Summary" section of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**"

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" section of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of Law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

RISE FRANCHISING LLC
NEW YORK ADDENDUM TO THE FRANCHISE AGREEMENT
AND AREA DEVELOPMENT AGREEMENT

ALL FRANCHISE AGREEMENTS AND DEVELOPMENT AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF NEW YORK ARE HEREBY AMENDED AS FOLLOWS:

The foregoing choice of law should not be considered a waiver of any right conferred upon Franchisor or upon Franchisee by the General Business Law of the State of New York, Article 33.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

RISE FRANCHISING LLC	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

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VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of the Virginia Retail Franchising Act § 13.1-564, the Disclosure Document for Rise Franchising, LLC in connection with the offer and sale of franchises for use in the Commonwealth of Virginia shall be amended to include the following:

Item 17 h. of the Disclosure Document, Section 15 of the Franchise Agreement, and Section 7 of the Development Agreement shall be amended by the addition of the following paragraph at the conclusion of the Item and Section:

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

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

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

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VIRGINIA ADDENDUM TO THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

The Franchise Agreement and Area Development Agreement are hereby amended as follows:

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

Section 3.1 of the Franchise Agreement and Section 2 of the Area Development Agreement are hereby amended by the inclusion of the following:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

RISE FRANCHISING, LLC	**DEVELOPER**
By:_____	By:_____
Name:_____	Name: _____
Title:_____	Title:_____
Date Signed: _____	Date Signed: _____

EXHIBIT H
TO THE RISE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES (ACTIVE AND SIGNED) AS OF DECEMBER 31, 2024; LIST OF FORMER FRANCHISEES THAT EXITED OUR FRANCHISE SYSTEM IN OUR PAST FISCAL YEAR

LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2024:

William Propster*
1408 N Moorpark Road
Thousand Oaks, CA 91360
(805) 291-4274

Jason Kasid
6364 El Cajon Blvd.
San Diego, CA 92115
(407) 557-8720

Don Schnurr*
110 S. Orlando Avenue, #6
Winter Park, Florida 32789
(732) 803-3791

Don Schnurr*
335 N. Rosalind Ave., #2-3
Orlando, FL 32801
(732) 803-3791

Ryan Cook*
6947 Tomahawk Rd
Prairie Village, KS 66208
(913) 320-0178

Ryan Cook*
7060 W 135th Street
Overland Park, KS 66223

David Brinza and Chris Kirley*
8872 McGaw Road
Columbia, MD 21045
(667) 240-2986

David Brinza and Chris Kirley*
1620 York Road, Suite 103
Lutherville, MD 21093
(410) 372-3171

David Brinza and Chris Kirley*
16248 Frederick Road
Gaithersburg, MD 20877
240-261-2360

Timothy and Ty Gwennap*
1100 Market Center Drive
Morrisville, NC 27560

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Timothy and Ty Gwennap*
8301 Brier Creek Parkway, Suite 101
Raleigh, NC 27617
(984) 244-7218

Timothy and Ty Gwennap*
6325 Falls of Neuse Road, Suite 33
Raleigh, NC 27615
(984) 200-5751

David Dowdy*
530 Daniels St.
Raleigh, NC 27605
(984) 200-6966

Ajay Patel
169 Grand Hill Place
Holly Springs, NC 27540
(919) 586-7343

Fred Fordin*
7509 Popular Avenue, Suite 30
Germantown, TN 38138

Fred Fordin*
153 5th Ave N
Nashville, TN 37219
(615) 228-2355

Ashwin Reddy and Isha Vedire*
2414 Victory Park Lane
Dallas, TX 75219

Ashwin Reddy and Isha Vedire*
7064 Blue Mound Road
Fort Worth, TX 76131

David Dowdy*
11561 W Broad Street
Richmond, VA 23233
(804) 599-1092

**Note: This franchisee also has multi-unit development rights pursuant to a form of Area Development Agreement and/or Area Representative Agreement with us.*

LIST OF FRANCHISEES WITH SIGNED FRANCHISE AGREEMENT AS OF DECEMBER 31, 2024, FOR A FRANCHISE NOT YET OPENED AS OF DECEMBER 31, 2024:

None.

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LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM WITHIN FRANCHISOR'S PAST FISCAL YEAR ENDING DECEMBER 31, 2024

None.

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EXHIBIT I
TO THE RISE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

AREA REPRESENTATIVE INFORMATION

Item 2 of the Franchise Disclosure Document is hereby supplemented by the inclusion of the following individuals:

David Dowdy, Area Representative (Virginia Only)

Mr. Dowdy has served as an Area Representative since September 2017 for our brand within the Commonwealth of Virginia, and is located in Green Bay, Virginia. Since August 2015, Mr. Dowdy has also owned a Rise Biscuits Donuts franchised business in Raleigh, North Carolina.

Item 11 is hereby amended by adding the following individual to the training section:

David Dowdy, has owned a franchise since April 2015 and has served as our Area Representative in Virginia since August 2017. He has 9 years of experience as a franchisee and in the subjects he teaches.

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EXHIBIT J
TO THE RISE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

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STATE EFFECTIVE DATES

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

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

State	Effective Date
California	Pending Registration
Maryland	Pending Registration
Michigan	Pending Registration
New York	Pending Registration
Virginia	Pending Registration

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.

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EXHIBIT K
TO THE RISE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

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RECEIPTS (OUR COPY)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Rise Franchising, LLC offers you a franchise it must provide this disclosure document to you within 14 calendar days before you sign a binding agreement wit, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Rise Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document.

A list of franchisor's agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

I have received a Franchise Disclosure Document with an Issuance Date of April 30, 2025. This Franchise Disclosure Document included the following Exhibits:

Exhibit A – List of State Administrators and List of Agents for Service of Process
Exhibit B – Table of Contents of Operations Manual
Exhibit C – Financial Statements
Exhibit D – Rise Franchising, LLC Franchise Agreement
Exhibit E – Development Agreement
Exhibit F – Sample Termination and Release Agreement
Exhibit G – State Specific Addenda
Exhibit H – List of Franchisees/List of Franchisees Who Have Left the System
Exhibit I – Area Representative Information
Exhibit J - State Effective Dates
Exhibit K – Receipts

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

Ken Priest and Brian Wiles Rise Franchising, LLC, PO Box 51593, Durham, NC 27717 (415) 519-0982 and (919) 943-8971	Fransmart, LLC Nata Amacher, Rich Helm, Abigail Freeland, Al Rowe, Heather Reid, Dan Rowe, Jully Khabrani, and Nicholas Tassone 16427 N. Scottsdale Rd., Suite 340 Scottsdale, AZ 85254 (703) 537-5396

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Franchisee Signature

Print Name

Date

Telephone Number

Complete Below for a Partnership, Corporation or Limited Liability Corporation:

Name: _____

Title: _____

Name of Company: _____

Address: _____

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RECEIPTS
(YOUR COPY)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Rise Franchising, LLC offers you a franchise it must provide this disclosure document to you within 14 calendar days before you sign a binding agreement wit, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Rise Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document.

A list of franchisor's agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

I have received a Franchise Disclosure Document with an Issuance Date of April 30, 2025. This Franchise Disclosure Document included the following Exhibits:

Exhibit A – List of State Administrators and List of Agents for Service of Process
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© 2025 Rise Franchising, LLC

Franchisee Signature

Print Name

Date

Telephone Number

Complete Below for a Partnership, Corporation or Limited Liability Corporation:

Name: _____

Title: _____

Name of Company: _____

Address: _____

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